



LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2017-2018

(Reference: Appropriation Bill 2017-2018 and Appropriation (Office of the Legislative Assembly) Bill 2017-2018)

Members:

**MR A WALL (Chair)
MS B CODY (Deputy Chair)
MR A COE
MS C LE COUTEUR
MR M PETTERSSON**

TRANSCRIPT OF EVIDENCE

CANBERRA

WEDNESDAY, 21 JUNE 2017

**Secretary to the committee:
Mrs N Kosseck (Ph 620 50435)**

By authority of the Legislative Assembly for the Australian Capital Territory

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

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Privilege statement

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Amended 20 May 2013

The committee met at 9.30 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

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

Cox, Mr Ian, Executive Director, Innovate Canberra, Enterprise Canberra

Hassett, Mr Glen, Director, Programs, Investment and Enterprise Development

Murray, Mr Peter, Executive Director, Infrastructure, Finance and Advisory Division, Treasury

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

Tomlins, Mr George, Executive Director, Procurement and Capital Works

Bailey, Mr Daniel, Executive Director, Sales, Marketing and Property Management

Gordon, Mr Garry, Director, ACT Property Group

THE CHAIR: Good morning, Chief Minister, and committee. We are kicking off day four of the Select Committee on Estimates for 2017-18. Today the committee proceedings will continue to explore revenue estimates for the Chief Minister, Treasury and Economic Development Directorate, as well as work safety and industrial relations, sport and recreation, and the arts and community events. We are still looking at budget statements B. At the end of the day we will be hearing from the ACT Electoral Commissioner.

It would be handy if witnesses could clearly state, if you are taking a question on notice, that you will take that question on notice. Is everyone familiar with the privilege statement that is in front of them and its implications? Thank you. Chief Minister, I am guessing you will turn down the opportunity to give us another opening statement?

Mr Barr: Yes.

THE CHAIR: We will kick off with questions. Chief Minister, what was previously economic development strategy and program design has been discontinued. Why has this output class been transferred to the Environment, Planning and Sustainable Development Directorate?

Mr Barr: That would be in line with the administrative changes associated with the establishment of the City Renewal Authority and Suburban Land Agency, and a shift of that area of economic development that previously focused on land supply and affordable housing, from memory, into the planning agency.

THE CHAIR: In relation to innovation, trade and investment, is the government collecting information on the use of the innovation connect or ICon grants?

Mr Barr: Yes, we are. Mr Cox may be able to assist.

Mr Cox: The answer to the question is yes.

THE CHAIR: What follow-up procedures are in place to determine the effectiveness of the grants and the success of the recipients in delivering innovative products or services?

Mr Cox: We do periodic surveys. Typically, we have done one major survey in the past 24 months, I think. The program itself has been running since about 2008. Over that period of time we have had about 470 applications to the program, about 180 successful grantees and about \$4.5 million delivered in terms of granting over that period of time. Appropriations are roughly \$500,000 or \$600,000 a year.

With respect to the sort of net outcomes that we are seeing through the survey work that we have done, of the \$4.5 million, from memory, there has been about another \$60 million of investment both in commonwealth grant programs and in private sector investment. We also measure employment outcomes. The sorts of numbers we are getting, bearing in mind that they are start-ups, is about a doubling of employment. For example, that may translate into only a one to two outcome, but in terms of employment impact, investment facilitation impact, it has been quite significant. We have done one major survey. We are probably due to do another one fairly soon.

The other thing I would point out is that innovation connect is also, if you like, a feeder program or a hub program. The 180 or so companies that have participated in the granting process over the past seven or eight years are also probably matched by four times that number in terms of companies that have come through the net that we have then distributed or helped distribute and point to other parts of the innovation sector or innovation ecosystem for support.

THE CHAIR: What is the process for quantifying the results or the outcomes? Are there criteria used to—

Mr Cox: No, this is purely through a constructed survey instrument.

THE CHAIR: Are you able to provide the committee with a copy of that survey so that we get an understanding of how that work is done?

Mr Cox: Yes.

THE CHAIR: When is the next round of grants due to be announced?

Mr Cox: There was a revaluation round conducted recently. I would have to consult my program managers, but there were around six to eight companies that were awarded funding; total funding of about \$180,000.

THE CHAIR: Has any work been done on assessing the evaluation process regarding how grants are awarded, to make sure it is essentially the most effective or efficient way of identifying recipients?

Mr Cox: We have been doing this for quite some time. Over that period of seven or eight years we have done at least one full program review. We might even have done two full program reviews. We used an external consultant to do the work, and each time we go through that process there is some tweaking of the assessment application process. So we use an independent panel as well. We do quite a bit of work with the companies through a scrubbing prequalification process, so that when they come through the evaluation end point, which is the panel meeting, they are in a reasonable position to make a proper, solid pitch. The panel itself will then be in a position to have the information towards the granting or not, as the case may be.

THE CHAIR: When was that last review undertaken?

Mr Cox: I would have to take that on notice.

MS CODY: I have a supplementary. You were talking about the innovation connect program. Can you tell me about some of the recent successes for Canberra companies coming out of that program?

Mr Cox: Again I might have to call on one of my program managers. One that comes to mind is a company called automed. It is a company that is providing a measured dose of medication for animal husbandry. It was presented to the panel about 18 months ago. Since that time it has attracted significant private sector investment into the company. Around \$700,000 of equity has come in. The company is now at the point where it is exporting to three or four countries around the globe. I can provide more detail on automed if the panel requires.

MS CODY: Only if it is no trouble. It would be interesting to see the sorts of successful companies that—

Mr Cox: Another company is SignOnSite. We track the companies, not necessarily in a formal sense, but it is a fairly enclosed innovation system in the ACT and we bump into the companies a lot through both the formal program environment and outside. Another company called Enabled Employment gravitated through innovation connect, through the CBR Innovation Network. It ended up as a successful awardee in the Channel 10 *Shark Tank* competition as well. That company has gone on to grow quite substantially as well.

MS CODY: That is very interesting. Have any of these companies benefited from the overseas trade mission program or is that separate?

Mr Cox: Some do. Again, in terms of the number and the companies, I could provide that level of detail.

MS CODY: Even on just a broader—

Mr Hassett: Innovation connect is a really exciting program. It is delivering a pool of investable companies into the ecosystem. In a recent trade mission to Singapore we took 16 Canberra start-ups and four from Wellington to present to a roomful of investors. There were 110 registered investors. A number of those companies had been supported through innovation connect grants. One of particular note is Skoolbo,

which is providing an education platform for primary school children in Mathletics and English. They, while in Singapore recently, announced a new platform called Preschool Play, which is providing about 8,000 hours of content, similar to The Wiggles Experience, for preschool kids to live actively and learn. That organisation received a \$25,000 grant in 2010 to kickstart it. Skoolbo's founder might be familiar. He was also the founder of Mathletics.

MS CODY: I heard an announcement just before the budget—Chief Minister, this might be for you; it might be for one of the officials—about the autonomous vehicle trial. Can you explain how that might benefit the local economy?

Mr Cox: In terms of the economic benefit, most jurisdictions are doing some sort of AV trial. All of the jurisdictions are doing a confined, pod-based, closed track type trial arrangement. In WA there is a fully autonomous trial or vehicle that has a defined pathway around the entertainment precinct, around the convention centre in Perth. Most of the other trials that have been delivered like that have that sort of narrow, confined project.

They are also external sensing focused trials. The pods tend to look out; they have radar-sensing, vision-sensing equipment. The ACT trial is about the other side of the AV equation, which is how the driver interacts with an AV vehicle. In the ACT we are fortunate to have a company called Seeing Machines, which was born about 10 years ago out of the computer vision analytics area of ANU. It tended to develop its technology as a start-up for six or seven years, and then started to develop interesting route-to-market products in about 2010-11.

One of those is a driver monitoring piece of software or technology which tracks the facial characteristics of a driver. It can measure fatigue and it can measure distraction. In an AV setting, it can actually measure and determine the interaction between the driver and an AV vehicle. Bearing in mind the sort of Jetsons view of AV vehicles—that these pods and cars will be completely autonomous and will be participating in our road networks in 10 or 20 years—the reality is that there will be a lot of mixed use of these vehicles, between traditional vehicles, semi-AV vehicles and fully AV vehicles.

Being able to understand what the driver's interaction is in that environment is a critical piece of missing research. It is not being done anywhere else in the world. Seeing Machines is a leading player in this space. It has commercial relationships with 15 Northern Hemisphere motor vehicle manufacturers. It has research relationships with major institutions, including the MIT. As a company it has grown in the ACT on the AV wind for the past three or four years. In 2011 it had about 30 employees; now in the ACT it has about 140 employees. It is growing by about 40 per annum. It is right in the sweet spot in terms of this technology. The AV trial wraps around some of the capabilities of Seeing Machines and blends them into the university sector.

In terms of economic development, a few things are likely to happen. Seeing Machines will grow. The university's research programs will become aligned and enjoined with the industry developments. This builds another sweet spot of capability in the ACT economy, which will attract investment.

MS CODY: Talking about investment, have we started to see that investment happening at this stage or is it still at the very early stages of just building internally in the ACT?

Mr Cox: In terms of the company, the investment is happening very rapidly. With the trial itself, there is a build-up period for the trial. We are unlikely to see active branded cars on the road until probably the early part of 2018. So there is a significant amount of research definition to go, including how the two major universities interact with this program. ANU skill sets in this space are very technical, computer-vision related. UC's are more about social outcomes, social acceptance. So there are two elements to the trial—two quite different capabilities that are likely to be built up as a result of the trial.

MS LE COUTEUR: My question is about trying to work out how this stream works. We found the org chart, and it is very difficult to understand. For instance, why does artsACT sit under cultural Canberra, which then sits under EC for VisitCanberra? Why is it down so low in a chain, which does not seem to make an awful lot of sense? I simply do not understand this. What does Enterprise Canberra do for artsACT? How does this work?

Ms Arthy: The org chart that you have there is really an interim org chart. That was as a result of splitting the previous economic development stream, as you mentioned before, with the LDA going elsewhere. The objective of bringing the arts together with higher education, business investment and sport is around creating a very diverse and vibrant economy. Part of what we are looking at is taking where people were originally, where they all were under VisitCanberra, arts Canberra or sports Canberra, and bringing them into one unit. I have now been in the job for three weeks, and I am looking at how we take this further.

The rationale at the moment for having the arts and culture reporting in through VisitCanberra is purely around giving people an SES officer, a senior executive officer, to report to. Mr Cox is one of them, and Mr Hill, who was here yesterday, is the other. So it is about providing leadership to the group.

As to whether that particular org chart remains, I will probably make the call in a couple of months, once I have done some analysis of the different functions in the team. Really, it is about how we bring our arts sector together with our sports sector, with education and with the business community to try to take the economy to the next level. For example, tourism attracts a lot of business investment; we know that. If we get the sporting facilities and sporting culture right, we know that will have spin-offs for other business. We also know that it will create a more active, healthy economy, which can then participate in work and business.

There is a whole heap of interconnections. At the moment, as I said, that org chart is an interim measure. I would say that over the next few months it will evolve as we start bringing things together a bit more.

MS LE COUTEUR: My concern would be: if all of these are being seen through the prism of the economic development of the ACT, which is what you could have gained

from your description, is that in fact appropriate? Clearly arts, sport and education, I would feel, and many would feel, have intrinsic worth, not just economic worth. I am concerned from that analysis that their economic worth is being put at number one, and anything else is subservient.

Ms Arthy: No. If I gave that impression, it was not meant. I was merely explaining why they were coalescing. Of course, the arts and sport have a particular outcome of their own that is about the richness of society. Being an economist, I automatically look at the economic side of things. But no; you are right. In the higher education area, around Canberra Institute of Technology and the other universities, of course, there are other elements of learning. There is also important learning about how you tie the outputs of the education sector in to enhancing Canberra as a knowledge economy and an attractive knowledge city.

MR COE: I was wondering if you can please give an update as to where things are at with the casino unsolicited proposal?

Mr Barr: Yes. It is progressing through the unsolicited proposals framework.

MR COE: In terms of what the time frame is likely to be, are you able to provide any update?

Mr Barr: Not at this point, no. Cabinet will consider the matter further in due course.

MR COE: Are the proponents open to putting in an unsolicited proposal for the facility out at the back, the block of land which is now in government hands, at the back of the casino, or for some gaming facility?

Mr Barr: That is something you would have to raise with them.

MR COE: Have any other proponents put forward any ideas for another gaming facility in Canberra through the unsolicited bids process?

Mr Barr: Not that has been brought to my attention.

Mr Nicol: I am not aware of one either.

MR COE: What is the formal status of the Manuka Oval unsolicited bids?

Mr Barr: The government has determined not to proceed.

MR COE: When was that determination made?

Mr Barr: Some time ago. I made a public announcement some time ago.

MR COE: It was this year? Is that right?

Mr Barr: No, last year I believe.

MS LE COUTEUR: It was before the election, I think.

MR COE: I think you made a public announcement, but when did the formal notification go to the proponent?

Mr Barr: I will check the exact date, but I am fairly certain it was last year as well.

MR COE: What was the reason for the government not going ahead with that?

Mr Barr: A variety of reasons, not least of which was that the government chose not to proceed with the proposal.

MR COE: In terms of the work that has begun at Manuka Oval now, what do you think will be the cost of the work that would otherwise have been done by the proponent had the unsolicited proposal been accepted?

Mr Barr: Sorry, can you rephrase that question? I am not sure I follow what you are looking for.

MR COE: In effect there was a proponent that was proposing to do considerable capital works at Manuka Oval.

Mr Barr: Yes.

MR COE: Of the works that were proposed by that consortium, what work will the ACT government be doing in house?

Mr Barr: In relation to capital works at the facility?

MR COE: At Manuka.

Mr Barr: That is to be determined. We have announced a range of projects associated with hosting the cricket test match and the initiative contained within the budget this year. The balance of further upgrades of Manuka Oval would be consistent with the government's master plan. Consultation commenced in about 2008, and the public release of that was about 2013, from memory. The documentation in relation to that is, I believe, still on the Manuka Oval website and would form the basis of any future government investment in the facility, although we will reserve the right to undertake further consultation with user groups and, of course, the National Capital Authority, who are proposing a DCP for the precinct that will guide any future development in the area.

MR COE: Do you envisage that there is a role for a PPP, or a leaseback arrangement perhaps, at Manuka anymore?

Mr Barr: No, I do not believe so.

MR COE: What changed with regard to that principle during the process?

Mr Barr: Nothing. Nothing changed with regard to that principle. There was an unsolicited proposal put forward. The government chose not to pursue it.

MR COE: But if it was actually an issue of principle, as you have just said, why were the proponents not told very early on in the piece that actually this does not rest with a philosophy or a principle that we are willing to entertain?

Mr Barr: It is not a philosophical question. The issue associated with Manuka Oval is its current planning restrictions. If your question is “Does the government support residential development on the oval?” no, we do not.

MR COE: No; it is more about whether you are going to entertain the idea of at some point having another operator who manages Manuka Oval?

Mr Barr: That may or may not happen, but I do not think it will in the short term.

MR COE: When did the government come to the view that no residential would be hosted on the site?

Mr Barr: The current planning rules do not allow that.

MR COE: Because it took you a long time to actually get back to the community or to the proponents, given that you have now got a very strident view that you do not want any residential there. I am just curious as to why, if you are so resolute about it now, you did not in effect shoot this down very early in the piece?

Mr Barr: I did not shoot it down, but nor did I say that the government would be supporting such a proposition. My public comments were that we were interested in hearing feedback on the unsolicited proposal.

MR COE: Do you think you have done any damage to the confidence that consortia might have in the unsolicited bids process by, in effect, leading on the consortium for such a long time when you are now saying that, in effect, we were never going to entertain residential there.

Mr Barr: I do not accept the premise of the question. People can, and will, make any number of unsolicited proposals. That does not mean that the government will accept them but, equally, it does not mean that ministers or the Chief Minister will, on two hours notice, rule in or rule out certain things.

MR COE: It did take over a year, didn't it?

Mr Barr: No.

MR COE: Between first being contacted and your decision?

Mr Barr: No, I do not believe so. Less than a year.

MR COE: A bit more than two hours, though.

Mr Barr: Yes; but if you are asking me whether or not I am going to veto certain things immediately, I am saying that my public comments at the time were that we

would look at the proposal and we would be interested in community feedback on the proposal. We did both; now we have reached a conclusion.

MR COE: But if you have got a resolute view that there should be no residential on the site—

Mr Barr: That is what the planning rules currently determine.

MR COE: But if you have a resolute view, why did you not just say to the consortium, “You are wasting your time with this process, because the rules do not allow housing and I am not going to change them?”

Mr Barr: That is really a matter for those who are proposing an unsolicited proposal. If you are proposing an unsolicited proposal, putting something forward that requires a change in the planning system or the planning rules on a particular block, you take your chances that that will not be approved either by the government or by the Assembly.

MR COE: Does the government have any regrets about how this whole proposal was handled?

Mr Barr: I think it was unfortunate that in the process of putting forward the proposal, the proponents said some things publicly that I do not think helped their cause. I think there would be some lessons learned, for a group that wanted to bring forward an unsolicited proposal, from looking at the experience of that consortium. They would probably learn a lesson or two about community engagement in relation to bringing forward unsolicited proposals.

But I reiterate that the government does not control unsolicited proposals: they are unsolicited. I cannot dictate how organisations will bring forward ideas. I can tell you that on any given day there are unusual proposals that are brought forward, not necessarily brought directly to government but floated in the media, floated at community meetings and brought to members of the Assembly. That does not mean that the government endorses them; equally, it does not mean that the government will reject them immediately.

We have an unsolicited proposals framework as a way to deal with these matters. We have, as a result of experience with a number of unsolicited proposals, now sought to refine that framework. But if the implication of your line of questioning is that, with any crazy idea that is put forward, if the government does not either immediately say no or ultimately say yes, that means that there is going to be a loss of faith in investing in Canberra, I do not think that is a fair line of questioning.

MR COE: I do not think anyone would have described this proposal as a crazy idea or something that was done on a whim. It was done in a very strategic way.

Mr Barr: Some people described it in those terms, it would be fair to say.

MR COE: Obviously it was being entertained by the government in some detail. Is that fair to say?

Mr Barr: We looked at it, yes.

MR COE: Do you not think that there are lessons to be learnt from the government's point of view in terms of how you can provide more timely feedback to proponents so that they are not investing huge amounts of money only to find out at the eleventh hour that actually the thing fell over at the first hurdle?

Mr Barr: We have a three-stage process for assessing unsolicited proposals, and this one did not make it far into that particular process.

MR COE: What stage did it get to?

Mr Barr: I think it might have got to early stage 2, but I will need to check that. It certainly did not get to stage 3, which is where the casino proposition is at.

MR COE: You said that there are some refinements that have been made to the process. What are those refinements?

Mr Barr: They are published online; we can get that.

MR COE: Are you talking about the changes to the original unsolicited proposal process that was published online?

Mr Barr: Yes, that is correct. There is a new set that is online now.

MR COE: When was that version put up?

Mr Barr: Some time ago.

Mr Nicol: I will ask an official to come up. Initially we had two gateways, one, loosely speaking, an infrastructure gateway, and one a business enterprise gateway. The Manuka bid came through the business enterprise gateway. The government took the decision in the second, in that review and refining, to merge those and bring them into essentially one gateway. Mr Murray might be able to tell you a bit more about when that happened.

Mr Murray: From memory, on 1 July 2016 the second edition of the unsolicited proposal guidelines became live. They replaced the legacy framework, which was run by economic development, and there is now one framework, which is administered by treasury.

MR COE: So proposals that were live as of 1 July 2016—

Mr Barr: Continued under the previous streams.

Mr Murray: That is right. We took the view that, basically, unsolicited bids were put up under those guidelines so we did not want to retrospectively apply a different set.

The changes were fairly modest in that second edition. They essentially brought the

two gateways into one. We are now looking at them again from a “lessons learned” approach to see what we should change in the one set of guidelines. We are doing this in the environment that unsolicited bids frameworks and guidelines are relatively new across Australia. I do not think they have been around for more than two to three years. Each jurisdiction is learning, and we are learning from each other, as to what is the best approach to essentially manage these unsolicited bids. As the Treasurer said, they come from outside the government, and we are trying to set up a process that manages them in a fair, transparent way, and a way with high probity.

MR COE: Finally, have any proponents been reimbursed for expenses incurred as part of the process?

Mr Murray: Not to this stage, no.

MR COE: Has any undertaking been given to the casino proponents about reimbursement? Will they be reimbursed if the—

Mr Barr: No.

MR COE: They will not?

Mr Barr: No. It is entirely at the risk of the proponent. The government cannot accept that other than through a process that we would initiate, in terms of a procurement where we might consider bid costs. That would be the only context in which any payment would be made. I need to be clear that people cannot dream up any idea, go and spend a lot of money, and then think they are going to be reimbursed later.

MR COE: No. It would be more if a proponent did get to the third stage and felt as though they had been strung along, if the government then said, “We like the idea, but we are going to do it in a different way; therefore we are going to in effect purchase your IP or purchase the work that has been done.”

Mr Barr: That would be the context in which we would be undertaking a procurement ourselves, and that is where costs, in that context, would be considered. But you just cannot allow a precedent.

MR COE: I do not think anyone is making that claim.

Mr Barr: Good. I am pleased to hear that. Not every proponent necessarily thinks that. There are expectations. I think it is fundamentally better to have a framework and a way of assessing these proposals. You have been in politics a while now. You would have received, I am sure, your share of proposals from people saying, “Hey, have I got an idea for you. The government should do this.”—probably not as many as those of us who are actually in government—

MR COE: We do not write the cheques.

Mr Barr: But undoubtedly you would have been briefed on proposals. As a final word on this, I think that too many of the unsolicited proposals either seek to rely on exclusive access to public land or seek a planning change. The presumption should

never be that that will occur. I think that is one very clear message I can send: the presumption should be that that will not occur.

THE CHAIR: I have a supplementary, Chief Minister. How many unsolicited proposals are currently under consideration?

Mr Barr: Good question. I do not see them all. That is another point to make. They do not come to ministers.

THE CHAIR: Do any come to ministers?

Mr Barr: In terms of the formal framework, no. In terms of things people will pitch at you, any number. In terms of this formal process, it needs to go through a proper front door, and that is Mr Murray's area.

THE CHAIR: In what instances have you initiated formal briefings from the department as to unsolicited proposals under consideration?

Mr Barr: It depends. It needs to go through this doorway. Mr Murray can answer the question that was originally asked.

Mr Murray: It is difficult to answer that very succinctly, because there are proposals which are sort of in the ether. I mean that there are letters that might have been sent but where a formal proposal has not been lodged. As for proposals that are formally being considered under the treasury framework, there is one in active consideration at the moment.

The process that we take is really to filter these unsolicited proposals through the public service before they go up for cabinet consideration. The executive steering committee, which is headed by the Head of Service, conducts the evaluation of these proposals, supported by my division. Typically, they will not get to cabinet consideration until phase 3 or until they are ready to pass into phase 3.

What the Chief Minister said is correct in the sense that ministers typically will not see these. These are held by the public service until we have assessed them as suitable to be considered by cabinet.

Mr Nicol: Can I add that we are very conscious of the point about not stringing proponents along, but we are also very conscious of not ruling them out, as the chief said, on day 1. We have had interaction with bidders who have not passed the first gate saying, "Why not? We want another chance." We explain to them and describe why the committee has come to the view it has. It is a process that we take very seriously. We have very formal processes. The committee meets with an appropriate agenda and minutes, and there are appropriate reasons for decisions taken, et cetera.

MR PETTERSSON: I was wondering if you could tell me what the ACT government has been doing to develop the defence industry in the ACT.

Mr Barr: While Mr Cox is settling in, I can say that we have established a defence industry advisory board, we have a defence industry advocate, and we have

established a capability directorate. They are the three headlines. Mr Cox can talk about the detail behind it.

MR PETTERSSON: Thank you.

Mr Cox: The three headlines are a nice summation of what we are actually doing. In terms of the contextual element of this, there was the defence white paper in 2016, with a decade-long \$200 billion recapitalisation of the defence sector. Around \$17 billion of that will be spent around cyber and surveillance and intelligence. The ACT has particular and enormous performing assets in that space, both in the defence agencies and in our universities, and also in our companies. Some of our small SMEs have become the poster child companies of the new cyber intelligence space. I would refer to QuintessenceLabs, which has a world-renowned reputation for the encryption work that it is doing.

When the defence white paper came out, most of the states and territories moved quite quickly to enhance their advocacy arrangements. Most have appointed a formal person-based defence industry advocate, usually in the form of a retired senior defence person. We have done it a bit differently; we have appointed a board. That board has very senior level representation across each of the three spheres of the defence sector. For example, Raydon Gates, who is an ex-commodore in the Navy and was the CEO of Lockheed Martin, is on that group. There are Alison Creagh; Mark Skidmore from Air Force; Geoff Brown, former head of Air Force; and Glenn Keys, CEO of Aspen Medical. Kate Lundy is working in her advocacy role around defence as well. That board is being charged with the feet-on-the-ground work to actually promote and advocate outcomes for the ACT.

A great example of what has happened recently is CEA Technologies at Fyshwick, which has a particular technology called phased array radar which has been mandated—it is probably one of the few outcomes where an Australian technology has been mandated—to be applied to the new frigate building program. That is a \$35 billion program to build nine new frigates, and the phased array radar will be part of that build over the next 10 years.

That company has also got significant opportunities through defence exporting. It is a very controlled space. Its products tend to be sold to the US or be strongly aligned with defence sectors. That company is growing quite significantly on the back of this very long-term contract.

Then we have a range of other companies and players that are now being presented and advocated through the arrangements we have put in place.

MR PETTERSSON: I have a broader follow-up question: why are these companies choosing Canberra?

Mr Cox: The simple answer to that is that there is already about a \$3½ billion spend in Canberra in the defence sector. From some of the modelling we have done recently, for every billion, if you deconstruct the \$17 billion that is going to be spent over cyber over the next 10 years, it is inconceivable that a significant bit of that will not end up in Canberra.

We have got all of the major assets in place, both in universities and with the defence agencies, and also companies, so it is inconceivable that a fair push of that will not happen in Canberra. From the modelling that we have done—the New South Wales government has done very similar modelling—every billion of spend equates to about 10,000 jobs. About 60 per cent of those are defence specific; about 40 per cent of those are industry specific or related industries.

MR PETTERSSON: You mentioned a few moments ago that every state and territory has a defence advocate. What do the other states say? What is their compelling case for why there should be investment in their states and territories? Based on what you are saying, I think we have got a great case to make, but what are they saying they think is better?

Mr Cox: The other states have a much more hardware based view of the world. For example, the frigate program will be largely built in South Australia and Western Australia over the next 10 years. But if you think of a metal build of a sub or a boat, about half of it is combat systems and about half of it is hardware. Where the ACT excels is that companies like Lockheed Martin, who are providing the combat systems for the new sub program, who will be bidding for the combat systems for the new defence, are based in Canberra. Where the ACT is incredibly capable is in that smart combat system, systems engineering world. The other states and territories have a stronger traditional build view of what will occur in their particular sectors.

MR PETTERSSON: Do you think the ACT government has a problem in that the ACT population does not see the value of this industry or that people are not aware of the value of this industry?

Mr Cox: To be honest, it has not been widely promoted or expressed. It is a bit of a sleeper industry in terms of Canberra capability. It is probably more of a question for the Chief Minister—sorry to throw this one to him—but in terms of the benefit of the sector, it is something of a sleeping and hidden giant in the ACT economy.

Mr Keogh: If I can just add to that, the current defence spend in the ACT and region is approximately \$4.3 billion, and that creates about 25,000 jobs. So there are 25,000 people already out there who are benefiting directly from defence spend. I think they understand the importance of the defence spend.

MR PETTERSSON: One of the things you mentioned was the links the defence industry has with the higher education sector. Does the ACT government have any role in promoting those links, or do they occur quite organically?

Mr Cox: Both, at two levels. We have organised a cyber industry group: ANU, the University of Canberra, UNSW and some major companies have come together under the collaborative innovation framework that the CBR Innovation Network provides. We have brought those organisations together. I think we have done a defence model of that. We have done a cyber skills model of that. We have a role in facilitating and bringing together. For example, going to what we are now seeing in the cyber space, the Australian government announced the Cyber Industry Growth Network program about 18 months ago, a \$30 million program with significant spending and financing

around that, so the ACT government moved fairly quickly to bring together a network of cyber. The Cyber Industry Growth Network, which is a federal initiative, has moved into a hub and spoke sort of model. The ACT was, I think, the first jurisdiction to sign a formal MOU with the Cyber Industry Growth Network to have a major part and presence in the ACT.

Mr Keogh: Sorry, can I just add one other thing? Tony Henshaw, who chairs the Canberra Cyber Network and also chairs the Canberra Innovation Network, represents the cyber industry on the defence advisory board, so we have direct links into the cyber industry. We also have a space working group, which has ANU, UNSW Canberra and a range of companies; Adam Smith, who chairs that, is also on the Defence Industry Advisory Board. So we have built not just a military background group but also direct links, though people like Glenn Keys, Adam Smith and Tony Henshaw, into our major defence sectors. There is a direct link in what we are trying to do in defence back to the sector: cybersecurity, space services.

MR PETTERSSON: This almost committee or task force approach where you have these universities coming together with the defence industry, is that replicated anywhere else in Australia?

Mr Cox: I think the answer is: not to our knowledge, and not to the extent and depth to which we have managed to pull it off.

THE CHAIR: I will take a supplementary quickly, Ms Cody, and then we will move on.

MS CODY: I think Mr Pettersson basically covered it. It was just about the fact that you spoke about UNSW and the links between ANU and UC. I happened to be somewhere recently and people talked about our biggest exporter in the ACT being our education institutions. Would you tend to agree? If so, why is that?

Mr Cox: The share in recent numbers on this is \$579 million of education exports in the 2015-16 year, with roughly double-digit growth for about seven or eight years now. It is a very significant industry. We did some measurement with the universities a couple of years ago. The total value-add spend of the sector in the ACT economy at the end of 2014, I think, was about \$2.7 billion. And roughly one in nine Canberrans in the working population either are a student or have a working relationship with that sector. So it is very significant.

In terms of exports, it is about 2½ per cent of total industry exports, I think, from a population base of about 1.6 per cent. So numbers are small, but it is significantly overrepresented nationally.

THE CHAIR: Mr Doszpot, a quick question in this area?

MR DOSZPOT: I have a supplementary on this before I go to my question.

THE CHAIR: Okay, but we are running short of time.

MR DOSZPOT: Mr Cox and Mr Keogh, I am not quite sure whom I should address

the question to. There is a significant ICT industry in Canberra that is contributing to defence-oriented industries, especially in the ICT sector. One of the names I have not heard mentioned is David Gaul. Is David Gaul on any of the committees that you are talking about?

Mr Cox: Yes. David has been active in our program interaction for many years. As you probably know, David is a founder of CEA Technologies. He was a co-director of the Lighthouse Business Innovation Centre. He was active in the IR&D tax concession board for the commonwealth for many years. He is a member of the ANU Connect investment group as well. Our interactions with Mr Gaul are quite frequent and quite significant. He has played an enormous building role in bridging both the defence sector's interaction with the ACT and also our general innovation community.

MR DOSZPOT: I am glad to hear that, but what I am referring to relates to the question asked by my young colleague here. David Gaul's CEA Technologies, I think, is a prime example of a company that has done very well, punching way above its weight from Canberra. There is often a feeling in the industry that while these organisations have specialist activities within defence, they could be contributing to some of the security-related issues within ACT government ICT as well. My question is: is all the expertise being tapped into? Are there others who can be brought into play? Tony Henshaw and all of these people you have mentioned are very good in their areas, and I commend you for having them on your committees. But are we looking at a wide enough group of people who can contribute to other areas, not just within defence but within ICT possibilities for ACT government?

Mr Cox: I would argue that our interaction with the innovation community in the ACT is actually very deep and very real and that they do contribute at many levels.

In terms of the operations of government and how it may use, deploy and engage with the SME community, we have a program called the small business innovation partnerships program, the SBIP program. That works on a model where the directorates articulate and express a point around a particular issue that may have an ICT resolution. The SBIP program is a structured way of taking that issue or that problem to market, to the SME community, to look for a point of connection or a point of contribution about how that particular issue might be then brought forward in a partnership between the directorate and the SME, with some technical mentoring around Data61, NICTA or CBRIN. Within that framework, again Mr Henshaw was involved. Ms Lundy, as industry advocate, is involved in that process as well. So I think our points of connection with the entrepreneurial community that has clearly made it versus those that are on the rise are pretty good.

I take your point, in terms of some of the work that most of the states are now doing in their own backyards around cyber awareness and cybersecurity, that there are also quite significant opportunities that could be applied in here. That is probably a question for the Chief Digital Officer, not me, though.

MR DOSZPOT: Okay.

THE CHAIR: Mr Doszpot, did you have a substantive question?

Mr Keogh: Sorry, I was just going to add one thing.

THE CHAIR: Sorry.

Mr Keogh: Rob Forbes, the commercial director of CEA Technologies and president of the Australian Industry Defence Network in the ACT region, is on the Defence Industry Advisory Board. So we have that sector of the industry represented as well.

MR DOSZPOT: Thank you.

THE CHAIR: Yes. Mr Doszpot, do you have a substantive question in economic development?

MR DOSZPOT: Yes. The Chief Minister mentioned that I have some questions on the free public wi-fi network. Can I ask some questions on that?

Mr Keogh: Definitely, yes.

MR DOSZPOT: Can you give us an update on the progress of the free public wi-fi network that has been on the drawing board for quite a while and where we are with that?

Mr Hassett: Essentially the scheduled deployment as per the contracts and the designs is complete other than some wireless access points still to go live in Gungahlin that have been delayed around the light rail build. Right now all of the other group and town centres under the contract that were scheduled for deployments have been completed. CBRfree is now available in Civic, Dickson, Belconnen, Manuka, Kingston, Tuggeranong, Weston Creek, Woden and Gungahlin.

MR DOSZPOT: And are they all operating at their optimum or are there still teething issues with any of those?

Mr Hassett: Technically the network is working really well. There have been small issues around some wireless access points, which are monitored all the time. There have been some faults in some wireless access points, but they have been resolved by iiNet pretty quickly. But technically the network is working as it was specified.

MR DOSZPOT: And the speed and security issues, are they all within norms?

Mr Hassett: There have not been any issues as far as I am aware.

MR DOSZPOT: What is the total budget per annum for the maintenance of this service?

Mr Hassett: Once the build is completed there is an annual fee of \$129,000 for the ongoing maintenance of the wi-fi network. As I said before, the scheduled build is essentially finished, but as part of the contract there was effectively a reserve of a number of wireless access points to be deployed either to enhance the designs at the group centres where wi-fi has been deployed or for the government and iiNet to look

at other areas. In terms of the contract it will be an opportunity to have a look at how the network is performing in the designated areas and see what opportunities there might be to use what they call the bank or the reserve wireless access points to deploy in other areas.

MR DOSZPOT: So it is \$129,000 per annum.

Mr Hassett: For five years.

MR DOSZPOT: Is it hardware or are services a component of that?

Mr Hassett: That is basically to maintain and monitor the network, both the hardware and the software.

MR DOSZPOT: In terms of the Gungahlin situation, why was it delayed by the light rail?

Mr Hassett: Where the wireless access points are hanging in the design to give it coverage, some of the street lights were being affected by the build for the light rail.

MR DOSZPOT: But some of these activities in regard to the town centres started three, four years ago if I recall correctly.

Mr Barr: Common sense would dictate that you would not put the access points in only to take them down during the construction and then put them back up again.

MR DOSZPOT: Well, it depends.

Mr Barr: And it is only a small number of sites within the town centre where, once the light rail construction work is complete, the wireless access points will go in. But you do not want to risk damage to them by putting them up, taking them down and putting them back up again during the construction.

MR DOSZPOT: I would have thought there would be very few—

Mr Barr: It is very few, yes.

MR DOSZPOT: So the majority of it could have been up and running.

Mr Barr: It is.

Mr Hassett: It is.

MR DOSZPOT: It is?

Mr Cox: There are 15 access points; nine are working and six are in the status of to be deployed. We have taken advice from the technical specialists on where the best place for the footprint is, and that is how it has panned out. But there are nine fully operational wireless access points ongoing.

MR DOSZPOT: How long will it be until these other six areas are fully working?

Mr Cox: I would have to take that on notice and talk to iiNet.

Mr Hassett: Yes, we will take that on notice.

Mr Barr: Certainly once light rail is operational and the construction is finished, so a very short period on the basis of the progress we have seen on the project.

MR DOSZPOT: I am glad to have given you the opportunity to spruik it, Chief Minister.

Mr Barr: Indeed. Thank you, Mr Doszpot.

MR DOSZPOT: My final question on the wi-fi is: there were some issues with perceived security breaches with younger people being able to access things in Garema Place. Have all of those issues been resolved?

Mr Hassett: As far as I am aware. There are security controls for CBRfree, and no issues have come our way in the management of the network. Our experience has been that the network is being used really well. There are 50,000 individual users per month, which is a really good outcome.

MR DOSZPOT: 50,000 individual users?

Mr Hassett: Yes, individual unique users per month in a recent survey, and that is monitored all the time. It is being used in all of the group centres, and that has been a really good outcome.

MR DOSZPOT: So the 50,000 individual users, are you able to determine or cap their usage?

Mr Hassett: Yes, there are restrictions, I think, to 100 megabytes per day. But there have been enhancements around usage now. If you log onto CBRfree wi-fi one day and then go into a CBRfree wi-fi zone the next day, you do not have to go through the accepting process to access the network; it goes in automatically. It will do that for up to five days post your first use of the wi-fi. That is giving it a more ubiquitous feel, depending on what part of Canberra you are in.

MR DOSZPOT: iiNet is offering some fairly generous programs through private users where they can get 1,000 gigabytes a month basically. Would that give you more ability for the capacity on the free wi-fi to be increased and enhanced?

Mr Hassett: What iiNet is offering commercially is different to what is offered under the wi-fi contracts. It is relatively specific in terms of the download and upload limits. I will have to take that on notice in terms of how iiNet's offering commercially might be leveraged.

Mr Barr: You would like to see a higher limit?

MR DOSZPOT: If the potential is there. There has been such an increase in the ability to download information.

Mr Barr: Do you think it would be appropriate to pay a little more to get a bigger download?

MR DOSZPOT: I am suggesting you could probably pay a little less if you take advantage of the offers that iiNet is offering in perspective, yes.

Mr Barr: Of offering commercial, sure. Yes, okay.

MR DOSZPOT: The other part of it is that iiNet has been taken over by another organisation. What impact does that have on the delivery and on the cost of the service?

Mr Hassett: None.

MS LE COUTEUR: There has been talk about having wi-fi on the buses. What is happening with that? I presume it would be the same contract, if it happens.

Mr Hassett: Under the wi-fi services contract there was provision for a trial, and a trial occurred on five ACTION buses through 2016. Technically everything in relation to those trials worked, so the network worked and had uptake ranging between five to 10 per cent on the buses on which the access points were deployed. Transport Canberra now has that information, that report, to look at a business case for wi-fi on buses.

MS LE COUTEUR: It would not be just rolling out the existing contract with iiNet?

Mr Hassett: It is not under the contract, no.

Mr Barr: There would need to be something separately entered into in relation to the buses.

Mr Nicol: Yes, and presumably a 3G or 4G network rather than fixed infrastructure.

Mr Barr: Yes, because it will need to be mobile.

MR PETTERSSON: A quick supplementary: in terms of the data usage on the CBR wi-fi, we are at 100 megs now. What is the spread on data usage? Is anyone actually hitting 100 megabytes?

Mr Hassett: I would have to take that one on notice as well; I do not have that information in front of me.—

Mr Barr: There is some reporting online, isn't there?

Mr Hassett: Yes, in terms of the overall data usage but not the—

Mr Barr: It is not individual.

MR PETTERSSON: I ask because I use it sporadically and I nowhere ever come near to using 100 megs.

Mr Barr: You are not streaming videos.

MR PETTERSSON: No.

MR DOSZPOT: Not downloading or—

MS CODY: Teenage boys.

MR PETTERSSON: Yes. I think you learn.

MR DOSZPOT: That is why I am surprised.

THE CHAIR: We will move on. We have 25 minutes left and three output classes to cover off. So we will keep it tight, try to take five minutes each and give everyone an opportunity. We will end Economic Development there and move on to output classes 9.1 and 9.3: property services and procurement. My question was around the structuring of packages of work that go out to market for tender. A particular one that has been brought to my attention recently is the contract for school cleaning. Previously individual school campuses were done on—there was a site-by-site basis for putting the tender out. They have recently been packaged up into groups. Who makes that decision to package the contracts up into groups?

Mr Tomlins: The process is somewhat complicated because it essentially starts with the ownership and the governance and how the project is actually going to be constructed and managed in house. The driver of the decision is the agency, in this case the education department. But procurement and capital works provides, if you like, technical advice about the procurement process. The issue of structuring into different sizes of release projects was primarily made by the education department. As I understand it, there was discussion with procurement. But that is primarily an issue that you would need to raise with the education department.

Mr Barr: The only information further that I can provide on that is that I signed a piece of correspondence last night in relation to this. I think there were about eight packages. They ranged from the smallest end at two schools or three schools and then up to about 20—

THE CHAIR: Twenty-four, sorry.

Mr Barr: I guess there are opportunities for sort of small, medium and larger-scale contractors to undertake that work. But the detail behind that and the rationale you will need to pursue with the education directorate. As a former education minister, I can assure the committee that a strong driver for the education directorate would be direct feedback from schools, school principals, school P&Cs and a desire to meet the needs of individual schools to ensure good outcomes and, indeed, also meet the government's requirements in relation to our procurement code.

THE CHAIR: What are the objectives of procurement when putting work out to market? Is it to see as many local businesses participating in the process as possible or is it, I guess, to streamline and offer efficiency from the departmental side in doing large packages of work that require only one procurement round?

Mr Barr: The broad procurement policy has an element of local industry support. So there is a positive weighting in favour of local SMEs. I think we have discussed this previously: “local” defined as the Canberra region.

THE CHAIR: That is quite considerable catchment.

Mr Barr: Yes, the ACT and immediate surrounds. Value for money still remains clearly the driving force behind our procurement approach, together with periodic testing of the market. In the case of your earlier line of questions, I understand that it was about 2010-2011 when the cleaning market was last tested. So I think it is timely that the education directorate would undertake such a task.

In respect of our broad policy principles, how they apply in terms of positive weightings for local business, the SBIP that we talked about in the previous estimates discussion earlier this morning provides some examples of where the government’s procurement policies seek to balance value for money, market testing and support for local industry. Do you have anything to add to that?

Mr Nicol: I think the only thing I would add is that obviously we are spending public money. Some probity and transparency is obviously also important but I very much—

THE CHAIR: I do not think anyone is questioning that element of it.

Mr Nicol: Yes, I know, but it is an objective. It very much supports the other objectives. Value for money and local business participation I think are enhanced when you have a high level of probity and transparency in our processes.

MS CODY: Recently there was a whole bunch of announcements around the removal of the pop-up village over at Westside and placing it out at the Stromlo Forest Park. Can I have a little more detail about how that is going? Where are we up to? As a user of Stromlo Forest Park, I am very keen to make sure we are looking after it.

Mr Bailey: Yes, the structure itself will be repurposed and put out there in Stromlo Park. It will not be the vertical village. It will only be 700 millimetres off the ground adjacent to the car park there. But over the past few years there have been a number of requests for a cafe or just a coffee facility at Stromlo during busy times. Also, there have been a number of people wanting to set up for a bike repair or even a bike hire sort of facility.

With this repurposing, we are very excited to move this out there to Stromlo because of that need. We will actually tender that out now so we can get an operator for one or both; maybe two different operators or one single operator to take that on. The project itself is being managed through the LDA in terms of the decommissioning, the remediation of the current site and its transfer over there. We are hoping that we will have it out there and operational this calendar year.

Mr Barr: In time for summer.

Mr Bailey: Yes.

MS CODY: I was about to say that we have also a few running festivals around the Stromlo Forest Park towards the end of this year. Is that the goal?

Mr Barr: We need to get off the West Basin site by a certain time frame. This site will revert to be used as a car park; so there you will go. It will go from being used to not being used. It will be an empty car park most of the year now until something else happens there. As to the new facility at Stromlo, yes, it would be ideal to get that in place for the peak summer season.

MS CODY: Just to clarify, at the moment we are looking to tender out for a type of coffee shop and some sort of other facility?

Mr Bailey: That is right, some other use.

Mr Barr: It is clear that there have been calls and demand for, yes, for coffee-cafe type infrastructure and bike hire. But that is not to say that they would be the only things that could take place, given the nature of the facility and what is possible. There were a range of different activities that took place at Westside that were more diverse than just bike hire and coffee.

Yes, it would be something open to interested parties to innovate here, noting the nature of the venue and the frequency of its use particularly during the summer period in that there is a diverse range of activities that take place there. At the moment we have a pavilion. It has toilets and change facilities and a very small canteen. There are very limited facilities on site at the moment. This will significantly enhance what is able to be offered at the park. Clearly, there is a much larger residential population in the immediate vicinity with the suburbs of Wright and Coombs and obviously more coming than there was when Stromlo Forest Park was first opened.

MS CODY: Obviously, with the view to building more at Stromlo Forest Park like the pool and other things—

Mr Barr: Indeed, yes.

MS CODY: surely the expansion of these sorts of facilities across Stromlo Forest Park will be—

Mr Barr: Yes, it is a fantastic recreation asset for the entire territory. Whilst those who live in the immediate proximity are able to walk there, there are people who utilise the facility who come from all over Canberra, all over the region and, increasingly, from all over the world to experience Stromlo Forest Park.

MS LE COUTEUR: I understand from talking to non-government service providers and peak bodies that many, if not all, of the non-government contracts of ACT Health will effectively be ended or spilled in 2019. They are advising me that this is partly

due to review of procurement. Is this a question for you or should I wait for Health?

Mr Barr: I think you need to talk to Health.

MS LE COUTEUR: It has got nothing to do with you guys suggesting any—

Mr Barr: No, it is how Health are undertaking their procurement.

MS LE COUTEUR: In that case I will go on to another question. I did not want to not ask and find that Health told me I had missed it. Property services: I assume you have a number of vacant properties which I would love a list for. I assume you will take that on notice, but have you considered using them for homeless people?

Mr Bailey: The property, though, is sitting at 96 per cent occupancy; so we have only a very small vacancy rate.

MS LE COUTEUR: But it is slightly higher than the commercial rent vacancy rate, which is only about 1.2 per cent.

Mr Bailey: I would have to take that on notice.

Mr Barr: I am not quite sure that is the case, actually, but anyway.

MS LE COUTEUR: That is what they say, yes.

Mr Barr: What, residential?

MS LE COUTEUR: Residential.

Mr Barr: Residential?

MS LE COUTEUR: The commercial is much higher? No, I agree that commercial is much higher.

Mr Bailey: The vacancy that we have is scattered around. We can certainly provide a list of that. I have it here. They are small ones. Most are in the process of being let. It does take some time to let the community accommodation because we are meeting the small community organisations that are on a waitlist with ACT property group. We then offer it to them. They have to inspect it. It has to go back usually to a board. Then they will make a decision. We can lose a number of months just in that process for them to make a decision and actually it might not be what they decide they want. In terms of the homeless issue, I am not sure if they are really fit for purpose. Some of these buildings are multi-tenanted facilities. Yes, I am not too sure.

Mr Tomlins: I think there would be a substantial conversion cost for fire rating. Units have to be fire rated for 30 to 90 minutes. You need to have various toilet facilities and other facilities. I think the conversion costs would be quite prohibitive in patchy areas.

Mr Barr: Just to give some examples, there are 34 square metres of space in the

Griffin Centre in Civic. I do not think that that can be converted to homeless accommodation given everything else that is occurring in that building. There are 53—

MS LE COUTEUR: Although the number of homeless who are accommodated outside it suggests that—

Mr Barr: There are 53 square metres at the Kippax Health Centre. There are 141 square metres at the Erindale Business Park. They are normally, as Mr Bailey and Mr Tomlins have said, multi-tenanted buildings. The portfolio is managed in a way that there is a waiting list and trying to match people up. I appreciate the tenor of the question but the government will not be seeking to bump out community groups in order to refit buildings in that context.

MS LE COUTEUR: I was not going there. I was going just to vacancy.

Mr Barr: We will build more houses, I think. That is the better way to address homelessness.

MS LE COUTEUR: Are any of your properties for sale? Are you actively selling any underused properties?

Mr Bailey: Not currently; we do not have anything for sale.

MS LE COUTEUR: Are you anticipating? Is there a program of disposal?

Mr Bailey: No, I certainly think there are opportunities to look at that with the portfolio. There are opportunities where, through just occupancy or locations, we may be better off being positioned in different places or some of the properties may be at end of life cycle. It may make sense to divest some and then to reinvest in some other ones that would be more appropriate, energy efficient or in the right location. Yes, that is something we will be looking at going forward.

Mr Barr: On occasion community organisations will approach the government to want to buy the building that they are currently leasing. That does happen.

MS LE COUTEUR: Are Callam Offices currently empty after InTACT moved out?

Mr Gordon: Callam Offices has about 3,000 square metres vacant. It does have a mix of government and private sector tenants in it. Our intention is to get more community and government tenants into that space in the future.

MS LE COUTEUR: Do you have a process that you are going through for this? There certainly is a dearth of community facilities in Woden. I would love to see a lot more community use made of it.

Mr Gordon: Yes, we are actively talking with community groups. That is something that we are open to in terms of proposals. We are also looking at the potential for using some of that space to provide churn space while we reconfigure and get refurbished other properties for our short-term accommodation strategies.

MS LE COUTEUR: I will be quick because this will be taken on notice. Then I will give someone else a turn. I understand that AMC did a study of this a couple of years ago. Is it possible to get a copy of that? I think it was about 2014.

Mr Gordon: We were not involved in the study. That was sponsored by the LDA. We could approach them and—

Mr Barr: We will see what we can do.

Mr Nicol: We will see what we can do.

MS LE COUTEUR: The ACT government was the client, regardless of what part it was. Thank you.

MR COE: Could you tell me how you determine what the level of rent is for the various properties?

Mr Bailey: Depending on the tenant, we have a number of properties with a number of different rental agreements in place. We have commercial tenants, and that is based on valuations and what a commercial rent would be for the facility. We have a community rental rate. The historical reason for that was basically set on cost recovery. It sits at around \$130 a square metre now. There are also other arrangements in between that, and there are some historical peppercorn arrangements for people paying no rent. So there is a mix.

MR COE: How do you determine what level of community rate a community group gets? There is still going to be huge discretion in that, surely.

Mr Bailey: Not now. With the historical arrangements, when they originally tenanted, we may not have had that community rent in place then. It may have been about the capacity of what they could pay. Now any community groups going into any of the buildings pay the community rent, and with the rest of them we are working on transitioning to that. That is because that community rent, as we said, was set to be cost recovery. The facilities need to be maintained; there are quite a lot of annual expenses in plant and equipment at these facilities, and, in fairness, ensuring that everybody pays that same amount.

MR COE: Are all the properties that you manage in the property group's title or are they in a broader ACT government title?

Mr Bailey: I think they are all broadly ACT, but managed by ACT property group. We look after venues at some other properties within other areas, such as artsACT; we hire out their venues. Broadly, it is generally ACT government, and when they are transferred around, there is a paper trail regarding how they transfer on each of the books. But they are broadly held within ACT.

MR COE: Will you actually change the title of any of these properties when they shift from, say, the Education Directorate to the property group?

Mr Bailey: No, the titles do not get changed; it is just held within the ACT. We quite often move properties around. The property group may hold them while they are then divested by the Land Development Agency. We do not have to change that title when transferring between the different agencies.

MR COE: Does the property group have any control over Havelock House and the tenancies there?

Mr Bailey: No, it is not an ACT property group one.

Mr Tomlins: It would be a Housing ACT one, I think.

Mr Bailey: No, it is not a property group one.

MR COE: At the last annual report hearings I asked about the SMI liquidation. They were doing some work on the CIT at the time. There was some talk that perhaps the government would seek to re-engage subcontractors and would do whatever the government could to ensure that the subcontractors were not out of pocket as much as they could have been. Was any progress made with regard to that issue?

Mr Tomlins: Yes, I think that substantial progress was made. We normally try to work with companies to help them trade through. In this instance we met with the administrator; the administrator indicated that they were not going to continue with the company. I think they later had different approaches. Based on that, we terminated five companies on the same day as we met with the administrator and novated a number of subcontractors to the ACT government. For LED lighting, we have subsequently put in another project manager to manage that project. We have dealt with a lot of the subcontractors. I certainly have not heard of any difficulties there. As I understand it, that process went very well. The subcontractors were generally very grateful for the fast approach that we took in novating them to the government so that we could deal with them.

MR COE: In terms of the overall issue, now that some time has passed, have you had a chance to look at whether the IRE certificates and everything else were above board?

Mr Tomlins: We have not, to my knowledge, looked at those IRE certificates in detail. I am not aware of any IRE certificates not being appropriate. Are you asking whether SMI's IRE certificates were appropriate? I think they were. The way the IRE certificates work is that there is an assessment made on a particular day and then they apply for 18 months. We do not check on them all the time. We have 2,000, roughly, IRE certificates; so we can only monitor them as and when they come up. It was academic; as soon as SMI went into administration, we—

MR COE: It was academic in that instance, but in all the other instances it is potentially a live issue, as to whether these certificates are actually providing the assurance that all of the subcontractors and the government would like to be assured of.

Mr Tomlins: The IRE certificates are essentially about whether we are dealing with

people who do not have a criminal record, have not done the wrong thing by their employers et cetera. So it is about looking in the rear-view mirror. For larger contracts, when we deal with companies and we need to be assured of their financial viability, those sorts of issues are considered in the tender, and those sorts of issues are looked at to get the larger companies prequalification. We get financial checks done in terms of prequalification and for larger contracts.

MR COE: Were any concerns raised in the Kingsway assessment for SMI?

Mr Tomlins: There was a Kingsway assessment done not too long before and there were some concerns raised, but not to the extent that warranted taking their prequalification off them.

MR COE: Are there other ways that you can mitigate the situation, in terms of having either a bigger surety or a bigger bond?

Mr Tomlins: We did have four bonds, I think; four security deposits with SMI.

MR COE: Was the government out of pocket at all as a result of this?

Mr Tomlins: I do not know. I would have to take that on notice.

MR COE: If you could; thank you.

Mr Tomlins: If it was, it was a fairly small amount in the overall context, but we will take that on notice.

MR DOSZPOT: Harking back to Ms Cody's question on the container terminal and its cessation, how many businesses were operating out of there just before it shut down?

Mr Barr: Just before it shut down?

MR DOSZPOT: Yes.

Mr Barr: What do you mean by that?

MR DOSZPOT: Towards the end period.

Mr Barr: The announcement that the NCA would not continue the licence or as it wound down between January and April?

MR DOSZPOT: Both of those. How many were operating, and then how many kept operating and built down their business opportunity? I am happy for you to take that on notice, if you like.

Mr Barr: Yes, we might.

MR DOSZPOT: Could I also ask a couple of other questions to be taken on notice on that?

Mr Barr: Yes.

MR DOSZPOT: What sort of compensation was given to businesses that had made losses, or on their expected business opportunities which did not eventuate? Was there any commitment by the government on that?

Mr Barr: There were certainly rent-free periods offered, but I do not think anyone had expectations. When they signed their licence agreements, it was for the period for which the National Capital Authority had given approval.

MR DOSZPOT: Which was?

Mr Barr: Which was about the two-year—

Mr Bailey: Initially it was a very short time frame, and once they did not get the longer extension up, there was that rent-free period when they were allowed to trade, until April.

MR DOSZPOT: The government obviously made certain overtures to attract business there, which is appropriate, but what sort of compensation had to be given to those companies? Can you give me any details on that?

Mr Bailey: There was no compensation.

Mr Barr: There was no compensation. The original offer was only for the period that the NCA had granted the licence for. Everyone went in with an expectation it was going to be for that period of time, with a possible extension, but that was not guaranteed. So no-one would have had the expectation beyond the licence period that the NCA had.

MR DOSZPOT: They were in a position where they invested considerable sums of money to something that had a very little—

Mr Barr: Temporary, yes. It was always a temporary facility. That was pretty well understood. It is fair to say that most of the businesses have relocated to either other temporary sites or have transitioned and their temporary business has now become a permanent one, and they got their start at Westside.

MR DOSZPOT: How many of these companies gravitated over to the new opportunity?

Mr Barr: At Stromlo?

MR DOSZPOT: Yes.

Mr Barr: We are about to open that. I can think of at least one individual who previously ran coffee and bike hire at Westside who might be interested in running coffee and bike hire at Stromlo.

MR DOSZPOT: I will leave those questions. Any further information that can be provided would be good.

Mr Gordon: There were six vendors operating at the end of December 2016.

MR DOSZPOT: Thank you. I am aware of the time limitations, so I will stop there.

THE CHAIR: Chief Minister, that brings our time to an end. We will adjourn for 15 minutes, and we will return with the Minister for Workplace Safety and Industrial Relations, examining output class 5.

Hearing suspended from 11.03 to 11.20 am.

Appearances:

Stephen-Smith, Ms Rachel, Minister for Community Services and Social Inclusion, Minister for Disability, Children and Youth, Minister for Aboriginal and Torres Strait Islander Affairs, Minister for Multicultural Affairs and Minister for Workplace Safety and Industrial Relations

Chief Minister, Treasury and Economic Development Directorate

Nicol, Mr David, Under Treasurer

Peffer, Mr Dave, Deputy Director-General, Access Canberra

Jones, Mr Greg, Director, Construction, Environment and Workplace Protection, and Workplace Safety Commissioner

Young, Mr Michael, Executive Director, Workplace Safety and Industrial Relations

ACT Long Service Leave Authority

Savage, Ms Tracy, CEO and Registrar

THE CHAIR: Welcome to the next session of estimates. We now have the Minister for Workplace Safety and Industrial Relations examining output class 5 of budget statements B. Minister, would you like to make an opening statement?

Ms Stephen-Smith: Yes, and I acknowledge the privilege statement. As committee members would be aware, the workplace safety and industrial relations portfolio encompasses a variety of issues, including workplace health and safety, workers comp, public sector workforce, injury management, long service leave, public holidays and workplace privacy.

The portfolio is supported by the workplace safety and industrial relations division of CMTEDD, the ACT Portable Long Service Leave Authority, WorkSafe ACT within Access Canberra, and the default insurance fund. Key activities and information in the portfolio, as the chair just mentioned, are described against output class 5 for CMTEDD.

Members may have noted that there are several changes to the output's key performance indicators for 2017-18, with eight KPIs discontinued and the introduction of three new measures. These changes primarily consolidate similar measures, for example, there have historically been two separate indicators describing national workplace safety and IR-related activities. These have been merged into a single measure as the activities in question are now being performed by a single regulatory policy area.

Another significant change is to replace indicator K with new indicator M, both measures of how well the ACT public sector is reducing the incidence of work-related injury. New measure K adopts a target, methodology and baseline period that aligns with the national work health and safety strategy to which the ACT government is a signatory. This is part of a wider effort to make industry safety data more accessible and to inform evidence-based decisions about how best to direct safety interventions and to coordinate our efforts to raise safety standards locally and nationally.

A similar approach has been adopted by the tripartite ministerial advisory council on work safety, which has updated its business plan to integrate national injury reduction targets and strategic priorities. In 2017-18 the government will continue to focus efforts on improving work safety and injury management. An example is the allocation of \$1.4 million over the next four years for enhancements to return-to-work and retraining services for our public sector workers. The design of the funded initiatives is being informed by detailed consultation with public sector unions and experts in the field of injury management, which was conducted throughout 2016.

That budget commitment follows on from 2016-17 changes to the private sector workers comp scheme mandating the appointment of trained return-to-work coordinators in our biggest and riskiest businesses. Insurers have advised that this initiative has been well received by businesses, who acknowledge the social and economic benefits of getting injured workers back to work as soon as it is safe to do so.

I am pleased to inform the committee that injury rates across the ACT public and private sectors continue to fall. Public sector data indicates that the number of work injuries in 2016-17 is four per cent lower than in 2015-16 and 13 per cent lower than the previous year. In the private sector the most recent independent actuarial review shows that lost time injury rates are at 10-year lows. Although these results are pleasing, the ACT has seen several serious and tragic injuries over the past months, and these are a bleak reminder of the need for government, unions and industry to work together to continuously improve safety.

Safety in the construction industry will continue to be a priority for the government. In 2017-18 I will consider the findings of the recent construction safety culture survey and research undertaken by RMIT University. Informed by those findings, the government will be working with industry and worker representatives to develop a strategic plan aimed at improving construction safety into the future.

Construction is, of course, only one of the five priority industries that the ACT Work Safety Council has focused on via its strategic business plan. The council is also tracking safety performance and advising me in relation to health care and human services, accommodation and food services, public administration and education.

Thank you for the opportunity to make an opening statement, and obviously we welcome questions.

THE CHAIR: Minister, as you are well aware, as I saw you in attendance, yesterday there was the rally held by what seemed like UnionsACT with a fairly strong CFMEU flavour through it with a construction-industry focus. There was obviously subsequent media reporting of that. Do you have full confidence in the ACT Work Safety Commissioner or do you stand by the comments made by the leader of the CFMEU in the ACT, Dean Hall.

Ms Stephen-Smith: I am very well aware of this, and it is not the first time the CFMEU has raised concerns about the workload carried by the Work Safety Commissioner given the other hats he also wears. Those concerns have previously

been raised directly with me as well as with Minister Ramsay. We have been discussing those internally, and we have sought some extra advice from both Mr Jones and the leadership of Access Canberra about resourcing and structure issues.

There are a number of means and structures that can deliver our commitment to workplace safety, and that is our number one priority; we are absolutely committed to that. It is why we have put in extra resources for the public sector return to work initiative. It is why we have committed an extra \$700,000 in the budget for additional WorkSafe inspectors for stage 1 of light rail. That shows that we are vigilant about the needs and demands at any one time, and we are monitoring those and responding as we are required. It is why we have a tripartite WorkSafe council and take the advice of that council.

We consistently encourage the unions to raise their issues as well as directly with us through the tripartite work safety council so that they can provide us with advice. We have made no decision at this point to change any of the current arrangements. If we do, we will follow due process and we will announce that in due course.

THE CHAIR: Has there been any change to the function of WorkSafe ACT since its amalgamation into Access Canberra or of the functions of the commissioner?

Mr Pepper: Mr Wall, it is probably useful to provide a little bit of context around the operations of WorkSafe and how it operated pre-Access Canberra and how it operates now in terms of Access Canberra. Since 2006 WorkSafe has been part of a broader regulatory organisation. At that time it was a part of the Office of Regulatory Services which undertook a range of licensing, registration and compliance functions including things such as fair trading and road transport regulation which were later shifted into it. WorkSafe has always been part of a broader regulatory organisation.

When Access Canberra was announced, it picked up on a couple of recommendations. One was part of the Hawke review which recommended that there should be tighter alignment between the activities of WorkSafe as a regulator and ACTPLA and its inspectors, so building and construction, electrical, plumbing, gasfitting, that sort of thing. That was a recommendation of the Hawke review. Equally, there was a recommendation in the getting home safely report which suggested a structural alignment between construction regulation activity and work safety regulation activity to provide a more optimal regulatory and safety outcome. The creation of Access Canberra picked up on those broader recommendations and has essentially implemented what has been recommended.

In terms of the operations of WorkSafe, since the commencement of Access Canberra undeniably there has been greater collaboration across regulatory arms within government with regard to the scheduling of inspections, the sharing of intelligence between different regulatory arms, and certainly the undertaking of compliance and enforcement activity where there is a common understanding about the parties that might be involved. That has certainly been one of the changes we have seen.

From our perspective, we see that as a positive where, rather than having individual regulatory arms without complete information of what is happening in an industry sector or related to a particular industry party, they now have much greater

information available to them.

THE CHAIR: As to the previous year, what figures of inspections has WorkSafe carried out both on a proactive front and then in response to a complaint or an issue being raised? How many rectification or breach notices have been issued for the past year?

Mr Peffer: The number of inspections WorkSafe has undertaken over the years has grown quite rapidly since the introduction of Access Canberra. Prior to our commencement, WorkSafe was undertaking around 2,000 inspections per year, give or take. This year it is looking like we will come in closer to 5,000 inspections. So we are out on constructions sites, we are out in retail outlets, we are out in hospitality venues a lot more often. We are starting to build those greater relationships with industry.

In terms of rectification orders, that is a formal power that building regulators and not WorkSafe have. I will ask Mr Jones if he has some further detail in terms of notices that have been issued.

Mr Jones: The number of WorkSafe visits we have conducted so far this year—that is obviously to the end of May rather than to the end of June—is nearly 1,600 visits related to asbestos-related matters, primarily the Mr Fluffy program but not exclusively. We have had well over 2,500 reactive workplace visits. Last year it was about 4,300 total workplace visits and this year we are almost exactly the same—about 4,200 with a month of figures to go. The number of actual workplace visits is just under 5,000 to date.

In terms of notices issued by WorkSafe, we have a range of notices we can issue. In terms of improvement notices, for the total of last year we issued just under 120 and so far this year to the end of May, it is 130. We have already exceeded the number of improvement notices issued this financial year. In terms of prohibition notices, 65 were issued last year and so far we have issued 50 this financial year.

THE CHAIR: Are you able to provide a list of the entities that improvement notices were issued to and likewise with the prohibition notices? Happy for that to be provided on notice.

Mr Jones: I would certainly need to do that on notice. I would need to get advice on whether there are any privacy issues with that. Subject to that advice, I am happy to release that with a response taken on notice.

MS CODY: Mr Peffer, you mentioned that you look at other workplaces and it is not just construction. Can you give me a rundown on what other workplaces that WorkSafe does investigations in? You mentioned retail. Are there other areas that WorkSafe looks at?

Mr Peffer: We take an intelligence-led approach, so we will look at statistics coming through in terms of harm being generated from WorkSafe type incidents. That will be used to classify our industry sectors that we may pay particular attention to. Obviously construction is a big one for us, but it is not the only one. Retail and

certainly hospitality is another focus as well.

Mr Jones: Obviously WorkSafe covers all ranges of businesses and work environments. We have spent a fair bit of time, as Dave said, having a look particularly in the retail space given the level of employment there in the territory. We look at whether they are complying with their workers compensation requirements and also the work, health and safety requirements within each retail establishment. We also take the opportunity while we are visiting to provide information in terms of harassment or bullying and things like that which can occur in those sorts of establishments.

We cover retail and we cover hospitality as well. Again, there is focus on where some of the risk lies, especially with young people. We also cover education administration, for example, public or private sector in terms of office-type work where you might not get the physical injuries that you might get on a construction site but you certainly get potential bullying or harassment. We do that as proactive information provision to make sure those requirements are in the forefront of their mind and those establishments are complying with that.

MS CODY: When you say “retail”, what does that encompass? Just shops?

Mr Jones: Exactly, shops and small businesses. Typically we may spend several weeks going through one of the major shopping centres, for example in Civic or Woden, where we will basically visit every shop and go through their work, health and safety obligations and particularly their workers comp obligations and make sure they are meeting all their obligations in both of those. With the big shopping malls, we go through every shop in those establishments.

MS CODY: Including hairdressing salons?

Mr Jones: Yes.

MS CODY: Minister, I think this one might be for you. I am not sure, but we will give it a go.

Ms Stephen-Smith: I may hand it over.

MS CODY: I noticed that there was the budget measure “better support when it matters”, helping injured employees back into the workplace. I was wondering if you can give me a bit more information about that. My first question is: who is going to be consulted on those final details of the program?

Ms Stephen-Smith: This is for helping injured employees back into work?

MS CODY: Yes.

Ms Stephen-Smith: That was the one I talked about, the \$1.4 million, in the opening statement. It is focused on ACT public sector employees. The unions and experts have been consulted over the past year. I might hand over to Michael to talk about the detail of how we are implementing that.

MS CODY: Sure; absolutely.

Mr Young: On the question of consultation around that budget proposal, as the minister mentioned, and as I am sure you will recall, officials spent probably more than 12 months in very close and detailed consultation with our workforce and with trade unions in connection with potentially exiting the Comcare scheme and setting up a new scheme for the public sector. Although the decision to do that was ultimately modified, quite a bit of that consultation produced very positive and constructive sorts of discussions and ideas around not just improving and designing the legislative framework, but setting up changes to our administrative practices and policies.

That work has very much informed this proposal, but we will, of course, be consulting again with our workforce, with trade unions and with experts in the field to refine those measures. That process is just beginning; it will be ongoing over the coming months. I expect that it will include enhancements of our pre-injury interventions. These are measures designed to intervene in a workplace or with an injured worker before a matter becomes a workers compensation claim or a worker goes off work.

Initiatives in that space that we have worked on previously, and which we are expanding, focus on providing physiotherapy and other allied health services for workers and funding that support before an issue results in a workers compensation claim, before an issue becomes intractable.

In addition, I expect that that initiative will fund training, and not just for managers, supervisors and other people in departments who are working with injured workers, assisting their return to work. We are also reviewing, in the first instance, a number of whole-of-government policies that go to things like redeployment and injury management. That, I expect, will be a springboard for pilots of funded redeployment initiatives as described in those budget papers.

MS CODY: I know you said that you still need to consult. Do you have a time frame for when you are looking to commence the program?

Mr Young: Elements have commenced.

MS CODY: Great.

Mr Young: The review of the supporting, redeployment and other whole-of-government policies has commenced, very much based on the consultation that has already occurred. In terms of designing the funded pilots, I expect that consultation will be occurring in the first quarter of the forthcoming financial year, with a view to rolling out incrementally over the later parts of the year.

MS CODY: You mentioned that you are looking at different physios, et cetera. How will this program help to fit in with existing whole-of-government return-to-work programs?

Mr Young: It will be administered by my division in the injury management and safety team and supported by the infrastructure that we already have in place around

our injury management. It will be very much part of an integrated program. One of the means that we use to identify those pre-injury matters in which an intervention will not be called for involves monitoring our RiskMan, the whole-of-government hazard and injury notification system. We have staff who triage those matters where they are identified and we will contact workplaces or workers to offer those pre-intervention services. This is an expansion and improvement of those existing programs rather than something that will run in parallel, which will be a much more efficient process to operate and maintain.

MS CODY: And this is for the public service, the public sector, at the moment?

Mr Young: That budget initiative is limited to the ACT public sector.

MS CODY: Once we have rolled out in the public sector, are we looking to expand it across other sectors or we are just focusing on the public sector at the moment?

Mr Young: That particular budget initiative is focused on the public sector, but my division is responsible for, and the minister's portfolio covers, both private and public sector injury management. There was a deliberate move to bring those public and private functions together a number of years ago, and they are increasingly informing one another. We have policy officers and injury management professionals whose expertise informs both programs, and I expect that will continue. In relation to the learnings from these initiatives, we work on an ongoing basis very closely with the approved insurers in the ACT, and one process informs the other. We should get a better range of products at the end as a result of that collaboration.

MS CODY: You said that you currently have both streams working side by side, for want of better terminology. You may want to correct me on that terminology; that is fine. With the private sector, do you find that they maybe are not as aware of the rules and regulations as the public sector is? Is some of that education going towards that as well?

Mr Young: They are quite different systems. As you would be aware, the public sector's injury management and worker's compensation coverage come from the commonwealth's Comcare scheme. We are much more hands on as part of that scheme. In fact, we exercise delegations under that legislation and we operate injury management. So we are much more operational in that area. In terms of the private sector, we have a regulatory policy function. Greg Jones's area acts as the regulator of that legislation.

The claims management services which we are delivering in the public sector are much more delivered by the private sector approved insurers. We have processes in place to review those insurers' operations. For example, there is a six-monthly audit program of their claims administration. Obviously Greg and his team respond to complaints from injured workers and other people involved in that system.

My impression of those mechanisms that we have in place to monitor the performance of the private sector, insurers and self-insurers—I see no evidence of widespread noncompliance in terms of the number of complaints that come through or results that we are seeing from those audits, or even matters that come out of the courts, for

example, when a person has appealed. That is not to say that there are not issues from time to time, but I think we have mechanisms in place to identify and to respond to those. Perhaps Greg might like to expand on the regulatory aspect.

Mr Jones: We get a very small number of complaints or issues. Quite often it is in terms of a dispute between a view of whether somebody is able to return to work or whether their payments should continue. Typically we have a mediation role in that. Most of the time, that gets resolved fairly quickly; there is often a misunderstanding or an interpretation of a doctor's view. If needs be, we will arrange for an additional medical examination to determine whether a person is able to return to work or whether their payments or whatever should continue while they are not at work. Most of the time—in fact I cannot think of an occasion where we have not been able to resolve it satisfactorily between the various parties—we either have payments reviewed and continued or the person returns to work based on the medical advice. The number of complaints we get is actually very small.

MS CODY: Okay.

Mr Young: Perhaps I could add something. An example of one of the initiatives the government has put in place to ensure an appropriate standard of service for injured workers was legislation that required large employers and employers that have a relatively high risk of injuries to appoint trained return-to-work coordinators. That commenced in the current financial year. As part of a rollout of that, we funded training of those return-to-work coordinators. So we are growing a network of trained people across the private sector. That goes very much to your original point: that initiative was informed by work coming out of our public sector management process.

MS CODY: Mr Jones, you mentioned some disputes where the doctor and the workplace might have a difference of opinion. Does it include psychological assessment of the worker?

Mr Jones: Yes. Clearly we do not get involved with the detail of all the medical cases, but usually my inspectors will discuss the area of dispute with both parties. Quite often, it is a misunderstanding, like with a definitional type response. Then we tend to get the parties to expand their particular position and get them to come up to an agreed, mediated solution. Typically that is what would happen. But it covers all types of injuries, yes.

MS LE COUTEUR: My question is about Comcare. My understanding a few years ago was that the government said, “X costs us too much so we will move away.” That policy appears to have changed. Could you tell us more about why?

Ms Stephen-Smith: Yes. As Mr Young touched on, there were lengthy discussions with unions and other stakeholders about what would be a potential appropriate alternative to the Comcare scheme for the ACT public sector. We could not reach a resolution where parties could agree. As a result of that, we said, “Okay; we will stick with Comcare but we will plan to move towards becoming a self-insurer under the Comcare scheme”, which is a process in itself that requires significant consultation and some technical work. Michael can talk more about that.

Mr Young: Thank you. Just to expand on that point, they were very lengthy, constructive and detailed consultations that were conducted with workforce and unions. One of the main takeaways that I took from that as one of the delegates was that there were still levers that could be pulled to improve our injury management experience that did not involve resorting to new legislation, which entailed a number of additional risks and which also would have involved changing the types of services and compensation levels that our injured workers would have received.

I think the government took the view that it would be more appropriate to pull those levers, and we are in the process of doing that. One of those is a proper exploration of self-insurance options. That is potentially an attractive option because it is responsive to a number of the policy imperatives that government put forward when the original announcement was made which were not entirely to do with the costs of Comcare. They were around taking responsibility for the care of our own injured workers and also being able to exercise more control over the amount of resources that are applied to injury management and to have greater integration between the work that we do as return-to-work coordinators and rehabilitation managers and the work that the insurer does currently within Comcare.

Our self-insurance model potentially allows all of those things to be achieved without making the changes to the legislation around the types of injuries that would be covered or the types of services that are available.

MS LE COUTEUR: Okay. Do you have some idea of what sorts of financial savings there are likely to be from self-insurance?

Mr Young: I should add that the cost of Comcare has reduced very significantly since that announcement was made. Looking at the forward financial year, we expect that the premium that we will be paying next year will be around 20 per cent less than what was paid this year. That is off the back of improving economic conditions and also improvements in our return-to-work and injury management performance. As the cost of Comcare reduces, the potential savings that might be made from doing other things, for example self-insurance, are potentially affected.

To go to your question, I would hope—this is a matter that needs to be explored in more detail—that a self-insurance operation potentially allows for efficiencies and improved return-to-work outcomes. Around 70 per cent of the costs of premiums that we pay are really driven by how long it takes an injured worker to get back to work. Those more efficient, more integrated programs and services that we talked about previously should drive significant improvements in that, which will in turn lead to reductions in premiums.

In terms of the ultimate difference between what we are paying now and what we might pay under a self-insurance model, those savings are uncertain at the moment because it is difficult to say exactly what our Comcare premium will be in two years time. Hopefully, it will be—I expect it would be—status quo, significantly less than what we have been paying in recent years.

MS LE COUTEUR: Is it appropriate to ask a question about the Long Service Leave Authority now?

THE CHAIR: You mentioned that you were unable to reach an agreement between the stakeholders as to whether or not to go away from Comcare. What were the sticking points in leaving Comcare or in self-insuring or another alternative?

Mr Young: At the point when government made the decision to remain in Comcare, there were still a number of unresolved issues. They tended to be around the design of the compensation benefits and the amounts of benefits that would be payable to an injured worker under a new scheme. A number of sticking points were around whether or not an injured worker should have access to common law damages and at what point that access should be made, and also the periods of time for which payments for loss of earnings might be made. These were matters where negotiations were continuing and a landing had not been reached at the point when the decision was taken to pursue those non-legislative improvements.

MS LE COUTEUR: I want to ask the Long Service Leave Authority how the transition is going with respect to adding the community sector into it.

Mr Young: I will ask Ms Savage, the CEO of the Long Service Leave Authority, to address how the implementation has been going, given the legislation to make that expansion has now been in place for 12 months.

Ms Savage: That is right. It is progressing extremely well. We would certainly consider that it has been bedded down. We have had nearly 12 months. It will be 12 months on 1 July '17 this year. For all intents and purposes, it is business as usual.

MS LE COUTEUR: How many additional people do you now have under your wing or however you would describe it?

Ms Savage: We have gained around 2½ thousand workers through the aged care expansion. We had an additional 17 employers, but I believe those figures might now be over 20. While it is not a large number of employers, certainly there are a larger number of workers.

MS LE COUTEUR: I had expected there to be a larger number of employers. Why is it such a low number?

Ms Savage: One company may manage a number of facilities, so you may see lots of facility names but there is actually one particular employer. We deal with the entity that manages all of those facilities. When we talk about employers, it may be one employer and four or five facilities; that sort of thing.

MS LE COUTEUR: You do not have one employer who is very big and the rest are more of a facility size?

Ms Savage: We do have employers that vary in size, but generally we are finding that we have some locally based employers that might have quite a few hundred employees. We also have employers that may offer some mixed services. Their main focus is not necessarily on, say, aged-care provision but they also offer other services. Looking at the numbers that have come across due to the aged-care expansion, that

might be much smaller: tens, twenties or thirties; that sort of thing.

MS LE COUTEUR: The employees themselves don't have to do anything, do they?

Ms Savage: No, it is all via the employer and it is all electronic. We certainly let the workers know. Once they have been registered with us, they get an information pack that says, "Here's your registration number. This is who we have you recorded as working for. These are the contact details that we hold." So the workers get information from us, but they certainly do not need to come to us in any sort of proactive way.

MS LE COUTEUR: Aged care is another sector where there have been stories of workplace underpayment et cetera, so I was wondering whether people would know that they are entitled, so that, after five years, they would possibly take advantage of the scheme rather than it being effectively an entitlement that they will never access.

Ms Savage: Our workers receive a statement every year. They do receive an annual statement. That statement shows their work history that we have recorded during the year. It shows the number of days that they have accrued. It shows the wages that have been imported through. We find that that is an excellent process for that sort of reverse feedback from workers. They get their statement; they are able to check that information. We say to them, "If there are any questions, any issues, any discrepancies that you might believe exist, please come and see us." We can then investigate that from that point on.

MS LE COUTEUR: Proportionally, how much bigger has this made the scheme, having community sector aged care involved?

Ms Savage: We were sitting at around 22,000 active workers. We are now up to around 24½ thousand or 25,000.

MS LE COUTEUR: So it is not significant?

Ms Savage: It is a big number in terms of looking at it proportionally. We have seen that increase over the past 12 months.

MS LE COUTEUR: Is the percentage rate still the same? I think it is 1.6 per cent?

Ms Savage: That is right.

MS LE COUTEUR: That is the same for all your industries?

Ms Savage: No, it is different across industries. It is 2.5 for building and construction, 1.6 for community and contract cleaning, and 1.47 for our security industry. That reflects the particular demographics of the industry, all sorts of parameters and assumptions that the actuary uses to advise on the levy setting, the maturity of the scheme, liabilities and that sort of thing. Those levy rates can change. Obviously, you want some sense of stability for employers in particular, but they are a lever that can be used.

MS LE COUTEUR: Are there any other sectors who are talking to you around, “We would like to be involved in this as well”?

Ms Savage: No, we are very much just there in terms of administration of the covered industries as they stand.

Mr Young: It is a question for government.

MS LE COUTEUR: Maybe I should address that question to the minister. Are there any other sectors that you would be—

Ms Stephen-Smith: We are not currently considering any other sectors, no.

THE CHAIR: Often is it sectors that get dragged kicking and screaming into the scheme rather than actively volunteering to come in?

Ms Stephen-Smith: There have certainly been individual employers for whom that is the case, yes.

THE CHAIR: I have two follow-ups on the scheme. To use the community sector as an example, for a worker who has been in the industry for, say, three years and now that the scheme has been mandated for the past 12 months, when do they become entitled to claim their long service leave?

Ms Savage: The portable arrangements—if we are talking about aged care in particular—came into place on 1 July 2016. In terms of the portability of that entitlement, it was 1 July 2016. A particular worker may have an employment relationship with an employer that precedes that. If they maintain that relationship then the normal long service leave entitlement arrangements apply. But that requires that worker to maintain that one-to-one relationship with that employer. That worker may have a claim under the 1976 act, but that does require that direct worker-employer relationship, whereas the portability aspects are from 1 July.

THE CHAIR: The question is around continuance. If someone was halfway to getting their long service leave before the scheme began last July, and they continue their employment until the eight-year or 10-year anniversary to qualify for long service leave with that employer, is the employer responsible for the full contribution of long service leave or only until the date the scheme commenced?

Ms Savage: No, only until the date the scheme commenced. They can then have that relationship with their employee and pay the long service leave benefit to them. They can seek reimbursement from the authority for the portion from 1 July on.

THE CHAIR: What feedback has come from the aged-care sector locally with regard to their inclusion now in the long service leave scheme?

Ms Savage: Generally, it has been quite positive. We have an excellent working relationship with a number of the employers.

THE CHAIR: Have there been any concerns or issues with some employers signing

on to the scheme?

Ms Savage: The minister mentioned that some employers are not particularly pleased with their inclusion, but it is a very small minority.

THE CHAIR: Do you think it continues to maintain a level playing field for employers in the sector, given that some are community not-for-profit and some are private for-profit enterprises?

Ms Savage: Certainly, from our perspective, we look at portable long service leave arrangements as an entitlement for a worker. We do not look to the corporate structure of the employer.

Mr Nicol: I would answer yes, it does, because it essentially normalises the employment relationship, no matter who your employer is. Essentially, each employer, whether you are not-for-profit or for-profit, is treated in a much more equivalent way, and it removes any incentives for an employer to potentially change employment arrangements to avoid long service leave costs, for example. I think it makes a much fairer employment basis for the industry.

MR COE: Minister, I wonder whether you could please pass on your thoughts on whether the ACT is one of the most dangerous jurisdictions in Australia.

Ms Stephen-Smith: As I said in my opening statement, we have seen an improvement in outcomes for injuries and work safety in both the public sector and the private sector over the past few years. I will pass to Michael to talk about the actual statistics behind that.

Mr Young: Thank you. I welcome the opportunity to discuss that. It has been a question that has sort of been raised with me in multiple forums and I have seen some attention in the media to that question. Many of those statistics, in fact, are based on workers compensation claim data. There are a number of windows through which people may observe that data, one of which is a publication called *Comparative performance monitoring report*, which is issued by Safe Work Australia annually.

The April edition that was released this year has been subsequently removed by Safe Work Australia. That is because after publication they noted a number of errors in that data. The particular effect of those errors was to suggest that the rate of injury, not just in the ACT but across the board, had deteriorated in the most recent reported year. That is unfortunate. I expect that when Safe Work republishes, that trend will either not be there or will be less visible.

Our data suggests that injury rates in the ACT, in terms of frequency per million dollars in wages earned, are at 10-year lows. That being said, Safe Work Australia data, which is the only sort of readily accessed area of research which compares workers compensation rates in Australian jurisdictions, does tend to show that the ACT has a higher rate of claims than other jurisdictions.

That has been particularly reported in the context of the construction industry in the ACT in recent times. However, I think it is important that that be considered more

widely. Significantly, in addition to showing a higher rate of claims in the construction industry, it also shows that all territory industries are in the top one or two highest reporting of injury jurisdictions in the country.

Significantly, that effect is observable not just in your high risk industries: construction, health and community services. It is across the board also in the very low risk industries. In fact, the differential between the ACT and other jurisdictions is actually higher in the low risk areas. What that suggests, as an observer with quite a bit of experience in this area, is that the effect that you are observing is not an industry-specific safety standards issue. It is a more universal issue.

I would contend that more universal type issues—ie ones which affect all territory industries more evenly than perhaps safety standards or regulatory activity—include things like the size of the employer or the nature of work being conducted. This is significant because that data is actually sensitive to how well an employer returns an injured worker to work after injury rather than perhaps the number of injuries occurring.

Industries that have difficulty returning workers to work after an injury include construction and others; blue collar physical areas. For example, if I were to sprain my ankle today, I would probably be at work tomorrow with a bandage on whereas if I were a construction worker I would need to take much more time off. Industries where there are those, I guess, more physically demanding jobs have difficulties returning people to work. That results in a higher reported number of claims against those measures.

In addition, small and medium size employers have difficulties creating suitable alternative duties for injured workers, which a large employer is better able to do. These are some universal issues that affect that data that is being reported on extensively in the media. If you look at the structure of ACT industry, I think we are more prone to those types of issues, which creates, I think, the effect, or it certainly contributes to the effect that has been observed.

MR COE: Why would the ACT be more prone?

Mr Young: Because we have a higher proportion in the private sector of construction work, health and community services work and work of that nature compared to, say, the Australian public service, which tends to have the best results in that area, which is a more predominantly white collar large employer workforce.

The other effect I think is the design of the workers compensation scheme. There is a significant body of Australian and international evidence that says that differences in workers compensation scheme design have an effect on behavioural patterns and the likelihood of injured workers making claims.

The ACT scheme design is an outlier in Australia, far more so than our work health and safety regime, which is harmonised. I think, understood in context, that explains to a large extent the differences visible in the ACT's rate of claims. That is not to say that our industries are not high risk. The minister has indicated that the construction industry is a consistently high risk industry in the ACT.

MR COE: That is right. It is high risk here; it is high risk in New South Wales; it is high risk in every jurisdiction. I am just curious as to why in the construction industry in particular there might be this sort of claim that the ACT is somehow more dangerous than other jurisdictions?

Mr Young: I guess, going to my comments, the data when considered fully shows that it is not a particular issue with the ACT construction industry. It is an issue that affects all territory industries, both high and low risk.

MR COE: Does that therefore reflect a situation where the current regulations and the current arrangements are in fact working?

Mr Young: I think, as I said, the data that has been quoted extensively in the context of safety needs to be considered more widely in the context of injury management, industry risk, return-to-work performance.

MR COE: Just at a pure level, is the current regulatory regime, be it the actual regulations or the enforcement thereof, or the bureaucratic structure, as effective as it could be?

Mr Young: I think that the legislation—the work health and safety laws—is essentially harmonised. Certainly—

MR COE: I am talking about in the ACT with regard to how it is enforced here.

Ms Stephen-Smith: There are harmonised laws and there is always—I think we are coming up for a review of the national harmonised laws. There are always opportunities to look for improvements in that. I do not think that anyone is going to sit here and claim that any system is 100 per cent perfect and could never be improved. So that is one of—

MR COE: But the discretion we have here in the ACT, though.

Ms Stephen-Smith: That was why we did the *Getting home safely* report, long before my time—in 2012, was it? Got the year right? We have implemented measures coming out of the *Getting home safely* review of construction industry safety measures. It is why, as part of the implementation or the follow-up to that review, we are now doing further work, including the RMIT University research that has recently been undertaken on construction industry safety culture.

I have not seen the outcomes of that yet, but I guess all I am saying overall is that there is always room for improvement. We are on a journey of continuous improvement. We are very committed to that. That is why we are currently undertaking the safety culture work. We will look at any improvements that can be made coming out of that RMIT work and review of the *Getting home safely* recommendation outcomes.

MR COE: Aside from the policies and the actual regulations themselves, in terms of the actual structure that is in place within Access Canberra and within the agency, is

that operating as effectively as it could?

Ms Stephen-Smith: Mr Peffer talked about this earlier. The structure that is currently in place in part came out of the *Getting home safely* recommendations. Mr Peffer, you might want to add to that.

Mr Peffer: Yes, I am happy to expand on that a little. Mr Coe, as the minister said, the *Getting home safely* report looked at particular high risk industries and how the regulator itself could better focus its efforts within those industries, construction, of course, being the focus.

The recommendation that came through that report very clearly said that we have this issue where we have got a body of regulators going out looking at construction-related activity—plumbing, gasfitting, electricals and so forth—and then we have a separate body that is going to the same sites at different times looking purely from a safety perspective.

This report recommended that structural adjustments be made to the administration to actually bring those teams together. It talked about ensuring greater collaboration in the field, coordinating the targeting of specific concerns on work sites and also linking our enforcement activity. In effect, what we have done is take that recommendation and implement it. It is still a work in progress. It takes time for sort of cross-skilling and for awareness to occur within larger regulatory groups. But it is a regular occurrence that we have WorkSafe inspectors out on construction sites with building, plumbing or gasfitting inspectors undertaking that work.

We feel that through doing that it has enabled us to have a far greater presence on construction sites. We get that feedback regularly from industry groups such as the HIA and MBA. That has the effect of actually building relationships with sites. Rather than getting there once during a 12-month build, it may be that we get there a couple of times during the build.

By beginning to break down those barriers where you very rarely see a regulator, it encourages a bit more voluntary compliance where we do often have builders or developers reaching out to us when they know they have got high-risk activity that is coming up. It might be a large concrete pour or it could be the erection of scaffolding of sorts. We will be proactively contacted by those parties to come to work with them to make sure that they have safe operations in place.

MR COE: There are not actually more inspections happening, though. These are just—

Mr Peffer: No, there is much more. There are more than double the inspections that previously occurred.

MR COE: Previously a lot of these inspectors were still going but wearing other hats; is that correct?

Mr Peffer: No, I think it has been a combination of—

MR COE: They were wearing the APD hat or they were in another regulator's hat.

Mr Peffer: No, I think there has been a combination of things that have actually changed. One of the greatest gains we have made has been through the introduction of the better use of technology for our workers out in the field. Our inspectors are now tablet based. They can move from site to site covering a lot more ground rather than driving back to the office, getting the next file, driving back to the next site, that sort of thing.

We are much more agile in our operations. It means that we are getting to more sites. It means that inspection reports can be issued then and there on the spot so that the builder has in their email straight away any findings or recommendations from WorkSafe. Equally, with notices that need to be issued, it has sped up that process as well. It is a combination of technology and of cross-training and having a much larger pool of inspectors who can undertake some of these inspection activities.

MR COE: When you say cross-training, someone who was previously inspecting the gas installation is also equipped essentially to inspect for other potential faults?

Mr Peffer: What we have worked towards—we do not have generalist inspectors who are experts in everything. We still very much have specialised teams. But we have, I guess, introduced a level of awareness where a gasfitter, for instance, might observe other things occurring on the site and, if there are concerns, take action to bring WorkSafe in to actually conduct a review. Where in the past that would not have happened, they would have gone in and done their job, there is now that much greater awareness and sharing of information so that we can better target our resources as well.

MR COE: Are they actually mandated that they have to do that? Is there, in effect, a compulsory reporting if they see something or is it still discretionary?

Mr Peffer: No, I would be confident that any of our inspectors, if they observed something that they believed gave rise to a potential safety issue, would report that if they did not feel comfortable dealing with it themselves.

Ms Stephen-Smith: Mr Young might just build on *Getting home safely*.

Mr Young: Thank you. I think the *Getting home safely* report and the government's acceptance of those recommendations triggered very significant changes to the way that regulatory arrangements were set up for work, health and safety. That included the changes to inspector practices, additional inspectors, the establishment of the industrial magistrates court and other very fundamental changes.

In the year they commenced there were 540 lost time injury claims in the construction industry. The key focus of those changes was to reduce that figure. In 2015-16 there were 363. That trend in the construction industry, which was the focus of those changes, outperformed other industries in the territory. That is suggestive of the effectiveness of the WHS regulatory arrangements improving as a result of those changes that were made, albeit part of a continuous improvement across—

MR COE: And that was 2015-16, those figures?

Mr Young: Yes.

MR COE: And what about 2016-17?

Mr Young: Unfortunately, that data is quite lagging. We have to receive it from workers compensation insurers and it will be some time in the working.

MR COE: It is just a single year in isolation. You could have anomalies. You could have a busy building year or a quiet building year and so that is what is different. You really do need to see a trend over a much greater period than just a couple of snapshots.

Mr Young: Of course, and we need to maintain that. That being said, the trend was down immediately. The number reduced in 2013-14 and it was lower than the baseline in 2014-15; so it is a three-year trend that we have already observed.

Ms Stephen-Smith: But I think that also highlights not just the importance of the regulatory framework but also of the awareness raising. The very process of conducting a review like *Getting home safely* is going to raise awareness, together with the review that we are doing of that. The safety culture survey that we are conducting is also going to raise awareness. I think those two things go hand in hand. Correct me if I am wrong.

THE CHAIR: We might suspend since we are out of time unless there are quick questions.

MR PETTERSEN: I will put them on notice.

THE CHAIR: Thank you, minister. The committee stands adjourned for lunch and we will reconvene at 2 pm.

Hearing suspended from 12.19 to 2.02 pm.

Appearances:

Berry, Ms Yvette Minister for Education and Early Childhood Development, Minister for Housing and Suburban Development, Minister for the Prevention of Domestic and Family Violence, Minister for Women and Minister for Sport and Recreation

Chief Minister, Treasury and Economic Development Directorate

Priest, Ms Jenny, Director, Active Canberra, Enterprise Canberra, Economic Development

Kelley, Ms Rebecca, Deputy Director, Active Canberra, Enterprise Canberra, Economic Development

THE CHAIR: Good afternoon, and welcome to this afternoon's session of estimates. In this session we have the Minister for Sport and Recreation, and first up we are looking at output class 3.3, sport and recreation. Can everyone have a quick look at the pink privilege statement that is in front of them and indicate that they are aware of it and its implications?

Ms Berry: Yes.

THE CHAIR: To kick off, minister, do you have an opening statement?

Ms Berry: Yes. I thank the committee for giving me a chance to run through some of the key budget initiatives today. What you will see in these themes is that we are concentrating very much on participation, access and equity across sport and recreation in the ACT. The Canberra community makes a large contribution so that people have access to the sport and recreation facilities that they love. All of us know how important it is for health and wellbeing, and the government has continued to make these investments a high priority.

Earlier this year, the Australian Sports Commission released participation data from AusPlay, the new national survey, which informed us of active participation levels and activity types. It came as no surprise that in the ACT we have the highest participation rates across all ages, and have done for the past 16 years.

The ACT government invests in supporting our local sport and recreation sector to ensure that our community is afforded great places to play, and across a diverse range of sports and recreation activities. In the 2017-18 budget we will deliver an additional \$5.68 million to enhance active participation by the community in sport and recreation. The highest participation rate in the country can always be higher. We have no intention of resting on our laurels, as there is plenty of evidence that tells us that an active community is a healthier community—economically, socially and physically as well.

There are many people who we want to ensure stay active, many of whom are yet to get active. Sport and recreation should be accessible for all, but some people face a real or perceived barrier to their participation. It might be because of their ethnicity, their religion, their physical limitations or their gender. I have advocated for gender equity in the territory for a long time, specifically enhancing the status of women and

girls across a range of indicators, including health and wellbeing, safety and culture, and sport is critical.

All of us want to see more women and girls participating in sport and recreation. I am very happy that this year we will bring in unprecedented support for women's sport in the ACT. The Canberra Capitals and Canberra United will each enter into a four-year performance fee agreement with the territory to assist the clubs as they move closer to their professional aspirations. A new court for the Capitals will also be delivered at the National Convention Centre in time for the coming WNBL season.

Over four years, \$400,000 will be provided to showcase, promote and encourage female participation and leadership in sport. The sport and recreation grant program will prioritise infrastructure upgrades to better suit the needs of women and girls. I was pleased recently to open the renovated Gowrie sporting pavilion, which sets the standard for community facilities regarding suitability for both male and female sports athletes.

All of this is aiming to heighten the participation of women. More participation brings a greater need for participation space. That is why the government has committed \$160,000 to examine options for further indoor sporting spaces in Belconnen, Gungahlin and Weston Creek. This will give us the information that we need to consider facilities and priorities as we move forward.

The ACT government manages more than 280 hectares of irrigated sportsground, comprising 711 individual hireable fields. In 2016 we invested more than \$11 million in the maintenance of these fields, employing a hardworking team of plumbers, turf specialists, mowers and sportsground rangers. An additional \$5.4 million has been provided in this year's budget in recognition of the level of maintenance needed for our sportsgrounds. This investment salutes a great problem that we have, which is that our sportsgrounds have significant use. The more they get used by the community, the more that we need to look after them.

The ACT government also continues to support the operations of five public pools, with \$785,000 invested in our ongoing pools improvement program last year. With a reform agenda in play for combat sports legislation, the need for improved regulatory practices has also been identified, with \$624,000 over four years that will deliver an enhanced regulatory function to support greater integrity and safety of participation in combat sports in the ACT. Whilst we are on safety, I also mention the \$100,000 committed for grants to the motor sports community over the next four years for training and development opportunities to increase safety and participation outcomes.

All in all, there is a big year ahead for sport and recreation as we head towards the next participation data release. We remain committed to maintaining Canberra's status as Australia's most active community, to the provision of spaces to play and safe environments, and to inclusion and equity as strong pillars for sport and recreation in the ACT.

THE CHAIR: Thank you, minister. I will defer my question to Mr Milligan.

MR MILLIGAN: My question is in relation to the city to the lake plan and the new Civic pool. On page 360 of budget paper 3, it states there is \$400,000 allocated in this year's budget. I noticed that was also covered in last year's budget. Was this money actually spent, and what was it spent on?

Ms Priest: The \$400,000 was an amount allocated via the city to the lake project, and it was being coordinated through the office of the coordinator-general. My understanding is that that funding is travelling, with the restructure of parts of the Land Development Agency, to the EPSDD, the new directorate, and that it will continue to be used as part of the city to the lake investigations in terms of new site options for a potential new aquatic facility.

MR MILLIGAN: In this year's budget paper, it states that this is to be completed by June 2018—this money is to be spent by then and completed. What will it be spent on, exactly, and will it be completed by June 2018?

Ms Priest: That is a matter that we would need to refer to the directorate that has that budget allocation for it, and get the answer from them.

MS CODY: I have a couple of questions. I might follow on from Mr Milligan's line of questioning about pools in the ACT. I note that there was an election commitment to look at putting a swimming facility/pool at Molonglo forest park. I am wondering how that is going, and where we are up to with that process.

Ms Priest: With the Stromlo pool commitment, the \$33 million commitment by the government is progressing. It was committed in last year's budget. There was a process of consultation undertaken. The \$33 million commitment was based on a basic level of provision, a 50-metre pool et cetera, and a range of other facilities.

What we wanted to do, in advance of going out to a tender for design and construct for that facility, was go out to the community, which we did earlier this year, to ask them what additional provision of facilities they would see as most important and valuable for that community. We went through that process, and the feedback provided helped to inform further briefing of government and decisions subsequently taken to include a range of additional facilities as part of that request for tender. We are currently progressing through the process of getting ready to go out to tender with those additional elements included.

The your say website has recently been updated to reflect the outcomes of that community consultation and the inclusions that will be incorporated as part of the request for tender.

MS CODY: What are the factors driving greater investment in aquatic facilities in the ACT?

Ms Berry: The first obvious one is the price of water and the price of maintenance for our existing facilities. Also, our community is growing.

Ms Priest: Yes. There is obviously an expectation; it is about looking at our entire asset base and knowing where we need to make provision and plan for new and/or

upgraded facilities, and ensuring that we are doing that in a balanced way. With the growth going on in the Molonglo-Stromlo area, it was certainly identified as a priority by the government in previous terms, and the delivery of that has certainly been identified via the election commitment now.

We also invest in the ongoing maintenance of our existing facilities and the upgrade of those. We are cognisant of the age of those facilities, use and the moving and shifting demand and demographic. Gungahlin, as you would be aware, was the last previously delivered pool, which was to cater for, as the minister indicated, the growing area of Gungahlin—certainly a booming community out there.

MS CODY: As Weston Creek is about to be, yes.

Ms Priest: That is right.

MS CODY: Minister, you mentioned the cost of water these days. How do government subsidies and user charges compare to other jurisdictions?

Ms Berry: Generally, ours are lower than inflation. I think we compare pretty well to other jurisdictions. I will ask Ms Priest to provide a little bit more information on that.

Ms Priest: We have done some investigations and desktop review, and indeed had some consultant reports undertaken on our facilities by comparison—a comparative analysis with other like jurisdictions and like facilities. We do find that, by and large, the cost of entry and accessing our pools is on the low side.

These things are important considerations as you consider the ongoing cost of maintaining and operating our pools, which, with increasing utilities prices et cetera and fluctuations there, obviously impact on price points of contracts with operators et cetera. It is something that we have our finger on the pulse of regularly. We want to ensure that we are at the right price point. We have recently undertaken consultation with the community about that and we are looking forward to some recommendations later in the year regarding where our price point might best sit.

MS CODY: As someone who swims in Lake Burley Griffin, it is good to have nice pools. My substantive question, minister—

THE CHAIR: Mr Milligan has another supplementary, while we are on pools.

MR MILLIGAN: While we are talking about the Stromlo pool, the original completion of this pool was meant to be in 2019. Now it has been pushed out to 2020. Can you give an explanation as to what has caused that delay?

Ms Priest: At this stage we are still looking to achieve an outcome by the end of 2019. If there is slight slippage or delay into 2020, it is because we have taken the time to go back and ensure we have consulted with the community about what they see as the priorities for that facility, so that we get it right and so that we are meeting the demand and the needs of the community out in Molonglo-Stromlo as well as the broader community who will access and use that facility.

MR MILLIGAN: In that development stage for the pool site at Molonglo, the Stromlo pool, have you considered including a diving pool at that facility?

Ms Berry: Not for this first stage, but there is scope for a diving pool to be included in future stages—and other facilities as well, not just a diving pool. Pools these days often have a lot of other activities around them, including cafes, gyms and early childhood centres. All of those sorts of things are within scope for future stages of the Stromlo pool site.

MR MILLIGAN: While we are on water usage and associated water costs, because it is a massive cost for any sporting facility, I noticed that at the Civic pool they lose something like 30,000 litres of water a day, approximately. That is quite a substantial amount of water and a huge cost. What is the government doing in relation to providing funding to help rectify that or to help fix the problem?

Ms Berry: There has been a lot of work done at the Civic pool to investigate that. Since the pool was built, it has had a history of leaking. Most pools from that time do have some leakage, but this pool was leaking significantly. It is not leaking as much as it used to. Ms Priest has some figures, if you want some figures on the actual amounts of water lost.

Ms Priest: There has been a great fluctuation in the rate of leakage at the Civic pool, as you would be aware. As the minister has indicated, over the last number of years we have had significant effort go into remedial action for the pool on a number of occasions, most recently as a result of the repairs that we have undertaken and the monitoring. We do ongoing monitoring very closely of the water leakage at the site. We found that, for the peak season during January-February 2017—the peak summer season when all the pools are in operation, because we need to remember that with the Civic pool we have an indoor and an outdoor component, part of which is closed during the winter months—there was leakage of approximately 27,000 kilolitres a day. Mr Milligan, you were on the money there. But for the same period last year, prior to the most recent repair work that had been undertaken, the loss was around 44,000 kilolitres a day. So there was a significant reduction between the period of peak use this year and the period of peak use last year.

There has been, as the minister indicated, over many years very much a fluctuation in water use. It has become a lot more critical and topical. Water is an important resource and we all care about it a lot. But it is the price of water that over the years has exponentially increased that has really drawn attention to it, and the fact that it is costing a bit of money if you are not remediating those leaks on an ongoing basis. We continue to monitor it. It is a very aged facility that is beyond its useful life—60-odd years old. We are continuing to monitor it and keep it operational for as long as we are able to do so.

MR MILLIGAN: Do you have a set budget for this? What sort of money are you willing to invest in the upkeep and maintenance of that pool?

Ms Priest: We do not have a future projection of budget at the moment. We have a rolling maintenance program. Our facilities improvement program is what goes towards the routine, ongoing maintenance of our aquatic facilities. Certainly, we are

doing investigations regularly of all of our facilities. Where we identify that there is a need for additional expenditure beyond what the pools improvement program will provide, that would need to be the subject of a budget bid. But that is an ongoing proposition and something that we are doing regularly for all of our facilities.

THE CHAIR: Has any work been done to ascertain the environmental impact of that much water seeping into the ground?

Ms Priest: Yes, there has. Some work was done to identify where the leakage of the water was going and whether or not, in terms of the chlorination of it, there was any difficulty. The results that we had from that investigation were that there was not. When the pool was built, water leakage or seepage was not such an issue—and it was not back in the day 60 years ago—so the infrastructure and the system of that pool was set up so that if there was leakage it would drain away into the sewer system. So it was set up to enable and facilitate that to happen.

MS CODY: Minister, you mentioned in your opening statement facilitating better opportunities for women in sport. You highlighted a couple things you are doing, but can you expand on some of the commitments that are being delivered for women in sport? It is a really important issue that has for a little while maybe not been addressed as fully as this budget is allowing.

Ms Berry: This is the first time the ACT government has placed emphasis on improving women and young girls' participation in sport. The data we received about participation in sport showed a real decline, particularly amongst teenage girls. The government looked at what we could do for women and girls in the ACT to remove some of the barriers that they identified and which I talked about in my opening statement—that is, how can we make it easier for women and girls to participate in sport? That is why we have \$1.5 million in new funding to go towards a number of different initiatives, but the two highlighted ones are the four-year funding agreements to the Canberra Capitals and the Canberra United football team.

When I was talking to young girls leading up to the budget and in my conversations last year, one of the things they told me was that they wanted real role models in sport in the ACT so that they had something they could aspire to and work towards. Providing four-year funding for both those teams means they can continue to engage in community activities and continue to work with young women and girls in those particular sports. The funding certainty from the government also means they can get further sponsorship support from other people who might want to support those teams.

Some really great national work has been done with basketball, and this year the WNBL will be televised live on TV. A number of games will be televised, and that is the first time, I think, that WNBL has had televised games for a full season. That is a result of the work that has been happening all over the country encouraging women and girls in sport.

A couple of the other new initiatives are around ensuring that we have female-friendly sports facilities. I referred to the upgrades at Gowrie because, whilst the funding that we will be providing will give the sports clubs the chance to upgrade facilities and improve participation for women and girls within their sports clubs, the message is

getting out into the community as well. The broader community and sporting clubs across the ACT are taking the government's commitment to and our policy around women and girls' participation in sport and they are implementing it on the ground.

I was talking to an architect a little while ago who is involved in the redevelopment of the ballpark at Narrabundah and the change room facilities. She was saying that whilst there was a request for urinals all the way up a wall she said, "No, no, no, that is not the government's policy; it needs to be toilets with doors." So it is about getting out there and having conversations in the community. The sports clubs and organisations really want to get on board with making changes and getting as many women and girls participating in sport as possible.

There is also funding that goes towards women and girls being able to network and join up with each other to play sport together or try some new physical activity. One of the barriers that came to my attention, which is pretty obvious really, is that girls really want to try sports out with another girl or with a friend rather than turning up on their own. A new online hub to be developed by HerCanberra will be able to connect young women and girls in different kinds of ways. They will be able to find sporting activities they want to engage with and they can join up together and go and try them out and keep healthy and active.

There are a whole lot of initiatives happening for women in sport, not just here but across the country. We are doing our bit and encouraging our sporting community to get on board as well.

MS CODY: How is the sports community responding to the government platform? You spoke about the architect at the Narrabundah ballpark, but how is the rest of the sports community coping with the government's commitment to gender equality in sport?

Ms Berry: It has been really positive. We made the announcements late last year about the kinds of programs and support that we wanted to provide to women and girls. Even those sporting groups that were not going to directly see funding to their organisations were really happy to see a focus on women and girls across the community in all sorts of different sports. They recognise that, when we put a focus on women and girls' participation in sport in a group of clubs, that affects the whole community and women and girls across the city see that there is an opportunity for them to aspire to all different kinds of sports.

For the first time in the ACT we have a female rugby league season. That was launched at the same time as the men's, which is the first time that has ever been done. I am the patron of women's rugby league in the ACT. We have higher numbers of young girls than ever before signing up to play Australian rules football. The clubs are seeing the benefits of reaching out to women and girls and making it easier for them to participate in sport in all sorts of different ways. The benefits for their clubs are realised very quickly, with increased numbers of women and girls participating.

We are meeting with the sports CEOs next week to follow up on the announcement and check in on how their clubs are going and how we can help them with some of the other announcements we have made about their agreements to have an increased

number of women on their boards—increasing women’s representation on boards to 40 per cent. Most sporting clubs in the ACT have already achieved that, but there are a few that we will help in different ways, whether that is supporting women who want to be on boards and supporting clubs with how they can identify women who might want to be on the boards, all those kinds of things. We will check in with the CEOs next week, but so far it has all been very positive.

Ms Priest: I think it is fair to say, too, that a number of sports are very much leading this. They see this as a fantastic set of initiatives, both locally at the state sporting organisation level and then flowing through to their national sporting organisations. They are very much leading the way. Sports recognise that at least 50 per cent of their viewership and their potential participant base is female. If they are not facilitating a space that welcomes women in the same way that men have traditionally been welcomed, in some sports in particular, then they are missing out.

They are also diversifying in mixing up the offerings they provide in their traditional competitions. As the minister mentioned, rugby league has really started to get amongst it—and there are a number of other sports that are doing the same thing—to make it more appealing and accommodating for women. It is fair to say that this initiative is being warmly embraced by different sports, many of whom are already taking a lead in trying to provide better gender equity in their sports.

MS CODY: You mentioned outdoor sports, but does it include indoor sports as well?

Ms Berry: Yes. We have been having this conversation here in the ACT, certainly with Basketball ACT. That funding for the Capitals means that women and girls can aspire from the club level to going up through the academy and then being selected for the Caps one day. They see in front of them a really successful women’s basketball team with players on the team who live in our community, who go to our shops, who get coffee and in our cafes and who are really part of our community. The connection with players who live here, some of whom grew up here, and who represent our country overseas in the Olympics is a really important way forward for women and girls and gender equity in the ACT. Yes, all of the sports are keen to work out ways that they can encourage more gender equity.

MS LE COUTEUR: The budget statements have a graph on page 11 showing the participation rate of adults in sport and physical recreation. It is saying that by 2017-18, which is next year, we are going to be at a level with about 90 per cent of all adults participating in sport. I am just wondering, minister, how we feel that this number can be so high, particularly given that the ACT, I understand, has a reasonably significant problem with obesity? Why do we think that the people of the ACT are this active?

Ms Priest: In terms of the graph, it is certainly a target ambition of ours.

MS LE COUTEUR: Confusingly, the information about it is on the previous page. You might think that it is really to do with ACT international goods. But the next page, page 11, states that in 2016-17 we are at 85 per cent of adults participating in sport and physical recreation. My question is: how do you think that this statistic could be true, given our rates of obesity? Where is it coming from? What degree of reliability

could this have? Is it really this high? It seems unbelievable in terms of most people I talk to: 85 per cent of the people I talk to are not very physically active.

Ms Berry: That came from the AusPlay report, which is what I referred to in relation to women and girls in my opening statement. It also includes informal sports: walking, bushwalking, running, dog-walking and things like that. It says that the most popular activities in the ACT are athletics, running, jogging, bushwalking, cycling, fitness, gym and swimming. Recreational walking is ranked amongst the highest overall, with nearly 40 per cent of males and over 53 per cent of females 15 years or over taking part in walking. I am not sure how the survey works, how AusPlay actually comes to the data.

Ms Priest: The methodology is in respect of the last 12 months. In terms of the further detail and the methodology, Rebecca, I am just wondering whether you might be able to help.

Ms Kelley: Certainly. The measure that is reported there is for participation once per week. AusPlay does look at frequency of participation. I guess that with any research the methodology is open to the interpretation of the respondent at the time. When you are asked, “Are you active at least once a week?” when we pick up on recreational walking, I guess that means different things to different people. We probably need to keep that in mind when we consider that 85 per cent. For some people, recreational walking might be walking from your workplace to your car; for others, that is termed active transport. I take your point that it seems high, but that is certainly what has come out of the survey. For three times a week, it is far less; it is down at 64 per cent for three times a week. As the frequency increases, we see that statistic drop off significantly. That is what we would probably think is a fairer reflection of our community participation for actual health outcomes or where it is having an impact on overweight or obesity.

Ms Berry: With the 85 per cent of people that you speak to, Ms Le Couteur, and I am sure you speak to a lot of people, we need to find out ways that we can get them to—

MS LE COUTEUR: Absolutely. That is really my point: it is just not as good as all that. It is not as good as that unless you count very small amounts of walking. If I counted the amount that I walked to the bus each day as being physically active, then sure, but—

Ms Priest: As the minister said in her opening speech, we are certainly not resting on our laurels. We recognise that there is plenty more work to be done. That is part of our ongoing pride in Active Canberra, to ensure that we make provision for all members of our community to re-engage, if they are not already engaged, with active sport and recreation on a more regular basis.

MS LE COUTEUR: If you turn the page, you will find the comparable figures for kids. That adds to my feeling that these figures do not make sense, because you have considerably lower participation for kids. We are currently only about 56 per cent. It seems to me fairly unlikely that you would have children living in a family where the adults were physically active and the kids, willingly or otherwise, were not physically active. If the parents really are physically active, they will make sure the kids do

something. That figure for the kids is possibly more believable, but if it is true, the two do not really go together. I suspect that we would have some not very good figures. In general, talking about increasing the participation rate, you have talked about that at some length, particularly for women. What about for male children and adult males?

Ms Berry: There is data available as part of the AusPlay report, which I think is available online. Yes, it is available online if you want to go and have a look and a play around with the data in there. Anybody who has teenagers will know that that is one of the most difficult times to keep kids active in sport. We know that, and we know it occurs more with young women and girls. Then there are certain age groups. This is all available in the data, but I cannot recall the actual age groups.

People will play sport up to a certain age; then they will leave the sport for 10 years and come back to it when they are in their early 20s, once they have finished all their formal studies, have settled down into life or are doing whatever it is that they are doing. There are gaps. The real gap is the gap for young women in those teenage years. We want to get them playing and loving sport so that if they do leave it for a while, at least they will come back to it at some point in the future. All of that data is available online. I am sure if you Googled it you would find it.

MS LE COUTEUR: I am sure it is; I just have grave fears that it is not particularly useful: for the adults, it is over-counting and for the—

Ms Berry: What is clearer is the participation in organised sport, because we can get that data from the clubs.

MS LE COUTEUR: That is obviously clearer, yes.

Ms Berry: The informal sports, like walking, jogging and all of those kinds of things, are harder to measure. In the ACT, with the kinds of natural recreation facilities available—we have so many footpaths, shared paths, open spaces, lakes, bushwalks and all of those sorts of facilities that are free and available to walk around—that is all free and available, probably more so than in any other state or territory. It is easily accessible; you do not have to travel too far to get to a nice place where you can do some recreational activity.

MS LE COUTEUR: Just talking about travelling, you have allocated \$75,000 towards consultation about ice hockey, which of course is in Woden. What is happening with that? Is it consultation based on replacement at that location or elsewhere?

Ms Berry: The commitment was for an ice rink consultation conversation for the south side, for a facility to, in the future, occur on the south side, because that is where the current ice rink is.

MS LE COUTEUR: Yes.

Ms Berry: At this stage, it is at a certain point in the conversation with the Ice Sports Federation.

Ms Priest: We have been working with the recently formed ACT Ice Sports Federation. They have a website, and they have set themselves up as a key representative body for parties within the ice sports group. We have recently met with them—in fact, as recently as this week—and we are working at the moment on the scoping of some work that will involve getting a consultant engaged so that we have something to consult on. So we have been engaged with them. They have been letting us know what they would see as important features of an ice facility.

I guess then the process is getting that scoped out so that we understand what that looks like, so that we have something to have a more robust conversation on concerning the commitment. The \$75,000 is to looking at options for a new ice facility, as the minister said, on the south side. Obviously, as part of that, there will need to be consultations with existing operators of existing facilities. Without a doubt, they are our key stakeholders. We have spoken to them about it; they are fully aware of what is going on.

MS LE COUTEUR: On that note, do you know what the uses for that site would be if that ice hockey rink was no longer to be there?

Ms Priest: I think at the moment there are some territory plan provisions that compel some uses. Certainly they are things that would need to be considered as part of any investigation going forward.

THE CHAIR: We will now move to arts and community events, with Minister Ramsay.

Appearances:

Ramsay, Mr Gordon, Attorney-General, Minister for Regulatory Services, Minister for the Arts and Community Events and Minister for Veterans and Seniors

Chief Minister, Treasury and Economic Development Directorate
Stankevicius, Mr Adam, Director, Government Reform, Policy and Cabinet

Cultural Facilities Corporation
Elvin, Ms Harriet, Chief Executive Officer

THE CHAIR: Good afternoon, minister. Has everyone had a chance to familiarise themselves with the pink privilege statement and do they understand its implications? Yes? Beautiful. If you are taking a question on notice, for the benefit of Hansard, please state so clearly. Minister, would you like to start with an opening statement?

Mr Ramsay: Yes, I will. Mr Chair, I thank you and the committee for the opportunity to discuss the 2017-18 budget initiatives within my particular portfolio responsibilities as Minister for the Arts and Community Events. A strong and vibrant arts and community events sector is absolutely essential to the cultural, social and economic fabric of Canberra. The arts produced in our city enrich us all as a society. A vibrant and progressive Canberra brings life, colour and vitality to our community. Participation is a critical component of making our arts and community events a success. You will have heard me say several times, I am sure, that I believe that there is strength and power in the arts, in their role in expressing and exploring the uniqueness of our cultures and in demonstrating the value of creativity in people of all abilities, as well as their role with health and with wholeness.

The new funding measures that have been announced in the budget reflect the great value that this government and the community place on our artists and on arts. I was pleased to announce a new injection of \$21.6 million into the arts over the next four years, on top of the already significant funding and facilities for the arts in the ACT. This new injection of funding on top of our existing commitments continues to position Canberra as a significant centre of arts and culture and helps to achieve our vision of a better Canberra, offering well-supported facilities and services for the arts.

We will be delivering funding to ensure that our arts facilities meet the needs of our growing community both now and well into the future, which is why a significant portion of the new funding will go towards improvement works at some of our most popular arts facilities, including, of course, the Belconnen Arts Centre.

We are providing \$15 million for the Belconnen Arts Centre over the next three years to finalise design and construct stage 2, to complete the original design concept for the centre and assist in achieving its full potential. The Belconnen Arts Centre has become a major hub for arts in Canberra, and we know that the whole community will benefit from these improvements. The improvements will include a brand-new, flexible, 400-seat multipurpose auditorium, a new rehearsal studio, new exhibition spaces, a new workshop space and a kitchen for self-catered community events.

We will also be improving Ainslie Arts Centre, Gorman House arts centre, Strathnairn,

Tuggeranong Arts Centre and Watson Art Centre, with \$880,000 over the next four years. This is on top of the significant improvements that have been made over the years, including at the Street Theatre. The other facilities in the portfolio are also included, with standard capital upgrades funding being allocated across facilities and an additional \$280,000 for lighting at the Canberra Museum and Gallery.

We are investing our capital across new and heritage arts centres, as key infrastructure in the arts. The upkeep on our facilities, including the heritage ones such as Ainslie and Gorman arts centre, Canberra Glassworks and the Manuka Arts Centre, is complex, so we are working to refine our methodologies for prioritising these works, those outlined in the strategic asset management plan for arts facilities and those that have been requested by the organisations that operate the facilities.

The ACT government is working on an arts infrastructure plan which will determine a longer term vision for upgrades and new facilities across the ACT. The development of this plan will be aided by the community consultation process on a new Canberra Theatre, which was also funded in this budget. The consultation will look at the current capacity for performing arts in the ACT, to identify what infrastructure may be required to meet the needs of our growing community now and into the future.

In the meantime, I have been speaking for some months already with my colleagues about future arts facilities in Gungahlin and in Woden. Long-term engagement on these concepts will begin through the community arts facilities for those two centres, for the pop-up art festivals that the government is funding from next year.

We plan to grow Canberra's creative capital by significantly increasing the baseline funding for individual arts projects to a minimum of \$750,000 per year, with an intention to continue to grow that funding in the future. Project funding is fundamental to support our artists' creativity and development. In turn, this new baseline announcement seeks to give the arts sector more certainty than has been the case in the past, to ensure that there is a new level of funding available in each round. I will be making a specific announcement about the first of these rounds next week.

I am also pleased to say that we will shortly commence a further round of consultations on the way that the ACT government provides funding to artists and to arts organisations. This consultation will allow the community to have a say on funding categories and funding objectives and will inform the development of an arts funding plan.

ArtsACT has been undertaking community engagement with the Aboriginal and Torres Strait Islander community on arts and culture, and this engagement will culminate in a consultation report and a government response which will pave the way for an allocation of \$100,000 for engaging with Aboriginal and Torres Strait Islander arts and culture. It is exciting and important work which is responding to a principle of the artsACT policy and connecting people with opportunities across the region.

One excellent project which came out as a result of the engagement was the making of a traditional possum skin cloak by Ngunnawal women. This project was part of the development of the Chief Minister, Treasury and Economic Development Directorate reconciliation action plan, but it would not have been possible without the connection

and the engagement with the community by artsACT. I am pleased to table that reconciliation action plan and the story of that traditional possum skin cloak for the committee.

The budget has made good on election commitments for arts events, with provision for each of the next three years of \$130,000 for Art, Not Apart; \$100,000 for the Design Canberra festival; and \$125,000 for the Canberra Writers Festival. There is also new funding of \$35,000 per year for three years for Kulture Break and \$250,000 per year for four years for the Australian National University's new advanced music performance program.

All of these budget initiatives and these approaches, along with the existing funding and programs, will continue to make Canberra a vibrant and livable city. I look forward to continuing to work with artists and the arts sector to enable a growing arts and events program, so that we know that there will indeed be a diverse and dynamic arts community here that is valued locally, nationally and internationally.

THE CHAIR: Thank you, minister. Mr Coe, would you lead off with a question?

MR COE: I am happy to defer to Mrs Dunne.

MRS DUNNE: Minister, on pages 4 to 17 there are a range of strategic objectives for the wider agency of Chief Minister's, but there does not seem to be any specific mention of the arts. Why is that? If I have missed it, can you point out where there is a specific mention of the arts in the nine strategic objectives?

Mr Stankevicius: Mrs Dunne, if you look on page 3, six dot points up from the bottom, implementing the 2015 arts policy—

MRS DUNNE: Yes, I know, but that is not on pages 4 to 17, which is where the strategic objectives are. The strategic objectives begin on page 4. There are nine strategic objectives between there and page 17, and there does not seem to be any specific mention of arts. I am aware of the one dot point on page 3.

Mr Stankevicius: Certainly it is covered, as I said, within the strategic priorities for the directorate, but, no, there is not a strategic objective.

MRS DUNNE: I have a follow-up question.

THE CHAIR: Certainly.

MRS DUNNE: Minister, I have asked this question a number of times: have you yet worked out which agency will be overseeing the development of the Kingston arts precinct? Will it be the City Renewal Authority or the Suburban Land Agency?

Mr Stankevicius: It will be the Suburban Land Agency that is responsible.

MRS DUNNE: When was that decided?

Mr Stankevicius: In the allocation of projects between the two authorities.

I understand that those that are not within the corridor that have been outlined as the responsibility of the City Renewal Authority are left within the responsibility of the Suburban Land Agency.

MRS DUNNE: What particular expertise does this agency have to put the focus on arts in this precinct?

Mr Stankevicius: I think the relationship that artsACT and Cultural Canberra have had with the LDA will continue. There will be a very strong partnership across the ACT government, with those two agencies working very closely together to ensure that the precinct is delivered in a way that the government expects. The government has been very clear in outlining its intention that the precinct delivers a significant focal point for visual arts activity in the ACT. With the assistance of those organisations that are moving to the precinct, we anticipate there will be that significant lift.

Having not seen who they appointed to the CEO's position, I cannot give you an indication as to what specific qualifications the staff within the organisation that are taking on responsibility for the development component of this work might have, but I can certainly say that the person sitting to my right, Ms Tyler, has been involved in this process for as long as she has been involved in artsACT, which is almost a decade—the last eight years—and will continue a very strong focus in ensuring we deliver in that space.

We certainly have the skills to ensure it will be delivered, and we anticipate that the processes to engage staff within the new organisation will ensure that the other half of the partnership in developing this will get us there.

MRS DUNNE: What funding has been set aside to assist arts organisations to transition to the arts precinct in Kingston?

Mr Stankevicius: Funding is not set aside in this budget because we are talking about something that is probably going to be delivered in two to three budgets away. As part of the discussions with those arts organisations, we will work out what packages we need. Obviously it is a bespoke arrangement; there is not going to be a uniform way of providing assistance. As I think we discussed in previous estimates and annual reports hearings, some of them will require very technical and specific arrangements; for example, ArtSound and places like PhotoAccess, with darkrooms and very specific equipment, will have very technical requirements. Others like the Potters Society that are not moving but are setting up an outreach or another kind of site will have different kinds of arrangements. All of those will be bespoke, but they will absolutely be a part of future funding processes for the budgets.

MRS DUNNE: What do you envisage is the time frame between now and when we will see a functioning Kingston arts precinct?

Mr Stankevicius: Three to four years. I think in two or three budgets from now the transitional funding will be included.

MR PETTERSSON: I have some questions surrounding the establishment of some

new community art festivals in Gungahlin. What is the process for setting up these new festivals? Can you enlighten me in any way?

Mr Ramsay: Certainly the arts festivals and I have had some initial conversations. The key thing about those pop-up festivals is that they grow out of the community itself. It is the way that arts reflects and captures the conscience and the mood and the character of the community, so it grows out of good community consultation and good community development. That is one of the reasons why those pop-up festivals have been funded from 2018-19 onwards. There have been already some conversations and some early planning about the community development. Certainly, some of the work that is going on in Gungahlin that Ms Orr has been working on has some really exciting possibilities.

The way it works is that we work through what the character, the feel and the hopes of the community are. Arts actually works in all of those areas. The intention of the pop-up festivals is that, in that sense, they will be community specific. There is no particular template for them to follow that they need to be in any particular form or style. It is allowing those areas of Woden and Gungahlin to build the community and see how that can grow for future years as well.

MR PETTERSSON: You said it was still very early in the process, which I can clearly understand. Do you have any idea of what time of the year these festivals might be?

Mr Ramsay: The reality is that that is one of the things that is determined best by the community itself—the things that build good community, the things that reflect good community, obviously within the bounds of a Canberra weather format and other things going on not only across Canberra as a whole but also in those particular areas. The best thing to see happening is what works for the community, how it is that we can engage with the community and how it is that they want to express themselves in that.

MS CODY: You mentioned Gungahlin and Woden. Have you done any consultations yet with the Woden area on these pop-up festivals?

Mr Ramsay: It is probably fair to say that the conversations are slightly more advanced in Gungahlin than they are in Woden. There have been some early conversations with colleagues in relation to Woden, but that is the next stage. It is starting to form that sense of community development to see how it is that things can grow in Woden as well, knowing that the pop-up festivals in Gungahlin and Woden will inevitably be different because of the character of the communities.

There has been a sense that the festivals can capture a little bit more of the arts that has not been picked up in the past. There are really good community centres already in Tuggeranong and Belconnen and growing ones. So how is it that we can have pop-up festivals and see if that can also lead to an ongoing arts presence in the community? They are the next round of conversations. That is why those festivals are for 2018-19 onwards, rather than trying to launch them too quickly. Pop-up and community-based festivals are best done based on really good consultation. That consultation will be happening during 2017-18 so that the festivals can be held in

2018-19.

Mr Stankevicius: To support what the minister has said, we have obviously heard from the Woden Valley Community Council about their interest in arts facilities and arts activity happening down there. We have also heard previously from a number of businesses and what used to be the chamber of commerce down there. Certainly arts-related businesses—art and painting supplies, instrument providers and instrument fixers—that exist there are also interested in developing an arts or creative hub or space. There is definitely a kind of underground activity and, as the minister said, it is about how we support, facilitate and shape that activity to give expression to the unique values that are in Woden and Weston Creek, and also what we are going to do for Molonglo. They are unique communities and it is important to capture them. Again as the minister said, having a cut-and-paste art festival model really is not going to serve anyone's needs.

MS CODY: We asked you about Woden and you mentioned Weston Creek and Molonglo. I am assuming Phillip is captured within the Woden precinct?

Mr Stankevicius: Yes.

MS CODY: I am just making sure. People have funny ideas about these things, and I would hate to leave any part of Woden out.

MS ORR: Going back to the Kingston arts precinct and the need to consult with all the different people who are coming in—I know this came up in annual reports hearings—can you give an update as to what conversations you have been having since then and how you are continuing to consult with those groups?

Mr Stankevicius: As I mentioned in previous hearings, the groups that are moving or we are proposing to move—as I have said previously, we have not locked anyone in; if people want to change their mind as a result of changing circumstances then we are still open to those discussions—are organising themselves and meeting together on a regular basis. At a public meeting we also heard from the Canberra International Music Festival, which is a regular user of facilities there. We put them in contact with that group of arts organisations so they could also be a part of those important stakeholder discussions.

We are meeting with them on a regular basis on how we plan the next steps forward. In its negotiations with the successful tenderer, the LDA obviously has to go through an approving and developing process before getting to the point where it signs the contract and makes the commitment to the financial contributions and the exchange of the land. We have been engaging with them quite closely, having those regular consultations and discussions. We will be getting down again to the tin tacks of what individual requirements are when we are ready to have those broader discussions, after the contract has been signed.

Prior to the second stage of the process we did those room data sheets, the very technical requirements for every single organisation that was going to be moving in. We sent those back out to the organisations to have another look 12 months on, to see whether those are things they still need, have their thoughts changed, have their plans

changed, have their requirements changed. We will be asking for those back and any amendments they want to make as part of that process.

Interestingly, that is similar to the process we have gone through with Belconnen. It has been a really valuable process for Belconnen. As I said at previous hearings as well, they have come back to us with some really valuable contributions: “We thought that might work, but now that we’ve had users look at it, we actually don’t think it’s going to work there, and we want to put change rooms there, and we think this seating arrangement should be on this side and not that side.” With the benefit of hindsight and a little bit of objectivity and user input—for a lot of the organisations there are volunteers, members, users, sellers and makers—getting that broad range of input is a really valuable part of making sure we get the best facility possible going forward.

They have also been thinking as a group about what the management model should be, and we are really open to having those discussions. The management model was originally part of the tender documentation that we sought from proponents, their views about the way in which the facility could be managed going forward. Now we are going to talk to those user groups, those organisations who will be moving in, to hear what they think. Obviously, government has to come up with a model that is going to be sustainable into the future because we have quite a significant outdoor event space that will also be associated with the facilities.

The precinct management body is not just going to be managing tenancy arrangements; it will be managing an outdoor events precinct. It may take over responsibility for doing some of the leasing or the letting out of some of the other facilities on the site. We will have a broader remit than just tenancy management, particularly if we want the vibrancy of linking the Kingston arts precinct to those national cultural institutions, for it to be a place that people come to.

We saw the visitor stats that were released this morning, showing massive increases in visits from our good friends from Melbourne—a 73 per cent increase, despite what some of the naysayers are putting out there. If we want to continue to attract those crowds that are interested in the arts and culture in the ACT, we have to be delivering both indoor and outdoor creative and cultural experiences. The benefit of the feedback and the input from those organisations that are moving there will enhance the kind of offering we can provide.

MS ORR: Just to clarify: they are meeting regularly and the plans have gone back out to them for further input before they go to finalisation; is that correct?

Mr Stankevicius: Yes. They are meeting regularly by themselves. They are also meeting regularly with us, and I think that is important, particularly when they are discussing how they might work together. Previously, the organisations have talked to me. I think I have talked to this committee, or the predecessors of this committee, about this. We are talking about visual arts organisations, and some of them have discussions about whether their offerings, in a gallery and exhibition sense, might compete, and how they can ensure they do not compete. Can they focus on a particular area, to highlight particular aspects of art that are not then competing with the gallery next door? And how might we be able to organise a calendar that is actually complementary right across the whole 12 months, so that there is a variety of

offerings and people do not feel like they have gone there once and they do not need to go there again?

That is the important part of it: if we want a dynamic and vibrant precinct, we want a range of people coming, and we want them coming on a regular basis. We do not just want them coming along and thinking it is only the bus depot markets and they do not need to come again. I think that is really important. We are meeting with them regularly. We have sent out those room data sheets again, which is that very practical and technical component of what is going to be in the building fit-out, and asked them for feedback—with the benefit of hindsight, I suppose, thinking about whether their needs have changed.

MS LE COUTEUR: You talked about it being an outside entertainment precinct. I am wondering how that is going to be managed, given that there is substantial residential around it. What is going to happen from a noise and traffic point of view?

Mr Stankevicius: That is obviously an important part of the discussions with the developer, in terms of what is happening around there. I do not know what the sound rating is for the existing residential facilities, but it is about looking at what might be placed in front of those, as part of this development, what might be done to attenuate the noise and to absorb some of the noise that might be created through that. It has always been part of the plan to have an outdoor events space there. Whether it is Ben and Jerry's sunset cinema, whether it is for music or whether it is for performance art in dance or in outdoor theatre, we do not know yet, but it will be managed by the precinct manager that is responsible for the internal tenancy management.

MS LE COUTEUR: My understanding is that it has always been part of the plan, but it has never actually been planned for. It has never been called an entertainment precinct. There have not been any different requirements for the residential buildings, so there is no specific noise attenuation for them. It looks a bit like a potential problem, at least, as to how that can possibly work, with many thousands expected in the outdoor venue.

Mr Stankevicius: I think that is part of the benefit of having an englobo developer that will be responsible for building all of the buildings around it and making sure that those buildings are actually fit for being around an outdoor event space. Whether that is a hotel, residential development, office development or any other kind of development, it will be important that they recognise that that has always been—in the many years of discussions, almost a decade of discussions we have been having about this—part of the plan, it has always been built into the plan, and we would expect that they deliver.

MS LE COUTEUR: Being part of it, I would argue it possibly has not been built in. Anyway, we are going around in circles.

Mr Ramsay: Can I say, Ms Le Couteur, as well, that it would be a good question to ask Access Canberra in their role in relation to the management of sound. I know that is coming up on Monday of next week.

MS LE COUTEUR: You may possibly be here for that. I look forward to a copious

answer.

MRS DUNNE: I have a new line of questioning. Minister, I would like to go back to some of the stuff that was announced in the budget. You announced—correct me if I am wrong—\$800,000 extra for Ainslie, Gorman, Strathnairn, Watson—

Mr Ramsay: It is \$880,000 across Ainslie, Gorman House, Strathnairn, Tuggeranong and Watson.

MRS DUNNE: Tuggeranong as well?

Mr Ramsay: Yes.

MRS DUNNE: That is about \$50,000 each per year; a little bit less. That is additional capital money to run the arts centres. Can I compare that to the money—I think it is \$110,000 or \$120,000—for Art, Not Apart, for a one or two-day festival?

Mr Ramsay: The first clarification is that that \$880,000 is for capital—

MRS DUNNE: Yes, it is capital.

Mr Ramsay: rather than to run the venues. So the funding—

MRS DUNNE: Yes, and it is for those five arts centres, and we are also talking about \$110,000 per year or \$125,000 for Art, Not Apart?

Mr Ramsay: It is \$130,000.

MRS DUNNE: I need to declare that I have a daughter who has displayed at Art, Not Apart on a number of occasions. As a one or two-day festival, what consultation did you have with the wider arts community about whether that was the best way to spend the money? The feedback I am getting is that it is a lot of money for a one or two-day festival when there are heritage buildings that need a lot of work done on them.

Mr Stankevicius: Obviously, there is a difference, Mrs Dunne, between capital funding and operational funding.

MRS DUNNE: Yes, I understand that.

Mr Stankevicius: The \$880,000 was identified through the election commitments in relation to those five facilities. It is in addition to the regular capital upgrade funding that goes right across the 13 facilities in the arts portfolio. So that is not the only funding that is going to those. Art, Not Apart is unique in the festival sector in the ACT, having grown out of some private support. It was only in its second year that it got ACT government support. It started off as a project within the New Acton precinct, supported by the Molonglo Group. It has grown into a unique artistic space. The government, pre election, decided to commit to continuing that, as a result of its previous commitments through the LDA.

I do not think there is a way to actually compare those kinds of festivals with each

other. Obviously, there is a range of arts events right across the spectrum, some of which, as the minister referred to, are those more organic events that have been popping up in Woden and Gungahlin. We have DESIGN Canberra as a festival. We have Art, Not Apart. I think the benefit of the arts events sector is the diversity; we do not want every kind of event looking exactly the same.

MRS DUNNE: Yes, I appreciate that.

Mr Stankevicius: This has come from a particular place. The government decided to support it, and that is the government's prerogative.

MRS DUNNE: But in doing so, how does that funding compare to, say, Gorman House? Apart from the capital funding, how much recurrent money each year goes into Gorman House, for instance, or the Ainslie Arts Centre or Strathnairn?

Mr Stankevicius: I do not have those individual figures with me.

MRS DUNNE: Could you take those on notice?

Mr Stankevicius: Absolutely.

MRS DUNNE: For the 13 art centres, what is the recurrent funding?

Mr Stankevicius: Yes. Certainly, for Gorman, Strathnairn and Ainslie it would be more than \$130,000 a year for operational expenses. It has certainly been increasing over the past three years. The important thing is that this is new money. It is not, as some organisations have characterised it, a taking away from existing pools of money. This is new budget funded money, and it is because the government made the election commitment and it is delivering on the election commitment.

MRS DUNNE: But you would appreciate that some of the arts organisations feel that they are under pressure; also, with the development of the Kingston arts precinct, potentially poaching people from one arts centre to a new arts centre has a big impact on the funding of those arts centres. Have you had those conversations with organisations who may lose a major or an anchor tenant as a result of the changes?

Mr Stankevicius: We certainly have had those conversations. They are important conversations to have, and, obviously, in the context of the capital funding, to fix up the spaces where those organisations might be, or might be moving from, is an important contribution to getting a new tenant. I know there are a range of regularly funded arts organisations that are currently in ex-schools, for example, that might be better housed in some of our arts facilities.

I do not think it is a zero-sum game, saying that if one organisation moves from an existing arts facility to Kingston there is going to be a hole in that arts facility. There are a number of organisations that may go into those that are currently housed in people's houses, that are looking, as a growth and development opportunity, to get a small office space. There are organisations that are in, as I say, former schools, sitting in classrooms. Perhaps that is not the most appropriate space for them, either as an organisation or for collective cultural development. We might want them to be with

organisations that are like them or organisations that could learn from them.

I think there are opportunities for us to do a bit of a Tetris game with the introduction of the Kingston arts precinct. I think there is nothing wrong with refreshing the tenancies that we have in our arts facilities, because that also creates other opportunities that might not have been evident from long-term tenancy arrangements.

Can I also add that the upcoming consultation on the arts funding plan that the minister mentioned will give an opportunity for us to open up those conversations about what it is that we are funding, why we are funding it and what it is that we are supporting. We do recognise, as we have talked about previously in this forum, that there are costs just to open the doors. We need to recognise just what the opening the door costs are, particularly for heritage or repurposed buildings versus the new, bespoke, purpose-built facilities that are obviously built with much more contemporary electricity, fire, air conditioning and access arrangements that make them much easier to use.

I know that locking up Gorman House or Canberra Glassworks is much more difficult than it is to lock up the Belconnen Arts Centre or the Tuggeranong Arts Centre. So there are a range of competing factors in the portfolio—

MRS DUNNE: I think Gorman House does need new locks, yes.

Mr Stankevicius: Certainly, through the funding that the minister has outlined, there will be an opportunity for—

MRS DUNNE: And perhaps a new switchboard.

Mr Stankevicius: They have had switchboard upgrades. I had a look at the switchboard upgrade, and the fire retardation work that we have done there over the past three years, and the millions of dollars we have poured into Gorman. The government has made a significant investment over the past five years, and it will continue to make one.

MRS DUNNE: Is the switchboard still in a wooden box?

Mr Stankevicius: Not the one I saw, no.

MRS DUNNE: Would you take that on notice, because I think it might be?

Mr Stankevicius: In a wooden box? Okay.

MRS DUNNE: In a wooden surround, yes.

Mr Stankevicius: Okay.

MR COE: Is it fire-retardant wood or not?

MRS DUNNE: I do not know. It is old.

MS LE COUTEUR: Heritage listed, no doubt.

Mr Stankevicius: It may well be heritage listed, Ms Le Couteur.

MS CODY: Mrs Dunne was asking about the additional money that has been set aside for the five arts centres. I know that Tuggeranong Arts Centre is one of those. Can you expand on the sorts of works that Tuggeranong Arts Centre is looking at doing? Have we come up with what they are looking to do with their funding yet?

Mr Stankevicius: No. The announcement was only made a few weeks ago; so we have not had the opportunity to consult with them as to what it is the funding might be applied to. Having gone and visited them all about two months ago, I know that all of them have their priority lists. We will be working with them on where we think the highest priorities are versus where they think the highest priorities are. Sometimes there is a complete meeting of minds. Sometimes there is a negotiation process that we need to undertake. We will be doing that as part of working out how it is they are allocated across the four years, obviously, as well as recognising that it is not all coming in the first year.

Mr Ramsay: Certainly, some of the things that are being looked at are areas such as the mechanical systems upgrades—the heating and cooling in the administration area. That is certainly part of the things that are going on at the moment. Looking at insulation of window coverings and ceiling insulation is all part of the work. It is all part of how we can ensure that the Tuggeranong Arts Centre continues to be such a great arts centre. It is a fantastic place.

That is also, obviously, coming on top of things that have recently been done in the Tuggeranong Arts Centre—the refurbishment of the kitchen and the upstairs. That has recently been done. There is also the replacement of decking and safety upgrades to the balustrade, the installation of the handrail, also putting child-proof fencing outside on the ground level between the centre and the lake. That means that the programs that are there are able to expand more into the programs that work with children and with families. There is certainly a very strong commitment to the Tuggeranong Arts Centre and its ongoing work.

MS CHEYNE: I asked this of the revenue people and they said this was the appropriate place to ask. It is a small question. I am happy for you to take it on notice. Regarding sales, on page 239 of budget paper 3 it is stated that revenues from sales both from sporting and cultural facilities, including the Canberra Theatre, were projected to increase—it seemed reasonably strongly—over one financial year, from \$24.7 million to \$26.3 million. I wanted to get a sense of what might be the driver.

Mr Stankevicius: That one is specifically about the Canberra Theatre Centre. I will invite Ms Elvin to come up and talk about it.

Ms Elvin: I note that we are listed there as one of a range of venues in which we are projecting increasing revenue from ticket sales. Certainly, it is our intention to really build up our ticket sales, particularly from large events. For example, we have the national opening of *Mamma Mia!*, the large-scale musical, happening here in November this year. We are expecting to attract 30,000 ticket buyers to that. That will

be one of a range of major theatrical events for which we will be seeking to boost our ticket sales.

MS CHEYNE: It also mentioned there that things like merchandise and programs have a big impact on that. It seems sensible to think that a greater number of people attending a significant show results in a greater number of programs being bought.

Ms Elvin: It will depend very much on the nature of the event. Often we find that children's events, for example, have a lot of merchandise associated with them. I am sure you are all very familiar with it.

MS CHEYNE: I have noticed from my window that there have been quite a few children's shows happening over the past little while.

Ms Elvin: I am sure you see lots of children. I hope you see lots of children emerging from those children's theatre events with bags of stuff.

MS CHEYNE: They are stoked. Trust me, I can tell.

Ms Elvin: As the venue, we do get a percentage on all of those sales. Programs are another big item, particularly for things like ballet, for example. You typically have a souvenir program for that. But there are all sorts of wild and wonderful things. I remember when The Goodies did a tour; I could not believe the merchandise that came with that. Yes, it will depend on the nature of the event, but generally speaking there is quite a market for merchandise associated with theatre.

MR PETTERSSON: Did The Goodies do a tour?

MRS DUNNE: You are too young to even remember who The Goodies are. So when did The Goodies do it? I missed that.

Mr Ramsay: You would have been there.

MS CODY: I am with you, Mrs Dunne. I do not remember that one.

Ms Elvin: Mrs Dunne, there is a whole sub-culture of The Goodies out there, believe it or not. They will pay very large amounts of money for T-shirts, for example, with "The Goodies" on them.

MRS DUNNE: You will have to YouTube it.

Ms Elvin: And we are happy to fulfil that demand in the marketplace.

MS CHEYNE: This is probably getting into more of my interest than anything, but the percentage that the theatre gets from tickets versus merchandise versus programs, does that vary considerably? I would expect that tickets are obviously the most expensive. But is that where you are getting the greatest percentage return to you or is it if we have a thousand kids' shows and lots and lots of merchandise sold out of those? Is that where you are getting quite a big boost there?

Ms Elvin: It will depend on whether the particular show is one for which we are the entrepreneur and we have taken the financial risk. We may share the financial risk but we will be getting ticketing income from that. It can depend on whether the show is one that is brought to us by a commercial promoter, in which case they will be taking the ticketing revenue but we will gain ticketing fees, for example, and a percentage of the merchandise. Children's shows tend to be lower cost, of course, but often, as I said, those do have a lot of merchandise associated with them.

Another major income source for us with theatre is, of course, bar sales. We love ballets that have two intervals because we sell lots of champagne. We are certainly trying to increase the bar sales. Those of you who have come to the theatre recently may have noticed that we do allow patrons to take drinks into the auditorium as long as they are in a non-breakable container. We are also looking at other options for various food and drink items. We are constantly reviewing that, reviewing our margins, looking at—

MS CHEYNE: Like a Boost Juice?

Ms Elvin: I am sorry?

MS CHEYNE: Like a Boost Juice or something?

Ms Elvin: For children's shows—we try to respond to the nature of the audience for each show.

MS CHEYNE: I see.

Ms Elvin: We know for particular sorts of comedy we are going to need lots of beer. We know that for children's shows they are going to want things like popcorn, fruit juice and so forth.

Mr Stankevicius: Where do you sell the Magnums?

Ms Elvin: The Magnums, yes. Now we sell a lot of ice-creams. I think the people who do the cleaning would perhaps rather we did not. Ice-creams can cause a lot of mess. All the time we are trying to improve our offering and respond to what people want.

MRS DUNNE: Ms Elvin, while you are here, I noticed that your audience reach was quite large for this year. It was projected because you had a travelling exhibition. The projections are falling back for next year. That presumably means that you are not having any travelling exhibitions this year?

Ms Elvin: Are you referring to the Canberra Museum and Gallery, Mrs Dunne?

MRS DUNNE: Yes.

Ms Elvin: Yes. There was a particular reason for the boost in numbers this year. That was that the show of contemporary ink art called Ink Remix travelled to the Museum of Brisbane and had a very well patronised display there—140,000 people. It had

previously toured both to Bendigo and to Sydney but in those places had not had such a strong attendance. So we had based our figures or our expectations on rather smaller figures. I must say that the Brisbane figures were very pleasing but also very surprising. I think the Museum of Brisbane did an excellent job with its associated programs. I believe there is also a very strong Taiwanese community in Brisbane that contributed to those figures.

This coming financial year we will not have so much on tour. In fact, we will have for the first time a CMAG exhibition going to London, which is very exciting. That will open early next month. It is the exhibition you may have seen here about Lord and Lady Denman. That was opened here by the British High Commissioner to Australia. It will be opened in London in a few weeks time by the Australian high commissioner to the UK, in a lovely sort of reciprocal move. But that, I believe, is the only one of our exhibitions that will actually tour next year, which is why we have reduced our visitor targets for next year.

MRS DUNNE: How often do you have exhibitions that tour?

Ms Elvin: It is a fairly recent phenomenon for us—one that we clearly want to continue and increase, because I think it is spreading knowledge about CMAG and, indeed, about Canberra more generally across the world. Of course, you have to have exhibitions that are suitable for tour. Often that is dictated by things like the loan agreements for particular exhibitions, whether people are actually willing to allow their objects, their works of art, to go overseas.

It can also relate to the nature of the exhibition. It may just be too fragile and expensive to tour. Glass art exhibitions are difficult, as you would expect. In fact, I was asked yesterday whether the Kirstie Rea exhibition that is currently on display at CMAG—a beautiful exhibition; I do recommend it—was going to tour. I had to say, “I am sorry, no, because for a start it is heavily reliant on private owners who do not want to release their works for an extended period of time.” Also, glass art, as you would appreciate, is particularly difficult to tour because of its particular characteristics.

MRS DUNNE: The Assembly might want ours back as well.

Ms Elvin: Indeed you will.

MRS DUNNE: Thank you.

THE CHAIR: We will suspend the hearings for an afternoon tea break. When we resume we will have the Electoral Commissioner.

Hearing suspended from 3.29 to 3.47 pm.

Appearance:

ACT Electoral Commission

Spence, Mr Rohan, Acting Electoral Commissioner

THE CHAIR: Good afternoon, and welcome to the final session for the day, which is with the Acting ACT Electoral Commissioner. Mr Spence, are you familiar with the pink privilege statement in front of you, and can you indicate that you understand its implications?

Mr Spence: I do.

THE CHAIR: Mr Spence, do you want to make an opening statement?

Mr Spence: I thought I would dispense with an opening statement. I am happy to take questions.

THE CHAIR: Ms Cody.

MS CODY: I am happy to defer to Ms Cheyne for the first question of the afternoon.

MS CHEYNE: I will defer that.

MS LE COUTEUR: I am happy to ask a question. I am talking in the context of recommendation 8 from your report on the last Assembly election, in reference to implied freedom of political communication. The 2015 decision in *McCloy v New South Wales* determined that bans and caps on political electoral donations do not breach the implied freedom of communication in the Constitution when balanced against the constitutional principle of political equality. However, we do not in Australian constitutional law have anything remotely resembling the deleterious *Citizens United* case in the US which equated free speech with corporate expenditure on electoral campaigns and which helped to break the US campaign finance system.

What was the basis of this reference to “impermissibly burdening” the implied freedom of political communication, particularly given that the *McCloy v New South Wales* case gives a strong indication that an Australian jurisdiction’s decision to apply caps and outright bans to electoral donations is, in fact, consistent with electoral constitutions? Given the judgment in the *McCloy* case and the weight it gave to the principle of political equality, why do you refer to the risk of impermissibly burdening the freedom of political communication implied by the commonwealth constitution and use this as a basis for recommending an increase in the expenditure caps for third-party campaigners?

Mr Spence: The commission goes to great lengths to explain that we are not a legal entity and that these are opinions only.

MS LE COUTEUR: Your opinions, yes.

Mr Spence: But in that particular case that you are referring to, our understanding is

that whilst it was ruled that bans and prohibitions and caps may not impede political freedom, they must be within reasonable bounds. This recommendation talks about a risk and whether this was challenged in court. It is our view that there is a risk that it may be ruled in that way. But that is something for consideration by the Assembly.

MS LE COUTEUR: So you have not really thought about, if it was taken to court, which way the decision would go? You are not making any comment? You are only saying this is a risk? It is not your judgment that, if it went to court, any particular result would happen?

Mr Spence: That is right. We are not in a position to make—

MS LE COUTEUR: It is merely a risk, but there are many risks on election day.

MS CODY: Mr Spence, I note that this may not have been your decision, but it sits under your current position: during the last little while a decision was made about what constitutes electoral material. There are variations on the interpretation of the act. Can you give us your interpretation of what electoral material is and how you came to that conclusion?

Mr Spence: The Electoral Act is quite specific in what constitutes electoral matter, which is the term. I did not bring a copy of the act, but it is the broadcasting and publishing of matter that references the performance of an MLA, a political party, a candidate, political parties, the government and also any matter that is before the electors in reference to an election. The Electoral Act is quite specific on what is included in that definition of “electoral matter”.

THE CHAIR: For the benefit of members of the committee and visitors, I draw members’ attention to the fact that a select committee is looking into the conduct and operation of the 2016 election. I suggest that members more broadly guide their questions to the function or future operations of the commission and not necessarily draw specific comment on the conduct of last year’s election, to save stepping on the toes of another committee.

MS CODY: In that case, Mr Spence, it states in the papers, and you have previously said, that you run a bunch of different electoral matters—obviously the ACT local elections as well as the federal election. What other elections is the Electoral Commission involved in?

Mr Spence: We do not have a large role to play in the federal election. We might answer a question or two if someone was to call us, but we tend to refer most of those matters to the Australian Electoral Commission. We run and are currently running the Aboriginal and Torres Strait Islander Elected Body election. That is legislated for. We run that under the Aboriginal and Torres Strait Islander Elected Body Act. One of the functions of the Electoral Commission is to run fee-for-service elections. We, in fact, have enterprise agreement ballots coming up. They are due to expire, and the latest round—

MS CODY: Enterprise agreement ballots for what?

Mr Spence: ACT government entities. We are likely to be running those sometime in the second half of this year. But we also run elections for any organisation that has a prominent ACT basis and has set rules that are free and fair.

MS CODY: When it comes to ACT elections, obviously we have electronic voting available to us. Is electronic voting available in those other elections you have spoken of?

Mr Spence: Other than for the enterprise bargaining agreements, the answer would be no. eVACS, which is the system we use for Legislative Assembly elections, logistically is very difficult to roll out for something that would be a small fee-for-service election. For enterprise bargaining agreements we use a system we have developed called NetVote. That is an online voting system that is at this point in time limited to elections that require a yes or a no vote. So that suits very well for an enterprise bargaining agreement.

MS CODY: I know we have spoken about the eVACS system, and I understand that it is not the same as an electronic online voting system. The electronic online voting system currently only supports a yes or no vote, but is there provision to expand that for other elections? I am not talking about the ACT election but maybe the Aboriginal and Torres Strait Islander Elected Body or other types of elections like that.

Mr Spence: The commission definitely has plans to expand the use of NetVote so that it can run candidate Hare-Clark elections, which are generally the kinds of elections we are engaged in. When they request our assistance, most ACT organisations have a Hare-Clark-based election. We have plans to expand NetVote to allow for those. We have a request to transfer some appropriation that would allow us to undertake that work to increase the functionality of NetVote.

MS CODY: Would that include an upgrade of some of your ICT facilities?

Mr Spence: The appropriation?

MS CODY: Yes, and looking at expanding. Obviously, you would have to upgrade some of your ICT.

Mr Spence: We would need to improve some of the security mechanisms over the current version of NetVote. We have plans to do that and we are moving that into a cloud environment at the moment to facilitate the enterprise agreement elections.

MS CHEYNE: You mentioned that you provide electoral services for prominent ACT bodies. Can you give some examples of what those would be?

Mr Spence: The National Press Club, we are involved in their elections. We ran the Australian National University union election recently, in March, I think it was. We are currently in the process of organising elections for Plant Health Australia. Quite a diverse range of organisations call on our systems.

MS CHEYNE: You have also assisted previously with community councils?

Mr Spence: Yes, we have. Belconnen Community Council; we have been involved in their election. We offer either postal voting as a service or attendance voting; attendance voting is going out to particular locations and having an officer in charge and polling officials to hand out ballot papers. Belconnen Community Council a number of years ago was an example of that kind of election.

MS CHEYNE: I also understand there is at least one school in my electorate that has run a proper ballot and may have had you involved. Is that a normal occurrence?

Mr Spence: Yes. We do a number of school board elections or SRC elections. It is part of our citizenship framework to assist schools in undertaking their SRC elections. That seems to be on the rise somewhat. We have also been requested by the Education Directorate to be involved in their school board elections to try to increase voter turnout. We are working with that directorate at the moment.

MS CHEYNE: Do you charge a fee to organisations for that? Is it a flat fee or does it depend on their ability to pay?

Mr Spence: We are entirely cost recovery based. Any administrative costs or postal costs are entirely cost recovery based.

MS CHEYNE: Has that been increasing year on year? You said it is for schools.

Mr Spence: The commission sets fees and charges for our services. That is done at the beginning of each financial year.

MS CHEYNE: I did not mean an increase in fees but an increase in the number of times you do this.

Mr Spence: No, I would say it has remained fairly consistent over the life of the commission.

MR WALL: New question, Mr Coe.

MR COE: I am happy to give way to Mr Hanson.

MR HANSON: Thank you. I refer to a *Canberra Times* article from 2 February:

The Construction Forestry Mining and Energy Union, a powerful player in the ACT Labor Party, managed to effectively double its spend by some of the money coming from its training arm, Creative Safety Initiatives. The union spent \$38,000 and the training arm \$35,000.

Asked whether that was within the third-party rules, Electoral Commissioner Phillip Green said it depended on who the “spender” was. He did not elaborate but said all third-party campaigners who donated more than \$1000 would be audited.

In relation to that specific issue—and I believe there is also one relating to UnionsACT which was similar that is referred to in the article—has that been investigated and audited? If so, is there an outcome?

Mr Spence: It has been. We have had our compliance auditor visit all of the third-party campaigners to review their financial statements. In determining where the cost has been incurred, where the electoral expenditure has been incurred, the compliance auditor looks at governance structures, individual ABNs and other mechanisms to determine whether they are legally a separate body that has incurred separate costs. Then it would be reported in that way.

MR HANSON: And the determination is?

Mr Spence: As reported, they are separate legal entities.

MR HANSON: I will refer to another article. This is from the ABC in reference to Mr Hall, who heads up the CFMEU. The article says:

Training company does not aim to hide CFMEU connection: Hall

It continues:

Mr Hall ... defended the name of the training company, which makes no reference to the CFMEU.

The article quotes Mr Hall as saying:

It's marketing, CSI is catchy because of the television shows, I actually came up with the name ...

It seems that we have a situation where the CFMEU has created another organisation that was, indeed, named because it was a catchy name by the head of the CFMEU and they are able to do what seems to be getting around the donation laws to the tune of \$35,000. This does not seem to be the intent of the act, I would have thought.

Mr Spence: There was previously a clause in the Electoral Act to prohibit the working in concert of third-party campaigners. That clause was removed. The Electoral Act talks about the expenditure being incurred, and if that expenditure is incurred by a separate legal entity, that is where the compliance review must look. If they are reporting their expenditure in an election return, we review that to ensure that a separate entity is not incurring an amount greater than \$40,000, which is the expenditure cap between 1 January and election day. No compliance breaches were found.

MR HANSON: What stops any organisation, be it the CFMEU, UnionsACT or anyone else, just setting up all these separate entities, separate structures, and then donating \$38,000 from each of these structures? Is that the way it is going to be under the current act?

Mr Spence: Under the current act. The Electoral Commission is guided by that act and the compliance is—

MR HANSON: Sure. Have you, as a result of that audit, provided any advice to government to say that there is a loophole in the act whereby that is occurring?

Mr Spence: I do not think that is a position for the Electoral Commission to make. That would be a view that the Assembly would have to take.

MR HANSON: But you provided advice from the election on things like whether we should have corflutes on the road or not.

Mr Spence: It is a policy intent of the Assembly. If they are legal separate entities, that is the only thing that the commission can review.

MR COE: You said that you had an auditor going through it. Why would you need an auditor going through it if it is, in effect, black and white, if there is no discretion with regard to whether those entities are separate or not?

Mr Spence: To ensure that there is a legal separation of those entities.

MR COE: What is a separation that is acceptable in terms of the legislation?

Mr Spence: I would have to take that one on notice and speak to the compliance auditor about exactly what it is that satisfies our commission. But it does look at ABNs; it looks at reporting frameworks and financial statements.

MR COE: Directors?

Mr Spence: That is a difficult one to establish, because it does not necessarily create a separate legal entity. I am not entirely sure whether that is able to be used to ensure a separation of legal entities.

MR COE: Obviously it is easy enough to get a different ABN and it is easy enough to get a different postal address. If it is, in effect, the same people, would that not suggest that the control actually rests with the same purpose?

Mr Spence: I would think it would be a matter for the Assembly to review.

MR COE: But it was a matter that you looked into. I am just curious about where you draw the line as to when they are separate entities and when they are, in effect, working in collusion.

Mr Spence: There is no prohibition on working in collusion. There used to be, but there is no longer. That was removed. As long as these separate legal entities are spending less than \$40,000 each, no breach has occurred.

MR COE: Would the transfer of funds between the two constitute—

Mr Spence: Yes. They would be gifts if they were to do that. If an entity was to pay, let us say, \$50,000 for the publishing of electoral matter, and then another entity was to say, “Well, here’s \$25,000 to cover that,” that would be considered a \$25,000 gift; it would not be considered electoral expenditure on their behalf. So the other entity would have breached that \$40,000 expenditure limit.

MR HANSON: Are we allowed to have a look at the audit?

Mr Spence: The report? The report is not back yet.

MR HANSON: That is published, is it?

Mr Spence: It is not. We have not received the final—

MR HANSON: But it will be published?

Mr Spence: The findings of any compliance issues are reported on our website. I would be happy to talk to the commission as to whether they would be prepared to release the report as a whole.

MR HANSON: Yes, because, regardless of this particular instance, my view is that it would not be the intent of the Assembly that organisations can set up multiple shadow organisations, or however you want to describe it, and then just donate to a political party. If this seems to be something that was in the act and was removed, I would not think that that was the intent. I think it is important for the Assembly to understand what has happened in this case and how these two organisations have got away with it, so that the problem can be remedied. I think it would be useful if we could get that information.

Mr Spence: I will consult with the commission as to whether they are prepared to release the report in total. Like I said, any compliance breaches are reported on our website. We are hopeful of receiving the final report by the end of this week. Our understanding from that, however, is that there have not been any significant or material breaches.

MR HANSON: That is great. I just think the Assembly has to understand whether it wants UnionsACT, the CFMEU and all these organisations or others to be able to donate on an ongoing basis. Was that the intent of the act? I would have thought, from being in the debate, no.

Mr Spence: Just to clarify, it is not about donations; it is about electoral expenditure.

MR HANSON: Yes, it is. My apologies.

MS LE COUTEUR: I want to follow on from Mr Hanson's questions. I am confused. You said that you did not make any recommendation about this particular issue because you thought it was political. I am not sure—I did not write enough notes—but am I paraphrasing you correctly as to why you did not make a recommendation about these two? They potentially could be seen as allied organisations, at the least.

Mr Spence: It is not for the commission to make policy contributions to the Assembly; it is largely about the practicality and enforcement.

MS LE COUTEUR: Sure. But if that is the case, an awful lot of your recommendations clearly have policy implications.

MR HANSON: Most of them.

MS LE COUTEUR: Probably virtually 100 per cent of them. I am not saying that is necessarily right or wrong, but I am confused, given the answer you gave about that particular one. And most of these recommendations have a policy implication.

Mr Spence: I think—

MR HANSON: There are often recommendations from the Electoral Commission for changes to electoral acts and so on which are policy changes.

MS LE COUTEUR: Yes.

MR HANSON: Recommendations as to whether we can have corflutes on the side of the road. There are regular contributions about policy matters. This one seems to be exempt. It is confusing.

MS LE COUTEUR: It is full of recommendations about policy. Some of them are very highly policy. Recommendation 2, for instance, is that pre-polling be basically free for all. These are major policy changes that you are recommending. I just cannot marry that with your statement about this particular policy issue.

Mr Spence: It is a determination of whether these entities are the one single entity exploiting loopholes. It is not for the commission to review that issue.

MS LE COUTEUR: No.

Mr Spence: From the view of the commission, no breach has occurred.

MR HANSON: But it is not your job to consider whether organisations are exploiting loopholes? I would have thought that was exactly your job.

Mr Spence: Sorry?

MR HANSON: I would have thought that was your job: to consider whether organisations are exploiting loopholes. Surely if there are loopholes in the act, that is something that you would provide advice to the Assembly on. This is a loophole. It has been exploited. You may wish to consider closing this loophole. Is it a loophole or is it not a loophole?

Mr Spence: I do not think that is for the commission to take a view on. We are simply administering the Electoral Act as it stands. As it stands, no breach has occurred.

MR PETERSSON: Jumping in with a question, I get a sense that a lot of the recommendations you made were in response to feedback you received—such as about corflutes. Would you say that is a fair characterisation?

Mr Spence: Of the corflute one? I would suggest that that has come from a number of pieces of feedback and the Chief Minister's comments at the declaration of candidates.

MR PETTERSSON: I can see that Mr Hanson is very fired up about this, for personal reasons. Have you received any feedback on this supposed loophole until right now? Is this the first you are hearing of this complaint?

MR HANSON: It was in the *Canberra Times*. Remember my original question.

Mr Spence: We note the *Canberra Times* article, but this is the first time this has been raised outside of it.

MS LE COUTEUR: You said your comments were based on suggestions and also the Chief Minister's comments at the declaration of the poll. I understood that the Electoral Commission was politically independent from politicians. I am not quite sure why the Chief Minister's comments would be part of the reasons for your recommendations.

Mr Spence: The Chief Minister, at the time, raised some suggestions about the means to enforce corflute rules. Some of those comments raised concerns for the commission in terms of enforceability. The commission, at the time of the publication of this election report, thought it necessary to offer a suggestion that is, in the view of the Electoral Commission, more enforceable.

MR HANSON: Is it your view that the Electoral Commissioner has not been making any policy recommendations to committees of the Assembly or to bodies of the Assembly? I find that an extraordinary statement.

MS LE COUTEUR: It is clearly not true. They are recommendations.

Mr Spence: It is our view that we need to make recommendations for the practicality and enforceability of the Electoral Act. Sometimes that may stray into policy areas, but we attempt to remain out of the policy objectives of the Assembly.

MR HANSON: The Electoral Commissioner, I can remember, has given advice about what the size of the Assembly should be and has made significant recommendations with regard to campaign finance reform and whether there should be public funding at whatever rates and things like that. There are a range of significant policy recommendations regularly from the Electoral Commissioner, except for this.

MS LE COUTEUR: Yes.

MS CODY: Mr Spence, I note that you have made a whole raft of recommendations. Mr Hanson raised the question of whether you have an opportunity to speak to a committee. I believe, as Mr Wall has raised, that there is an inquiry, a select committee, looking into (a) the last election (b) the Electoral Act, and a whole bunch of other terms of reference.

Mr Spence: Yes.

MS CODY: Would you expect to be called to give evidence to that committee?

Mr Spence: At a public hearing, I would certainly expect to be.

MS CODY: And at that point would you expect to be asked about your recommendations, as well as your views on some things?

Mr Spence: Yes.

MS CODY: And at that point would you feel that it was your role to express a view on those things and to give us your views on the recommendations?

Mr Spence: It is a function of the Electoral Commissioner to provide advice to the Assembly on electoral matters.

MR PETTERSSON: On a slightly lighter note—that was fun, everyone—I have a question about the electoral roll. The ACT electoral roll is maintained by the Australian Electoral Commission?

Mr Spence: Correct, under a joint roll agreement.

MR PETTERSSON: Are there any differences currently between the ACT electoral roll and the Australian electoral roll for the ACT?

Mr Spence: It is possible to have federal-only enrolments but, by and large, they are the same electoral roll.

MR PETTERSSON: What are those exceptions? What currently allows you to be enrolled federally but not locally?

Mr Spence: Generally speaking, it is things such as registered overseas electors, itinerant electors and Antarctic electors. It is some of these special category electors. Often they are also enrolled for ACT purposes, but there is the potential for that to occur. I would suggest that those numbers are very small.

MR PETTERSSON: As it stands right now, the ACT electoral roll is slightly different from the Australian electoral roll. Is that correct?

Mr Spence: It has the potential to be.

MR PETTERSSON: Would the expansion of voting rights to 16 and 17-year-olds in the ACT result in two different electoral rolls? Is that possible under our current regime?

Mr Spence: Yes, it would create a different electoral roll and, yes, it is possible. There are a few legal issues involved in reducing the voting age, particularly if it diverges from the commonwealth roll, but it is possible. It is likely to have some cost implications in that we would be requesting the commonwealth to perform separate enrolments that it was not required to do.

MR PETTERSSON: They would in essence be maintaining two electoral rolls for us or would it just be—

Mr Spence: They would—

MR PETTERSSON: that electoral roll, plus they would have a new category?

Mr Spence: Correct.

MR PETTERSSON: What are the cost implications for that? Do you pay the Australian Electoral Commission for a new class of registration or are you paying per registration that they maintain?

Mr Spence: The joint roll is based on a national elector rate. If we were to be enrolling 16 and 17-year-olds I would expect that we would need to renegotiate our agreement and come to an agreement for the administration of those additional electors.

MR PETTERSSON: In essence, you are paying for each additional 16 and 17-year-old that is enrolled. You are paying the AEC to maintain that for us?

Mr Spence: It would be my expectation that that is what the Australian Electoral Commission would probably expect. We have not had negotiations along those lines.

MR PETTERSSON: How much do we currently pay the AEC to maintain our roll for us?

Mr Spence: It is \$235,000 per annum.

MR PETTERSSON: I know we are reaching somewhat into the hypothetical, but we are not talking magnitudes more in terms of an expanded electoral roll. It would be in the capacity of tens of thousands, maybe \$100,000?

Mr Spence: Please bear with me for a second. We estimate that there would be approximately 9,000 16 to 17-year-olds that would need to be enrolled. It would be at the national elector rate, which I do not know off the top of my head, times that particular number.

MR PETTERSSON: Could you do that calculation for me and get back to me? Can you take this on notice?

Mr Spence: We can do that.

MR PETTERSSON: I would be very interested to hear.

Mr Spence: Bearing in mind that the 9,000 is purely an estimate.

MR PETTERSSON: Thank you.

MR COE: As would be the rate as well, wouldn't it?

Mr Spence: I think it is a national elector rate; so that would be static.

MR COE: But, given that there is not actually a rate for anybody who is under 18, that could actually be beyond their—

Mr Spence: No, I would not think so.

MR COE: No?

MS LE COUTEUR: No, my understanding is that you could effectively pre-enrol under 18.

MR COE: A 17-year-old can?

Mr Spence: It is called—

MR COE: Provisional, yes.

MS LE COUTEUR: Yes, exactly; so they have obviously worked that one out somehow.

Mr Spence: It is a national elector rate. That is provisional enrolment that you are talking about there. However, you would expect if you were to lower the voting age then you would also lower the provisional elector rate. So 15-year-olds would, you would assume, be allowed to provisionally enrol also.

THE CHAIR: Mr Hanson, a substantive question?

MR HANSON: Yes, thanks. It is a bit of follow-up from my previous line of questioning. You said that the act had been changed. It previously would not have allowed the splitting of funds between two like or similar organisations to occur. When was that change made in the—

Mr Spence: It came into effect on 3 March 2015. It was a prohibition on acting in concert between third-party campaigners. It would have been the prohibition on working on a similar or the same campaign, producing materials for that same campaign.

MS CODY: That was to do with the campaign, not the finance side. Can you make that a little clearer? I am not sure I completely understood you, sorry.

Mr Spence: Yes. It was a prohibition on two or more third-party campaigners working in concert on an electoral campaign, working together and sharing funds to produce electoral matter.

MS CODY: So sharing funds?

MS LE COUTEUR: Is it only sharing funds you are concerned about? In the last election there was a whole community campaign about homelessness. I do not expect that they shared funds, because I do not think they had any funds. But there was more than one organisation that talked about homelessness. They clearly talked to each other. It was clearly an issue. Are you saying that it is an electoral issue because they

were working in concert?

Mr Spence: If they were engaged in the same electoral campaign, working in concert, that would have been prohibited, yes.

MS LE COUTEUR: So what do you mean by that?

THE CHAIR: “Working in concert,” Mr Spence, I think is the term that we are struggling to understand your definition of. Is that sharing information?

MS CODY: We understand this is no longer—

Mr Spence: You must understand that this is before my time; so it is not—

MS LE COUTEUR: Take my example; it is not about money. They did not have money. But there were at least half a dozen organisations that felt that homelessness—housing affordability—was a significant issue in the election. I am confident that at least one of them must have talked to someone else involved in it. And it was an electoral issue. Are you saying that what they were doing was not permitted?

Mr Spence: No, an electoral issue is different to an election campaign. Working together to produce materials would have been prohibited. But working separately on an electoral issue was entirely permitted.

MR PETTERSSON: Is it a case of authorisation of the material or is it similar branding that shows collusion? In the case that Caroline is talking about, they are kind of talking about the issue.

MS LE COUTEUR: Yes.

MR PETTERSSON: I guess what I am picturing in my head is that maybe you have got corflutes and they all say the same thing, like, “Stop light rail,” for example.

Mr Spence: In practice the change that was introduced for the 2016 election that would not have been allowed previously was two entities working together to produce publications together and the publication of those. Now, what they were not allowed to do in 2016 was pool funds; that is, one person expends that expenditure and receives money from the other entity to do that. If they wanted to act in concert to produce that material, they had to prove that the invoices for the production of those were paid by each individual entity and each individual entity did not breach the expenditure cap.

MS LE COUTEUR: So you could have one booklet and it costs \$70,000. If two organisations each put in separate invoices of \$35,000, that is okay?

Mr Spence: If they could prove that they individually paid those invoices, then, yes.

MS LE COUTEUR: Yes, sure. There are two organisations. Each individually paid the money.

Mr Spence: In 2016, yes. In 2012, no.

MS LE COUTEUR: Okay.

MS CHEYNE: I want to ask some questions about your website.

MR PETTERSSON: Boring.

MS CHEYNE: Boring?

MS LE COUTEUR: Well, not for some. Speak for yourself, Mr Pettersson.

MS CHEYNE: Wait until you hear the question maybe, Mr Pettersson, and then you can judge for yourself. Within the appropriation that you have for 2017-18, is there work underway to upgrade the website, particularly in advance of the 2020 election?

Mr Spence: Can I clarify? Is the question in relation to the election results?

MS CHEYNE: It is related to everything.

Mr Spence: We have no—

MS CHEYNE: Probably, but, yes, due to times of high surge, can your website hack it?

Mr Spence: There are two different websites. Currently the website for the Electoral Commission, the Elections ACT website, is hosted within the ACT government Squiz Matrix framework. We do not experience the type of load that would be in question at any time other than election night.

MS LE COUTEUR: Funny, that.

MS CHEYNE: I don't know. Sometimes I have to check just to make sure my result is right.

Mr Spence: I am going to assume that you are asking in reference to some issues that we had on election night on the election results website, which is a different website.

MS CHEYNE: Yes.

Mr Spence: In preparation for the 2020 election, we will increase the level of expert advice that we receive on the expected load—

MS CHEYNE: Okay.

Mr Spence: and provision of infrastructure to cope well and above the expected load.

MS CHEYNE: Can you do that within the appropriation?

Mr Spence: Yes.

MS CHEYNE: While I am on the website, it seems that the commission is generally quite consistent in having a lot available to view online, like electoral returns. Are there any things that you particularly keep offline but for viewing in physical hard copy in your office? If so, why would they not be online?

Mr Spence: Off the top of my head, the kinds of materials that are not on the website but that are available for public viewing include the electoral roll.

MS CHEYNE: That makes sense.

Mr Spence: Nomination forms are available for public viewing at election time, but we do not place those on the web.

MS CHEYNE: Yes.

Mr Spence: Registered party constitutions are available for public viewing, but we do not place those on the web. Largely, it is something like a nomination form. The nomination form requires private addresses. The publication of those on the web—we do not take the view that that is necessary.

MS LE COUTEUR: We can cope with that, yes.

Mr Spence: Yes, but the vast majority of our work is made available on the web.

MS CHEYNE: What about annual returns?

Mr Spence: Annual returns are available on the web.

MS CHEYNE: Okay.

Mr Spence: All of the details.

MS CHEYNE: After this, can you show me where? I just looked it up and it said—at least the landing page that I went to said—“only available for viewing physically in the office”.

Mr Spence: No. I am more than happy to show you where on the web.

MS CHEYNE: Thank you. I am sure it is user error.

THE CHAIR: I will defer my question to Mr Hanson.

MR HANSON: Thanks. I feel like a dog with a bone. With regard to the separation between what is a singular entity and what are two entities, the change that occurred, what is now the definition of an entity so that you know that that is a singular entity as opposed to—

Mr Spence: For the details of that, I would have to confer with the compliance

auditor on what he has investigated to meet those determinations.

MR HANSON: Do you have that in terms of the act, though?

Mr Spence: No.

MR HANSON: You do not have that in front of you to talk about?

Mr Spence: No.

MR HANSON: Maybe you could take that on notice. We can go and refer to the act as well, but if there is any further information that you can provide on how the Electoral Commission views an entity, and how it determines what is a singular entity as opposed to two entities, that would be useful.

Mr Spence: Yes.

MR HANSON: Often it is the act, but then there may be the interpretation of the act.

Mr Spence: There is nothing in the act. The act talks about what constitutes a third-party campaigner, being the expenditure of \$1,000 or more on an electoral matter. Then we wait for election returns to be submitted, we compliance-review those and we make those determinations.

MR HANSON: So there is nothing in the act that defines how you determine whether it is a single entity or two entities? Then how has that been interpreted?

Mr Spence: A third party is required after the election to submit an election return, and we review their books to ensure that their reporting is accurate.

MR HANSON: Yes.

Mr Spence: As part of that, we make a determination on whether that is a single entity.

MR HANSON: Right, but that determination is up to the Electoral Commissioner? It is not defined in the act?

Mr Spence: That is correct.

MR HANSON: In relation to that interpretation, are those principles by which you determine that outlined anywhere, or is it done case by case?

Mr Spence: I would like to take that one on notice, to confer with my compliance auditor on what legal definition is being used to make that determination.

MR HANSON: Okay. So there is nothing in the explanatory statement, the speeches or the act itself that gives any guidance on where you have two similar organisations or an organisation is split off, hived off? There is nothing that relates to that? You have had to sort of interpret that yourself?

Mr Spence: Correct.

MR HANSON: Okay, thanks.

MR COE: Could you also take on notice as a supplementary to get a copy of the instructions, what is the scope of works for the compliance auditor?

Mr Spence: Sure; we can—

MR COE: That would, I think, give some context.

Mr Spence: That is published on our website, but I would be happy to provide that.

MR COE: Thank you.

MS CODY: Mr Spence, you were talking earlier—I think Ms Cheyne raised the question; maybe I misunderstood—about the fact that you provide education, advice and services to a wide range of clients. Can you expand on that a bit? Can you tell me who they are, what sorts of advice you provide and those sorts of things?

Mr Spence: In terms of electoral information campaigns?

MS CODY: Yes.

Mr Spence: On numerous issues, we visit places like community councils. For instance, during a redistribution process it is not uncommon for the commissioner or the deputy to visit those councils and provide an explanation of that process. We have a school outreach program and a community outreach program in order to provide, for schools, a civics and citizenship framework on ACT elections and voting. And we visit community groups, men's sheds and numerous other groups to provide that kind of democratic process information. We do things like the public service seminars, providing a full presentation on Hare-Clark and its nuances to anyone in the public service who would like to know those particular fascinating facts.

MS CODY: Fascinating. Sure. I know that when I first joined the Assembly there was a group of school children that were involved in a Hare-Clark election process over here.

Mr Spence: Yes.

MS CODY: You provide the training and—

Mr Spence: Yes. That is part of our school outreach program. We will go to a particular school if they request it, or the school comes to the Assembly. Working with the Assembly education office, we provide mock Hare-Clark election services, and a presentation on those. That fits well within the curriculum for civics and citizenship.

MS CODY: What about advice? You mentioned that you provide advice to

community councils, men's sheds and a bunch of other areas. What about private citizens? Can they write in and ask for advice on electoral matters?

Mr Spence: They certainly can, and it is not uncommon for a particular organisation to contact the commission, wanting us to run their election for them when they have no electoral rules. Under those circumstances, we tend not to be involved; we offer our services in order to produce election rules that we believe would be suitable for them. That is a good example.

MS CODY: So you can work with organisations to help them produce electoral rules?

Mr Spence: Absolutely, yes.

MS CODY: How often does that sort of thing happen?

Mr Spence: A number of times a year we would be in contact with organisations to assist with constitutions or election rules and those electoral matters.

MS CODY: Obviously, you continue to work with the organisation if they struggle, to help them update the rules as time moves on?

Mr Spence: We take the view that it is very much one of the functions of the Electoral Commission within the ACT to ensure that organisations are working under electoral regulations that are free and fair and transparent, so we are very happy to work with those organisations to ensure that that is the case.

MS CODY: And, obviously, not-for-profit organisations.

Mr Spence: We do.

MS CODY: And what about for-profit organisations?

Mr Spence: No. Part of our scope is not-for-profit.

MS CODY: Okay.

MS LE COUTEUR: You mentioned you were looking at expanding your electronic voting. Are you looking at using open-source software? The reason I mention this particularly is that (a) I know it exists for Hare-Clarke elections because the ACT Greens certainly use it, and (b) one of the most important issues is ensuring that it is clear to everybody that your software is accurate and unbiased, and open-source software can give you that assurance.

Mr Spence: Yes. We take the view that one of the very important foundations of an online or electronic voting system is open-source code.

MS LE COUTEUR: Are you using some of it? Can you say what programs you are using?

Mr Spence: It runs on Linux.

MS LE COUTEUR: Sure; that is the operating system, but what about the actual electoral code?

Mr Spence: I am not entirely sure what you are asking.

MS LE COUTEUR: The operating system is how the whole computer works.

Mr Spence: Yes.

MS LE COUTEUR: This thing here has got Windows, and this is iOS. But on top of them there are programs which do things, and there are open-source programs which run elections. I know that is a fact, because the ACT Greens use one internally.

Mr Spence: We developed it—

MS LE COUTEUR: My question was whether you looked at using open-source software for the actual program which does the elections?

Mr Spence: The system that we used was built for the ACT Electoral Commission, and we make that code available.

MS LE COUTEUR: Did you look at the open-source options?

Mr Spence: Do you mean commercial off the shelf? Is that what you are talking about?

MS LE COUTEUR: No. There is a concept in software. Open source basically means they are generally free and the code is all available: you can go and look at what actually is behind the software. With the software here and the software here, in general it works but it is like a black box; I have no idea how it works. If it was open-source software, if I wanted to, I could sit down and I could read the C code or the Basic or the C++, because it would be open and I could see it.

Mr Spence: Yes. Our electronic voting system, eVACS, is open source in much the same way as NetVote is, and the code is made available.

MS LE COUTEUR: Good.

THE CHAIR: Contrary, I guess, to typical open-source programs, which rely on or are open to multiple contributors making changes or modifications to the software, the code that is available for the electronic vote counting is published but no-one is able to edit, change or alter that code?

Mr Spence: That is right.

THE CHAIR: That would interfere with the way that the count is conducted?

Mr Spence: That is correct. We have the software independently audited. We put it up on the web prior to the election and make it entirely public. But we have a certified

copy from the Electoral Commissioner that is the certified copy from the auditor which is used for the election.

MS LE COUTEUR: Most open-source projects do not have to be coded but have someone who is in charge, as it were, who decides what goes in and out. It is not Wikipedia. Well, it can be.

Mr Spence: It is not proprietary. We are not beholden to a proprietary organisation.

MS LE COUTEUR: You are your own proprietors in it, basically.

Mr Spence: Correct.

MS CODY: I am going to show my ignorance when it comes to IT stuff. That would mean that in relation to your net voting, there is less chance of it being hacked.

Mr Spence: They are two separate issues.

MS LE COUTEUR: Yes.

MS CODY: Okay. I told you of my ignorance when it comes to IT.

Mr Spence: Open source is allowing interested parties to view the code and ensure that what goes in is what comes out and there is nothing internally that can alter the result of the election, when we are talking specifically about electoral systems.

MS CODY: Yes.

Mr Spence: In terms of the security around a system, that requires infrastructure, firewalls, encryption and things of that nature.

MS CODY: Which obviously is an ongoing battle, for want of a better word.

Mr Spence: Yes, because our electronic voting system is not online.

MS CODY: Even the yes-no stuff that you do?

Mr Spence: That is NetVote, and that is. That has encryption and firewalls around it to protect it, and redundancy and things of that nature. eVACS, however, is a confined local area network, so external hackers, to use that word, do not have access to that system.

MS CODY: I remember the briefing you gave us on the eVACS, and it was very comprehensive, which was great, because I actually understood it, which does not often happen when it comes to IT.

THE CHAIR: We will conclude.

MS CHEYNE: Before we close, may I just put on the record that it was user error; I have since found the page.

THE CHAIR: A brave admission. That concludes today's hearings. On behalf of the committee, I would like to thank the Chief Minister, Minister Rachel Stephen-Smith, Minister Yvette Berry and Minister Gordon Ramsay, as well as the staff of the Electoral Commission and the other officials that we have had before us today. The secretary will provide a copy of the proof transcript to you once it becomes available, as with all the other areas of government that have appeared before the committee today. With questions that have been taken on notice today, the request is that they are provided back to the committee secretary within five working days, day one being tomorrow. That concludes our hearings for today.

The committee adjourned at 4.45 pm.