



LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2018-2019

(Reference: [Appropriation Bill 2018-2019 and Appropriation \(Office of the Legislative Assembly\) Bill 2018-2019](#))

Members:

MR A WALL (Chair)
MS T CHEYNE (Deputy Chair)
MS C LE COUTEUR
MS E LEE
MS S ORR

TRANSCRIPT OF EVIDENCE

CANBERRA

TUESDAY, 19 JUNE 2018

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 9.31 am.

Appearances:

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

Chief Minister, Treasury and Economic Development Directorate

Nicol, Mr David, Under Treasurer

Strachan, Mr Shaun, Deputy Under Treasurer, Commercial Services and Infrastructure

Tanton, Mr Graham, Executive Director, Shared Services

Davis, Mr Gary, Executive Director, Shared Services ICT

Murray, Mr Peter, Executive Director, Capital Works

Bain, Mr Glenn, Executive Director, Operations, Capital Works

Gray, Ms Sophie, Director, Health Infrastructure Program, Capital Works

Asteraki, Mr David, Director, Infrastructure Finance, Capital Works

Parkinson, Mr Andrew, Director, Commercial Infrastructure, Capital Works

Fletcher, Mr John, General Manager, ACT Insurance Authority

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

Gordon, Mr Garry, Director, ACT Property Group

Clarke, Ms Liz, Director, Venues Canberra

Purser, Mr Dave, Director, Goods and Services

Icon Water Ltd

Knox, Mr John, Managing Director

Sachse, Mr Sam, Chief Financial Officer

Breaden, Ms Jane, General Manager, Business Services

Environment, Planning and Sustainable Development Directorate

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

Holt, Mr Nicholas, Director, Programs, City Renewal Authority

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

Lee, Mr Joey, Chief Financial Officer, Suburban Land Agency

THE ACTING CHAIR (Ms Cheyne): Welcome to the third day of the public hearings of the Select Committee on Estimates 2018-2019. The proceedings today will continue examining the expenditure proposals and revenue estimates for the Chief Minister, Treasury and Economic Development Directorate in relation to budget statements B, including shared services and property services, venues and procurement; and the Environment, Planning and Sustainable Development Directorate, covering the City Renewal Authority. This afternoon we will examine the expenditure proposals and revenue estimates for the higher education, training and research area, including the Canberra Institute of Technology.

Again, as I think Mr Wall said yesterday, it is no-one's first rodeo. Please be aware that proceedings today are being recorded and transcribed by Hansard and will be published. The proceedings are also being broadcast and webstreamed live. When taking a question on notice, it would be very helpful for all of us if a witness could please use the words "I will take that as a question on notice". This will help the

committee and witnesses to confirm the questions taken on notice. Witnesses are also asked to familiarise themselves, please, with the privilege statement. Could you each confirm that you have read the privilege card presented before you and that you understand the implications of it?

Ms Breaden: I have.

THE ACTING CHAIR: Do we have any opening statements before we head into Icon Water?

Mr Knox: We do. I have a few opening comments here. Thank you for the opportunity. We have developed a strong business strategy, which is outlined in our business strategy document 2018-19 through to 2021-22, the next three years ahead, which underpins our budget statement, setting our vision to be a valued partner in our community. We are committed to ensuring that our infrastructure and services support the growth and prosperity of Canberra now and into the future.

Since 2014 we have been pursuing efficiencies across our business and have committed to continue to do that for the next five years of the pricing period. In our regulatory submission for 2018 to 2023 we have committed to 10 per cent in operational savings that will be passed through to our customers. These improvements allow us to ensure that we meet our obligations to balance price, quality, reliability and sustainability for our shareholders, customers and the community.

Some of our savings to date have been through labour, through the workforce, with restructuring. Others are operational initiatives such as energy generation through mini-hydros at the Googong and Stromlo water treatment plants. Further opportunities are our renewable energy project that we are rolling out over the next 12 months, which will see a substantial number of PV panels across multiple sites in Icon Water. We are also in the process at the moment of cancelling our contract with Snowy Hydro, due to our improved water security position. We are reviewing our fleet practices, our work practices, and we will basically scan for any opportunity through our operating expenditure base, a la our suppliers.

We appeared last November 2017 at the PAC and we advised that we would publish the customer and corporate services agreements on the Icon Water website so that our customers and community know about these services and how they came to be. This has been completed, and currently an internal audit is underway to examine the adequacy of Icon Water's management arrangements and to provide advice on any alternative or additional arrangements that would better support the effective oversight and optimise value for money.

We also advised we would be publishing more information about Canberra's secure water supply. We have supplemented our website with even further information, and this includes how we make decisions on which sources to use so that we can balance operational efficiency with our water storage levels, to ensure that we can meet demand now and in the decades to come.

Looking forward, one of the key things we are investing in is building a safe workplace and culture. Our safety practices start with our behaviours and attitudes,

and our approach extends well beyond training and awareness. It is our number one focus area. Our safe practices mean we are also keeping our customers and communities safe in the services we deliver. Our customers continue to report high levels of satisfaction, with the 2017 survey reporting just under 90 per cent. And our business strategy focuses on continuing to improve the experience of our customers across all segments.

Water prices are the highlight for customers, with a price drop providing bill relief in the year ahead, with the average customer saving \$42 over the year, and broadly in line with CPI for the next four years thereafter. Icon Water's prices are 10 per cent below the average across Australian water providers and only \$34 more than the cheapest water utility, Barwon Water, in Victoria.

Icon Water, as the ACT's supplier of essential water and sewerage services and its energy investment in ActewAGL and Evoenergy, is very cognisant of its social responsibility by having regard to the interests of the community. In doing so, we fully recognise that through the recent ICRC's regulatory electricity pricing determination ACT customers are experiencing further increases in retail electricity prices, and we note that around 87 per cent of these prices are outside the control of ActewAGL retail. Despite these high prices, ActewAGL retail prices remain the second lowest in Australia, and they are currently offering a 25 per cent discount, which could potentially position them to be the cheapest supplier in Australia.

In addition, we note they have many hardship initiatives in place, including but not limited to an energy support fund which is co-supported by the ACT government, free financial counselling services, hardship programs, flexible payment arrangements and various energy efficiency initiatives. Whilst acknowledging this difficult period for electricity customers, Icon Water will always be cognisant that its profits are being returned to the ACT government, our shareholder, for the benefit of the Canberra community.

THE CHAIR: Thank you, Mr Knox. I will defer asking my first question and hand over to Mr Coe.

MR COE: You stated in your opening statement that you put the corporate service agreements on your website. Was that, in effect, the documents released by FOI?

Mr Knox: I would have to check that. My understanding is that everything that was released through the FOI and the subsequent review process that we went through was consistent with what was published on the website. But I will take it on notice.

MR COE: Sure. Did you put anything on your website that was in addition to what was released by FOI?

Mr Knox: We have obviously put additional context to the history of the agreements, how they came to be and the passage of time that they have been through. That is my recollection of the additional information that we placed there.

MR COE: Have you made any decisions about how you will seek a better deal at the expiry of these agreements?

Mr Knox: As you would be aware, the agreements expire in 2023, and there is a notification period prior to that. We are turning our minds this year to a sourcing strategy for future services. That is quite an important period, and that will be a piece of work that we will get stuck into this year. That will obviously investigate whether we will insource or outsource, and we will benchmark and adhere to the Icon Water procurement policies and procedures.

MR COE: Sure. With regard to the IT infrastructure, you are upgrading that at the moment; is that right?

Mr Knox: We are particularly focusing on our operational technology, as opposed to our ICT—our office technology, standard operating environment and the like. Our focus, in particular, is on our works and asset management system, where we have all of our asset registers, our SCADA, our GIS, which is geographic information services, and essentially setting up cloud services to support all of those moving forward. There is a very focused refresh on the operational technology for Icon Water, which will also stand us in good stead as we head to that 2023 period.

MR COE: What aspects of that are covered by either the customer service or the corporate agreement?

Mr Knox: There are some services that ActewAGL provide with regard to technology. We have displayed those on the website to the extent that we can. The majority of those are intensive on the IT side. Some of the services that they supply to the operational technology side are more akin to some of our aged investments that we are working on now.

MR COE: At present I do not think we have a complete copy, because much of the service agreement has been redacted. Is there a reason why so much was redacted in the FOI and online?

Mr Knox: There were substantial processes, as you would be aware, that we went through, which involved legal consultation, freedom of information advice and extensive consultation with the partners with respect to commercial-in-confidence and the confidentiality clauses that all the parties are bound by. In particular, you would appreciate that there is commercially sensitive information that could yield to the market or, if available to the market, would certainly have an impact on the future procurement of those services.

MR COE: How much information was passed on to the ICRC?

Mr Knox: As far as I can recall, everything that they asked for. I do not have that detail on hand. Everything that they requested for consideration of the operating expenditure as part of the submission was provided.

MR COE: Did they ask for much information by way of the service agreements or service and corporate agreements?

Mr Knox: As I said, I do not have that detail on hand, but I know they did ask for

information and we did provide it all.

MR COE: With regard to those agreements, is there a reason why the names of the signatories were blacked out?

Mr Knox: Again, I will have to take that on notice. As I previously mentioned, substantial consultation occurred from a legal and FOI perspective, and with the partners, the counterparties to those agreements.

MR COE: The signature of the director or company secretary and the signatures of witnesses were all blacked out. The only names that were not blacked out were those of Mr Sullivan and Ms Norris. I was curious as to why those names would be included but none of the other names would be included in that.

Mr Knox: As I mentioned, we went through a process and that is what the legal advice yielded.

MR COE: Will you give to the estimates committee or make public the legal advice that you received on this?

Mr Knox: Yes, I can take that on notice, subject to whether there is any privileged information within that advice.

MR COE: Sure.

Mr Knox: I will certainly take that on notice.

MR COE: It seems that many of the blacked-out pages are actually about the specifics of the performance agreement agenda. I am guessing it is the thresholds or the KPIs that need to be met by ActewAGL in delivering these service agreements. In the interest of transparency, why would you black out all the KPIs? I understand maybe about some price information, but there must be 70 pages of this 140-page document that have been blacked out in full. I presume they are actually the deliverables of the contract. I do not understand what legal advice you could get that would say, "Don't publish KPIs."

Mr Knox: As I have previously stated, we went through a process where extensive consultation occurred, and I am happy to take the question on notice.

MR COE: Given that the value of this contract is \$150 per household in Canberra, you are looking at big money. It seems a bit odd that the crux of the contract has not been given to the public who are actually paying for it. I note, of course, this is Icon. We are not talking about a purely private sector operation here; we are talking about something that is 100 per cent owned by the government in negotiation with something that is half-owned by the government. By all accounts this is an agreement between one public sector agency and another quasi-public sector agency. I think it is totally unacceptable that you would refuse to release 70 or 80 pages of these agreements. Chief Minister, do you think this is acceptable?

Mr Barr: I echo the comments of the chief executive in relation to this.

MR COE: Have you given any directions to publish these agreements?

Mr Barr: No.

MR COE: Why not?

Mr Barr: It is not within my purview to give such a direction.

MR COE: At a shareholder meeting you could.

Mr Barr: No.

MR COE: You could, at a shareholder meeting. Are you denying that you could do that?

Mr Barr: I may well be able to do that but there would be legal obligations associated with that. No, I am not taking any further action other than what has been taken to date.

MR COE: Do you think that the public deserve to know how this \$25 million to \$30 million is being spent per year?

Mr Barr: The public has confidence in both Icon Water and the Independent Competition and Regulatory Commission's oversight of the agency.

MR COE: Do you think they would have more confidence if they knew what they were actually buying?

Mr Barr: I think the public—

MR COE: Every household is paying \$150 a year for this agreement—big money.

Mr Barr: The general public understand both the regulatory process and the nature of Icon Water. History has shown that they have confidence in the institution and the regulatory authorities that oversight it.

MR COE: We heard that the reduction of \$46 is a great achievement. Here is an opportunity to knock off bills by \$100 and still keep the contract at \$8 million. Why wouldn't you look to these sorts of efficiencies now, rather than wait until 2023?

Mr Barr: That is a matter for the chief executive.

MR COE: Because this document has largely been redacted to the hilt, it is very hard to see what the termination provisions are. Are there termination provisions in this contract?

Mr Knox: Mr Coe, going to one of your questions, as the Chief Minister has articulated, we have provided everything that was required of us to the ICRC. They have come back and, subject to some minor adjustments around the operating

expenditure in totality, have deemed the expenditure to be prudent and efficient in our submission. I think it is the third time that the ICRC have reviewed our operating expenditure. I think that is a very thorough process. That is the process that we go through as a monopoly, as part of our prices being set. We can speculate all we like, but at the end of the day we have put it to the commissioner and the commissioner has reviewed it.

MR COE: I specifically asked the ICRC commissioner about this yesterday and he said that it was not his role to investigate the values or the validity of this contract, simply to make sure that you were getting as much out of the contract as you possibly could. That does not mean that you are getting value for money. It means that you are getting as much as possible out of this current contract.

Mr Knox: Icon Water is continually looking to pursue anything that will continue to optimise its operating cost base and extract further value for money across the entire controllable op-ex space that we submit to the ICRC. It is not just these agreements; it is our entire operating base. If there is an opportunity to pursue savings in that, we will.

MR COE: Prior to joining Icon Water, you were, of course, at ActewAGL. Are you a signatory to this agreement, from an ActewAGL perspective?

Mr Knox: I am here as an executor of Icon Water, and we have responded to all the requests surrounding the agreements.

MR COE: Were there any bonuses paid within Icon Water or ActewAGL upon—

Mr Knox: We have been over this before—you would be aware of this—and I have responded. I have taken the questions on notice and I have responded to everything. I think we have had 40 questions on notice, and there would be 10 to 15 parts to each of those questions—

MR COE: Exactly right.

Mr Knox: over a period of six months.

MR COE: Exactly right, and every household is still forking out \$150 a year for this.

Mr Knox: I am very happy to take your question on notice and go back and double-check how we responded to that question before, to make sure that I am consistent in my response.

MR COE: For the benefit of this year's estimates committee, can you please advise whether any bonuses were paid within Icon Water or ActewAGL for the signing of this \$30 million agreement?

Mr Knox: As I said, I will take your question on notice. I am sure that that question has been asked before. We will resurrect the response and provide it to you promptly.

MR COE: Great; thank you.

THE ACTING CHAIR: The capital contributions code came into effect on 1 January this year; is that right?

Mr Knox: That is correct.

THE ACTING CHAIR: Are you able to tell me some of the background to it? What is it meant to achieve? What are the benefits/imposts arising from it?

Mr Knox: Certainly. I will refer to Mr Sachse.

Mr Sachse: We did go through a fairly intensive process consulting with the community and various property groups. The arrangement that we had was that, if a developer built a big apartment and triggered an augmentation of our network because it had reached its capacity, he would have to fund 100 per cent of that augmentation by himself. Previously, developers that came along got a free ride; the developers that came afterwards got a free ride. After considering a lot of feedback around those issues, we did decide to introduce a capital contributions code. What that code does is introduce a charge per equivalent population.

If a developer does build a new building, they will start paying for the capacity of that existing infrastructure, ready for it to be augmented at some time in the future. That way all developers contribute towards the augmentation of the network, not just the one developer that actually triggers that. It is a charge that is \$1,200 per EP, or equivalent population. From an affordability perspective it is a lot lower than what other jurisdictions charge.

THE ACTING CHAIR: And what feedback have you received about it from developers?

Mr Sachse: During the initial consultation process, we included all of their feedback. We made a few changes to that process based on that feedback. Since then we have had very little feedback, positive or negative, on that charge. We have an 18-month transition phase. It starts on 1 January, but we have an 18-month transition.

You will pay the charge only if you have bought a piece of land after 1 January and you have submitted your development application to ACTPLA. Obviously in the five or six months since we have had the charge very few developers have been impacted. This is more of a long-term sustainable policy that we are trying to develop to make sure that our network is properly funded for that growth.

THE ACTING CHAIR: I appreciate that it has only been a few months, but is there going to be a point of review to see whether it is giving you the funding that you need for the augmentation of the network and to see whether it is stifling development?

Mr Sachse: Yes. We will take an annual review. It is a process that the ICRC approved. They have requested an annual review. We will monitor what our growth plans are and what the population growth is. We will update the charge accordingly and make any other adjustments required through that review process.

THE ACTING CHAIR: And will that review be public?

Mr Sachse: I understand that the ICRC would publish any changes to the capital contributions code through their website.

MS LE COUTEUR: I am wanting to turn to a financial issue. Page 199 of budget statements B has your balance sheet. It shows that you have a bit over a billion in assets. I would understand that, as they are energy production assets, they are presumably exposed to climate change risk. What are you doing to manage that risk?

Mr Sachse: From a gas perspective we are looking into new technologies to make sure that that gas network does remain sustainable. There are some options out there in terms of injecting hydrogen into the gas network, which would make it a more sustainable gas network going forward.

Mr Knox: We are quite conscious of the investment in ActewAGL—that these assets potentially can have a different purpose moving forward—and of the evolution and the speed with which the energy market is moving. There are experiments, I understand, through Evoenergy with regard to virtual power plants, particularly the new renewable energy regimes—how people can use energy is very different to what we have traditionally experienced—and what that impact will have on the existing infrastructure.

To your point, as they navigate their capital expenditure program and submit that to the AR moving forward, they are very conscious to make sure that they are either repurposing or taking into consideration that asset base and how to best use that for the future, as there will be different requirements upon it.

MS LE COUTEUR: The gas part of it would seem to be the most problematic. Gas is appreciably a fossil fuel. Eventually one hopes it will no longer be used. Can you talk a bit more about hydrogen? You were mentioning it as a possibility. Are we thinking that we are going to move to a hydrogen economy? What is your thinking on this?

Mr Sachse: It is a trend across the globe. Hydrogen can be used and mixed with natural gas in the gas network. It is an opportunity to use that to decarbonise the gas network going forward. I do understand the ACT government has a target to go to zero emissions by 2045. I think the gas network does contribute towards nine per cent of emissions at the moment. Evoenergy is exploring options or opportunities to contribute towards the achievement of that goal.

MS LE COUTEUR: Do you see possibly a hydrogen network, rather than phasing out gas altogether?

Mr Sachse: It is very early days. It is obviously just a trial. There are South Australian and Victorian trials going on. And, as I said before, there has been a lot of overseas research around that sort of technology.

Mr Knox: If I may add to that. Essentially, it is quite unknown at this point of the pilot scheme whether or not you can retrospectively convert your existing gas network through hydrolysis and introduce a renewable hydrogen impact to it. The trials that

they are undertaking at the moment are very prospective. Smaller trials will determine whether or not—as we evolve in the ACT, under the considerations you have just outlined—we could use the network differently. For example, we might be able to quarantine part of the gas network and migrate to a new hydrogen-based solution.

I think there are three initiatives in total that they are pursuing. One is at Fyshwick, which would be oriented around a hydrolysis plant and exploring whether or not vehicles can be run off that hydrogen, then potentially whether or not they can be reinjected into the network. There is a lot of work there. They are also looking at, I think, a wet waste opportunity, at least at a concept level, to see whether waste can be repurposed and, through the hydrogen process, reinjected into the gas network. I cannot remember the third one. But they are some of the initiatives, anyway.

MS LE COUTEUR: This is very interesting. I did not realise you had done so much work on this. I would have assumed, if you moved to a hydrogen network—gas is largely used in heating the ACT—that you would also have to replace all the consumption equipment, all the heaters.

Mr Sachse: That would not be the case. Studies have shown that you can inject up to about 20 per cent hydrogen in the existing natural gas network and appliances would still work. It would not require new appliances in the household. But, as we said before, this is really early days. Piloting and a lot more research needs to be undertaken.

MS LE COUTEUR: Thank you.

MS ORR: You have given these examples. You also mentioned in your opening statement that you are trialling quite a bit on renewable energy. You have mentioned your power plant. Can you go over what work you are doing to transition to a renewable system? Can you fill in all the gaps and bring it together?

Mr Knox: To set the context with regard to the PV that we mentioned before, it has been a double-edged sword. As you would appreciate with the electricity prices, that is also impacting Icon Water's operating expenses. The only benefit out of this unfortunate time has been that the wholesale market prices have made it quite viable for Icon Water to pursue these PV panels, whereas traditionally the business cases struggled due to the lower electricity prices.

We are looking to introduce, I think, 2.3 megawatts worth of power across multiple sites, including our Mitchell offices. We are putting panels up at Mount Stromlo water treatment plant and at lower Molonglo. They are the three predominant sites. Lower Molonglo in particular is a very aged plant and is very heavy on energy consumption, so we are investigating PVs. We will also continue to look at a further possible mini hydro at the discharge point of lower Molonglo back into the river. We will also investigate whether or not a mini hydro at the bottom of the Cotter Dam is an option.

The overall energy strategy is to increase our resilience to those energy prices and that energy market by being more self-sufficient within our footprint. I think we are broadly targeting, over the next couple of years, an end game of around 20 to 25 per cent worth of energy resilience; that is, not dependent on the grid. The business cases

are being sized so that 100 per cent of that renewable energy will be used for operating our plants.

MS ORR: Will the PV approach you have at the moment in the places you just mentioned such as Mitchell go to operating plants? It will not go back into the grid?

Mr Knox: Correct.

MS ORR: But there is a virtual power plant trial as well?

Mr Knox: That is being conducted by Evoenergy on the Greenway site. I do not have that information, but they have done quite a bit of work around that testing.

MS ORR: So you have your PV installation; you are doing the testing on the gas to hydrogen; and Evoenergy is doing a virtual power plant. Is there anything else that you are looking at?

Mr Knox: Evoenergy/ActewAGL are investigating the hydrogen options, not Icon Water. There is one other thing that we are focused on as well, which is the biosolids process that we currently utilise at lower Molonglo in the largest sewerage treatment site.

Those furnaces existing at that site have an end of life, with about 15-plus years left on them. We are out to the market through a consultant looking at what other options we could pursue around energy recovery and waste recovery on that site, which could be a closed loop system. This, again, could potentially be a renewable system and lower the operating costs for lower Molonglo as well. Such a process there could also be a gas solution or it could be hydrogen exploration again.

One of the things we are really conscious of is that you need energy to heat the bugs at lower Molonglo. It is quite a complicated process train within the site. Whatever solutions come along, we are conscious of making sure that we do not discharge any more than we currently do to landfill. At the moment our product is an agri-ash that we put in trucks. It is used as a fertiliser across there. It is the balance between making sure we get our energy profile as low as possible, as complementary to the process train at lower Molonglo, and making sure we are minimising any transport or exporting to landfill.

MR STEEL: You mentioned that Evoenergy is undertaking a trial with the virtual power plant. It is not just an option for electricity distributors, though; it is also an option for retailers. What has ActewAGL done in terms of exploring a virtual power plant?

Mr Knox: Unfortunately, I do not have that level of detail with me at the moment, but I know they have done some work. I can take it on notice and forward you what they have done. I think they have published some industry information around what they have done. I will take it on notice.

MS LE COUTEUR: You were talking about injecting hydrogen, which is a very innovative idea, but you were saying that would be a maximum of 20 per cent, so

80 per cent of the gas would still be fossil fuel gas. I am just wondering if you have done any real financial analysis on this. Given that by 2045 the ACT is aiming to have zero emissions, that 80 per cent of fossil fuel gas presumably has to be out of the equation by then. Does it make sense to do work on a small amount of repurposing of the network if, as it would seem, it is going to have to stop?

Mr Knox: At this point in time we are at a concept level. If there was an opportunity to transition the existing gas network to a more renewable form, we would certainly investigate that, subject to the business case. We are very conscious of that. It is early days, but we are aware of what the future looks like with regard to that gas network.

I understand as well that ActewAGL and Evoenergy have done some work around what the offset looks like, as far as considering, if that gas network had an issue with its ability to service into the future under that renewable lens, what would be the impact on the electricity network. Some of the numbers that they have bandied around to actually offset that full gas network would be quite overwhelming in the sense that you could not fully rely upon a transition to the electricity network. In a loop, it is very important that we continue to examine any options around decarbonisation and looking at our gas network for renewable options.

MS ORR: You mentioned there was a hydro project at the dam. Can you quickly explain what that would entail?

Ms Breden: Something that we are looking at in the coming year is an option to install a mini hydro at the base of the Cotter Dam.

MS ORR: Would that be used to go into the grid or for the purposes of powering Icon Water?

Ms Breden: That would power equipment at the dam.

Mr Knox: At the moment there are sustainable environmental flows that are released from the Cotter Dam. In actual fact, we are drawing water from the Cotter Dam now due to the dry period that we are going through. But lower Molonglo will be the immediate focus. There is a continual flow of water, as you would appreciate, into the river, so that is our primary focus for the mini hydro down there. We have had very good success with the hydro up at Mount Stromlo, which again has contributed to a reduction in our electricity dependency upon the grid.

MS LEE: Last year an external consultant was engaged and identified a number of key areas for improvement, including clarity around the roles and responsibilities of business units, the management of organisational change, employee skills in managing low level conflict, the continued improvement of internal communication and building relationships between managers and their teams. An answer to a question taken on notice by the Treasurer last year stated that a number of initiatives were being implemented in the 2017-18 year. Have all of these been completed now or are they ongoing? What is the status of them?

Mr Knox: I presume you are referring to the engagement survey.

Ms Breden: Mental health.

Mr Knox: Mental health, sorry. I will refer to Ms Breden.

MS LEE: Mental health, yes.

Ms Breden: Some of those initiatives have continued through 2017-18. They are not all complete. For example, right now we are working on a mental health toolkit to give out to our managers to help support them when they are interacting with staff who have mental health issues. That toolkit is ongoing. Some of those other initiatives, including improved communication and improved change management, are ongoing, and we need to continue to focus on those areas on a continued basis.

MS LEE: Have there been any further reviews or reports commissioned to look at these issues and whether there has been improvement since the initiatives have started taking place?

Ms Breden: No, we have not undertaken any more consulting reviews. We do monitor our statistics in terms of workers compensation claims and the like.

MS LEE: That is internal monitoring?

Ms Breden: Yes.

MS LEE: Are there any intentions to undertake a further review?

Ms Breden: Not at this point, no.

Mr Knox: If I could just complement that response, we also have done a review of our work health safety strategy. The mental health initiative is a subset of that. That was through the internal audit process. Could you comment on that, Jane?

Ms Breden: Yes. That internal audit found that the work health and safety strategy was being implemented effectively and making good progress.

MS LEE: Have there been instances of bullying that have been reported to Icon Water by employees and, if so, how many?

Ms Breden: I will take that question on notice. I know of one allegation of bullying recently, but to get the correct answer I might take that on notice.

MS LEE: And how many employees have accessed mental health schemes or counselling offered by Icon Water?

Ms Breden: We have an employee assistance program. Again, I do not have that level of detail about how many staff have accessed that, but I could take that on notice.

MS LEE: That would be great; thank you very much. When you do take that on notice, could you give us a comparison from the previous year as well?

Ms Breaden: Yes.

MR COE: Have you engaged OzHelp to assist with the mental health services that they provide?

Ms Breaden: No. I am not familiar with OzHelp.

MR COE: They do a workplace tune-up, in tradies primarily, and it seems as though that would be a good fit.

MS ORR: I want to go back to pricing, because it has come up. You indicated in your opening statement that Icon Water's prices are going down, but we know there have been some rises within the energy sector. I just want to get a better understanding of what is contributing to the changes in the prices and also what you are doing, given that water and electricity are essential services, to help particularly those who are more vulnerable within our society.

Mr Sachse: From 1 July 2018, water and sewerage prices for an average customer will go down 3½ per cent, as John said in his opening speech, or \$42. For larger consumers, like gardeners or large families, it will be six per cent. So the bigger the user you are the more savings you will get going forward. In the second to the fifth year of the period, prices will just go up by inflation. That is where the water prices are going. As John said previously as well, we have the third cheapest water prices in Australia, just behind Barwon Water and Sydney Water, and we are something like \$366 cheaper than some of the Queensland utilities with their water prices. It is a substantially cheaper price.

MS ORR: Is that \$366 per year?

Mr Sachse: Yes, per year. It is substantially cheaper than most parts of Australia.

MS ORR: Are you able to say anything on electricity prices? I appreciate that they are going up, but what are the factors behind that?

Mr Sachse: Sorry, could you just repeat that?

MS ORR: I know you are not ActewAGL, but are you able to give anything on the electricity prices in contextualising what is going on within that market that is driving the price of those?

Mr Sachse: The ICRC might have said a lot yesterday.

MS ORR: Yes.

Mr Sachse: Retail prices are regulated in the ACT. The ICRC does go through a rigorous process. The biggest factor driving changes in prices is the wholesale market at the moment. That has gone from, say, \$40 a few years ago up to around \$100 per megawatt hour, so that is a key driver of retail prices at the moment.

The ICRC did conclude that ActewAGL retail prices are the second cheapest in

Australia. They were just above prices in Tasmania. After the discount, they probably would be the cheapest prices in Australia. ACT residents can feel quite lucky from that perspective that ActewAGL's prices are relatively affordable, compared to the rest of the industry.

MS ORR: The other part to my question was: what programs or benefits do you have in place to help those who are in lower socio-economic groups, or people on fixed incomes, with costs so that they are not missing out on these vital services?

Ms Breden: Icon Water does have a hardship program. Through that program we can do a range of things, including helping customers to establish a sustainable payment plan. We can agree to the suspension of interest on their amounts owing. We can also work with customers to set up Centrepay deductions. That is for customers who receive Centrelink payments; Centrelink has an arrangement where they can automatically deduct amounts from their Centrelink payments to pay off their water bill. We also refer customers to the ACT government's Actsmart programs. And, if necessary, we can refer customers to financial counsellors to support them.

MS ORR: And this is in addition to the programs that government has in place for utilities reimbursements?

Ms Breden: Yes, the utilities concession which is applied to electricity.

MS ORR: Thank you.

MR STEEL: Can you comment on the name change to the distributor, Evoenergy, and whether that has enhanced community understanding of the difference between the retailer and the distribution arm?

Mr Knox: That decision was not an internal process and resulted from the decision of the AER on new ring-fencing guidelines that were placed on network operators. Both organisations carried the same brand—ActewAGL—one a retail business and the other a distribution business. The AER required separate brands to enable a more equal footing from a retail competitive perspective. With regard to how effective consumer understanding is of the difference between the network business and the retail business as a result of the name change, it is a bit too early to comment. We cannot say one way or the other at this point in time.

MR STEEL: Are you doing any social research on that to find out?

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

MR STEEL: Will Canberrans see any difference as a result of the change to the branding in terms of their experience as a customer?

Mr Knox: As you would be aware, Evoenergy have a new brand on their vehicles, on their uniforms, on all of their material. When they answer the phone they go by Evoenergy. They are basically operating to everything the AER stipulated they needed to do to identify as separate brands, per the ring-fencing guidelines. From a consumer perspective, I would expect that over time people will understand that when

a truck turns up and someone jumps out of that truck that is from a network business, a distributor, as opposed to the retail side of the energy business.

MR STEEL: And your own name change, which is now fairly old, what is your understanding of how that has been accepted by the community?

Mr Knox: We have not done any real subsequent follow-up on the penetration of that name. Obviously from time to time it is referenced through the surveys. Some are national water surveys that are undertaken with regard to perception studies and the like. We also do some local surveys with our customers around satisfaction. So at times, depending on which survey it is, it could be prompted and other times it would not be. I could take that on notice and go back to those surveys and see whether there are any questions that target introduction of the brand and whether that has stuck with the community.

MR STEEL: Could you comment on how the corporate governance structure is going in terms of your role in both Evoenergy and ActewAGL?

Mr Knox: I think it is working very effectively. We have many things in place to manage the energy investment. There is a clear understanding between our roles as the water and sewerage operator on our day-to-day business versus the energy investment. There are subsidiary boards in Icon Water where the energy performance is monitored and discussed. There is also regular energy strategy planning done at the Icon Water board and there is also water and sewerage strategic planning done by the Icon Water board. There is a clear delineation between the two roles, albeit that in this era there are many things—for example, energy and some of the renewables issues—that cut across all utilities moving forward as well. But from a governance perspective we are very confident we have an effective model in place.

MR STEEL: Do you have any planned reviews into your corporate governance structure over the coming years, in light of those future challenges you mentioned?

Mr Knox: The chair would normally instigate a review through the board process, but that would just be around the normal day-to-day functioning of the board as a good practice under the ASX guidelines. There are no particular identified reviews of the governance arrangements at this point in time.

MS LE COUTEUR: Where did you get the idea for the name Evoenergy? I am particularly concerned because it is very close to the name of another energy company—Enova Energy—and it is very confusing. I have a connection with the Northern Rivers, and Enova is a Northern Rivers based company. I find the two very confusing and they are in the same marketplace. Why did you choose such similar names?

Mr Knox: From personal experience of going through the Icon Water name change, I suggest that any name you identify these days is extremely problematic. You would appreciate that Icon is a commonly used name as well. When you come to the consideration of trademarking and all the rest of it, these things are very complicated indeed. I do not have all the details with regard to how they came up with Evoenergy, but I know they engaged people to do some market research, particularly around what

they believe Evoenergy stood for moving forward. But I do not really have the detail.

THE CHAIR: Mr Knox, you were reticent to answer questions earlier this morning relating to the corporate services agreement with ActewAGL because, as you said today and have said in previous hearings, it is part of the ActewAGL business model. Yet for the last 20 minutes you have happily engaged in answering questions related to the business of ActewAGL. Why do you continue to avoid questions relating to the corporate services agreement?

Mr Knox: The questions we received before are well-known public information, so—

THE CHAIR: They are not. Clearly these are some questions that are unanswered.

Mr Knox: I think decarbonisation initiatives are well socialised out there. They have been discussed with various stakeholders around the ACT. If we are going back to the corporate services agreement, I stand by what I have said before: we submitted all the information to the ICRC. We have been through a very comprehensive process with regard to freedom of information requests, questions on notice and the like. We have undertaken enormous consultation with lawyers, freedom of information, counterparties, respecting the legalities of the arrangements, and we are where we are.

MR COE: The shared service agreement with Housing ACT costs \$3 million per year. Even a large organisation like CIT has a shared service agreement worth \$9 million per year. It begs the question how you get up to \$30 million per year.

Mr Knox: I have no knowledge of those other agreements. I have no knowledge of where you are trying to draw parallels to. What I know is that the agreements expire in 2023. As I have outlined, we will explore future sourcing strategies over the next twelve months. We look forward to testing the market and benchmarking all of those things moving forward to make sure that, as I have mentioned with the broader optics base of Icon Water, we look for any opportunities to reduce our operating costs without impacting our service and our quality to our customers.

MR COE: The ACTION bus service agreement, 700-plus FTE and \$1.9 million. That is pretty stark, is it not?

Mr Knox: I have no knowledge of what you are referring to.

MR COE: Can I ask how the internal audit regarding compliance with legal and other obligations went?

Ms Breden: Generally speaking, the audit found our compliance with legal and other obligations is working well. We have a sound compliance management system. If I remember correctly, there were a couple of areas for improvement to make sure that the system continues to work effectively in the future.

MR COE: What were those areas for improvement?

Ms Breden: I do not have that level of detail with me.

MR COE: What about IT governance? How did that audit go?

Ms Breden: I would have to check on that one. I am not sure if that one is even completed yet.

MR COE: What about ICT security management? Have you had any IT breaches or any penetrations into the system that have caused concern?

Mr Knox: I have to take that on notice. We do not have our COO with us today, but I am sure the information is available.

MR COE: But do any spring to mind?

Mr Knox: I just cannot recall. Obviously there are attacks on the network. I cannot recall the frequency of those or when they occurred. I am talking about the desktop environment. I have not got that detail with me.

MR COE: What about known privacy breaches? Do any spring to mind?

Mr Knox: Again, none spring to mind. Again, I do not have that information with me, but none spring to mind.

MR COE: In the last financial year, there was an audit—the Australian Laboratory Services compliance list service agreement obligations. Has a similar audit been undertaken with regard to the corporate or customer service agreements?

Mr Knox: As I have mentioned, there is an audit underway at the moment. I will go back to my opening comments. It is looking at the management arrangements with regard to those agreements and providing any advice on alternative or additional arrangements that would better support effective oversight and optimise value for money. That internal audit is currently underway. My understanding is that it is likely to be completed around late August 2018.

MR COE: Is that part of a broader audit or is that the full extent of that audit?

Mr Knox: That is focused on the two service agreements.

MR COE: But nothing else? It is not just a component of a broader audit; the entire scope of the audit is as you just read out?

Mr Knox: Correct.

MR COE: Who has undertaken that audit? What firm?

Ms Breden: It is being undertaken by a member of our internal audit panel. The company's name is Protiviti.

MR COE: Given that there is a contract in place until 2023, is the audit likely to impact how you use that agreement between now and 2023 or give you advice about getting a better deal in 2023?

Mr Knox: As I mentioned, that is the scope of the review. What that review says we do not know at this point in time.

MR COE: What sparked getting that audit done?

Ms Breden: There was always an intention to do a midpoint review, if you like, of the agreement. The agreement started in 2012, so 2018 was about the right time. We then discussed whether we would simply engage an external consultant or do the review in house. A decision was made along the way that the most prudent approach was to do an arm's-length internal audit. So the risk and assurance committee of the board tasked internal audit with undertaking that review.

MR COE: With regard to fees within the agreement, have they increased each year as per a schedule or have they been negotiated?

Mr Knox: Again, Mr Coe, I will take the question on notice to ensure we are consistent with any advice we have received around the matter to date.

THE CHAIR: We will suspend for the morning tea break and resume again at 10.45.

Hearing suspended from 10.28 to 10.45 am.

THE CHAIR: Welcome back to the mid-morning session. In this session we are going to look at the ACT Insurance Authority and statement of intent; output class 7, shared services; and infrastructure finance and capital works in 8.1. We will kick straight into questions. I am curious: how many claims are processed on average by the Office of the Nominal Defendant annually?

Mr Fletcher: I have some statistics from our 2016-17 annual report about the number of open claims. During the reporting period in 2016-17 the Nominal Defendant received 51 new claims. At that point there were 128 open claims, as at 30 June 2017, with an outstanding liability of about \$31 million.

THE CHAIR: Has the frequency of claims increased over time—say, the last five or 10 years?

Mr Fletcher: Not particularly. The annual report has some claim frequency statistics, and those statistics indicate that the number of reported claims is reasonably consistent across the years.

THE CHAIR: How is it determined in the budget papers this year that the number of medical malpractice claims is expected to increase from 89 to 109 over the forward estimates?

Mr Fletcher: That is on which page?

THE CHAIR: Page 128 of budget statements B.

Mr Fletcher: That is the ultimate claim numbers on page 128?

THE CHAIR: Yes.

Mr Fletcher: That is just a forecast growth in those ultimate claim numbers. There is an explanation of that on page 130 of the notes, where you will see under item 2 that the ultimate number of claims for each insurance class is estimated and that the total number of claims is expected to emerge in each insurance year. That is just a forecast of an increase in the number of claims in that particular category. It is an actuarial forecast and it is probably reasonably consistent with the growth in the risk exposure, given the increasing service provision in ACT Health.

THE CHAIR: That is about a 22 per cent, 23 per cent increase expected over four years in medical malpractice. What is the underlying analysis that suggests that there is going to be a 20 per cent increase in medical malpractice in the ACT?

Mr Fletcher: It is an actuarial forecast. It is based on our actuary's calculation of the growth in that expected service provision and the claims that will come with that, based on what we see as a proportion of claims that are linked to the volume of services that are provided, and that is the forecast.

THE CHAIR: How often are those reviews carried out?

Mr Fletcher: Our actuaries provide us with advice twice a year. We have a midyear review of our liabilities in December and an end of year review of our liabilities as at 30 June.

THE CHAIR: Is the actuary an in-house employee or is it a contractor?

Mr Fletcher: The actuary is PricewaterhouseCoopers, under contract.

THE CHAIR: Good risk and claim management practices are necessary. How do you operate within that framework to try to reduce the liability of the territory in the claims space?

Mr Fletcher: On the claims front, the authority has its own in-house claims team. That claims team operates to provide claim management services to all our clients—that is, all our directorates and agencies that are part of the fund. They are highly experienced, professional people. We have a low turnover of staff within the authority. Many of those claims officers have been with us for a number of years, particularly the senior staff involved.

They are continuously involved with the management of claims. In partnership with the Government Solicitor's office, who provide legal services to us, and through them a range of senior and junior counsel, who support us in responding to plaintiff claims, they have an opportunity to access a range of training opportunities, both at a corporate level but also that are insurance and claims related. For example, they will attend various forums, either run by other jurisdictions or run by professional conference organisers in various topics: obstetrics, medical malpractice, claims management. We attempt to maintain a strong capability in that space. And that has a flow-on effect to minimising, or managing as best we can, the total cost of insurance

risk to the territory.

We have been, I think it is fair to say, fairly successful in the last five years in reducing that total cost of risk. That is on the claims front. There is efficient and effective claims management practice consistent with the modelling guidelines.

In the risk management space we have a risk management team. The authority is not responsible for risk management in directorates and agencies—that is a responsibility of a director-general—but we certainly have a role and a function to play in supporting those agencies in having better risk management practices in place. We run a range of services through that team. Some of those services are reflected in our statement of intent and our KPIs.

We run a training program that runs an introduction to risk management practices. The volume of work in that space has increased over the years. In 2015-16 we had 135 attendees; in 2016-17 that increased to 174; and in 2017-18 it is going to be 308.

Along with that program there are a whole range of other individual-type projects that we help agencies with where we assist them with particular topics or projects. That can be associated with a whole bunch of different things. We will go into a strategic risk management plan with a particular agency or we might be invited into an agency to help them try and deal with a risk management plan for a project or a particular activity. Those things, all bundled up together, have, I think, made an impact on that total cost of risk and what our liability profile looks like.

MS CHEYNE: I know that we are doing venues after lunch, but I have got questions about capital works at venues. Is that within this?

Mr Nicol: No, our next group.

MS CHEYNE: What is in this group in terms of infrastructure finance and capital works?

Mr Nicol: We are currently doing ACTIA, which is the insurance arm and then we can call up our procurement and capital works team after ACTIA is done

MS ORR: On page 125, budget statements B, you have identified the key risks for the ACT. I know you spoke a little about it, but can you broadly give some background on the risks and how we are managing them? Are there similar risks to what other jurisdictions face when insuring stuff?

Mr Fletcher: I am sorry, I missed your question. On page 125; is that right?

MS ORR: Yes, page 125, budget statements B, identifies the key risks to the ACT. Could you elaborate a bit more broadly on what some of those risks are and how we are managing them and if they are similar to other jurisdictions or are we—

Mr Fletcher: In terms of the whole-of-government risk profile?

MS ORR: Noting that we do have other questions, yes.

Mr Fletcher: I suppose that is probably a question you might have to refer to some individual agencies, about the risk management activities in their space, but we certainly provide support to agencies on a range of different things. We are involved in the Emergency Services Authority, I think, to complete a whole-of-government risk review on a regular basis, and our team has been involved in that activity. Some of those risks can be fairly broad. It is difficult for me to respond to that question without you being a bit more specific.

MS ORR: I appreciate that. You provide advice for the individual areas and see how that goes?

Mr Fletcher: Yes.

THE CHAIR: Mr Coe, on insurance?

MR COE: With regard to your interactions with the Canberra Hospital, have there been any significant changes in the way that TCH or the Health Directorate in general handles claims and seeks to manage or to minimise such claims?

Mr Fletcher: We have a good relationship with ACT Health. They have a team of people who are involved with the management of claims. We liaise with them about our intended strategy with individual claims. My understanding of their internal arrangements is limited. We have certainly been there to assist them with a number of risk issues, such as running workshops for them about the home-birthing program that was launched a couple of years ago. But there really is not any noticeable change in our interaction with them on a claims front.

MR COE: How involved does ACTIA get in the education space and the minimisation space, as opposed to simply processing?

Mr Fletcher: Our involvement is limited. We have had a number of meetings with various officers in ACT Health. They are aware of the range of services that we can provide and the support that we can provide. It is a matter of an invitation to be involved with them. So we have some involvement. I would be happy to be more involved with them if they wanted that to be the case, but I am kind of guided by them in that regard. We have access to, as I am sure they do, information from other health services overseas. Our insurance underwriters in the medical negligence space have experience in a whole range international environments and access to more data. I would be happy to be involved with them in any way they choose.

MS ORR: In respect of your involvement, would that be similar to what you were saying in reply to my question? You can provide advice and support but the individual line areas would take key responsibility for—

Mr Fletcher: That is correct.

Mr Strachan: I will make a comment, just feeding on what John is saying. We started some fairly intensive dialogue with all the directorates in terms of engagement. One of the key things we are now looking at is meeting quarterly with the directors-general

and their senior officers. To pick up Alistair's point, at the end of the day we are very keen to engage in terms of looking at problem issues, particularly around corporate and clinical risk. I think that is the area you are looking at at the moment. We are particularly focused on wanting to assist the directorates in terms of, I guess, educating the executive layer through the top four or five tiers of the business.

The other thing is that John is going to be looking at the role of policy around risk associated with where we sit in terms of that interaction as well. Then the other one that we are doing at the moment, given the recent reviews we have done with both our insurers and the underwriters, is looking at roaming audit-type programs. We will be working with the directorates on issues associated with mitigating risk. It is a very intensive and very interactive process that we are building over the next 12 months.

MR COE: It is pretty rare for a claim to be made for negligent behaviour against someone at the very top of an organisation. It is more likely to be at an operational level. With that said, how do you ensure that the changes that are agreed to at an ED level actually flow through to the operators?

Mr Strachan: I could probably draw on some experience. At the end of the day, there are a number of mechanisms, as you will appreciate. There are the issues around how they manage the particular cases in Health. You will have a clinical risk profile that they are very active on. There are a range of EDs that would be involved in the interaction in that space just as much as there are interactions in the corporate sort of risk profile as well.

I do not think it is a one-size-fits-all type of approach. But I think the key issue here is that John and I will be very interested to look at is the changing landscape under which Health is delivering its service and the mix of issues that is going on in terms of the process that they are working through at the moment. We are going to be quite flexible in that approach, in terms of both meeting their needs and the challenges they have at the same time of aligning a broader program.

MR COE: I think the budget makes mention of good risk and claim management practices. Are you able give a contrast, very broadly, on what is a good claim practice and a bad claim practice? What is the scope for improvement?

Mr Fletcher: There is always room for improvement. I think that is the first thing I should say. Our practices are about being proactive in the claims space, even to a point, for example, when we become aware of an incident where a claim may arise. We will open a claim file and begin some preliminary investigation of that incident issue while all the people are still around and all of the issues associated with the incident are fresh in people's minds.

We would try to engage GSO early so that they are across some of those investigations as well and able to access their network of people that they are familiar with within the ACT government. Then it is a matter of trying to strategise the best way to deal with each individual claim. In a model litigant world, if we can establish early and quickly that we are liable, then we admit liability and we move on with what is the quantum of the claim and how we settle and close this out quickly for the person who is obviously affected.

We have good systems, good record keeping. We have processes in place to revisit the claim strategy. We hold quarterly claim review meetings with the Government Solicitor's office and with our brokers. We go through our entire list of open claims which, depending on when the meeting is, can be valued at over \$100,000 or over \$250,000. We discuss where we are at with each individual claim and strategise about what the next move is—what is the plaintiff's behaviour, what is the plaintiff's solicitor's behaviour and what court process is in place?

If you get all those things right, the evidence in our portfolio—this is consistent with other jurisdictions that I have some visibility of through my network in the other states—is that you tend to have a practice that is efficient but also one that looks to minimise cost. In particular with these claims, time equals cost. If a claim drags out and drags on, you incur more and more legal expenses. If you can be efficient about how you deal with the issues up-front and if you have a plaintiff lawyer involved who is keen to get the job done then you tend to avoid a lot of those costs, as well as having all the right people having all the input into what that looks like.

MR COE: But that is largely dependent on the directorates?

Mr Fletcher: No, that is very much in the ACTIA space.

MR COE: But in respect of the preliminary information, being in a position whereby you have all the facts at your disposal is dependent on directorates actually feeding that information in. I am guessing that can be a stumbling block?

Mr Fletcher: No, not really. There is always a journey of discovery with these things. But we have good relationships with those people and so do our legal representatives from the Government Solicitor's office.

In respect of medical negligence claims, there are probably two or three key senior lawyers at the Government Solicitor's office who have been around for a considerable amount of time. They have access to people in ACT Health. They know who to go and talk to about particular claims. They understand that we are on their side, trying to help them deal with what is obviously a difficult issue.

Mr Strachan: I will draw on that to answer your question. The relationship between the directorate and ACTIA is actually quite fluid. There is a level of comfort in that relationship and there is a level of wanting to get on the front foot fairly early in terms of issues. We are not confronting an issue at the moment where there is any level of discomfort in that space at all. That is further enforced by the fact that there is the ongoing engagement every quarter about problem shedding some of the issues that may be occurring, or what we can do to anticipate some of the issues that might be feeding through in terms of individual challenges with directorates.

MR COE: Thanks. This is my final question. It is with regard what the plan is for reducing the funding ratio.

Mr Fletcher: The budget for next year has a budgeted capital transfer back to the budget of \$70 million. That will then put u, at 30 June 2019, at a ratio of 119, if my

memory serves me right. That is the budgeted plan. We do our midyear evaluation in December, as I mentioned earlier. That will be the point at which we make a decision about whether or not that capital return will proceed.

MR COE: So we might see a small transfer?

Mr Fletcher: The budgeted transfer is 70. It could be less than that, it could be more than that depending on, I suppose, where we are at in December. But from a budget point of view 70 is the current number.

MR COE: When will that transfer take place?

Mr Fletcher: It usually happens in about May, if memory serves me. We have done a similar transfer in previous budgets, but it comes at a point where the actuaries have had an opportunity to look at our December data.

THE CHAIR: There being no other questions for the ACT Insurance Authority, we will go to Shared Services. Is there a big split in officials between the Shared Services side and the infrastructure finance side?

Mr Fletcher: There is a difference. They are two different groups of officials. We will do Shared Services first.

THE CHAIR: Yes. I ask members to try to stick to Shared Services and then we will go to infrastructure finance and capital works. Welcome, gentlemen. For those of you who are new to today's hearing, can you indicate that you are all aware of the privilege statement in front of you?

Mr Davis: Yes.

MS CHEYNE: I refer to page 42 of your accountability indicators in budget statements B. I note that the goal for the number of successful attacks on internally hosted websites is zero and the estimated outcome is zero, which is fantastic. But I am interested in what is the definition of "successful attack". Could something compromise the system but not do any damage? Would that still be an unsuccessful attack? I think zero seems pretty remarkable. Perhaps it shows how amazing you are? If so, this is your opportunity to tell me all about it.

Mr Davis: Thank you for the question, Ms Cheyne. Yes, we are amazing and fantastic! I will take that as a compliment, if you do not mind. Without trying to sound alarmist, this is obviously a very topical area. We do have zero. But, of course, the caveat there is that you do not know what you do not know, and I say that in a most open way. Yes, we have had zero successful attacks that we know about. There has been no compromise of data or personal information that has been leaked out of the ACT government environment that we are aware of.

That does prompt a further question: how do you know if you do not know, because that is the nature of everyone's beast. But we have a very good track record. It goes to a number of things: one, we are incredibly effective with the tools that we have, given the size of our jurisdiction. Another part to cybersecurity, of course, is our size and

being a target. Obviously, we are all proud Canberrans but there are other targets that are larger which may be more interesting, if I might say that with no offence to our colleagues.

Of course, we take ourselves seriously but we do not have national secrets here. We are not dealing with building submarines and those sorts of things that foreign intelligence agencies might find exciting. More of our issue is those groups around the world, those anarchist types of groups, who take pride in trying to compromise people's personal security.

Examples are things like phishing, spam emails, those sort of things which do from time to time get into our environment because it is impossible to block every single one. They do get through. You may have had some yourself. For example, the Prince of Nigeria wants to send you some money, things like that. But that does not count as a compromise or a breach of security. That is a normal event, if you like. We do count that and we have a number of exercises that we undertake around educating people, because that is the biggest weapon that you actually have. It is educating people. We do tests. We do our own internal testing. In our own directorate we do these little phishing exercises to try to catch people but in a friendly kind of way.

We are about to do one through Health as well. We do that with the directorates so that they know it is underway. It is about educating people because people still fall for these sorts of things. But that is a countersecurity data breach. That is just someone trying to be clever.

MS CHEYNE: I assume this is used on all systems, but on our system we have the Barracuda spam blocker.

Mr Davis: That is right; exactly.

MS CHEYNE: Do we enter into a contract with this company to do this? If so, how do we know that they are not using our information?

Mr Davis: It is a piece of software that we run in our firewall, our external environment. That is the tool that we have at the moment. It called Barracuda. I cannot, off the top of my head, tell you when that particular contract runs out, but it is a piece of software that we run. We are always scanning the market for those new capabilities to try and keep ourselves as current as we can.

It does come down to risk profile management. I do not have a security expert here as such, but sometimes if you ask the security people—I know they are probably watching me now; sorry guys—“How much do we spend on security?” the reply will be, “How much have you got?” But of course it comes down to what your risk profile is and your appetite for that risk.

MS CHEYNE: Finally, when is our next Windows upgrade?

Mr Davis: That is a very good question. I am glad you asked that question. Thank you very much. Windows 10 is going through its paces at the moment. We have 150 devices out across government in an introduction stage. Bear in mind that we

have some 16,000-odd devices to move over across the ACT government. Directorates all have their own unique requirements. But we have a program underway and that will be finished by June next year.

It is already moving. We are already moving some of the devices into production with Windows 10. For example, I have it, which is part of that testing your own environment sort of arrangement. In an IT sense, I like to know that we are testing our own capability before we roll it out more broadly. But you will be having Windows 10 within the next 12 months.

MS CHEYNE: Outstanding; thank you.

Mr Davis: You already have Office 365. We have already done the upgrade for Office. That was step 1. Step 2 is the underlying operating system.

MS LE COUTEUR: Continuing on the same page, at the top, under indicator a, it says:

ICT costs compared to peer organisations' costs ...

You say it is not applicable for next year. I have read the note, which says:

Discontinued accountability indicator. The independent benchmarking is undertaken every two years.

I just want to know that, if it is not for next year, it will happen the year afterwards.

Mr Tanton: Yes, absolutely. It used to be a benchmark that we provided yearly. However, due to the costs of doing it, we do it bi-yearly; every two years we go out. We are currently out to market, looking at providers to do that benchmarking exercise for us. That really does give us a clear indication of all the services that we do. It is quite comprehensive across Shared Services to make sure that we are benchmarking against our peers both in the federal space and also in the commercial space. It really gives us an understanding of how our unit cost in service provision is going.

MS LE COUTEUR: It is not really discontinued?

Mr Tanton: No.

MS LE COUTEUR: I just wanted the point to be clarified. The word “discontinued” has a meaning.

Let me go to, hopefully, a more interesting question. I assume that you are responsible for a large amount of the ACT government's electricity use, directly and indirectly. You have the IT equipment in particular. Once we get to 100 per cent renewable electricity, clearly the carbon emissions have been addressed but not the cost. Do you estimate your energy costs per annum that are directly related to your activities?

Mr Tanton: No; we do not track it. Actually, we are not a large cost base for electricity. As we move more to software as a service, we are downsizing data centres,

and data centres are run through Canberra Data Centre as a majority. So our footprint for electricity usage has been growing down, but I do not think I have a cost base for what we use at this point.

Mr Nicol: Perhaps I can add something. We generally look at energy consumption by property, rather than by type of activity.

MS LE COUTEUR: I do appreciate that, but I am thinking that IT is a reasonable proportion. Look at us sitting here. We all have a computer in front of us, and two of you on the other side do as well.

THE CHAIR: Think of all the trees they are saving. There is a lot less paper over there than in previous years.

MS LE COUTEUR: Don't get me started on that; we can probably have a long debate as to how many trees we are in fact saving.

Mr Barr: Please.

MS LE COUTEUR: The committee is seeking your wisdom, rather than debating amongst ourselves, but my point is that IT is still responsible for a large amount of energy use. You have said that most of our servers are no longer run by the ACT government. Does that mean you are effectively not looking at the energy use?

Mr Tanton: We still do, and we look at what initiatives we can put in place. But it is reported, as the Under Treasurer said, by building and by property; it is not something that we track. What we do put in place in regard to energy use is look at putting computers to sleep outside core hours. As we move to more software as a service or, say, cloud platforms, we can start to look down in managing those server uses. We look to shut down servers if they are not in peak times and if we do not need them 24/7. So we are looking at initiatives for savings in power after hours when people are not utilising those services and the like, but we do not track and measure what those electricity bills look like because they are done on a property by property basis.

MS LE COUTEUR: But you are doing some estimation of electricity use that you are responsible for? Basically, what I am trying to establish is that, as ICT is a considerable electricity use regardless of how it is accounted for, you are taking this as one of your major concerns. I see it is not on your KPIs.

Mr Nicol: It is one of my KPIs: my buildings that have my staff that report to me. My KPI is energy use from year to year. I look at the whole portfolio and how we can reduce energy use over time. It is broken into electricity and gas. The car fleet is also monitored. And, as Mr Tanton said, we are looking at individual initiatives and how we reduce that energy use.

Another example is that we are rolling out FollowMe printing; I expect that to reduce unnecessary printing because a lot of people do not go and pick up their printing, in my experience. Those sorts of initiatives can be more efficient.

MS CHEYNE: I cannot believe you do not have it. Wow.

MS ORR: What is FollowMe printing?

MS CHEYNE: It is when you send something to print and you take a pass—

MS ORR: A little swipe pass?

MS CHEYNE: That is how it releases. That is particularly important in a secure environment, because you do not want things sitting there.

MS ORR: Yes.

MS CHEYNE: Please feel free to implement that.

Mr Barr: Come and sit here!

MS CHEYNE: That is very exciting. That is good.

Mr Nicol: It is. We are always looking at ways to introduce initiatives like that. We are encouraging all staff to come up with ideas; often they are generated amongst our technical experts. I will also say that there is a balance. Going into ABW and how we set up our offices—I think we talked about this last year—is a very important part of how much energy we consume. Reducing our floor print will reduce energy use in aggregate, but a trade-off for that is that we will have to become more IT heavy and less paper heavy; there is that trade-off that we will have to manage.

I would also comment that this equipment is getting more energy efficient over time as well. As Graham said, we encourage people to switch off. Going to the cloud will be a more efficient use of electricity, because instead of every bunch of organisations running their own servers and having their own fixed consumption, we will get much more efficiency out of centralised production. You will see those server services provided by more up to date equipment which is more energy efficient and more capable of providing a greater level of service for a given level of electricity input.

So it is something we monitor, but we do not necessarily break it down into individual cost lines.

MS ORR: There is funding in the budget for the digitisation of government records.

Mr Tanton: Yes.

MS ORR: Can you run me through what that program will look at?

Mr Tanton: The digitising of records is really looking at streamlining the use of TRIM and Objective, which are currently the two digital record-keeping services that we have within the ACT. It is fair to say that a number of times it has been done by directorates on different bases. That budget initiative is really looking at having a central rollout and putting that digital record-keeping program into place. That will move us into the ABW program as we move into the new buildings as well. We do need to move away from paper holdings, where we need to have a lot of filing and

physical record-keeping costs and things like that, and streamline it into those two digital record systems.

That body of work looks to centralise the licensing but also then coordinate the rollout, uptake and training of staff within directorates so that we can start to utilise the information at hand rather than using paper, which is again costly in ongoing storage costs but also in the ABW sense of not having people in physical workplaces where they have to store and have a lot of floor space tied up in records, filing compactus units and the like.

MS ORR: Will this alter any of the services that Shared Services provides?

Mr Tanton: No. We already provide management around licences, around both Objective and TRIM. However, it does bring centralised funding under us and also the ACT records office to really coordinate it. So there is a coordinated process, rather than directorates doing it out on their own. We will take on more responsibility in that process, but we already look after the physical archiving of records to date, and we go through that process with directorates. Our role is probably extended a bit more to roll that out and get it implemented before the new office buildings or, more broadly, with a view of reducing our physical footprint on records that we currently have.

Mr Nicol: I would add that having a really good electronic record process—it is not only better software but also training and education and the use of that—will enable not only all the input benefits that Mr Tanton has talked about but what I am more interested in: the output benefits and the outcome benefits of having better access to information and being able to potentially link relevant information to avoid problems or to take advantage of the opportunities that that presents. That is something that we are very keen on and very interested in doing.

MISS C BURCH: There is a net expense in the budget papers of \$1.9 million over four years. Can you please provide the breakdown of the expense versus the efficiencies?

Mr Nicol: Sorry, for—

MISS C BURCH: For that item, digitising government records.

Mr Nicol: I would probably need to take that one on notice.

MISS C BURCH: No problem; thank you.

MR COE: Could you please update me on how you are going with regard to managing the licences for the various software programs that are out there, noting of course, as the government says, that they are extremely broad, and there must be a million programs out there? How do you actually track that and ensure that you are complying with the complex licensing requirements?

Mr Davis: I am pleased to say that we have improved from where we were when a similar question was raised six or so months ago. As you pointed out, it is a very large, complex environment. A couple of initiatives have allowed us to get into the meat of

it all. The desktop upgrade, the desktop modernisation program, is a key driver of that. When you are doing an upgrade of this variety, you have to understand what software is out there. As with most IT shops, things can get away from you a little bit over the years. We have gone through it with each directorate, to understand each application set within each directorate. There have also been some opportunities to rationalise across some of the directorates, because it gives them an opportunity to know who is using what. As you would be aware, we are very driven by what their demand is, as opposed to us imposing what they must have and what they must not have. So there has been a bit of work done there.

We also have a piece of work we are driving internally around our business management capability which incorporates a better licence management capability. We have that more automated. We have recently signed off and gone through the Microsoft volume agreement across the ACT government, which gave us another opportunity to make sure we are licensed exactly as we should be. So, yes, we are improving all the time. The one that we have at the moment, the application portfolio management, is about working with directorates. They have much more visibility of what their own use is, because we are trying to make it user-driven.

There are incremental steps, Mr Coe, but the systems we are putting in place are allowing us to get across that much more effectively than I could have said, say, three years ago, when I first started.

MR COE: Are there any disputes or historic licences that are under negotiation?

Mr Davis: No. We have had no disputes in the last three years, since I have been here. With the recent Microsoft agreement that was done, of course there was a lot of negotiating regarding our numbers et cetera, but there have been no disputes. The current one we are working through is with Oracle, which has a large footprint. But there is no dispute. It is very much about working with them hand in hand around what our actual usage is, rather than a dispute.

MR COE: Is there any disagreement about what usage has taken place in the past?

Mr Davis: Not in that vein, Mr Coe. Sometimes, as part of any negotiation, there would be tensions around that particular usage, as I am sure would be appreciated, but there is no dispute in that regard.

MR COE: Have any back payments needed to have been made?

Mr Tanton: There is always true-up with regard to licensing, with the large organisations. We get charged on X number of headcount, and when we go through to the end of the year or to whatever time that true-up time is, they will come back and say, "You told us you were going to have 100 licences; you've actually got 150 licences." They will then either look to bill us for it or they will say, "Ongoing, we are then going to bill you for your 150 licences."

Again, it is an ongoing body of work. In some cases we would look to get billed additionally, for the extra 50 licences, or it may be that in one year we had a lesser amount. There is ongoing true-up as to how we do that. Sometimes there might be a

credit; sometimes there might—

MR COE: Have any of those true-ups resulted in over 100 per cent—double, triple or anything like that?

Mr Tanton: No, not at all. Generally, what you will find in regard to those true-ups is really in the margins. What they will generally say is, “We’ve been billing you at 100. We understand you’ve got 150. We’re going to be billing you for the 150 going on.” Again, those discussions are fairly amicable—how they do that. We have not said, “Wow, here we go; we haven’t even understood that we’ve got 10 people, and we have 1,000 people.” There have not been any discussions like that at all.

MR COE: Have there been any liabilities or sums in the true-up that have been delivered through additional products or services in the future, or a reduction in products and services in the future?

Mr Davis: It is a complex question that you have asked there, Mr Coe. Yes, when you are doing some of these licensing arrangements. I will use the Microsoft one as it is the freshest in my mind. The way I try to explain this to people is that it is like getting a Foxtel subscription. If you want to have the sports package you have to have the basic one first. It is very much like a game—a Jenga sort of exercise. If you get this then you get that. Yes, there are some trade-offs sometimes. What we then focus our conversation on is making sure we are getting best value for the products that we are purchasing. Sometimes the companies slide things in. They throw in what we might colloquially call steak knives as part of that. Does that offset against another capability? It is very complex, but we try and make sure we are taking advantage of the products that we buy across government.

MR COE: For instance, with Oracle, is there currently a contract in place?

Mr Davis: Not a single contract; we have a number of contracts across government with Oracle. We are currently working with Oracle very proactively to try and reduce that to a much lesser number—that is, one as opposed to 40-something, which is what is in place at the moment, and which has been built up historically, over time. These things can happen. Now we have a better arrangement with directorates. Some of these companies can take advantage of a “divide and conquer” approach. This is not a fault. This is how they might sometimes try to operate. Individual agreements have been struck over the years for various reasons, and now we are moving away from that.

Mr Tanton: Where we can, we look at those enterprise agreements as best endeavours by ourselves—again, with Microsoft and the like. Some of that is about bringing some of those existing multiple contracts into one enterprise agreement. Part of the discussions that we have, which comes back to Oracle and Microsoft, is about working out, as Mr Davis said, what that core package is going to be and what is going to get charged, noting that we do have a very diverse portfolio of agencies who use different applications within a suite. With Microsoft, some people might use Power BI; some may not use it. It is about how you get the value around that.

Those are the discussions that we are having with Oracle. It is about having the

discussion about what an enterprise agreement looks like. What are the features that are being used? Which ones do we not need? It is like no-one is watching the drama channel because everyone is watching the Fox channel and the like. It is about working out what that sort of agreement needs to be.

Mr Nicol: With our approach to procurement, we might go out to procure a new IT system. Oracle, EDS or someone else might win, and that is added to our suite. That is often the way new contracts can be added with providers that we might already have a relationship with. That is the appropriate approach to procurement. We cannot, in a procurement sense, say, “No, we won’t go to the market and test this. We’ll just use an existing provider and go to them and negotiate.” That requires, as the officers have outlined, occasionally looking back and trying to consolidate some of these contracts over time. It is an outcome of our procurement process which I think is the right approach. I think it is a very reasonable approach.

Mr Tanton: And moving more enterprise agreements across, rather than having those applications potentially being negotiated within agencies and the like. You can bring them in so that we have a central repository of those enterprise agreements. We can leverage off the value for money. We have 22,000 public servants, so we can leverage and get the best possible deal at unit costing. That is really what we endeavour to do.

MISS C BURCH: I would like to talk about cloud computing and data storage. There is a rollover item in the budget statements titled “ICT transformation—hybrid cloud computing”. I understand that that was originally a 2014-15 measure and it included savings over the forward years as a result of efficiencies, but now there seems to be an expense item in 2019-20 associated with it. I would like to understand why that is now incurring an expense.

Mr Davis: As you pointed out, we are rolling some money forward from the program. When we initiated the program several years ago to move towards cloud computing there was obviously a lot of euphoria around what opportunities existed to save the government and ratepayers a lot of money. To my mind, there is more of a cost-avoided approach to the cloud rather than savings as such, because things still cost what they cost. I will not lie: it took us quite a long time to make sure that we were working through all of the relevant data privacy rules and laws as opposed to diving in and building the capability with the companies. And that is fair enough.

Whilst in my earlier comments I talked about not having a lot of national security kind of information, we have an incredible amount of personal information held on citizens—health, community services and those sorts of places. We have to make sure that we are just not throwing this information out to the cloud willy-nilly, without having the right protective measures around it. It took a lot of work for us to get through that. I am a bush lawyer at best, so I cannot comment on exactly what those legislation changes would be, other than that there were a lot of conversations between our teams, the IT teams, directorates and the Government Solicitor.

Because of that, we were a little bit slow in getting the actual capability going. While we have had great progress in the last, say, year or so, we have had to put a request in to roll some of the funding forward to allow us to keep building that capability. But I am pretty proud to say that we are, more than anecdotally, ahead of many of our

federal colleagues when it comes to cloud computing. We have already moved; we have two tenancies. We have Microsoft; we have Amazon. So we are trying to build that competitive marketplace.

I make no bones about it when I meet with either party around that. It is horses for courses—whichever one works. We are not going to let ourselves get locked in. We are currently moving 22-plus terabytes of our archived email information across to the cloud. Once again, I have not signed off on disk capacity infrastructure, IT infrastructure, for at least 12 months. So that is a cost that has been avoided. If you ask me to measure that for the Under Treasurer, that is a different question. But it is a cost avoided, and I am sure he is happy to hear that I have not signed off on such things.

We have moved over 50 business systems into the cloud as well. That just keeps growing. Our chief technology officer has a little thing on his wall where he crosses off server numbers as we start moving things over. It took us a lot longer than we would have liked, I would say, to get to the position where we could actually start moving things in.

Mr Tanton: When the original business case was put up, going back in years, there was the whole process of understanding what steps you have to go through to put things into the cloud, including IRAP assessments and working with the Australian Signals Directorate to make sure that the cloud provider is hosting you in Australia. At the time Microsoft and maybe Amazon did not have cloud-hosted data centres in Australia. Where do you go in and around that? There were also considerations around the Privacy Act. In the ACT we have very rigorous privacy requirements.

We had to go through all of those hoops before we could start setting up and going through those contracts. We had to make sure that, when we went out to tender or through panel arrangements, the data centre or the providers were hosted in Australia and actually had the security requirements, the IRAP and risk assessments.

We also needed to do a body of work with directorates, to get them to understand what going to the cloud meant and what information they felt comfortable with putting into the cloud. Hence there has been an ongoing process, and that did take longer than expected. As Mr Davis said, we rolled the funding over to meet the time frames. Rather than pushing a solution out, it is about getting the right outcomes that support where we are heading. At the moment we are tracking well.

MISS C BURCH: What proportion of data is now being stored in the cloud?

Mr Davis: As a percentage across the whole of the ACT government?

MISS C BURCH: Yes.

Mr Davis: I do not have an exact percentage. I will not lie to you: it is a very small percentage. In the space of Office 365 and Exchange, we are moving 500 mailboxes per month. It does take a little bit of time. I think that a better measure would be at the next hearings to be able to say, “This is our progress.” We would then have had 12 months of actually moving things in. We have a target of a very small footprint of

physical infrastructure to be kept on premises. At this time, with the way IT works, there are some things that will remain on premises for some time, but that will change over the years. Would I say zero? Not yet.

THE CHAIR: With the data centre that was previously at Macarthur House, where is that infrastructure now housed?

Mr Davis: That is now housed over at the Canberra Data Centre in Fyshwick. That was all done via tender processes. We finished that in early January, to allow for the subsequent sale and demolition of that building. I was very conscious that IT would not be a barrier to allowing that sale. We made sure that that happened. I had a lot of anxious people, but it is now over in the Canberra Data Centre, which is a much better facility. Obviously, their core business is providing such capability. It is sitting over there. We have two in Canberra. Fyshwick and Hume are the two ACT government data centres.

THE CHAIR: And that is then wholly outsourced, in terms of a commercial operator?

Mr Davis: Absolutely; a third-party provider. Microsoft and Amazon are building their own cloud capabilities within Canberra, within those facilities. We will get double-ticked boxes because, while we are moving to the cloud, it is still going to be hosted physically within the ACT.

MS C BURCH: You spoke before about attacks on internally hosted ACT government websites. Have there been any attacks on externally hosted government websites?

Mr Davis: There have been, but I would have to take on notice the numbers. A number of websites are not hosted by our capability, third parties. We have now, as part of an audit finding, made sure in working with directorates that anything that is externally hosted from our own capability has a clause in there for that particular company around security as part of that assessment, if you like. But I have to take on notice as to how many.

THE CHAIR: Thank you, gentleman. We will move on to infrastructure, finance and capital works, output class 8.1. What role has infrastructure and capital works played, or more broadly the Chief Minister, Treasury and Economic Development Directorate, over the past year towards stage 1 of light rail? What is the directorate's role in that project?

Mr Nicol: I will start and then hand over to Mr Murray. I am the deputy chair of the board overseeing the project. I attend project meetings, which are held approximately once a month. Those meetings discuss matters of importance to the success of the project. They cover everything from risk, safety, progress and any issues that may arise.

The board also discusses matters that have to be passed to government in terms of a cabinet submission for a decision of government. The board will deliberate on those matters and give comments and resolve issues with the aim of coming to a joint

agreed position across directorates. I can take on notice the membership of that board; I do not have it off the top of my head.

THE CHAIR: Please do.

Mr Nicol: My team get the papers of that meeting in advance and they brief me on the matters they consider important and, if necessary, I will have an internal meeting with them to discuss those matters and talk about issues. So that is how the governance works at that level. We also have discussions and interactions at an operational level, which I will pass to Mr Murray and Mr Asteraki to talk through.

Mr Murray: I will give you some context about this division. It was only formed in February, from the merger of what was previously called procurement and capital works, and infrastructure finance and advisory division. Our role on capital metro is really to support them in life-of-project transactions. We participate on the risk and change committee. We will provide advice to them on technical matters around infrastructure finance, if requested.

As a treasury function we obviously participate on two levels of governance around both the level on which the Under Treasurer participates and the level on which David participates, which is the risk and change committee. Going forward, treasury will be responsible for conducting transactions in relation to the project, such as any refinancing, potential re-gearings and other good faith negotiations.

THE CHAIR: How has infrastructure and capital works monitored the capital works outlay in relation to the light rail project, and what has been the impact of the time delays on this project?

Mr Asteraki: The detailed monitoring of spend by Canberra Metro, the private sector consortium that is undertaking the project, is largely undertaken by Transport Canberra and City Services. We do not monitor that directly. The actual expenditure is a matter for Canberra Metro itself. We look from time to time at the timing of the project and when the territory will need to start making availability payments and also the capital contribution, which is after the completion of construction.

THE CHAIR: When is that forecast to occur?

Mr Asteraki: We have been told by Canberra Metro that they are expecting to complete construction and commence services by the end of this year.

Mr Nicol: I will add a bit more detail. The contract specifies that our obligation to pay capital metro commences when operations commence. So very much the risk sits with them in terms of operational delivery and commencement. The board very actively monitors progress and discusses risks and other matters. For example, obviously the commencement date is very important not only for the service itself but for related services such as the bus routes and bus timetabling.

The boards have discussions with each other on the progress of the project. We also obviously look at the quality of the project and make sure the consortium is building a project that is going to meet the obligations of the contract. But as Mr Asteraki said,

detailed conversations about progress rests with TCCS.

THE CHAIR: What role does infrastructure and capital works currently have in the planning toward stage 2 of light rail?

Mr Nicol: Stage 2 of light rail in terms of planning and consideration is also under the purview of the project board, of which I am a deputy chair. With the involvement of my officers—and I will get Mr Murray to elaborate on this after I finish—we have been involved in early development of the business case, route analysis and options, costs, risks, all of the early work you would expect treasury and infrastructure specialists to provide input on.

Putting on my Under Treasurer hat, I have obviously been very involved in briefing the Treasurer and cabinet on the progress of the development of that project. As the committee would be aware, the involvement of the federal government and the NCA is a big part of how the government is considering the next steps in this project. Because of the physical route we are subject to the consideration of the federal parliament and the NCA, so we are designing our thinking of that project very much with that in mind. For example, we are focused very much on the submission the government has made to the inquiry. That was authored by TCCS in consultation with us. That is probably a good summary.

Mr Murray: We did some work around how we might best procure light rail stage 2 and how that procurement might link into light rail stage 1. That was done under the previous infrastructure finance and advisory division, which is now combined with the current division.

Mr Nicol: Some of those questions will only be able to be finally resolved once we get a decision from the federal parliament. So questions of route, alignment, and technology will all potentially be influenced by what our colleagues across the lake say. Of course, the business case then very much drives decisions of procurement approach and contracting approach for stage 2. Those questions are all interrelated. That is probably the summary of where the government is at.

MS LE COUTEUR: If we want to ask questions about light rail stage 2, should we ask them of you or TCCS?

Mr Barr: I guess it depends on what sorts of questions. Feel free to ask in both, and if they are better placed to answer we will direct the question there and they will have some notice of it.

Mr Nicol: We are working very closely together as this project is so important.

MS LE COUTEUR: It appears that the third route is longer than the existing bus route between Woden and the city and there are clearly more stops. While the government has not disclosed any timings as yet—if you have any timings I am obviously very interested in that—clearly it will be a longer trip than the current route. Have you looked at doing what other train systems do—enabling an express route so that you could have some trains stop—

Mr Barr: That is a transport question. Talk to Transport Canberra about that.

MS LE COUTER: I will do that tomorrow.

MS ORR: Mr Murray, I think you mentioned that this is a part of the public service that has been around only since February. I want some further clarity on what it is that this group is doing.

Mr Murray: We do a range of things. We are responsible for the procurement of public-private partnerships and conducting life-of-project transactions. Financed infrastructure gets to be refinanced. Typically in Australia they are financed through bank debt, so it is three to seven years in terms of the tenure of the debt. We will conduct those transactions in conjunction with the live agency responsible for the project. We also administer the unsolicited proposals framework. We conduct capital works through four areas: major projects, commercial, civil, and health.

MS ORR: What are the benefits you expect to get by bringing the two teams together?

Mr Nicol: Previously the capital works delivery side of the division was in the economic development part of the directorate and the infrastructure finance side was in the treasury part of the directorate. As Mr Murray said, that dealt with the financing of 20, 30-year transactions. The capital works delivery was really structured in the ACT government because of our size, to try and centralise some of the specialist capital works procurement activities. There are costs and benefits to all of these structures. The benefit of having it in economic development was that is very close to delivery under LDA and their capital works processes.

The benefit of bringing them together is that the whole division is looking at capital works procurement and delivery. It is not responsible for project oversight, which is the directorates. It is very much a shared service in that capital works delivery function. Bringing them together means we can have a more consistent look at different types of procurement methodologies across capital works, from potentially blending design, construction and maintenance all the way down to straight out procurement and separating design. Those decisions can be made under the one roof, rather than being put in two different areas.

Mr Murray: In terms of the expertise that the team has, I will not speak for everyone in the team, but if you have worked on PPPs or you have advised on PPPs you have typically advised on other delivery models as well, like managing contracts or even reading D and C contracts. The expertise can be applied across the full range of contracts in the ACT.

MS ORR: So it is a more integrated system?

Mr Nicol: That is right.

THE CHAIR: On the light rail and the PPPs, what are the penalties associated with any delays in the delivery of stage 1 of light rail?

Mr Nicol: The broad penalties are: the government is committed to make a capital contribution at construction completion of \$375 million. If commencement is delayed we delay paying that amount, which is obviously time-value money to the consortia. We do not start making availability payments until we are providing in that sense. So the consortia do not get those availability payments.

The consortia have essentially arranged debt and equity to finance the construction, which has a servicing cost and they are not getting an income to pay for it. So they are going to pay those servicing costs for longer. It is quite a significant incentive for the consortia to start operations as soon as it is safe for them to do so. Obviously we have an abatement regime as well. The services must run to a certain standard and quality; it is not just getting one tram running, so to speak. It has really got to be the full service at a good quality. David Asteraki might have some more things to add. Does that cover it?

Mr Asteraki: I think that likely covers it. The end date of the contract is fixed relative to the due date for construction completion rather than the actual date of construction completion. If they are late, as Mr Nicol said, we do not pay the availability payments but those payments are then lost forever because there is no catch-up at the end or anything like that. So it is a very, very powerful financial incentive.

THE CHAIR: I guess that the contractual provisions are in the territory's favour for on-time delivery—those availability payments.

Mr Asteraki: Yes, very much so.

Mr Nicol: Indeed. That is one of the big benefits of that model.

MS CHEYNE: Hopefully I am asking in the right place but please tell me if I am not. I have some questions about some upgrades to government-owned buildings.

Mr Barr: After lunch, property services, venues and procurement.

MS CHEYNE: Is it under the better infrastructure fund and new capital works?

Mr Barr: We will have other questions and we will see whether we have got the right officials here. But if it is ACT property then I think we are dealing with that after lunch.

MS CHEYNE: Government facilities upgrade?

Mr Barr: After lunch.

MS CHEYNE: GIO Stadium?

Mr Barr: After lunch.

MS LE COUTEUR: I do not know if it is in this area or whether I blew it and it should have been Shared Services, but is the upgrade of the fleet to electric vehicles under capital works? We really could not work out where it was, but we thought it

could qualify as capital.

Mr Nicol: Let us see if we can deal with it after lunch. It might also be EPSDD as well because the policy is being driven essentially through that directorate and that minister. But we are responsible for the purchase and maintenance of the fleet. It depends on the question.

MS LE COUTEUR: Do you want me to—

Mr Nicol: We are happy for you to ask the question and we will try and anticipate.

MS LE COUTEUR: Basically the question is: how are you going to deliver the commitment? Where are the charging points going to be?

Mr Barr: Not this area.

MS LE COUTEUR: But where do you think it would be?

Mr Barr: EPSDD. I realise that there will always be a degree of confusion about elements of this, and the time that is set for different output classes often does not relate to the areas of interest to the committee. That is very clear. All that can happen is: learn from past experience in terms of where there are questions and where there are not. Obviously we have got to time things to make officials available at certain times. And it is never perfect. This is an example where clearly there will be a lot more questions, I imagine, after lunch to the venues and property group people than there are for this particular team.

MS LE COUTEUR: I do have one which I think might be for you.

Mr Barr: Ask it and we will see.

MS LE COUTEUR: You are responsible for the supervision of capital works projects and you have got indicators for workplace health and safety, which is obviously good, but none about the environmental compliance of the projects you are supervising. For instance, there have been trees removed once or twice in the ACT and there is no indicator about things like that. My question is: have you had any cases in the recent past where you are aware that contractors have done environmentally unfriendly things? In particular I am thinking of trees.

Mr Barr: In relation to government projects or—

MS LE COUTEUR: Government, yes. This is capital works infrastructure, government?

Mr Nicol: Yes, indeed.

MS LE COUTEUR: If you want to answer about the rest of the territory, fine, but that is not what I was thinking you could do.

Mr Nicol: I can say we rely on the general regulatory framework for the enforcement

of that as our starting point. For example, if there is a question of a removal of a significant tree, that has to go through the DA process and is regulated in that way. We are conscious of a best practice environmental approach to construction projects. Things like run-off, contamination—all those sorts of issues are part of any modern construction contracting and management approach. We do that very much in the context of the broader regulatory system, which is, I think, very efficient and modern in terms of capturing those details. And part of our job is to make sure that our obligations are discharged to ensure that our contractors and our companies who are building works for us comply with those arrangements.

Mr Murray: Since February this year no issue of that nature has been brought to my attention.

MS LE COUTEUR: You said this was part of any modern contract. Have you considered putting it as an accountability indicator? I am specifically going to ask you about the erosion control, which you mentioned, because the Auditor-General did a report about stormwater assets. One of the things she said was erosion control on building sites in the ACT was less than perfect. And I assume that the ACT government comes in the category of your average contractor, but we do not really know.

Mr Murray: My colleagues in the Suburban Land Agency are very aware of it because I think that is where it has the biggest impact. In developing particularly greenfield sites, they tend to remove ground vegetation et cetera just out necessity. They do replace it in the development. But that can obviously cause potential short-term erosion issues.

I have not considered it—I do not know if any of my colleagues have—in terms of having it as a performance indicator. I am happy to think about that. I think that, just off the top of my head, the issues in my mind that I would look at are: where is it best done? Is it best done through the contracting approach or is it best done through the regulatory approach? Or is it best done through both? I think that is the real question that I would want to have a think about. But I am happy to have a think about that.

MS LE COUTEUR: I suspect it is best done by the regulators. But you should be aware that you are doing things which mean that everything is fine.

Mr Murray: I agree. Our goal is to be a model contractor in all aspects of the law and regulation in the territory, based on safety. Safety is particularly important. That is why it is an issue. It is an indicator. But also all other aspects, planning, environmental—all those controls are. Environmental standards and performance are part of the qualification process. Do you want to add anything, Andrew?

Mr Parkinson: All our pre-qual contractors have management systems: WHS management, OHS management—these are all titles—environmental management and quality assurance. All our pre-qualified contractors are assessed on their management system and are also assessed on their past performance in delivering contracts.

With their pre-qualification renewal, any history they have of regulatory breaches is

assessed and that would cause them to have their pre-qualification restricted or cancelled at that time. As Peter mentioned, we have not had any incidents this year—the whole of the year—that I am aware of. And we work proactively with the regulators to make sure we do not have incidents on our sites.

MS LE COUTEUR: The obvious follow-on question, of course, is: as we have not had any incidents this year, did we have any last year?

Mr Parkinson: I cannot recall any. Given in that time we have had a large number of sites—multiple sites around the ACT, sites in domestic suburbs and the larger residential land divisions or division areas—I do not recall any sites in those times either.

Mr Murray: We are speaking for the majority of capital works on government sites. But there are certainly other capital works that are undertaken in other parts of government and we cannot speak to those really. And there are capital works which are non-government sites. We cannot speak to those either.

MR COE: What issues are you working through with regard to the law courts PPP?

Mr Murray: With the law courts, I think we are up to about the 46th executive steering committee meeting. Currently, we are planning for the commissioning of the asset; the team is working through preparing for asset acceptance. The project is running quite significantly behind schedule, but, as David Nicol pointed out a bit earlier, we have transferred the risk at financial close to the PPP co.

No availability payments will occur until the asset is accepted. It is accepted in two stages: stage 1 completion, which is the new build, and stage 2 completion, which is the refurb of the existing build. At this point the project is expected to be delivered approximately nine months behind the original schedule but with no cost to the government—in fact, with significant savings from the availability payments that we no longer need to make in relation to that project and the shorter period from which available payments will be made.

MR COE: Is it a 20-year availability payment program?

Mr Murray: Yes.

MR COE: Does that mean it is now going to be 19 years, in effect?

Mr Murray: Yes, it gets reduced; exactly.

MR COE: So in effect it is the same final date of payment.

Mr Murray: Yes.

MR COE: What contract variations have taken place?

Mr Asteraki: I may have to take this on notice. I am aware that there have been some very minor modifications that we have requested from the contractor, but not ones

that have caused any delay. I will have to take on notice the detail of those if that is of interest to you. Other than that, there are no contract variations.

Mr Murray: So there have been some modifications, but they have been very minor. I think the contingency budget on this project was a fraction over \$2 million. Any modifications that have occurred to date—we will take it on notice and get the exact number back to the committee—are very minor.

MR COE: What is the reason for the delay?

Mr Murray: I am going to talk big picture about what is happening in the Australian infrastructure market, to try and explain what is going on in Australia at the moment. We are not unique in the ACT. For everyone—not so much on the west coast but on the eastern seaboard—the Australian infrastructure market is severely overheated at the moment.

In New South Wales they are doing a pipeline of in the order of \$75 billion of projects. There is one project alone in New South Wales which is worth \$16.8 billion. Victoria is not far behind; I think their pipeline is around \$55 billion. So at the moment the ability to retain skilled workers on worksites is very difficult. In this market we are finding that despite even quite significant risk allocation on PPPs, as we mentioned earlier, they are struggling to get delivered at the moment.

It is pretty much a national event at this point. I asked the head of Infrastructure New South Wales if the same thing was happening in New South Wales and the answer was: very much so. That is where we are as an industry at the moment; it is something that we are working through, and so are the contractors.

MR COE: That is the industry picture, but what about on the actual site itself? Are there any particular issues that are unique to that site that cannot be attributed to the industry at large?

Mr Murray: There were some issues with scope of work. I think there was some underestimation of some complexity in relation to the project, particularly with hard rock removal underneath the project. It is a brownfields construction project; the court is operating while the construction work is going on. That was an underestimating of the complexity. I think there was also some underestimation or there were some errors in some of the quantity surveying estimates at the beginning in terms of the bid phase. But that was on the contractor side. As I said the risk has been transferred over to them.

MR COE: With regard to the original drawings and any geological studies or site surveys that were done by the government beforehand, have there been any inaccuracies found in those documents?

Mr Murray: I think you would have to take up that question with Justice and Community Safety. I am not aware of what might have been done by JACS prior to the commencement of the project.

Mr Asteraki: I may briefly add that we are not aware of any claims by either the

company, Juris, or the construction contractor, Laing O'Rourke, against the territory for having received inaccurate information. They fully took on the risk of the information they received, and their own designs and their subsequent construction. The risk rests entirely with Juris and its subcontractors.

MR COE: That is information they received, but if the information they received was wrong, that does potentially—

Mr Nicol: We have had no indication. I have no knowledge that that is the case. I am only saying it that way because we can only say what we know. But I do not think—

MR COE: You are not expecting any litigation post asset acceptance?

Mr Nicol: No. It is not something that has come on my radar at all.

Mr Murray: I am not aware of anything we warranted to the Juris consortium; nor are we aware of any claims that we expect from the consortium.

MR COE: Just roughly, what is a month's availability payment?

Mr Asteraki: To give you a precise number, I would have to take that on notice. It is approximately \$30,000 a day.

MR COE: So a million dollars a month or thereabouts.

Mr Asteraki: Yes.

MR COE: Ballpark.

Mr Murray: It is not straightforward in terms of the answer to that question. I might add a bit to that. If you assume that stage 2 completion will be delayed by the same amount as stage 1, I believe it is in the order of about \$80,000 a day. If the committee likes, we can take that question on notice and give you a more specific response. It is in that order.

MR COE: That would be useful. Yes, thank you.

THE CHAIR: That would be great. We might put a pin in it there, given that we will resume after lunch on the same output class before going to output class 9, property services, venues and procurement.

Part of the focus of infrastructure finance is coordinating work health and safety certification across government worksites. What does that role entail?

Mr Bain: The work health and safety regime falls within the remit of the operations group within Mr Murray's division. In answering your question specifically, the core element is our active certification process. It has been designed specifically to dovetail into our procurement processes, both pre and post contract award, such that we run a series of audits on contractors.

The outcome of those audits can manifest in two ways. One is a consideration of their fitness to continue to do work for the territory, and that is on a contract by contract basis. But more overall, we run what we call a points system, if you like, where the certification, or ability and prequalification, to apply for work with the territory is determined on not losing your status as a fit and proper company with work health and safety records.

We have an allocation basis where infractions of work health and safety legislation and a poor record or significant incidents on site are taken into account. Without getting too detailed, you start off with 100 points as a company; and as anything is found, any adverse findings are made, an allocation of points against that 100 is made. Essentially, once you lose the 100 points you are no longer eligible to apply for government work.

THE CHAIR: So you need to lose all 100 points to be ineligible?

Mr Bain: That is right, yes.

THE CHAIR: What active certification was done on the University of Canberra subacute hospital project?

Mr Bain: It was subject to the active certification process. I think specific detail might be available from our director of health infrastructure.

Ms Gray: Under the active certification program, we conducted active certification audits every 13 weeks. That is a scheduled audit where we have an external independent auditor come in. They audit, in this case Multiplex's, work health and safety systems. They prepare a report, and then they provide their report back to the territory, with recommendations. They identify, particularly, observations, non-conformances and major non-conformances.

THE CHAIR: What non-conformances or major non-conformances were highlighted on that project leading up to the worksite death?

Ms Gray: There were a number of non-conformances identified on the 13-week cycle. I do not have them all at—

THE CHAIR: Would you be able to take those on notice, please?

Ms Gray: Yes, absolutely.

THE CHAIR: Were any major non-conformances or non-conformances identified following that incident?

Ms Gray: Following the incident? I believe there were no further non-conformances, but again I can get that detail for you.

THE CHAIR: Thank you. Just one final question, which is slightly unrelated but still in this output class. What involvement does this unit have in the development of the government's secure jobs code?

Mr Nicol: Perhaps I can start. The development of the policy for the code was undertaken in the industrial relations division, reporting to me.

THE CHAIR: Yes.

Mr Nicol: And as the code shifts to administration, it has been passed to this division to administer it, because it is related to procurement.

THE CHAIR: Procurement and prequalification implications as well.

Mr Bain: As Mr Nicol has said, our role is around the operationalisation of the new policy. We have been involved in discussions, and once we have absolute policy clarity we can provide further detail of what it looks like on the ground. Essentially, we are looking at what we do already in terms of our industrial relations certification and looking at expanding and enhancing that to meet the new policy requirements.

THE CHAIR: What feedback is given from this unit, being the front line of administration of the policy, back to the industrial relations portion, who are formulating the policy?

Mr Bain: We are working very closely with that unit. It is still subject, as you would imagine, to a number of decisions, both internal to the bureaucracy and at the government level. We are working very much hand in glove with that unit.

THE CHAIR: We will suspend for lunch.

Hearing suspended from 12.21 to 1.48 pm.

THE CHAIR: Welcome to the afternoon session. Mr Nicol, I understand you have answers to some questions taken on notice earlier this morning.

Mr Nicol: I have some answers. The first set relate to the courts project.

Mr Murray: I have for the committee specific answers to the questions asked earlier regarding the courts PPP.

THE CHAIR: Yes.

Mr Murray: There have been seven agreed changes to the PPP contract, which has a value of \$524,148. In addition there are \$950,000 worth of outstanding changes which are modification requests and possible modifications. In PPP-speak, a modification is what, in normal financed projects, we call variations.

THE CHAIR: Okay.

Mr Murray: The contractual operating period is 25 years. The availability payments: the stage 1 availability payment, which is the new build, is \$39,000 per day; the stage 2 availability payment is \$58,000 per day. If you assume stage 2 is delayed as much as stage 1 then you would have to add those two figures together.

THE CHAIR: So the assumption is about nine months at the moment?

Mr Murray: Around nine months at this point, yes. I think that is all we had on the courts.

Mr Nicol: We have the second set of questions on UCPH. These were relating to safety audits.

Ms Gray: Prior to lunch you asked a question. Essentially, you wanted a breakdown of the active certification audits that were conducted on Multiplex, and a breakdown specific to audits that occurred prior to the fatality and after the fatality.

THE CHAIR: Yes.

Ms Gray: In total, eight audits were conducted. There were two prior to 4 August 2016. Under those audits—the dates on those were 14 March and 9 June—there were nil non-compliances identified. There were then six audits that occurred after the fatality, of which three identified non-compliances. There was one audit where five points were awarded to the contractor. There was then an audit where 25 points were awarded to the contractor. It was 30 points in total.

THE CHAIR: Did the worksite death incur any special audit by your area?

Ms Gray: The audits continued on their 13-week cycle.

THE CHAIR: What were the deductions for the five and the 25 points made for?

Ms Gray: The deduction for what we call a minor non-compliance was essentially around some of their emergency preparedness, so their evacuation plan training. The subsequent issue that was identified related to one of their subcontractors and their performance on the site.

THE CHAIR: Are you able to provide further detail on those two breaches beyond that? I understand you have probably got it in front of you, but it is not the sort of thing that—

Ms Gray: Yes, I do. The only reason I am holding back is obviously because there is an investigation underway. I think it is something where I cannot provide that information at this point. I can speak generally, but because the charges have been laid we have been advised that really we need to refer anything further to WorkSafe ACT.

THE CHAIR: Thank you. I think that then sees us moving on from infrastructure, finance and capital works. I think members had a variety of questions in output class 9?

MS CHEYNE: Government facilities upgrade: in terms of our capital works expenditure and new capital works for this financial year and into the forward estimates, the \$7.5 million is reasonably significant. I guess it is one of the bigger

bundles of money that we have of the new stuff. From what I have read in budget paper 3, it seems to be for one building. It says it is “to improve energy efficiency and to undertake other upgrades to 1 Moore Street”.

I want to get a bit of detail. Maybe \$7.5 million is not that much money, but it looks like a fair bit of money compared to everything else. I want to get a bit of a sense of why it is 1 Moore Street and not others. Is that a lot of money, or is it actually not much money at all? What are “other upgrades”?

Mr Nicol: I can give you a bit of background and then I will pass to my officials. One Moore Street was originally slated for sale under the asset recycling initiative program. The government decided not to proceed with that sale, essentially because when it came to the transaction the business case did not stack up in terms of the cost of finding alternative accommodation and the returns that we would get from the sale.

MS CHEYNE: Sorry, could you say that again?

Mr Nicol: The business case of selling, relocating our tenants in that building—because they are largely ACT public sector tenants we would have had to meet rental costs for an alternative building—and the sale proceeds from the site would not have justified that from a financial cost point of view. So we decided to retain the building.

It is an old building. It has not been upgraded for a significant period of time. If we are going to be retained as their landlord, we have to keep our assets in good shape for our tenants. That is the broad background leading up to the decision to invest in upgrading the building. I will pass to Mr Daniel Bailey about the details of what the upgrade entails.

Mr Bailey: As David mentioned, it is end-of-life upgrade at the moment. This will be a full upgrade of the plant and equipment, which will include lifts. The building has escalators as well. You are talking about HVAC systems, which are quite expensive. Initially, there is the scoping work, which we are doing over the next 12 months. That will detail the rest of the work. We will be going out to market. Yes, it is an end-of-life, major upgrade for this building. At most, we will do that every 15 to 20 years. We are at that point with this one here. We need to be able to maintain the HVAC going forward, and it is important to replace that now.

MS CHEYNE: In terms of the cost-benefit analysis—in terms of selling it versus upgrading it—even with this investment of the \$7.5 million, it still makes a lot more sense to hold on to it?

Mr Nicol: Indeed. It makes more financial sense to retain our tenants in our asset—for that particular asset.

MS CHEYNE: It is also the asset that has the CBR Innovation Network in it?

Mr Nicol: That is correct, yes.

MS CHEYNE: Has that factored into the thinking too? There are many people in there. A lot of good work is happening in there.

Mr Nicol: We are operating as a landlord at this stage. We analyse it from the perspective that, if we did not have that space, we would have had to have a similar space rented from the private sector in the CBD or surrounds, because that location for that hub was needed. We do rent it out at nominal rent to the innovation hub. Meeting ongoing rental costs was a consideration if we had disposed of that building.

MS CHEYNE: And it could have been potentially a significant cost?

Mr Nicol: That was part of the financial analysis; that is right. If the site was going to return a greater sale proceed than we expected, it might have changed the financial analysis, but in the end that was the consideration taken.

MS CHEYNE: Are there other buildings like 1 Moore Street that need this end-of-life upgrade or are coming into view in terms of needing an end-of-life upgrade?

Mr Nicol: We would have had some, but they have been part of the asset recycling. Macarthur House is in that same realm.

Mr Bailey: I think it might have been beyond that.

Mr Nicol: Probably beyond it, yes. Callam Offices would be similar. We have a maintenance program similar to that there, but not quite as much with the plant and equipment yet. We have been maintaining it to a level.

Mr Bailey: Callam Offices is probably slightly unusual in the heritage nature of the building and the difficulty of it not being able to be used for much else. I am not sure anyone else would buy it, quite frankly. That is an asset that has legacy issues beyond just a standard office building such as Macarthur or 1 Moore Street.

MS CHEYNE: This is my final question on this. Some commentators in the media have been calling for perhaps some older office buildings to be converted into accommodation for people sleeping rough, giving them a bit of transitional housing. Has that ever crossed your mind? If so, are there benefits to or risks with that? I have heard some people say that, because of the entire fit-out and the use of some buildings, it would be impossible.

Mr Nicol: I think it would be challenging for a couple of reasons.

MS CHEYNE: Very expensive?

Mr Nicol: Firstly, on the expense side, office buildings do not necessarily have all the wet areas and those sorts of facilities. It would be quite an expensive changeover. Secondly, just on the rental side, we are quite fully significantly occupied across our portfolio. Callam is an unusual one. Ignoring Callam, we do not know which buildings are not going to be in demand from other tenants. It is not like we have a building sitting there for a long period of time that we have nothing else to do with.

I think the bigger challenge is that office buildings are generally not fit-for-purpose for accommodation in having kitchens and bathrooms et cetera. Much better—and the

government is pursuing this—is to look at purpose-built facilities, such as Common Ground and such as the housing policy work that is currently going on.

Mr Bailey: That is right; I remember: we are sitting at 97 per cent occupancy. We have only a very small amount for our community tenants there. Of that vacancy, they are just small parts of other multi-tenanted sites, so maybe 20 square metres or 30 square metres in one of the buildings.

MS CHEYNE: So they are just tiny little pockets in different buildings.

Mr Bailey: You would have multi-tenanted buildings that, again like David was mentioning, do not have the facilities or amenity for them to have that extra use.

MS CHEYNE: We do not have floors and floors of space or entire buildings just sitting there vacant?

Mr Bailey: No. Even Callam Offices has tenants throughout the building. There are pods that may be clear but there are no whole buildings as such.

MS CHEYNE: That would make it quite difficult to hive off a little bit of an area and make it transitional accommodation on the middle of the floor?

Mr Bailey: Yes.

MS LE COUTEUR: You mentioned you have a lot of community tenants in ACT housing. Last year at this venue we discussed you changing your policy in terms of how you worked out the rental for community tenants. Could you talk to us about how you are going on that?

Mr Barr: Just to clarify for the record, you did not mean ACT housing, did you? You said it.

MS LE COUTEUR: No, I am not talking about residential tenants; I am talking about community groups.

Mr Barr: Yes, I know. Your question was about our policy around community groups in ACT housing, but I do not think you meant that.

MS LE COUTEUR: Sorry. I did not mean to say “housing”. I meant in ACT property, non-residential accommodation.

Mr Barr: I just wanted to be clear on that.

Mr Bailey: Yes, I remember the discussion. There has been no change to the current policy with community tenants. At the time we were looking at whether we could look at some of the peppercorn arrangements or the community rate, but there has been no change. A number of community halls are on peppercorn rates, and then we have the normal community rental rate of \$139.71. That has stayed the same.

MS LE COUTEUR: Any community group currently on whatever agreement with

the ACT government would expect that that would continue, basically?

Mr Bailey: Yes.

MS LE COUTEUR: Life happens and there can be some small changes but, effectively, yes.

Mr Nicol: We still have this issue under review, and it is a matter for consideration for government, but the intent is not to change any existing arrangements under any future changes. It would be much more focused on new tenants in new vacant buildings and trying to set a common, consistent approach for new tenants and not touching existing tenants.

MS LE COUTEUR: Will that common approach for new tenants take into account the community contribution of the tenants?

Mr Barr: Yes, it will.

MS LE COUTEUR: Good.

Mr Nicol: Part of the challenge is determining that and having a decision-making process that is transparent, consistent, fair, and implements intended government policy which is, as the Chief Minister intimated, about providing support to community groups.

MS LE COUTEUR: But it is difficult. For a number of these halls the only government support was the very low rent, and how you value that against other is—

Mr Barr: Yes. An example is a peppercorn arrangement with a head tenant who then decides to try and sublease without any authority at a commercial rate. That is an issue.

MS LE COUTEUR: That certainly would be. Is that happening? I am not aware of it.

Mr Barr: That has happened, but we would not encourage that to happen.

MS LE COUTEUR: Clearly. I would agree that would be a problem. The groups that have complained to me have not been doing that.

Mr Nicol: We also want to maximise the use of our facilities. We want to encourage sharing between different community groups if we can, so that a facility is used as frequently as possible. That allows us to get much better value for money out of our maintenance and rent and the capital in a building and a much better service for the community. This is why it is taking some time to come up with an approach that handles all these issues in one package.

THE CHAIR: How are the commercial tenancies in territory-owned properties managed?

Mr Bailey: In a similar way. It would depend on the location of the building. It would

be no different to commercially renting somewhere else. The difference is we have a priority, an order, a way that we assign properties in that we must first offer them to community groups. We will do a number of sweeps there. We have two waitlists: we have a community waiting list and a commercial waiting list. If we cannot fill it via the community panel then we can look for the commercial tenants. We do not have a large number of commercial tenants. They may take a small part of a building and then that would be assessed via evaluation as to the rent for that building location.

THE CHAIR: How many commercial tenants are there across the portfolio?

Mr Bailey: We will have to take that one on notice.

MS LE COUTEUR: Do you have a role in terms of the air-conditioning use in the public service buildings you manage? Do you have a role in terms of setting the range of temperatures?

Mr Bailey: Under normal licence agreements or lease agreements there are set times for air conditioning. If you sign up for an office it may be that the air conditioning will be on from seven till 6 o'clock, and then there is a temperature range where you are allowed to go plus or minus. As a general rule we stick to that. We have commitments that we will provide a level of amenity in the buildings that we manage. For the sake of our portfolio itself, in terms of sustainability, we are always looking at ways to make sure we are more sustainable in the way we operate the plant equipment and ensuring that the plant equipment we have out there is as sustainable as possible.

Mr Gordon: When we are doing repairs and maintenance and replacing the parts we look to try and get the latest energy efficient components for the operation.

MS LE COUTEUR: So to be clear, for all the ACT properties fleet—or whatever you call it—you do not control the temperatures? For some you may control the hours in which the air conditioning can be on or off, but in all cases your tenants get to choose the temperature within the limitations of the equipment. I know of some halls where that clearly is not an option but—

Mr Nicol: We will take that on notice. I think your question goes to who sets the policy for what temperatures are set.

MS LE COUTEUR: Yes, and is it user-driven? The estimates committee has been trying to set a policy in terms of the temperature of this room without overwhelming success. So is it user-driven?

Mr Nicol: Can we take that on notice? Certainly, there will be some user-driven requirements. For example, a server room has to operate at a certain temperature et cetera. There will be some OHS drivers, I suspect, in terms of not having to wear gloves when you are doing your typing et cetera.

Mr Bailey: As a general rule it is 23 degrees plus or minus 1.5 on most leases you commercially sign up to. That is why I will take the question on notice—I do not think we have anything as prescriptive as that.

MS LE COUTEUR: Is each individual directorate billed for their energy use for heating and cooling, or is this central? I had a similar question earlier about electricity use for computers and that sort of disappeared into everything. Is that the same situation here or would a directorate have an advantage if it turned the thermostat down the way we are encouraged to do at home?

Mr Bailey: It depends on the type of lease arrangement. If they just had a normal net lettable area, that rent would include the air conditioning during business hours, or whatever is committed to under the licence. If the air conditioning can be and is turned on after hours, we on-charge that to the tenants. There are other buildings where they may take on the whole gross floor area so they are responsible for all the utilities and they pay for that themselves. We have a mix of arrangements; it really is specific to each tenant. But, as a general rule, the net lettable area rate will include the air conditioning during business hours.

Mr Nicol: But we monitor and report back to individual directors-general on their electricity and other power consumption. There are targets to reduce gas use over time. I am trying to think of the other targets. We had an electricity target but we are phasing that out as we go to complete renewables. It becomes less important; it is a cost issue still but it is less important as an emissions indicator. I think fleet use is the other variable. But I can take on notice what those targets are.

MS LE COUTEUR: Am I correct in thinking that you do not have anything to do with schools as far as their air conditioning or anything like that goes?

Mr Nicol: We do not manage all properties of the ACT government.

MS LEE: I have a few questions relating to table 45 on page 44 of budget statements B. First, why is there no revenue target set for GIO Stadium for 2018-19? This is on page 45.

Ms Clarke: Could you repeat that question, please?

MS LEE: The question relates to the table that goes over onto page 45 in budget statements B. Why is there a blank space next to the 2018-19 revenue target for GIO Stadium?

Ms Clarke: There should be a target, and the target is \$3 million.

MS LEE: Was that just a typo?

Mr Nicol: It might be a printing glitch. I do not recall it not being there.

MS LEE: Okay, so that is just an admin error?

Mr Nicol: Possibly a printing glitch, yes.

MS LEE: So it is \$3 million?

Ms Clarke: Yes, that is correct.

Mr Barr: We will update the online version so it is there for future reference.

MS LEE: Thank you. I also have a question relating to item C, the level of customer satisfaction at the National Arboretum. Are those annual surveys undertaken by external contractors or consultants or are they done in house by government employees?

Ms Clarke: I will need to take that on notice. I believe it is external, but I will come back on that one for you.

MS LEE: When you take that on notice, would you also be able to come back to us with the cost of that survey?

Ms Clarke: For sure, yes.

MS LEE: Thank you. I suppose “bound by” is the wrong term, but are all the recommendations that come through from those surveys incorporated into how the National Arboretum does things in the future?

Ms Clarke: Yes, absolutely. We review a lot of the visitor surveys on a weekly basis. There is an annual survey but as well we seek feedback through an iPad that we use for visitors to provide that feedback. It is quite interesting how positive the responses are, particularly from the centre with the cafe.

In the past we had a lot of people just talking about having a coffee or a cake in the centre. But they are now talking about what is happening outside the village centre, about how they go for walks and use the amphitheatre. You will probably notice when you go up there that there are kids flying kites and having a lot more outdoor activities than occurred previously.

MS LEE: Are you able to provide a specific example of something that has been incorporated as a direct result of feedback and the cost of any implementation of any suggestion?

Ms Clarke: Yes, absolutely. I can give you an example now. We have a lot of people riding horses through the park. The request was that they have an area where they could tie up their horses so they could go into the cafe and have a coffee. We were able to put that in place, and we have received really positive feedback regarding that.

There was very minimal cost because all it needed was some tie-up rails as well as some water for the horses. We do not provide feed but we certainly get a lot of people that come in and express gratitude for our providing that service. The arboretum in particular is a venue that provides a lot of diverse activities for Canberrans as well as for visitors to the territory. It is a very exciting venue.

MS LEE: If there are any other specific examples, could you provide them, together with the cost, on notice?

Ms Clarke: Yes.

MS LEE: The estimated outcome this year for satisfaction was 91.2, which is obviously above the target.

Ms Clarke: Yes.

MS LEE: I note that we have now set the target for next year at 85. You would think, having achieved that, you might want to go a little higher. Is there a reason it was set lower?

Ms Clarke: I think we always view those sorts of targets as considered targets. We always aim to get 100 per cent but that is always a challenge. You will get people having differing opinions about their visitation. But we have a fantastic volunteer group that provides a lot of services at the arboretum as well as, obviously, the team that works up there. Our visitor services officers are trained to provide a lot of customer service to our visitors. I think that positive approach is why the response is expressed at the 91.2 per cent.

I think you are right, though. Moving forward, we should perhaps feel confident enough to put that 85 per cent target to a higher target in the future. I am sure you will see that we will be getting much higher customer satisfaction there.

MS LEE: In respect of better infrastructure for the National Arboretum, \$500,000 was rolled over from the 2016-17 year to 2019-20. I am afraid I do not have the specific reference with me; so you might have to take this on notice. I am wondering why that funding was rolled over from 2016-17 to 2019-20. Sorry, I have this in my notes but I do not have the reference with me.

Mr Nicol: It is probably in the infrastructure appendix. We can look at that and see what we come up with. I cannot recall.

Ms Clarke: I cannot see it.

MS ORR: I have a supplementary question on the arboretum. We were talking about customer service and satisfaction. I believe there are a number of investments under this budget that would be going towards that. Can you outline what they are?

Ms Clarke: Yes. We have been very fortunate to be provided with funding to build our tracks and trails. Let me give you a figure for that. It is \$225,000 for 2018-19 and \$225,000 for 2019-20. In this coming financial year we will be building around 12 kilometres of trails and tracks to extend the network that we have planned. That will help people that are walking their dogs, because we have a lot of dog walkers that come to the arboretum as well as cyclists and walkers. I was there on Sunday doing a walk going to the back of the arboretum. Certainly, there are opportunities to improve some of that network. This funding will certainly do that.

MS ORR: Will the tracks and trails be just around the arboretum or will they connect to other trails, because there are quite a few tracks and trails out that way?

Ms Clarke: That is right. The proposal is to connect down to Stromlo Forest Park as

well as towards the city going through Black Mountain. The connectivity is really important for us. We need to ensure that cyclists can start off at Stromlo Forest Park and end up in the city. Extending this network will be part of that.

MS ORR: In the implementation and the design of the track, are you working with some of the user groups to make sure the best connections possible are done?

Ms Clarke: Absolutely, yes.

MS ORR: Is there anything else? I think there were some other programs as well.

Mr Bailey: Yes, there is an upgrade of the overflow car park. There is \$150,000 for 2018-19 and a bit over 2.251 for 2019-20.

MS ORR: At the moment it is just a dirt car park, isn't it?

Mr Bailey: Yes. When you go up to the arboretum there is the sealed area immediately in front of the visitors centre. But just below the main road coming in there are also some tiered areas that are unsealed. If you attend an event up there they are actually used quite regularly. For functions at night or for other events they are required to be used.

MS ORR: Would the upgrades be the sealing of the car park?

Mr Bailey: Yes, correct. Sealing those and getting them to a similar standard to the other ones that are up there.

MS ORR: Ms Lee also asked about GIO Stadium. I follow on from that because that also has quite a large funding commitment in this year's budget, I believe. That is for improving the facilities. What facility improvements are you looking at doing as part of that?

Mr Bailey: There are quite a few things that are happening there at GIO. We have \$1.3 million allocated for this next financial year. Of that, \$400,000 is for turf replacement. We have \$400,000 assigned to change rooms—official and player change rooms—and corporate amenity as well is being improved.

Then there is \$500,000 allocated to safety and security issues up there, which will include CCTV amongst some other things. In the following year there is the \$2.031 million for the new screen that will go in the stadium. We are quite excited about that.

MS ORR: There is a range of things but nothing to improve the vegetarian food offerings? Just asking.

MS CHEYNE: Not sure that is capital expenditure.

Mr Nicol: I do not know, actually.

Mr Barr: There might be a community garden in the—

MS LE COUTEUR: Yes.

THE CHAIR: Go for a forage at half-time.

MS ORR: I think we have strayed into a topic that has come up before a little. These upgrades all sound good, but is it fair to say that because we do not own the asset we cannot do further upgrades?

Mr Nicol: I think there has been some discussion publicly about what the commonwealth is going to do. The commonwealth does own the asset and there is going to be some discussion about what the commonwealth will do with the asset and some speculation about whether there will be a transfer of the asset. So the investments we are making are very much with an eye to that discussion and to the medium to longer term as to what the solution of a new stadium is for the city once this stadium ends its useful life.

The Chief Minister made some pretty clear statements about the priority order of replacement of major infrastructure in the city. We are very much working to ensure that this asset is as effective as it can be—spending money as effectively as we can to make sure the asset has a life in the sort of medium term whilst those longer term issues are resolved and decided upon.

THE CHAIR: Is the territory interested in acquiring the stadium or is there a reluctance to—

Mr Barr: At the right price and with the right agreement with the commonwealth, but effectively we would be taking on a liability.

THE CHAIR: A liability, yes. Has there been any discussion around a transfer of the asset?

Mr Barr: Yes, there has, at both political and official level, and those discussions continue.

MS CHEYNE: While we are talking about the accountability indicators—I think I can work out what a major event is at GIO Stadium, Manuka Oval and Stromlo Forest Park—what is the definition of a major event at EPIC and does it include the Capital Region Farmers Market each week?

Ms Clarke: Yes, it does. The definition is 500 pats over the year for a specific event. For the farmers market, we have an average of around 8,000 to 10,000 Canberrans coming to the markets every Saturday morning—a huge success. The hard work that Rotary Club do to actually put that on has been huge. I do not know if you know the background and what they did to assist the rural areas around the territory in supporting the farmers during the drought season. They have been able to find a niche for farmers to bring their produce straight from the farm to the markets. I think that is why it has been such a success. Right across Australia the farmers market is, I would say, the number one market in Australia. You will notice more people come during the warmer weather but diehards certainly come during winter as well. It is very good.

MS CHEYNE: The definition of a major event is over 500 pats, did you say?

Ms Clarke: Yes, that is right—patrons.

MS CHEYNE: The minerals festival—the gems, minerals and whatever that you see advertised on the side of the road—would be a major event?

Ms Clarke: No. It is not included, although it is very popular. I think that is the other thing. At Exhibition Park we hold over 300 events a year and, although we do not report on the medium and minor events as a KPI, it is really important for the community that we do host these types of events such as the gem show. But we have a lot of other niche little events. For example, A Pooch Affair was on last Saturday and that attracted probably around 4½ thousand people. We would then factor that into a major event, but certainly Exhibition Park holds a lot of events and, yes, it is good for the territory.

MS ORR: I want to pick up on this point. It is mentioned in a few places that there is a review into options for developing sustainable repairs and maintenance and property services across the ACT. Can you run me through what that is?

Mr Bailey: I think you are referring to the properties as a single service. There is a recent decision where property group are going to work with directorates to look at centralising, where we can, properties or centralising asset management so that we can get more sustainable outcomes from property management. At this stage it is quite early on but we are actually going out and meeting with the directorates to see what we can bring in and maybe provide the services that the other directorates may well be doing on their own, to look to get those economies of just doing it collectively but also ensuring that we get better outcomes in the sustainable world.

MS ORR: The sustainability is, I guess, sustainability in the costs and making sure it is efficient. Are you looking at any environmental sustainability?

Mr Bailey: I think it is both. I think it is certainly costs but also environmental. We already have a program going now that has utilised funds from the carbon neutral fund to look at improving sustainable outcomes for the building reform but I think if we can get it all together there are more opportunities to build on that.

MS ORR: What properties is it going to cover? I know someone else, I think Ms Lee, asked: are public schools included as ACT buildings? Is it all ACT buildings or are you just looking at certain—

Mr Bailey: Except the specialised buildings. Hospitals and jails would not be included in that. But there would be no reason why we could not look at—

MS ORR: What you would expect from the property group?

Mr Bailey: Yes, the rest of the portfolio and looking at whether that is just as simple as using our buying power with contracts or centrally managing the facilities.

Mr Nicol: We are essentially working through our entire portfolio with directorates and where we can reach agreement on, as Mr Bailey said, either centralising the management of the whole property or we might just take on repairs and maintenance or grounds maintenance or whatever it is, and very much we are doing it on an agreement basis with directorates. When we get that agreement our goal is to both achieve those financial efficiencies and financial sustainability and, given the size of the ACT government, centralise expertise in something like property management. That gives us a lot of benefits in terms of safety, in terms of environmental performance, in terms of consistent application of policy in other areas et cetera. And that is the goal of this project.

MS ORR: Just on the environment part—and I note in the tables it says that we are no longer buying green power because we have moved to 100 per cent renewable electricity to power the property group stock—is there anything else you are looking at there to improve the environmental sustainability of the buildings?

Mr Bailey: That is another correction we need to make. We will be back in there next year.

MS ORR: You have still got to buy some green power?

Mr Bailey: Yes.

MS ORR: This is table 44?

Mr Bailey: Yes.

MS ORR: Which also happens to be on page 44.

Mr Bailey: Yes. We will fix that up.

MS LEE: Do you know what that figure is, off the top of your head?

Mr Bailey: It will be five per cent again. For this year alone, if you are looking at it, we have anticipated that we will use 152,000 megawatts of electricity. A five per cent renewable energy commitment equates to 7,600 megawatts of green power that we will be purchasing for this year that has just gone.

MS ORR: Besides the electricity, is there anything else you are looking at in particular in the sustainability of buildings?

Mr Bailey: It is an ongoing aspect of property management, and that is why we think by centralising that we can get that benefit. Over the last five or six years that I have been here, you will note that there probably would not be too many building in the ACT government that would not have LED lights. We have gone around and done most of the low-hanging fruit but now the challenges are to make that really significant change in power there. That may come with some other options of solar and things like that. But we are always looking for options there.

MS ORR: For the record, how many properties does property group manage? It can

be a ballpark figure; it does not have to be exact.

Mr Strachan: There are 593 or thereabouts non-specialised properties. Property group manage about 234 of them.

Mr Barr: About.

Mr Strachan: 235 today.

MR COE: Is the Tradies Club still a tenant of the property group?

Mr Barr: I do not believe they ever were a tenant of property group.

Mr Strachan: No.

MR COE: Who is the landlord there at the Dickson site?

Mr Bailey: That may well be directly with the Suburban Land Agency, I think.

Mr Barr: We will check who they are but I do not think it will be property group.

MR COE: Chief Minister, do you know whether they have extended their lease?

Mr Barr: I believe they are in negotiation with their landlord for a short commercial extension. The outcome of that will probably be known in the next few days.

MR COE: Do you know whether any conflicts of interest have been declared by anybody in government with regard to those negotiations?

Mr Barr: None that I am aware of.

MR COE: With regard to community groups in the ACT wanting to access property group locations for tenancies, is it true there has been a moratorium of sorts for new applications, or was there a moratorium?

Mr Barr: For community—

MR COE: Community groups signing leases?

Mr Barr: On property? No.

Mr Bailey: No, I am not aware of any of that.

MR COE: Over the last three or six months new tenants have been able to sign leases?

Mr Bailey: That is my understanding. There is a community waiting list. As I mentioned before, we have only got just under three per cent vacancy at the moment. The difficult part we have there with community groups is that they can be quite specific. They are obviously servicing an area of the community. They might want a

spot in west Belconnen, and we might not have anything there; so we just have to wait for something to come up. There is very little churn in the portfolio—very little churn or very little new stock coming in. Rarely are the opportunities there. They may well be sitting on the list for some time but that is not through us.

MR COE: But have there been any significant system or process changes in recent months?

Mr Bailey: Not that I am aware of.

Mr Gordon: No, there has not been. Where community groups come forward and are wanting to renew their licence agreement with us, we have been undertaking that. An example is the Downer community centre lease which was on carry-over last year. We worked with the community centre management, and that licence has been agreed and extended on a peppercorn basis.

MR COE: I understand for renewal. What about new applications where there is an opportunity? Have there been any changes to processes, systems or policies there?

Mr Gordon: No, there has not. There is very little vacancy in the community portfolio but we are constantly working with community groups to resize, swap them around, find better facilities for them and give them an occupancy agreement. That is our standard operating practice.

Mr Bailey: It is something we look at quite regularly. Having vacant space is not something we want to have either. We do try and match that up with the waiting list but, as I said, they quite often do not line up because of people's requirements of where they need to provide their service.

MR COE: Is there a defined policy now about when peppercorn rent will be offered?

Mr Bailey: You may have missed it—we had a chat earlier—but there are no changes to what the current system is. For those that are on peppercorn—the community halls and things like that—there is no change there. For those that are on community rate, there is no change there either.

MISS C BURCH: Going back to accountability indicators, the proportion of goods and services contracts awarded to Indigenous suppliers or social suppliers fell significantly below target. What are you doing to improve on this outcome, and why was that below target?

Mr Nicol: I can answer the first part of the question. We are currently working on an Indigenous procurement policy. Mr Strachan is heading up a cross-directorate group to develop options, which will come to me shortly, and we will then present that to the government. Part of that process involves liaising with Indigenous groups to get their input into that design. We are acutely aware that this is a priority, and we hope to have something satisfactory, subject to decision-making et cetera, in the not too distant future. Mr Purser might be able to answer the second part of your question.

Mr Purser: Our promotion of the Supply Nation registered Indigenous businesses list

has not been the success that we thought it would be, and we are certainly looking at better mechanisms for that supply market and for our buyers to engage in. It has probably taken a little bit longer to come online. That is probably the principal effort that we are looking at to improve that. We have also identified that there was significant fluctuation in spend, more than we anticipated, so we will have to be very targeted going forward. That is part of the discussions that we are having at the moment.

Mr Nicol: I envisage that at least one element of the policy that we will take forward is about how we, inside government, can take action to seek out Indigenous suppliers where they operate—particularly in business segments where they operate successfully. I do not think we will be doing major capital works projects with Indigenous suppliers in the territory, for example, so that is not where we want to put our effort. We want to put our effort into business and activity that we purchase at the lower end. That means making our directorates much more aware that this is an important issue for the government and that Indigenous businesses are out there and can provide a service or a good product to us. We will develop that internal buying mindset as well as the policy of purchasing, and we will try and bring those together to improve the opportunities for Indigenous business to win government business.

THE CHAIR: I have a question around the Auditor-General's report into physical security. What work has been done around the major venues to assure public safety?

Mr Bailey: Generally, the report was very positive for Venues ACT. Specifically, there were four areas that we need to look at.

Ms Clarke: We had a very positive response through this audit. Venues Canberra was considered exemplary in its position on security, physical security. There are a couple of areas that we are now focusing on improving. One we have already actioned is engaging a security manager to oversee all of our venues. This is a new position. We felt that was a requirement, considering the current environment. As well, we have some documentation that we need to split from our emergency management plan, where security risks were identified, into separate documentation. This has already been actioned with our security consultant and we will be finalising that very shortly. Overall, there was a very positive response by the Auditor-General in that report.

THE CHAIR: Are there any areas of government or any areas of portfolio that are yet to have a security assessment conducted?

Ms Clarke: It is my understanding, with respect to the Auditor-General, that that physical security audit was across a number of areas in the public service, and for Venues Canberra that was the audit.

THE CHAIR: I guess property services only looked at their portfolio and other areas related to the relevant directorates—or was it across the board?

Mr Nicol: Can we take that on notice, as to who was covered? There were other directorates covered. The audit was on activities that are the responsibilities of directorates and agencies, not of property group formally, for those services outside CMTEDD. The matters Ms Clarke was talking about were the venues matters. I am

just trying to recall, because I did read the audit, who else was—

Mr Strachan: I believe Education and Health also featured in the report.

THE CHAIR: There are some issues around the Health one; I imagine the questions are best directed to Health.

Mr Strachan: Absolutely. Access Canberra were also included in that audit.

Mr Nicol: Yes, that is right.

MS CHEYNE: Ms Clarke, just reflecting on major events that are held at EPIC, what is the biggest event that is held there at the moment?

Ms Clarke: The biggest event is Summernats, the car festival that we hold every year in January. It is a significant event not only for the territory but across Australia, and now getting a lot of international attention. Patronage over the four-day event is around 110,000 attendees. It brings around \$20 million in economic benefit to the territory. It is a very popular event.

MS CHEYNE: How does something like Handmade Canberra, a very different event, compare? It is held over four or five weekends a year, but it is very big and popular. Does it bring similar numbers in total, and does it bring similar benefits to the territory?

Ms Clarke: On your first question about patronage, over the four events that are held each year, around 40,000 people attend.

MS CHEYNE: Each event?

Ms Clarke: No, as a whole. We have not measured the economic benefit, but a lot of people do travel regionally to come to that market, as well as from Sydney.

MS CHEYNE: Is it the second biggest after Summernats?

Ms Clarke: The Folk Festival—

MS CHEYNE: Of course.

Ms Clarke: which is held every Easter, and the Canberra Show. Those three major events—Summernats, the Folk Festival and the Canberra Show—take over the whole of the venue, so they are very significant events to host at EPIC.

THE CHAIR: What portion of the business at EPIC is now short-term accommodation for caravans, motor homes and the like?

Ms Clarke: Could you repeat that question?

THE CHAIR: What portion of the business at EPIC, as far as space letting is concerned, is the short-stay accommodation?

Ms Clarke: It is an interesting question. I do not have the exact portion. I do know that our camping ground is significant for the territory. It is the only dog-friendly camping ground in Canberra. We have a lot of grey nomads come, particularly around the key times like Floriade or Anzac Day. It is very significant.

Mr Nicol: We can take on notice the size and revenues as well.

THE CHAIR: The quantum of that portion of the business; that would be great. We will now have a 15-minute afternoon tea break.

Hearing suspended from 2.45 to 3 pm.

THE CHAIR: We now will turn to the City Renewal Authority. For the new officials that have just come into the room, let me say that, as you are aware, the hearings will be recorded and broadcast by Hansard, and transcripts will be made available. Can you please indicate that you have familiarised yourself with the pink privilege statement which is in front of you and that you are aware of its implications?

Mr Barr: Yes, thank you.

MS LE COUTEUR: I want to start by talking about your land sales program. I understand, looking at ACTmapi, that you have a site up in Lyneham; you have a number of sites at ANU, which would be the remainder of the ANU exchange program; and you have the big site at the CIT. Is there going to be any affordable housing in these sites, in these sales?

Mr Snow: Thank you for the question, Ms Le Couteur. We are always on the lookout for opportunities to incorporate affordable housing. We are very committed to any opportunities that arise not only on our sites but also on sites that the private sector is bringing forward within the city renewal precinct to encourage them to incorporate affordable housing.

The opportunities along Northbourne Avenue on the ARI sites have already been explored. One that is about to come to the market, Braddon and Turner on Northbourne, is one of the last remaining sites on Northbourne Avenue, a sale which is being managed by the SLA through EPSDD. We have included in the conditions that respective bidders would receive encouragement for inclusion of affordable housing on that site. As other sites open up that are in our direct control, in the city centre around West Basin, our work to review the ultimate development mix on those sites would necessarily include the investigation of affordable housing.

The big difference in terms of the way our agency is expected to operate is that we have a more explicit requirement by the government to address social outcomes as well as not only good environmental and physical outcomes but also good economic outcomes. Those triple bottom line outcomes, if I could broadly describe them as that, are quite important to us.

MS LE COUTEUR: You said you were going to encourage affordable housing. How do you anticipate doing this and why is it only “encourage”? Why is it not a stronger

word than that?

Mr Snow: I might ask Mr Holt, our development director, to elaborate.

Mr Holt: Malcolm has given a good indication of the objectives of the CRA around social outcomes. The opportunity for the City Renewal Authority to influence outcomes is more around sites that are going to go to the market in coming years, especially from the city down towards the West Basin precinct. That is land that we can control and where we will have some opportunities to influence outcomes.

Working with EPSDD, who set the policies around affordable housing targets, we will be looking to incorporate some of those initiatives into West Basin. We are about to undertake a review of West Basin and the planning principles around West Basin. Some of that will be looking at affordable housing and the impacts of affordable housing in there, and what that might mean and how we might achieve that through a delivery approach that we will then put through to our board for consideration. That West Basin review is timed to take about six months to complete. As I said one of the aspects of that review will be looking at affordable housing and how we can incorporate that into those precincts.

The opportunity for the CRA to influence affordable housing and achieve affordable housing targets would be limited to sites that we actually control, and they are mainly the sites that are on the forward land release program.

MS LE COUTEUR: With the sites which are up for sale—I am looking at ACTmapi—with the indicative land release program, are you saying that you are in a position to influence none of those?

Mr Holt: The ANU exchange sites—

MS LE COUTEUR: This is the ANU exchange.

Mr Holt: In the coming years, there is actually an agreement between the ACT government and the ANU which guides the development of those precincts. I am not 100 per cent sure whether there are any affordable housing targets as part of that agreement, but the development of those sites is in accordance with those agreements.

The site that is down on Constitution Avenue, which is the Parkes section 3 site, is currently under investigation through a memorandum of understanding with the University of New South Wales to explore the opportunity of a new campus down on that precinct. Subject to how that proposal is developed by UNSW and the ACT government, there might be some opportunity down there, but that is a separate process that we are consulting on but not shaping.

The sites that are on the market this year around the asset recycling initiative, the ARI program, are sites that are controlled through that agreement, also with the commonwealth. That delivery is being run through EPSDD.

MS LE COUTEUR: Mr Snow, you mentioned at the beginning that the CRA had a number of objectives and that in this way and other ways it is different from the old

LDA. What would we expect to see different about how the CRA does its land sales compared to the LDA?

Mr Snow: Fundamentally it would be about describing a different type of way of developing the city. The operating parameters that the LDA had were slightly different, as I have explained.

We have the opportunity—and the time, most importantly—around something like West Basin, as the board has indicated it wants, to look at smarter ways: smarter as in not only design, how you would integrate affordable housing offers and products within the scope of that entire precinct, but also how you would go about procuring and incentivising the development partners that ultimately we would want to work with. We would look at how that has been done in other cities quite successfully. We would look at encouragement around, for example, smarter ways of building developments. You can deliver affordable products to the market simply by adopting in some cases a different construction approach, for example.

There are great examples in Victorian and other cities now which demonstrate that technology can also make a strong contribution. There are also many other levers that we could be examining around long-term ownership and tenure arrangements, for example. Those are all things which are being actively looked at and examined in many other cities. We should be drawing upon that experience rather than trying to smash the atom alone.

Mr Barr: It would also be worth observing that all of the City Renewal Authority's land releases would be in the medium density category. I think it highly unlikely that the City Renewal Authority would release land for single detached dwellings. That is a point of difference between this entity and the LDA, which previously ranged across greenfield development as well as what we would characterise as urban infill. So in addition to the points Mr Snow has made, it is a different model of land release.

MS LE COUTEUR: As Mr Barr said, given that you are not going to be releasing single residential dwelling sites, have you looked at parking requirements and possibly in some way encouraging developers to provide less space dedicated just to cars?

Mr Snow: Thank you for that question. The answer is: yes, we are. But I think the more fundamental question is that we have all got used to seeing these large areas of asphalt in the city centre, and we all know that ultimately they are future development sites. The construction that is now underway not far from here has highlighted the fact that we need to have a really clear understanding of what the parking strategy for the city centre, indeed for the city renewal precinct, will be.

We would think that light rail would encourage people to make a more conscious decision about the mode choices they make. But it is ultimately going to be the planning system and the planning controls that look to changing the parking rates. We could lead and not follow by potentially even examining the opportunity for more structured parking: not structured parking on every site, but structured parking that would be central to service a quarter or a part of the city centre. That work is underway at the moment. Nick is leading some work with EPSDD to look at the

forward strategy, because if we do not focus on this now, my concern is that each of these sites will be progressively sold off and we will wake up one day—probably the traders will tell us first—and say, “Hang on; there is no parking supply left.”

We are looking for smart solutions, and we are looking for a way in which we can potentially integrate those parking structures in a way that is acceptable not just aesthetically but also in terms of the way they support multiple use.

If I just think about West Basin, for example, we want West Basin to be a really active, exciting place of celebration in Canberra. If we want to stage an event for 30,000 people, how are people going to get there? That is one question. Where would they park? These are all questions which good planning should be thinking about now, and we are.

To answer your question, the issue of future supply is a live issue, and I can assure you that, in close collaboration with TCCS and EPSDD, we are thinking about that issue right now.

MS LE COUTEUR: If you are thinking about new structured car parking, are you looking at what will happen if autonomous cars actually do become things that we are all in, so that presumably there would be no need for structured car parking in city centres?

Mr Snow: Yes. Good question.

Mr Holt: That has been an active point of conversation in this area around parking and traffic more generally. We have been working closely with TCCS, not only in regard to parking but also in regard to the design of roads and how many lanes are available for vehicles. With the forecast growth of autonomous vehicles, there is concern that if you take road space away, there will not be space for autonomous vehicles to use laneways. Likewise, for parking, if you take parking away, where do you park autonomous vehicles when they are not being used?

We do not have the answers yet, but we are working with the policy people within TCCS and EPSDD to try and understand and futureproof the city so that what decisions we make today in the short to medium term do not compromise the future operations of the city. Obviously, there is a lot of work happening at the moment, through TCCS, around public transport. We want to complement that. We want to make smart decisions around parking policy and traffic policy that not only support public transport but also futureproof the design of the city so that in 20 years time or 30 years time, the city still improves and operates more efficiently.

MS LE COUTEUR: I could keep on but I have probably had my share.

MS ORR: Picking up on the West Basin and car parking theme, I believe this is the first time we have taken a car park and turned it into not a car park. What changes in the use of that land are you starting to see as a result of the change in the landscape?

Mr Snow: We were delighted to open Henry Rolland Park very recently and to ask people to reflect on what was there previously, which was a car park. That very first

stage, stage 1A, is a live example people can experience of what that future lake edge condition will be. We are going to make sure that public open space takes the front row.

The dress circle of West Basin will unashamedly be about public space. That conversion of asphalt to grass and to the sorts of assets people are enjoying now at Henry Rolland Park is a real indication of what to expect in the future. Some 6,000 people attended the park opening. Overwhelmingly, our survey of those people indicated they wanted more of that. We have heard that loud and clear.

Coming back to parking supply, I have a distaste for above-ground parking and not just surface parking because that is a poor outcome. If we are smart about our master planning we will be able to use the slope, the level change, on West Basin to ensure cars are neither heard nor seen. That is my goal.

Great waterfront precincts manage the car very effectively to ensure that when they are in event mode as opposed to weekday mode they can get that utilisation rate up. I share the aspiration about trying to encourage people to get out of cars. But at the same time we have to be realistic about how we service that south-west corner of the city centre.

MS ORR: There has been a decent amount of discussion on how the park fits in with the heritage of the waterfront. What is your perspective on that?

Mr Snow: The NCA gave us development works approval. I can attest to the fact that the NCA put that project under the microscope. I have to be clear—I was wearing a particular hat then. I can assure the committee that we have acted entirely within the requirements of the National Capital Plan. We are not the planning authority. There was a high level of scrutiny both from an aesthetic and from a planning perspective on that project. The NCA recognised, quite correctly, that this was setting the template for the next 500 metres, so there was high scrutiny about the standard of materials and the quality of the landscape design. We are happy to accept that standard.

I note that that requirement has been imposed by the commonwealth on the ACT government. It is to a standard perhaps higher than TCCS might adopt, but I think it is an appropriate standard. We want to create a world-class precinct, and you do not create world-class precincts by doing it on the cheap.

MS ORR: It is a bit daring doing city renewal and heritage; there is a wider thing there. There was some stuff mentioned in the budget about the Sydney and Melbourne buildings, and there is obviously quite a bit of heritage around those. How does the City Renewal Authority see itself managing the heritage aspects while still bringing renewal to our city centre?

Mr Snow: The conservation management plan for the Sydney and Melbourne buildings has been updated in the last 12 or so months. So anything we do—anything anyone does, whether it is public or private—within those two buildings must be in compliance with the conservation management plan. We are not immune from submitting development approvals. For the waste enclosure, which is a very exciting project for both those buildings—to reduce 60 bins to almost six bins is a great

outcome—we had to go through a development approval process.

There is very close scrutiny. We are talking about the heritage of our city, and we understand we have to be very careful. If we choose to modify, improve and enhance, we have to put our hand on our heart and say that we are fully compliant not only with that conservation management plan but with the appropriate sensitive heritage treatment that should apply to anything new that happens.

MR COE: Where are things at with regard to negotiation with the commonwealth for the land?

Mr Snow: The direct face-to-face negotiations are happening with another part of the government through the economic development directorate. We are kept briefed, and I in turn brief my board on the progress of those, but I am not directly involved. I understand some good progress has been made recently but, as for the specifics, you would need to put that question to the economic development directorate.

Mr Barr: Yes, that is elevated into the intergovernmental relations area. I exchange letters with the finance minister, the Prime Minister and others in the context of both the city deal and a range of other requirements we have. These issues are broadly being collected together and they extend across requirements for new land for the National Capital Authority for diplomatic purposes. They also include requirements the commonwealth have for either disposal of or gaining access to other pieces of contiguous land around the territory, and there are multiple different owners.

We are endeavouring to work our way through each of those issues on an individual basis, although for some of them a collective response might be the most sensible way to achieve progress. Officials are leading this work. I have already written directly to, as I say, the finance minister and the Prime Minister. They have responded and suggested that officials can resolve these issues and that it will not require a level of political intervention at this point.

We have previously discussed in these hearings and publicly the land issues relating to the Sports Commission's holdings in the Bruce precinct. There is the CSIRO Ginninderra site and there are the specific issues within the City Renewal Authority's precinct. Many and varied discussions are underway, and we are pleased with progress and hope to have these matters resolved fairly soon.

Mr Snow: I assure the committee we have not put down our pencils. We are well advanced with design documentation. The geotechnical work on the lake bed is about to commence. We are confident there will be a satisfactory outcome to those negotiations the Chief Minister has referred to, and with encouragement of the board we are taking a position whereby it is appropriate to get on with the design work. Of course, we would not go to tender on those works, but we will certainly be shovel-ready, if I can use that term, once the negotiations are concluded.

MR COE: Is there a reason why in West Basin the SLA had carriage of the container village rather than the CRA?

Mr Snow: Mr Holt will respond; that is a bit of history I am not across.

Mr Holt: That is a legacy issue from the LDA. The LDA had carriage of the West Basin village. When the split of the LDA occurred it just happened that financial transactions that were already being run through the LDA went through to the SLA. So the existing contract—the proposal to bring down the West Basin village and remove it—was transferred to the SLA because they had the financial carriage of it.

MR COE: Why did they have financial carriage of it if it was with the LDA?

Mr Holt: It started with the LDA, and the financial resources, the team, the contracts, that is the way those—

MR COE: Specific people went across to the SLA?

Mr Holt: Correct.

Mr Lee: I can add to that. One of the reasons that occurred is because it was believed the SLA had the ability to cash manage those projects. The City Renewal Authority had a very defined budget and it did not have the capacity with that budget to manage the cash expenses in relation to that village.

THE CHAIR: On the Sydney and Melbourne buildings and the waste enclosures specifically, what consultation occurred with the occupants of those buildings around the use of those waste enclosures and with the contractors who service them?

Mr Snow: Extensive consultation, Mr Wall. I could not say that 100 per cent of the tenants have embraced the idea. They were not given a particular choice about that because the waste collection happens on territory land. But we are confident that by bringing the waste management contract under our control, at least initially for 12 to 24 months, the different businesses will ultimately be paying less. Not only will it deliver a great physical outcome but we are pretty confident through the numbers we have run that a single contractor can deliver efficiencies and savings far more than they were attempting through their own individual contracts.

THE CHAIR: For the transition period who will cover the cost of the waste collection?

Mr Snow: We are responsible for managing the contract but each of the tenants will be contributing an agreed amount to that service. The territory government is not paying for the waste collection.

THE CHAIR: Who is responsible for determining the amount that each business pays?

Mr Holt: We will be doing some work with each of the businesses there. Once we have a waste operator on board we will be working with the waste operator and the businesses. At this stage it is looking like we will undertake audits of the businesses to determine what sort of waste each business produces. Then we will be looking at ways we can coordinate the cost transfer to each of the businesses to reflect the waste they generate. There are consultants who do that and we are exploring some

consultants who can come in and help facilitate those consultations with the businesses.

Going back to your earlier question about the consultation we have done, we have done some industry briefings with the waste providers. We have told them about an upcoming procurement to identify a waste provider to service these laneways. We are hoping to commence that process soon.

THE CHAIR: Some concern has been raised with me around the non-hospitality-focused businesses in those areas that have fairly modest waste streams, such as a professional office with paper, lunch wrappings and those sorts of things compared to a nightclub.

Mr Snow: They should not be penalised simply because they are a different type of business.

THE CHAIR: So for those businesses, is there an undertaking you can give that they will not be worse off than they currently are?

Mr Holt: That is the intention—that they will not be worse off. That is the importance of undertaking an audit of the businesses and the waste they produce. As you say, some businesses produce a higher proportion of recyclable waste, which has a lower cost to dispose of, than restaurants which have a lot of food waste, which costs a lot more to dispose of.

I have done this before in other jurisdictions where we have undertaken waste audits of businesses to allocate costs for the waste disposal. That is a process we are going to apply to this. The territory is leading the contract for the waste provider for the first year with an option to extend for two years. But as Mr Snow says, we will be looking to recover those costs from the businesses as part of the consultation around the waste that each business generates.

THE CHAIR: At the end of that either 12 to 24 months you are looking at then stepping out of that space?

Mr Holt: Correct.

THE CHAIR: And it will be a commercial relationship between the individual businesses and the waste operator?

Mr Snow: That is right. I give you an assurance that it will be a fair scheme and that after that period of the territory taking responsibility for setting it up it will be a scheme that will have the full support of all the participants.

MS ORR: In moving the bins, what opportunities are you allowing for in that space?

Mr Snow: That is a good question. I think there are a number of potential benefits. It is not just about organising the bins and shrinking the number of bins or reducing the number of bins. Where the bins currently are, at the rear of those properties, not only does it smell but it looks unsightly. By pulling those bins into an enclosure, with two

enclosures in each courtyard, we free up the opportunity also for those businesses, particularly food and beverage-related businesses, tenancies, to start to contribute to the activation of the space.

This is the purpose of it. They were conceived as spaces that were, yes, service courts, but at the same time, if you look at even the original drawings, that is why they put big trees in: they knew that these were spaces that could also perform a role as public spaces. Taking the bins out, reorganising in the way that we did, is just the beginning.

I have done a number of meetings with traders and explained to them what this opportunity represents. They absolutely get it, because they are smart operators; they are entrepreneurs. We have absolute confidence, given the previous events that have been conducted in those courtyards, which have been very successful, where we have closed off the courtyards for just pedestrian use, for activation purposes. That has been really well received.

We are absolutely confident it is the right concept. They have seen that. That is why, for the first time in a long time, we are seeing great cooperation from those owners and tenants. Where previously those proposals for both buildings really struggled because we had disagreement amongst those stakeholders, they have now got into the tent with us. We see them as partners.

That partnership is critical to all of the other things we want to do, quite frankly, with those buildings. One is to find a common colour scheme. Wouldn't that be great? We start off with small things; it is what I call the petunia principle. We just start off doing a couple of colourful things, and then from that it is like a pebble in a pond. We build trust; we build confidence. We are not going to use a stick here. We want to use incentives and encouragement to get those traders to bring back into use what are, I think, unashamedly our best buildings in the city.

THE CHAIR: I have one further question on waste. What is the frequency of collection likely to be?

Mr Holt: That has not been determined yet. When we go out to the market for a waste provider, we will be talking to them about what that would be. It would be likely to be nearly every day.

THE CHAIR: It has been put to me that with some of the bins and the nature of some of the businesses, it is potentially likely to be more than once a day.

Mr Holt: Correct. That has not been resolved yet. That is a bit of work that needs to be done.

THE CHAIR: A work in progress?

Mr Snow: The reason why the Melbourne laneway is successful is that they said to all the service delivery and garbage operators, "You can come in at 4 am, but you need to be out by 10 am." You privilege the city centre, not Fyshwick. You privilege the city centre with the priority collection service. From 10 am until 10 pm it is potentially available as a public space. That is the beauty of this scheme: everyone cooperates

with the requirements for a single operator; you get all your bins out by this time or they do not get collected.

We are pretty confident it will deliver exactly the sort of outcomes to free up that space that I am talking about.

THE CHAIR: Who would have thought bins would be so engaging?

MS ORR: I would say that I have never seen so many questions on waste management, but as a former planner, I have seen so many questions on waste management.

MR COE: On this more broadly, what is the principle as to when you get engaged, when you get involved, in what is a private operation? Obviously, they are special buildings with real significance, but you could say the same about many other buildings in Canberra that are in private hands. Take, for instance, New Acton. Buildings there have real significance, but you do not get engaged there.

Mr Snow: It is a really good question, and thanks for that question. What I would say about New Acton is that it is under single ownership. The Efkarpidis group work very hard to manage their place very effectively. They understand that waste collection should not be something that disrupts the potential for the way in which clients, customers and patrons can use it.

The position we are taking, Mr Coe, is that we have probably chosen the hardest buildings in the city to do first. There are multiple strata owners in each of those buildings. If we get this template right, think about the other sections within the city centre at the moment, the big sections that have those courtyards. Again, if we get this approach right, we could apply that template to other courtyards. It is potentially quite exciting in terms of freeing up the opportunity to turn those spaces which currently are dirty, grimy and smelly, and really only serve a very basic functional purpose, into what I think, as a city planner, they were intended to be: interesting spaces that could also be used for other purposes. That is why we are putting our effort into the Melbourne and Sydney buildings.

THE CHAIR: I will challenge you on that, Mr Snow. When they were built the best part of 80-odd years ago, I do not think they were designed to be hip, urban cafes. I think they were built to be service areas, car parks and waste receptacles.

Mr Snow: You are probably right, but we are now, through contemporary eyes, seeing that opportunity. If the Melbourne CBD can close down their lanes, surely we can do it. It is there as an opportunity. If more people come to the city centre—and that is our mission: to get more people coming to the city centre—we will need more public space. We will need those opportunities to differentiate this place from other places.

THE CHAIR: I am certainly not against the intention, but I think that to say that was the design purpose at conception is probably a—

MS CHEYNE: We will never know.

Mr Snow: They are all dead now.

MS CHEYNE: Exactly.

MS ORR: You mentioned in the previous conversation that CRA is looking at the social, economic and environmental benefits. I particularly wanted to pick up on some of the initiatives within the budget that would go probably to the social aspect of it. I have a few things to cover in that. I think the biggest one is the Canberra Theatre Centre early scoping study.

Mr Snow: Yes.

MS ORR: Can you run me through what you are looking at with that project? Most importantly, what do you expect to add to the social fabric of the city?

Mr Snow: I will answer that question initially; then I might ask Mr David Hughes, who is our development director for the civic and cultural quarter project, to elaborate. Fundamentally, the government has made a very clear decision that the priority piece of social infrastructure for the city centre is a new Canberra theatre.

The work on the business case is due to start. Our strong view is that, if that investment—really important public, social infrastructure investment—is to achieve all of the social benefits as well as the cultural benefits that it offers, it must be done through an appreciation of the broader linkages and connections, and urban design context within which that development would occur.

This work is primarily around looking at developing that comprehensive urban design framework, which would then inform the kind of briefs that ultimately would go to the architects, for example, for the Canberra theatre, which would go to the development conditions we would apply to section 100.

The issue in the past has been that these things have not been thought about together; they have been thought about separately. This work brings together all of the relevant considerations that will apply to a comprehensive development vision for that precinct, including our land, including the issue of car parking. Importantly, from a social point of view, it will re-imagine how arguably the city's most important civic space is enlivened and the way in which it connects to other parts of the city like City Walk, and Ainslie Place to City Hill for example—the great missing link, if I can call it that, at the moment. I think responsible urban renewal is setting that very clear framework.

Also, from a procurement point of view, we recognise the incredible commercial value of the assets in the control of the ACT government. Again, if you look at the way in which other cities approach the procurement of social infrastructure, you see that those opportunities are also available to us for this project.

MS CHEYNE: Which is section 100?

Mr Snow: Section 100 are the two big car parks that sit either side of Northbourne Avenue on London Circuit—opposite the Melbourne and Sydney buildings if you like.

MS LE COUTEUR: It was tried to be sold for a hotel and did not happen.

MS ORR: I think you said you were going to add more detail.

Mr Snow: Yes. Mr Hughes can elaborate on the scope of the work, if that would be helpful.

MS ORR: Yes, if you would not mind.

Mr Hughes: I think there are a couple of pieces of work that are progressing. The Canberra theatre scoping study that you are referring to is being managed by treasury on behalf of artsACT. That is looking at the business case for the new Canberra theatre.

As Malcolm has just explained, the CRA is taking a bit of a broader perspective and looking at it on a precinct basis. We are looking at the fact that Civic Square and the laneways are not particularly great public spaces. We are looking at how we can improve them—activate, and bring in more life and some vitality.

We are also going to look at the City Renewal Authority release site, which is that section 100 car park. We will look at what kind of development controls we can put on that to try to broaden the arts and cultural offering available within the precinct and how we can perhaps use some of those spaces.

MS CHEYNE: Does that include extending Mooseheads?

Mr Snow: No.

MS ORR: Would that add to the cultural wellbeing of the city?

Mr Hughes: I do not think so, no. We will also look at integrating the new government office building that is currently underway, but really is only going up to its boundary. We are going to really look at how we can tie together the precinct, revitalise it.

MS ORR: Your perspective is very much that precinct?

Mr Snow: Very much so.

Mr Hughes: Yes.

Mr Snow: If I had a model in my mind of what we were trying to achieve, indeed surpass, it would be Federation Square. When Melbourne wants to celebrate, protest and come together as a city, that is the natural place. We need a strong city square. We need a city square that people strongly associate with. A comprehensive look at all of the different buildings and assets within that precinct is really what is required in order to proceed in a series of stages over time towards achieving that kind of outcome.

MS ORR: That was one of the big things you were looking at, but there is quite a bit also going on in activation. I know you did the pop-up park and the micro park, and that you have put in more funding to do more of that. Can you give me a bit of an overview of how those projects add to the social fabric of the city? What do you have planned?

Mr Snow: There are two primary sources. We can give you the details of those. First, there has been a dedicated city activation program, which is really focused, for the last 11 months. It is around shifting perceptions about what you can and cannot do in the city centre—not that there is much you cannot do in the city centre. There are a few things, but they are antisocial.

Really, it is to get people to re-imagine what they have permission to do in the city centre around activation. A good example would be the way in which we have looked at opportunities, for example, around Enlighten. It was almost unthinkable to ask that a major event that was happening on the other side of the lake have no city centre presence. The same would be said of Floriade. Any city that understands the importance of these types of big events knits them back into the physical, social and cultural fabric of the city centre itself.

Under that program, under that funding which we have been given, you will see more of those re-examinations, if you like, of the way in which we can evolve those events, which are precious to us. The Multicultural Festival is another great example. It is a hugely popular event. How can we make sure not only that the community has a great time but also that, from an economic perspective, the traders who support these events benefit?

Now that the city centre improvement and marketing levy is under the management and administration of the City Renewal Authority, we should use that levy responsibly, with real certainty around the outcomes. We can get through a component of activation funded through that levy as well. That is why our evaluation of the grants program includes representatives of the levy contributors.

Through all the activation events that we will conduct through that levy, we will do surveys to reassure ourselves about the return on investment, not only in terms of people turning up but also in terms of translating or converting activation into retail spend, into the opportunities that we need to be driving to the front door of those businesses.

MS ORR: To clarify: have I got it right that the last financial year was the first time those grants were run? There were the city activation grants and they were run for the first time in the last financial year we are currently in.

THE CHAIR: They have just changed it from CBD Ltd to CRA.

MS ORR: Yes, the first time under the CRA.

Mr Snow: Correct. CBD Ltd ran it for the first six months. We took over management of the CCMIL from 1 January.

MS ORR: So we will start to see some of the evaluation that you are doing? That will start to come through from now?

Mr Snow: That is right. This is one of the things the board was absolutely insistent upon. Given the real responsibility that has been handed to us, we need to be able to demonstrate from strong factual evidence not only that returns are materialising for the contributors to that levy but also that we are using those interventions, those activations, in a really responsible way. That is why we have set up a performance framework to report not only through my audit committee but also to the board and ultimately to the government to give them a reassurance that this scheme is delivering real value, delivering real benefits to the levy payers. We do not want to increase the levy; we want to ensure the return on investment increases over time.

MS ORR: You talked about the micro parks. I think we had the one with the colourful umbrellas?

Mr Snow: Yes.

MS ORR: Have I got the right one?

Mr Hughes: Correct.

Mr Snow: The Pic & Mix?

Mr Hughes: The Pic & Mix.

MS ORR: Have you had any initial feedback you can share with us as to how the activations have gone with that? What have you found as a result of that project?

Mr Snow: Yes, great question. I would use Dickson, which is my local shopping centre, as an example—putting something as simple as tables, chairs and colourful umbrellas in a space that has been so tired and which people simply want to walk through as fast as possible. I go there; I cannot help myself. I observe—a really important skill for an urban designer—how space changes, and how people change. I see people having a cup of coffee in Dickson and saying, “Would you like to sit down for a moment and talk?”

This goes to Ms Le Couteur’s point and to your point. One of the big challenges for cities is this decreasing sense of connectedness between us. Putting in activations that in a really simple way invite people to sit down and have a conversation with a fellow member of their community is really important. There are any number of opportunities in Dickson, Braddon and the city centre to do that.

We are starting off modestly; we are not apologising for that. We want to ramp that up. We want to challenge preconceptions. We are going to have to take some creative risks about that. I would always tell my minister that I was doing it. But I have to say, the Chief Minister has been a great supporter of those activations. We are encouraged. Indeed my board is demanding more of that.

Mr Barr: So is the Chief Minister.

MS ORR: This is perhaps a philosophical question for you. How important is it that we provide those opportunities in public space as much as in private space?

Mr Snow: I think it is very important. I do not really accept this dichotomy between public and private space. I would argue that the mall inside the Canberra Centre is a public space. It just happens to be managed by someone else. One of our big priorities is to prepare a public realm strategy. What is it that we are trying to create? Cities are defined by their public realm and Canberra is no different. But we need to have an overarching strategy to say not only how we upgrade physically the condition but also how we manage places well. Successful cities manage places really well.

Our friends in TCCS are coming on a journey with us. I think they have already embraced the concept of place management really well. It is going to be really important so that not only those activations funded out of the public purse but also those who have a direct financial stake in the future economic success of the city can move towards funding those events.

THE CHAIR: Mr Snow, you touched on activation being one of the key priorities of the core areas and you mentioned opportunities to bring Enlighten to the city. We saw a fairly controversial decision in January to shut Lonsdale Street and Mort Street in Braddon during Summernats from about 9 pm, I think it was. What work will the CRA have in trying to capitalise on a major tourism event, Summernats, coming to Canberra and the opportunity to showcase the CBD as part of it?

Mr Snow: I think that is a really good point that you make. I think Summernats is one of those major events—

THE CHAIR: I would have thought it would have been common sense to leverage off it and enjoy the festival atmosphere that occurs down there.

Mr Snow: It is.

THE CHAIR: But in saying that, the police were sent in this year and it was shut down early.

Mr Snow: Summernats is undoubtedly one of those major events and Braddon is one of the contributory precincts in the city centre that has the ability to be closed down from time to time.

THE CHAIR: There is a difference between closing it down to support a festival and showcase, in this instance, cars and what actually happened where the streets were blocked off, the cars were flushed out and it was killed.

Mr Snow: My hands are clean. I guess that would be a smart answer but the important thing is that events such as Summernats need to be thought about in an ongoing program of events for precincts such as Braddon, but we need to also make sure that what happens in Braddon can encourage people to move into the city centre itself.

THE CHAIR: Obviously, Braddon is part of the core area and is also paying the CCMIL. What work is being done then to learn from the issues of this year's event to further foster it and make sure that not just the people that come to Canberra as part of the festival have a great atmosphere in Braddon but also that the businesses have an opportunity to benefit from it?

Mr Snow: As I said earlier, we were not responsible. I am not trying to be—

THE CHAIR: I am not laying blame at your feet but obviously the area of government that you head up has a core responsibility of seeing activation in these areas of the city. There was, I am going to call it, a poor judgement made for this year's event. How are you working in this space to improve that?

Mr Snow: We will sit down with the events part of ACT events to reflect on what needs to happen differently around this event in future years, because the last thing we want to do is adversely impact upon those businesses. We want to be sure—indeed we want to be confident—that the way that event is planned achieves the kinds of benefits it should, not only from an activation point of view but also from an economic point of view. I think the way it is planned, the way it is managed, the way it is conducted—we all learn from managing these events. There is no such thing as a perfect event. A responsible agency sits down and does that post-event evaluation and I am confident that is occurring this year as well.

Mr Barr: Noting the difficulty, of course, in that this is not a planned event; it is a spontaneous—

MR COE: It is a spontaneous event that has occurred for 20-plus years.

Mr Barr: Sure.

MR COE: A scheduled spontaneous event.

THE CHAIR: On the same dates.

Mr Barr: But there is not an organising committee, a set of public liability insurance, there is no risk management plan, there is nothing associated with this other than what the government attempts to do through the work of various agencies. This is, I guess, slightly different from an organised government event like Enlighten or Floriade. It is not to say that it cannot be appropriately risk managed. And it will be.

We would all have to be honest and say that there are risks and there would be an entirely different set of questions being asked of government if we just said, "Not our event. We wash our hands of it. Whatever happens, happens." I absolutely guarantee there would be outrage if any incident occurred in such a context where the government had washed its hands of responsibility for trying to manage the precinct.

THE CHAIR: I guess the question is: you have an organised event that has come up through the community without any government intervention which is almost the pinnacle of activation.

Mr Barr: Sure, and that is a fantastic thing but it does have to be risk managed and we do have to acknowledge that in addition to businesses in Braddon there are also residents and they do need to be able to access their houses and their homes. But it can be managed and I agree that the approach earlier this year was not ideal and can be improved on. And those lessons will be learned. You cannot equate an event like that or an activity like that with a government-run event like Floriade or the like.

THE CHAIR: No, I am not equating it to that but obviously Mr Snow has stated that activation is one of the key priorities.

Mr Barr: Absolutely.

THE CHAIR: I am saying here is an opportunity for activation.

Mr Barr: Yes.

THE CHAIR: Some mistakes were made. How is that working together?

Mr Barr: I do not think we are disagreeing in terms of the opportunity but they are fundamentally different issues in terms of risk management and responsibility and accountability for what happens in that precinct.

I do not know who would take personal responsibility. If someone got run over, someone got killed, something happened in that space I do not think there would be anyone in the context of that Summernats activity, which is not really in Summernats—it is not Andy Lopez; he is not taking responsibility for it—who would take responsibility. That is the challenge with spontaneous activity that is not government organised in a major public space that does require a degree of risk management. But we will work on those issues and do our best to ensure that we get the balance right.

THE CHAIR: Whilst there is probably a higher risk potentially of any injuries during an event like that than there is on any other day of the week, certainly the coverage, the insurance and the responsibility would be no different on an event such as that happening spontaneously than it would if someone stepped out in front of a car today on Lonsdale Street?

Mr Barr: It is a slightly different environment and atmosphere. The fact is that the government is required to undertake some form of management of the precinct, the police are involved and there are a variety of different issues that go with that event or that activity and what happens over that time. But I think a balance can be struck.

The challenge for the City Renewal Authority is perhaps similar to the line of questioning that Mr Coe had to Mr Snow earlier about the Sydney and Melbourne buildings, which was: when do we identify the market failure and need to step in to try and provide some framework around which the activities can occur? There is a role for government in this and that role for government can be enabling or disabling a variety of different activities. And we need to get that balance right.

THE CHAIR: I would urge you to act on the enabling side rather than the disabling

side.

Mr Barr: Sure. I do not have a problem with that but I do acknowledge that people live in those streets. There is more than one side to what happens over that weekend and there are a variety of different views in relation to it. We try and balance those competing issues.

MS CHEYNE: Given that this has been a 25-minute line of questioning, I want to touch quickly on Civic Square. We were talking about the Canberra theatre and also about section 100. I did not even know where Civic Square was until I worked next to it. It is probably a pretty sad space when we talk about spaces that are under-utilised. It could be much better. I have seen some place-making stuff that is very good. How does Civic Square fit in with this broader precinct renewal, particularly when it has buildings that, I guess, bind it in?

Mr Snow: It is a challenge and it is exactly the type of challenge, the type of work that Mr Hughes was talking about—the development of that urban design framework. Successful public spaces need to be enclosed by active edges. That is a tough ask when you have an Assembly building which people—

MS CHEYNE: Very active.

Mr Snow: come and go from. I accept that. But you are trying to activate that at night-time, for example, when people come to the theatre. The design challenge is to say that this should be the place of civic celebration and protest. It should be the natural place people come to, to celebrate as they do in Federation Square for a World Cup victory or whatever. It is a space size that I do not think will change. But it is a space that desperately needs to have something that feeds into it—for example, how people get across London Circuit. These are going to be live questions for us, because it is quite isolated.

As I said it is how it connects to City Hill, how it connects to the legal precinct, how it connects to what potentially is going to come on the Constitution Avenue side. I think there is a range of real possibilities there that this work will examine and provide a template for.

MS CHEYNE: Is it a priority given it is so small?

Mr Snow: It is a priority because I think emotionally, psychologically, when people stand on the corner of London Circuit and ask, “Where is the centre of Canberra?” they need to be able to know. My personal view is that it should be the city heart; it should be the city centre.

Maybe you should then think about Ainslie Place and the way it connects to City Walk. What we have described as the area of interest for our study also includes Ainslie Place, because that question of how people get across London Circuit, for example, is really important to us. You could create the best square but if people cannot get to it, that is a problem.

We understand these connections are really important to the future of City Square. In

the interim, however, we will continue that program of activation that has piqued people's interest and which can, in fact, start to challenge preconceptions: "I do not go to that place because nothing happens." We want to really challenge that concept, invite the library to come out, invite the gallery to come out, invite the Assembly to come out.

Mr Barr: Some of us already have.

MS CHEYNE: I witness from my window the Chief Minister having his lunch there on many occasions.

Mr Snow: What a good thing.

MS CHEYNE: Yes, it is true.

Mr Snow: We need to drive more people there but we need to change perceptions. We need to make it attractive and appealing. Where is the shade in that space in summer, I ask myself?

Mr Barr: We provided some of it but I have another quick observation. This precinct, with what is happening next-door and the works associated with the new theatre, will see quite an increase in both the daytime population in the immediate vicinity and also night-time activity. I think it is primed for some further change and opportunity, which is why we are pursuing it.

MR COE: Can you tell the committee what the structure is of the CRA, especially by way of executives or directors?

Mr Snow: Yes, there are three executives, including me, and a few other executive-level employees. The total FTE is 25 estimated for 2018-19. We remain, as the government always intended we would be, a small and agile agency. It is not my intention to increase the size of the agency. Much of our work will be relying upon the work of others outside the agency, either within government or through consultants. I can provide, if you need it, an employment profile for the agency.

MR COE: Yes, that would be useful; thank you. If you do that on notice, that would be great. You mentioned earlier that you would sit down with EventsACT and chat with them about activation. Perhaps this is a question for the Chief Minister. What is the likelihood that EventsACT will move into the CRA?

Mr Barr: Unlikely, given Events ACT operates or manages contracts for events territory-wide. Events take place out of the city renewal precinct.

MR COE: No, I understand that. But it just seems to me that you have several areas of government that are doing very similar things. I wonder whether there are efficiencies that can be made.

Mr Barr: Events ACT are delivering fewer events themselves and are managing—I guess a lot more event delivery is taking place in an outsourced or collaborative model. So we are really down to a handful of events that are run entirely by

government. Even then, a lot of activity is subcontracted or is delivered with another partner—for example, Australia Day-related things with the National Australia Day Council. But we still take responsibility for Canberra Day activities, New Year's Eve, Enlighten and Floriade.

MR COE: So you do not see some sort of harmonisation happening between the CRA, Events ACT and perhaps even VisitCanberra?

Mr Barr: No, I think they have remits. Those other areas have remits beyond the city precinct.

MR COE: I understand that but, in effect, are you considering re-scoping or broadening the scope of the CRA?

Mr Barr: No. I think one of the reasons for their creation is to focus on this precinct and to deliver a diverse range of outcomes, but on this precinct. That is the reason for their creation, recognising the importance of the city centre to the city overall. That is why they were created and that is what I want them to focus on.

MR COE: But could not that same objective be achieved by Events ACT focusing on this area, the planning directorate focusing on this area and other areas of government focusing on the city centre?

Mr Barr: No, I think the scope and scale of work and the coordination required requires an authority. I committed to this in the last election. I have delivered on that commitment.

MR COE: What interaction does the board have with you, Chief Minister?

Mr Barr: I have attended three or four board meetings, I think, over the duration of the authority. I have met with the chair on a couple of occasions outside those meetings with the board.

MR COE: What decisions is the board taking—that is, not taken by yourself or by the minister? I am sort of at a loss because it is not like a statutory authority. I am just a bit curious as to what the board's actual role is.

Mr Snow: It is a governing board, Mr Coe. We are an authority that has a governing board. So it is the board, and the members of that board, who are ultimately responsible to the minister for the appropriate and proper management of the affairs, particularly the strategic direction of the agency. You can imagine that the board has been very engaged in that in these early days of its existence.

MR COE: Yes, but, as I say, I am still at a loss. It is not like it has the same sort of probity risks that the SLA has. Given that the government has—

Mr Barr: It has many of those—

Mr Snow: Exactly; I do not see—

MR COE: Then how does it differ from any other area of government that does not have a board?

Mr Snow: Ultimately, the CRA board is charged with the responsibility for developing ACT land, for taking appropriate commercial risks, for getting on with the job of renewing the city centre, as the Chief Minister said. It does all of that within the parameters that are not only set through appropriate governance controls, the machinery of government changes that were made, but also the lessons learnt, I suppose, from the past in the way in which we remain, both as a board and as an agency, accountable directly to government and the community for the way in which we meet our obligations and objects under the act.

MR COE: Sure, but you could say the same about Housing ACT or ACTION buses. They do not have boards, either.

Mr Snow: I think what the board deliver is great insight. They bring their collective expertise. These are seven very experienced people. They are able to add enormous value. The board adds enormous value to the way in which we think about the opportunities for renewal in this city.

MR COE: I do not doubt that but that is somewhat different to a governance arrangement. If they are there to give ideas, that is somewhat different from a governance arrangement and assessing a business case. It also goes to what the expertise is on the board—if they are there to provide ideas or if they are there to scrutinise business plans.

Mr Snow: It is the latter. In fact, it is both. They are there not only to set the clear strategic direction but also to receive reports, as they are already from us, about the commercial merits, the economic advantages, the obligations that they have to meet both the financial and non-financial performance indicators prescribed in the statement of operational intent, which is a public document.

MR COE: What is an example of a decision that was beyond your delegation that the board had to make a decision on?

Mr Snow: At a strategic level, the board are making a decision to step back and re-examine the whole development intent, the strategic development intent, of something like West Basin. They understand that their clear responsibility is to make sure that that development meets the expectations of government, not only against financial measures but now against social, environmental, as well as economic—

MR COE: So in 2017-18 has a business case gone to the board for anything?

Mr Snow: Has a business case gone to the board? The entire business case for the 2018-19 budget process went before the board for consideration and ratification.

MR COE: I understand that, but the buck stops with the minister for that one. What is an example of a business case for a project that has gone before the board?

Mr Snow: There has not been a specific business case as such. A lot of the front-end

thinking and work that is happening at the moment is testing, analysing, making sure that the assumptions that would be fed into that business case are accurate and correct.

MR COE: It seems to me that you have the delegation, you have the expertise and you have a minister that is obviously engaged. You have just got this layer in the middle that does not seem to be making governance decisions or does not need to be making governance decisions. I accept that they can provide insights or can give expertise, but I just wonder whether the board is necessary, given that every other area of government does not have one.

Mr Snow: The future intent of the agency is that currently appropriated, but ultimately the board, as we move into our major developments, will be held accountable for making decisions that deliver on the commitment that is made not only within the financial parameters set by the government around its budget and around its operation but also around the way in which it adds real value to the process. As I say, these are seven extremely expert board members—

MR COE: I do not deny that.

Mr Snow: and if you were to go out and obtain that advice through a consultant, you would be paying a large amount of money to get to those sort of insights that the board is currently already giving us as an agency.

MR COE: I do not deny that. It is just somewhat different to governance, though.

THE CHAIR: We will suspend briefly whilst we have a changeover of minister and officials. We will come back with the minister for higher education.

Short suspension.

Appearances:

Fitzharris, Ms Meegan, Minister for Health and Wellbeing, Minister for Transport and City Services and Minister for Higher Education, Training and Research

Chief Minister, Treasury and Economic Development Directorate
Arthy, Ms Kareena, Deputy Director-General, Enterprise Canberra
Miller, Mr David, Director, Skills Canberra

Canberra Institute of Technology
Sloan, Mr Craig, Board Chair
Cover, Ms Leanne, Chief Executive Officer
McKenry, Ms Paula, Executive Director, Education and Training Services
Hargreaves, Ms Anita, Executive Director, Corporate Services

ACT Building and Construction Industry Training Fund Authority
Service, Mr James, Chairman
Carter, Mr Glenn, Chief Executive Officer

THE CHAIR: Welcome back to the final session for today's hearings. We have the Minister for Higher Education, Training and Research here, and we will start off with the Building and Construction Industry Training Fund Authority. I draw everyone's attention to the pink privilege statement which is on the front table. Can everyone acknowledge that they are aware of it and its implications?

Mr Service: Thank you, yes.

THE CHAIR: Minister, we are trying to limit opening statements this year. And we do not have one?

Ms Fitzharris: No, I do not have one.

THE CHAIR: Excellent.

Ms Fitzharris: Just for you, chair.

THE CHAIR: The Chief Minister is setting a good trend.

Ms Fitzharris: Yes.

MS CHEYNE: Can I just check whether this is a free-flowing discussion between output classes or whether we are doing them one by one?

THE CHAIR: I am happy either way. I am happy to be guided by the committee. We will deal with the training fund first and then go to it. The operating statement for the training fund authority has a slight decline in income from 2017-18 to 2018-19. What is the basis for that downturn?

Mr Service: The key element is the payment that was made in 2017-18 for the light rail project.

THE CHAIR: Okay.

Mr Service: If you take that out, there has probably been a modest increase in income, just as a result of activity in the territory.

THE CHAIR: Okay.

Mr Service: It is simply a one-off; it is simply a timing issue, because the light rail made one single lump sum payment for the project.

THE CHAIR: What was the value of that one lump sum?

Mr Carter: It was \$906,000.

MS LE COUTEUR: What are you doing to have a better diversity of genders in the construction industry? I know you are working on it, but could you update us on how you are going?

Mr Carter: I am sorry?

MS LE COUTEUR: Gender diversity.

Mr Service: Since inception, we have funded a program in the access and equity space which is about more women in construction, more gender diversity. Each year that program has shown a pleasant increase in outcomes. As the National Association of Women in Construction has developed and grown, we have seen greater interest from women in construction. It is probably fair to say, without having the numbers in place in front of me, that each year we have seen an increase in women in trades. We have also seen an increase in women in management positions in construction. It is an outcome of funding; it is also an outcome of demand. The programs are out there, and to some extent we will fund them to whatever level the demand requires. We are not unable to fund almost anything at the moment. If the demand grows, we simply put more money into it.

MS LE COUTEUR: You say you are not unable to fund almost anything. What about mental health support for tradies, particularly young tradies? I have heard recently about a group called OzHelp who seem to be doing wonderful things. Can you tell us more about that?

Mr Service: The chief executive can talk about the funding.

Mr Carter: We fund under access and equity for anybody who wants to talk to us or comes to us in terms of mental health and/or physical disability associated with any injury in the workplace where they are returning to work, particularly in the area of training.

Since 2006 we have funded, on a regular basis, an amount of sponsorship funding for Construction Charitable Works, who provide counselling services, out of hospital services and a whole range of support to any worker from the industry. It is a similar

program to OzHelp, but specific to the ACT.

We have funded some other areas in terms of apprenticeship training, which has probably been established since 2008. The authority provides rebates to Creative Safety Initiatives, who teach and offer a whole range of support awareness training to the apprentices at CIT. There are probably 1,000 to 2,000 of those undertaking a range of courses, specifically in the areas of mental health, alcohol awareness and, more recently, domestic violence awareness.

THE CHAIR: What is the value of the contract with Construction Charitable Works for their services?

Mr Carter: It is \$12,500 paid six-monthly in arrears.

THE CHAIR: What is the term of that agreement?

Mr Carter: It is a three-year agreement. It expires in 2019.

THE CHAIR: Thanks.

Ms Fitzharris: Ms Le Couteur, we can probably talk more broadly, particularly about women in trades, in the next session with CMTEDD and CIT.

THE CHAIR: I have one further line of questioning. Did the training fund authority make a budget submission this year?

Mr Service: No.

THE CHAIR: Do you normally make a budget submission?

Mr Service: No, we do not.

THE CHAIR: We will now examine the higher education and CIT components.

MS CHEYNE: With women in trades, the grant program closed in April 2018. When are we expecting to hear a little more about that?

Ms Fitzharris: I will hand over to the directorate to talk in more detail about that, but it is certainly fair to say we have learnt a lot in the past year in terms of developing the scheme and talking to women already in the construction industry and to employers in the industry about some of those barriers. There is a jobs focus in the grants process as well as opportunities to break down some of those barriers that may not immediately be linked to jobs outcomes.

Mr Miller: In setting up the grants program, a lot of research and consultation was undertaken throughout the year and that helped us identify and clarify the objectives of the grants program. Those objectives were to increase the take-up of women in male-dominated trades; improve and expand the employer-apprentice connections and address barriers for employers and women to link and network better, particularly in those industries; and contribute to the understanding of best practices for recruiting

and retaining women in the trades and being able to share those findings more broadly.

As was indicated in the previous session by the training fund authority, there are incentives and payments that the TFA and other associations and groups make to support women in trades. Part of the important consideration was making sure we were not looking to replicate initiatives or programs that were already in place, some of which had only limited success or success for a short time which has waned somewhat.

We looked at a range of different approaches to get to the grants program we got to at the end point. The understanding of male-dominated trades is quite broad and obviously includes not just construction but automotive, electrical, horticulture and a range of other trades. So we explored the idea of targeting particular industries, the industries that have a really low uptake, and construction is one of those, and potentially looking at some of the industries where there is already a bit of a foot in the door, for example, a proportion of between three and five per cent of female apprentices in those trades.

In the end we went for the grants program to make sure that by setting the objectives we would allow people to come to us with a range of different ideas that might address those needs and objectives in a range of different ways. We chose not to be industry-specific because we did not want to limit the approaches and proposals that would come to us.

A lot of information is on the website around the proposals we have received. We obviously ran some information sessions soon after the grants program was announced and seven proposals came through. We have provided a summary of those proposals on the website.

The idea was to try and encourage collaboration between some of the proponents to see if they wanted to align themselves with some of the other proposals to potentially achieve any streamlining. Then we went through a shortlisting process. I imagine announcements will be made very shortly, but you can get a sense of the type of projects and proposals that were put forward by looking at the website where there is a nice summary of all of the proposals we received. We will obviously be providing more detail about those that are deemed successful moving forward.

MS CHEYNE: You were pleased with what was put forward?

Mr Miller: Yes. You never quite know what to expect. As I said it is one of those things that could broadly be described as a wicked problem. As the TFA referred to earlier, they have been providing certain incentives for a long time in this area and have seen longstanding success. Anything that looks like cultural change is particularly hard, and some industries are really challenging.

We are looking for ideas that might be a little bit unusual and a bit different to things that have been provided before and also looking for things we can expand in future so we can support a cultural change across employers and a range of different industries.

MS LE COUTEUR: Given I am a member for Murrumbidgee, I will start off with

the ex-CIT campus in Woden. What are your plans for this?

Ms Fitzharris: I will hand over to the chair of the CIT board and CEO, but the recommendation from the CIT board to the government was to close the Woden campus, and the government accepted that recommendation very recently. This is, in a sense, the first time we have been able to speak publicly about that decision. The future use of the site has not been determined except for the fact that it will remain a community space. Exactly what that means will be the subject of further work and consultation over the next six months.

In terms of the impact on CIT operations there, I am sure CIT will be happy to share that with you.

Mr Sloan: As we have reported previously to estimates, we have gone through a strategic plan for CIT, working out our future needs in terms of facilities and the like. The Woden campus was deemed to be surplus to our needs. It currently houses only about 125 students and eight staff, all of whom will be relocated so there is no loss of jobs or loss of courses. It is not like we have thousands of staff sitting on that campus at the moment, and because it is surplus to needs we are working with the minister and government to transition that land back to the government for their consideration on what to do with it in the future.

MS LE COUTEUR: Given that a lot of potential higher education students live in south Canberra, what is the government doing in terms of providing access for those students to higher education? There is a small outpost of higher education in Tuggeranong and there is something in Fyshwick, but compared to north Canberra south Canberra is massively under-resourced.

Ms Fitzharris: This is something the government has been thinking about for some time. “Something in Fyshwick” is actually a fairly significant presence. The CIT there is in a great location close to industry and employers. CIT can explain to you that CIT students are located everywhere across Canberra. There is a significant presence in Woden and Tuggeranong, as there is right across the territory. The campus aspect of life at a TAFE is quite different to what it is at a university, but ANU has a reasonably significant presence at the Canberra Hospital.

In terms of the physical presence of broader higher education on the south side there is Fyshwick, the ANU at the Canberra Hospital as well as Tuggeranong CIT. CIT are contemplating a range of different ways they can increase their presence right across Canberra, but it is not likely to be a physical presence.

Some great work has been done around the employment status of a lot of CIT graduates or students in Woden given the closure of the Woden campus. But more broadly across the territory I know Minister Berry is looking at the future education pathways through school that might involve vocational pathways for students as well. There is significant presence around that, particularly in Tuggeranong with the trades training centres and learning support for students on the south side.

There is certainly a higher education and training presence on the south side. There

are no university campuses as there are on the north side, but in terms of our city as a whole of 400,000 people I think we are incredibly well serviced by the higher education sector. The universities and frequently CIT reach out to students right across the territory, no matter where they are.

Ms Cover: In any given week we estimate there are up to 100 students training in the Woden precinct in on-the-job training apprenticeships, child care, the auto area and the service industries coming out of Woden. So quite a lot of activity is there already. As the minister and Craig Sloan, our board chair, alluded to, we are making sure we are looking at different modes of connecting with students. The flexibility that students are after now to integrate with their work and life balance means a different sort of approach is needed—in particular, an increase in online presence.

MS LE COUTEUR: I understand there are plans for an expansion of UNSW onto the CIT Reid site. What impact will that have on the CIT and will there be any affordable housing in it?

Ms Fitzharris: There is enormous opportunity in terms of the discussions that UNSW and CIT have been having. I commend CIT in particular for being incredibly proactive with our higher education with the universities. It would be fair to say the universities did not quite realise all the great things that CIT might have to offer for their students to complement the courses universities are offering. There is some exciting work underway in a couple of sectors—in particular, cybersecurity.

More broadly, in terms of the progress of the MOU with UNSW, Ms Arthy can talk about the enormous opportunities for CIT and UNSW.

Mr Sloan: In terms of the footprint on that site, part of the campus modernisation strategy was always going to be reducing our footprint and doing a multistorey, purpose-built facility rather than occupying such a large space on our current site. Still rolling out our campus modernisation strategy lends itself quite nicely to the opportunity the ACT government is talking and working on with University of New South Wales at the moment.

We have been very focused on protecting CIT's brand and what we offer our students and our community as part of this arrangement and the negotiations with the University of New South Wales. We are always looking to see how we leverage off the benefits they can offer and how we then provide significant value-add to University of New South Wales. Leanne Cover, our CEO, sits on the working group, along with Kareena, and they are driving that process.

MS LE COUTEUR: Is it likely that one of your value-adds will be the actuality of affordable housing?

Mr Sloan: On the site?

MS LE COUTEUR: Yes. It is a big site, and I assume some of it will be accommodation.

Ms Arthy: In terms of affordable housing, one of the things the University of New

South Wales is looking at its student accommodation on that site. We are looking very much at what facilities are required to support a significant student base on the site. Certainly, part of that consideration is provision of student facilities and student accommodation. In terms of affordable housing, it is not affordable housing for the broader community but purely for the student cohort.

MS LE COUTEUR: I appreciate that.

Ms Arthy: That is one of the major considerations. One of the major attractions of the site now occupied by CIT and the car park opposite is that it provides incredible opportunities for a greater bank of student accommodation within the city precinct.

MS LE COUTEUR: Will that be available for local students or only international students?

Ms Arthy: We have not got to that level of decision. At the moment it is purely looking at the viability, feasibility and how it would physically come about. At this point that is as far as we have gone.

THE CHAIR: Just on the UNSW-CIT proposal, what was the genesis of the concept? When did the two entities start engaging with each other?

Ms Arthy: I can answer this because it started on my first day working in the ACT government. It was my first-ever meeting; so 1 June last year. There was a meeting between the UNSW and the government just talking around the concept. From then, as we were talking to UNSW, it became very apparent that really a lot of gains could be made to bring CIT into the mix and that we could really create an amazing sort of educational facility and education experience for Canberrans.

I cannot remember the exact date but it would have been towards the end of last year, once the MOU was formally signed and released and for the working group that has now been established to work on all the different aspects. That is when CIT were formally engaged.

THE CHAIR: Was it a case of the ACT government approaching UNSW or was it UNSW approaching the government?

Ms Fitzharris: Initially, I believe it was UNSW wishing to expand their presence in the ACT, but I will take that on notice.

Ms Arthy: I am fairly sure it was UNSW, in the context of talking about the fact that they do need to expand, particularly their research facilities. That is where they are having a lot of capacity issues on the ADFA campus. So the discussions started at that point. Then, as discussions were ongoing, it expanded into this concept that is there now.

Ms Fitzharris: Certainly, the time of the announcement with the Chief Minister about UNSW expanding their presence here was the 50th anniversary of their presence already in Canberra. So they were looking to the national capital, and they were looking to the sector here as one that is unique around the country in terms of its

presence in a city of our size, to have potentially three major universities here: University of Canberra, ANU, UNSW as well as the campus of ACU.

But the ecosystem in higher education is one that is unique. They certainly have limited opportunities to expand their footprint in Sydney as well. But they also saw the attractiveness of Canberra as a city for domestic and international students and one that brings them closer also to a sort of innovation sector and an economy that will suit them.

THE CHAIR: What engagement was undertaken, if any, with the other two major universities in the ACT, being the ANU and the UC, around the government's decision to commit to this proposal, or at least enter into the MOU with UNSW?

Ms Fitzharris: The Chief Minister chairs the Vice-Chancellors Forum of which UNSW have been a part, anyway. I sit with him on the forum as well. There is a lot of discussion in that forum about how we can continue to grow the higher education sector here. Again CIT is very much a part of that and discussions with CIT have progressed very closely since the original announcement and the signing of the MOU to make sure that both institutions can leverage off each other, particularly the locational leveraging but also the pathways to universities.

CIT is doing that very well with the other universities as well; so it is not just UNSW. But there is, under the Vice-Chancellors Forum, a series of pieces of work around how we can collectively work together with the higher education sector and the ACT government to strengthen the sector here, because it is one of our largest. It is our biggest service export. It is growing and we collectively have a lot to gain from working closely together.

MS ORR: Most of my questions were actually covered by that first part. But I have a question on the \$145,000 put into the Canberra theatre industry partnership.

Ms Fitzharris: The certificate?

MS ORR: The certificate, yes. It is late in the afternoon. I apologise if I do not speak in full sentences. I want to get a little information on the Canberra theatre and the CIT partnership that is coming up and the new training certificate that is going to come out of that.

Ms Cover: CIT has had quite a long history of training in this area, but I think it has fluctuated a little in terms of interest through participation, through activities that are happening in the Canberra theatre. But of recent times, with the relocation of our music sound production studios to the Reid campus, it is really providing us with a greater opportunity to have those training opportunities integrated into real-life experiences.

We are reconnecting with the Canberra theatre to make sure that they have the right skills they need to attract the high calibre of support for the performances that happen there. It is working in partnership with them to make sure that the training is there for their performances—the sound, the lighting, the production side of things; back of house, if you like.

MS ORR: Will there be on-the-job work experience opportunities? Is there a specific certificate in theatre?

Ms Cover: They are specific qualifications. I can take on notice the exact qualifications that we are offering in that relationship. It is a combination of what we call on the job and off the job. The training package requires students to either be on the job or to be in a work-simulated environment. The Canberra theatre provides an excellent opportunity for a real-life simulation of how to get the lights, the production and the sound all happening in the background. Students will be using their experiences on the job for their assessments of the CIT qualification.

MS ORR: When will those programs be starting?

Ms Cover: I will take that on notice.

Ms Fitzharris: Minister Ramsay, as the arts minister, was really engaged. This is in his portfolio.

MISS C BURCH: Page 149 of budget statements B shows a reduction in staffing FTE positions of 18.

Ms Cover: For CIT?

MISS C BURCH: Yes. What positions and courses is this relating to?

Ms Fitzharris: I will let Leanne Cover speak to this, because this is something that happens each year.

Ms Cover: If you look at the budget papers, not just for this year but in previous years, you will notice that our staffing estimates fluctuate from year to year. That is primarily for a number of reasons. We are a demand-responsive sort of industry. The types of qualifications that we run, particularly our skills that we need for the teachers and the particular support areas that we need for the students that are enrolling at CIT, fluctuate from year to year.

I will ask Anita Hargreaves, our executive director of corporate services, to explain how we go about building those estimates and to give you a little more detail about those numbers.

Ms Hargreaves: When we put our budget together, we go out to every single department and business unit. We look at their program delivery, what they think they are going to be delivering throughout the year. Then we actually look at their resourcing requirements. I think it is really important to know that CIT has a responsive workforce. In fact, when you look at how it is made up from an FTE perspective, 40 per cent of our workforce is made up of non-permanent staff. That enables us to be able to meet the training needs of our students.

I think it is worth noting that the estimated outcome that has been provided there, the 696, is what we expect to have by 30 June. But when you actually look throughout the

year—if you look at February 2018, our FTE was 610.96. When you look at the end of May it was 698 FTE. Then when you look at yesterday it was 706. I think it shows how responsive we are when it comes to our training needs. At a point in time, it is the best estimate that our staff have in terms of their FTE requirements.

MS CHEYNE: So there is nothing sinister here; it is just naturally fluctuating?

Ms Hargreaves: Nothing—absolutely nothing sinister.

MS CHEYNE: You are not trying to hide anything; it is just how it works?

Ms Hargreaves: Definitely not.

MISS C BURCH: The accountability indicators on page 151 also show a drop in program enrolments. Is that a cause for concern?

Ms Cover: Sorry, could you ask the question again?

MISS C BURCH: I am referring to the drop in program enrolments in the accountability indicators on page 151.

Ms Cover: Again the drop reflects the demand of the sector, if you like. It is a bit of an outflow of the easing of the impact of VET FEE-HELP loans at the commonwealth level in 2016 as those numbers wash through. That explains that drop in demand that has come through since—over the last three years, really. We had that softening.

THE CHAIR: Are the 11,200 program enrolments, as it is expected to be next year, a longitudinal trend that you are looking at for CIT? Obviously, there was a fairly ambitious target of 13,300 this time last year.

Ms Cover: It really depends on what sectors are coming on and how fast they are coming on. I will give you a quick example. We had notionally thought that we would have around two intakes for the start of this year for cybersecurity. We have had almost 200 expressions of interest in the last month.

We are able to service those hours but we did not anticipate that growth in demand accelerating so fast. It is our best estimate based on the trend data that we have, the advice that we get from Skills Canberra about what the workforce needs, what are the skills and qualifications that the workforce needs. But at the end of the day, it is also about what students are choosing to do in those areas. It is a combination of inputs and factors that we use to try to estimate what we are going to need in terms of those hours.

THE CHAIR: Looking back over the current year probably gives you a greater level of accuracy now. Having been through 11 of those 12 months, how does the estimated demand that was predicted this time last year compare with where we have ended up, or are likely to end up, at the end of this month? Where does the demand come off? You just mentioned cybersecurity is where it is coming on.

Ms Cover: Yes.

THE CHAIR: But what are the courses that are losing interest?

Ms Cover: There is no particular area that has a dramatic decrease. It is small adjustments. We have 36 different training packages with over 200 qualifications. It is small adjustments across the board that make up the decrease or the increase.

Having said that, we are seeing increased demand in the health sector across the broad range of child care, aged care, community workers and the allied health sector that is supporting the NDIS industry as well. That is a growth area. But in terms of downturns, it tends to be small changes across a whole variety of those 36 industries that we service.

Mr Sloan: There is no particular area that we would be concerned about, no area where we are losing massive numbers of students in that space. In some ways we have been probably more surprised with the growth, even at the beginning of this year, in a number of our apprenticeships in trades, just the number of students that have enrolled. That caught us on the hop, which was great.

THE CHAIR: You said that the majority of staff are engaged on a non-permanent employment basis. What are the terms of employment particularly for the teaching staff who are required to respond to this ebb and flow of demand?

Ms Cover: I will ask Ms Hargreaves to provide the details.

Ms Hargreaves: It would depend on whether or not they were casuals or whether or not they were temporary staff. Temporary staff sometimes are on a contract for one year, it could be two years or it could be even just six months. For casual staff, it is as and when they are required.

THE CHAIR: I have another question about course offerings. I suppose you work more on a calendar year basis rather than a financial year basis with courses. Were there any courses that you were expecting to run, or have sufficient numbers to offer this year, that you were unable to offer?

Ms Cover: Were there any courses we did not run that we anticipated to run?

THE CHAIR: Yes.

Ms Cover: No, I do not believe so.

THE CHAIR: What about going forward? Are there areas or courses that you feel might need to be re-evaluated due to a lack of demand?

Ms Cover: We monitor on a semester basis, about every six months. They would be the decision points if we were to look to actually make those sorts of decisions. We monitor again every year, again based on those inputs to the best estimate around where that demand is going to come and what the qualification is, because it is not just the same qualification.

As the workforces mature, for instance, you might see a baseline of qualifications at, say, certificate III level. Then the industry might mature and they might want to go to a higher qualification, for a certificate IV. That could be new entrants coming into the certificate IV or it could be entrants at the cert III level upgrading or upskilling as well.

It really depends on the particular industry qualification, the demand that is in the industry, the training package requirements. From time to time the industry will change the requirements of the training package. They might introduce a mandatory licence or a mandatory unit of competency that all people in the industry must have. Then we see people come back to reskill to gain that qualification as well.

THE CHAIR: What sort of demand is currently seen in some of the traditional trades that do not currently require a licence? I am talking about things like tiling and plastering.

Ms Cover: Just bear with me. In the traditional trades this year, as Mr Sloan said, we have seen an increase in apprentices. Compared to April last year, we are up about 7.9 per cent in the traditional apprenticeship programs but also the trainees who have enrolled. Increases include the areas of plumbing, electrical and carpentry. They seem to be the areas of most interest or demand. I guess that reflects the ACT economy in terms of building and construction.

THE CHAIR: I guess that applies to the economy and particularly to the electrical, plumbing and licensed requirements sectors. The question is more focused around those trades that do not require a licence, particularly in an environment where we are talking quite a lot about the level of building quality in the ACT. I was curious as to how many people are entering formalised training for trades that generally do not require a licence.

Ms Cover: In general terms there is overall growth in those more traditional trades, including the licensed and the non-licensed or regulated trades in that space.

THE CHAIR: Even in things like plastering, tiling and painting we are seeing an increase in enrolments?

Ms Cover: I can take on notice the exact numbers in those specific qualifications.

THE CHAIR: The particular area of interest is not carpentry, electrical or plumbing but the gamut of traditional trades that CIT has offered historically and what the enrolment numbers look like. Could you perhaps do a comparison of this year with the previous year?

Ms Cover: Yes.

THE CHAIR: That would be hugely helpful.

MS LE COUTEUR: Is CIT part of the future of education process?

Ms Cover: Yes. We do work very closely—

MS LE COUTEUR: I just wondered where it stopped, whether it was only the schools. Sorry, I interrupted you.

Ms Cover: We do work really closely with the Education Directorate. We are very familiar with the discussion paper and we have membership on the BSSS subcommittees and the VET subcommittee of the BSSS board. We have very close links to the trade training centres that are in the schools, we work very closely with the registered training organisations' entities within the school sector as well, and we are constantly in communication, trying to shape those clear, seamless pathways for students through to vocational education and training options.

MS LE COUTEUR: In that context, what I am particularly interested in is what you are doing to support disengaged young people or young people at risk of becoming disengaged.

Ms Cover: I will say a few things. I might ask Paula McKenry to talk a bit about the breadth of some of the programs that we are offering. A number of things, though, that you will be interested in include, first of all, the year 12 program that we run. That program is not aimed at disengaged students by any ways or means, but some of the best performance in terms of those outcomes is coming from the CIT year 12 program. However, sometimes the year 12 program fits students who are looking for a particular type of education experience in a more vocationally oriented environment. CIT suits that particular cohort.

We are also working really closely with Bimberi in terms of the education and training programs there, as we have lots of different programs and lots of services that support students every day throughout all courses. It is not like there are particular teachers that only work with particular identified cohorts. They do, but there are lots of services that we promote to students. It might be financial assistance, it might be referrals to other agencies across Canberra to help in terms of youth workers or other social, financial, personal or professional challenges that young people have. Sometimes they include disengaged youth as well, but I might check if Paula has anything else to add in terms of some of the recent activities that she has been involved in.

Ms McKenry: That was a pretty good list. There are a couple of others I would like to add and that includes specialist literacy, numeracy and learning support that we provide to all students, as well as what we call foundation skills which might also be called soft skills, employability skills, digital literacy skill development. We also have specialist career advice that supports students.

In addition to the services that are provided specifically by CIT through staff that are employed directly by us, the CIT Student Association provides an advocacy service and a range of support services, including access to housing and financial support, mental health support—those services as well—for students should they not wish to access the services provided by CIT, should they want an external support service as well.

In addition to those services, we also have dedicated apprenticeship mentors and mentors for students in any foundation program, which includes up to year 12 or any

vocational entry program.

MS LE COUTEUR: That sounds good. I have two specific questions. It sounds like you are dealing with housing to an extent. Do you have any idea how many of your students are homeless or in significant housing stress? The other one was: what do you do for the really disengaged cohort who probably would be very well served if they did become one of your students but are not engaged enough to realise that this could be a good move for them?

Ms Cover: I will start with the first question. We work really closely with the student association, who are more likely, we know from the interactions they have with students, to know about those students who perhaps do not feel as comfortable disclosing to CIT staff about their actual personal, home situations. We work really closely in that partnership—we are the only TAFE to have that sort of student association embedded into the organisation—and that gives us really great insight to help in the timely support of those students who might need perhaps housing accommodation. The student association has good referrals to find emergency housing, to find short-stay housing.

Perhaps there is an apprentice coming up from the coast who needs to do some intensive training and needs somewhere to stay on a short-term basis that is affordable. The student association work closely with us to help find accommodation and support those students in that space.

MS LE COUTEUR: Is there some financial help for that?

Ms Cover: Yes, there is very strong financial help across a whole range of different scholarships and support to gain interest-free loans and low-interest loans as well. Again our staff work very closely with the student association so that students are well supported, know where to go to get that help and then are supported through those conversations, the connections, the follow-up, making sure that students really know where to get that financial help. There are a variety of mechanisms a student can access to help. It could be to relieve their fees, it could be to get low-interest loans for particular activities they need to do to support their actual training but not related to CIT as well.

Ms Fitzharris: Perhaps CIT could talk a bit more about the SPARK program which is part of the Ginninderry Riverview development. I do not know if you are aware of it?

MS CHEYNE: I am very aware of it.

Ms Fitzharris: It is an award-winning program which is a partnership with CIT.

Ms Cover: The SPARK program is really at the forefront of new frontiers for the way that vocational education and training can be embedded into a community to be life changing for students. Sometimes students do not have the confidence to, by themselves, find their way through to traditional formal training in institutions like CIT. The SPARK program in the Ginninderry precinct, the close relationship we have there with the developers and other training providers in that space, mean that students can study and be supported within their community so that they are not

having to take such big steps to engage in education and training.

For some students it is a big task to come back into training if they have left school early. Perhaps they have been out of the workforce for a long time. Those supports and partnerships give students a confidence to re-engage with us. Once they are engaged with us, we have got them and we can absolutely support them and take them through. There are some fantastic outcomes in terms of graduating those students. But those sorts of partnerships are helping us to connect deeper into the community to support those students.

MS LE COUTEUR: Do you have things apart from SPARK?

Ms Cover: We have lots of things, lots of activities, where we reach into the community to help particular cohorts of students. We have a particular program for women returning to work. Paula, do you want to mention a bit about that program?

Ms McKenry: I had the pleasure of going to the graduation just last week, and it was delightful. It is a significant program which we run twice a year through the Tuggeranong campus where women are supported in a range of ways—both in their education and in developing employment skills—even in terms of getting clothes to wear to work and being supported to go through interviews and then being offered work placements so that on their resumes they have recent work experience in order to gain employment.

When I went to that graduation, either four or five—I cannot remember—of the 15 women already had employment. The others were on contract registers or had received temporary work as a direct result of that program. That program will be run again in second semester. That was very pleasing to see.

The only other thing I would like to mention is that it is part of our regulatory requirement that we report to the NCVET each year and that a significant number of our learners are asked to do a survey in terms of their learner engagement. Again this year CIT, as we have for five years in a row, are significantly above the average of learner engagement in the NCVET survey. I think that adds data behind the programs that Leanne is talking about in terms of the outcomes of those programs.

If learners are engaged, whether they complete their program or not, I think engagement in education is really the primary measure here because completion will come if we can maintain engagement.

Ms Cover: It is important to remember that the majority of our teaching cohort staff are actually working in industry. They are industry practitioners, their reach is quite deep and broad into the community and they are able to actually give us that line of sight about where training is needed and how to customise training for those particular cohorts as well.

MS ORR: On that, does that mean that for a lot of your staff, the CIT teachers, this would not be their main form of employment or would it be complementary to their—

Ms Cover: The majority of our staff are permanent teachers within that teaching

workforce within CIT but part of the standards and regulations around being a provider for our teachers is that they must maintain currency and competency. Many of our teachers are still keeping across the currency and competencies that they need to teach the complexities of the training packages by working part time or immersing themselves in industry placements themselves to keep their skills up-to-date.

It is particularly important with the rapid changes that are happening around digital technology and various interruptions to those activities that are happening in the workplace. It is important that our staff are bringing those new learning opportunities, new skills, capabilities and competencies back into the classroom, which they are doing on a basis of having those ongoing work interactions.

Ms Fitzharris: Could I mention one thing? Anita Hargreaves has appeared in front of estimates for many years but, sadly for her, this will be her last time. I would like to put on the record how sad she will be to no longer have to come and present at estimates but to say thank you very much from the ACT government for many years of fantastic service to the government. Thank you, Anita.

THE CHAIR: Thank you. If witnesses today have taken any questions on notice, could they please get the answers back to the committee secretary within five working days—not so much for this area but for earlier areas of the day—with day one for the purposes of counting those five days commencing tomorrow. We will adjourn today's hearing. The committee will reconvene tomorrow morning.

The committee adjourned at 5.01 pm.