



**LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL
TERRITORY**

STANDING COMMITTEE ON PUBLIC ACCOUNTS

(Reference: [Inquiry into Appropriation Bill 2019-2020 \(No 2\)](#))

Members:

MRS V DUNNE (Chair)
MS T CHEYNE (Deputy Chair)
MS B CODY
MS N LAWDER

PROOF TRANSCRIPT OF EVIDENCE

CANBERRA

FRIDAY, 28 FEBRUARY 2020

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Secretary to the committee:
Dr B Lloyd (Ph: 620 50137)

By authority of the Legislative Assembly for the Australian Capital Territory

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

APPEARANCES

CHIEF MINISTER, TREASURY AND ECONOMIC DEVELOPMENT DIRECTORATE.....	1
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Amended 20 May 2013

The committee met at 10.30 am.

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

MINERS, MR STEPHEN, Acting Under Treasurer, Chief Minister, Treasury and Economic Development Directorate

BAILEY, MR DANIEL, Executive Group Manager, Property and Venues, Commercial Services and Infrastructure, Chief Minister, Treasury and Economic Development Directorate

VROOMBOUT, MS SUE, Acting Deputy Under Treasurer, Economic, Budget and Industrial Relations, Chief Minister, Treasury and Economic Development Directorate

KELLEY, MS REBECCA, Executive Branch Manager, Sport and Recreation, Economic Development Division, Chief Minister, Treasury and Economic Development Directorate

EDGHILL, MR DUNCAN, Chief Projects Officer, Major Projects Canberra, Chief Minister, Treasury and Economic Development Directorate

THE CHAIR: Welcome to the first day of hearings of the inquiry of the Standing Committee on Public Accounts into Appropriation Bill 2019-2020 (No 2). Today we will hear from Mr Andrew Barr MLA, Chief Minister, Treasurer, Minister for Tourism and Special Events and his officers.

I ask witnesses to notify the committee that they have read and understood the privilege statement, copies of which are on the table. Witnesses are encouraged, when they take questions on notice, to say the words, "I will take that question on notice," to make it clear. It makes it easier for everyone to find it later. I welcome the Chief Minister, Mr Barr, to the table. Are you going to make an opening statement?

Mr Barr: No.

THE CHAIR: Could I begin, Mr Barr, by thanking you for the notice that the committee received about the upcoming appropriation bill, which allowed us to do some pre-planning before Christmas for this, which was helpful. But could I also comment that in the last week or so, since the tabling of the appropriation bill, it has been like extracting teeth to get a clear view of who is responsible for what. I think that there were four or five days of backwards and forwards between the committee secretary and DLOs in various offices before we got a clear view of which minister was responsible for what and, therefore, what day we would be asking particular questions.

Mr Barr: In terms of specific expense initiatives?

THE CHAIR: Yes, and it does appear at times that there are multiple ministers who have a finger in the pie but also a lead minister.

Mr Barr: Yes.

THE CHAIR: It seemed—and this is a comment from me—to be a substantial

departure from the one-service model that we talked about a few years ago. Do you have a view about the efficacy of the complexity of some of these—

Mr Barr: There are some initiatives that have funding contributions from different areas of government. But they highlight the one-government approach. Rather than seeking to have siloed approaches to the funding, they are presented as a joint initiative. An example in my responsibilities is the Indigenous cultural tourism hub that is jointly funded by both the Chief Minister, Treasury and Economic Development Directorate and the Community Services Directorate. There are examples where we have a whole-of-government response or a one-government response but different agencies contributing towards different elements of a particular project.

If there has been confusion in relation to responsibilities around appropriations, the challenge of our Westminster system of government is that it tends to lead people to want to both fund and inquire on a strictly siloed basis, which is the antithesis of the one-government approach that we have been seeking. I view it perhaps through a different lens than you in that regard, but I will take on board the comments. I will seek some further advice across the other areas of government in relation to the coordination issues around who appears when.

Second appropriation bills of this gruelling size are not common. Obviously this summer has led to a need for some more significant responses to issues that have emerged. But I will take your commentary on board.

THE CHAIR: From our point of view, we want to avoid, as much as possible, members or visitors asking questions and then being told, “No, you cannot ask them here. You have to ask them on another day.” That is why we did as much work as possible to identify who was the responsible minister.

Mr Barr: I appreciate that. I think we will, in responding to questions, if we do not have the appropriate official here—although I think we have a pretty broad representation across different agencies—take them on notice and get the committee an answer as soon as possible, as has been our practice. Most issues and questions can be answered if not immediately then on the same day or within several days following. That has been the practice in the past. We would endeavour to continue to respond in that way.

THE CHAIR: Could I seek members’ indulgence. On page 3 of the supplementary appropriation bill budget papers there is a list of the Chief Minister, Treasury and Economic Development Directorate initiatives. Shall we take them down the list as they appear there, just for clarity sake? Could I open to members’ questions on an independent WorkSafe ACT to better protect workers in the ACT?

Mr Barr: That is one example where I am not the lead minister. Minister Orr is, and she is scheduled to appear—

THE CHAIR: Yes, of course, sorry. I have another list here. I was looking at the wrong list. Cheaper parking at Canberra stadium. Does anyone want to ask questions?

MS LAWDER: Yes. Could you explain to me what you mean by major events—which ones are Canberra’s major events, and what prompted the change? Not that it is not a welcome change.

Mr Barr: It is principally the football matches that are held at the venue. On occasion there will be other content. “Major” would envisage a situation where you would have thousands, potentially tens of thousands, of attendees, up to the capacity of the venue. But principally the rationale followed discussions with the two major hirers, the Brumbies and the Raiders, around their match day experience and concerns that it has been, at typically heavily attended events, difficult to get everyone through the gates in 15 minutes before kick-off—unsurprisingly indeed, I make similar observations—and that there should be an incentive through a pricing signal around early bird entry. Also to support attendance at lead-up, lead-in events to the main event, often the Raiders and the Brumbies will have either preliminary games or pre-match entertainment that they are keen to get people to attend.

We have, obviously, free travel on public transport with your game day ticket and then this incentive to get people who are driving to get to the ground a little earlier. It obviously helps with the traffic flow in and out of the venue. It is administratively simpler with the note denomination that is available—\$5 or \$10. I believe it makes it the cheapest parking, pretty well, of any major venue in Australia. It is part of a package of assistance for the Brumbies and the Raiders to encourage greater attendance.

MS LAWDER: It does not apply to the Capitals’ games, for example?

Mr Barr: They are not at Canberra stadium. They are at the AIS arena when they play here. Their parking charge generally is \$5 anyway. It is at the early bird fee.

MS CODY: Chief Minister, I know that the Super W often play their games before the Brumbies. Is this also to try to encourage patrons to get along and watch an amazing women’s rugby team?

Mr Barr: Yes. You get two games for the price of one and, if you get there early, you get a discount on your parking.

MS CHEYNE: Is there modelling on what sorts of numbers you are expecting to see in terms of patronage?

Mr Barr: No, we did not do a modelling exercise for a \$2 fee reduction. We simply took the advice of the hirers and responded to some anecdotal evidence in relation to people’s experience of trying to arrive on time, as is often the case. If you want to absolutely guarantee that you are going to be there for kick-off and for preliminary matches or pre-match entertainment, get there a little earlier and you will save some money on parking if you are driving.

THE CHAIR: What is the cut-off time?

Mr Barr: Forty-five minutes before kick-off.

MS CHEYNE: Is the 45-minute cut-off time comparable to early bird parking at other major venues around the country?

Mr Bailey: Yes. We understand that that is 45 to an hour beforehand.

MS CHEYNE: You have not just gone, “Oh, 45 sounds about right.”

Mr Bailey: No, 45 minutes to an hour is what we understand is out there in the industry. As I said, yes, that just alleviates that congestion of everybody trying to run through the door 15 minutes before. Getting to the gates, with extra security nowadays to get into venues, it takes a longer time. Everybody with their tickets has them electronically now, and they do not think about trying to find their tickets until they have just about hit the gate, so it does take a little bit longer to get into the venue. This initiative to encourage people to come a little bit earlier has an extra benefit as well.

Mr Barr: There is effectively a hierarchy on pricing signals. Our preference is that people take free public transport, but if they do wish to drive—and there will of course be circumstances in which that is the most suitable way to get to the venue—then come a little earlier, save some money and enjoy either a preliminary match or the pre-match entertainment.

THE CHAIR: What do you envisage the cost will be this financial year and into the outyears?

Mr Barr: It is \$40,000.

THE CHAIR: This financial year?

Mr Barr: Yes.

THE CHAIR: Is this essentially a trial?

Mr Barr: No.

THE CHAIR: There are not very many games in this financial year, in the next four months.

MS CHEYNE: The majority are.

Mr Barr: Actually, no, there are quite a lot, because it kicked in for the start of the—

THE CHAIR: It has already kicked in?

Mr Barr: Yes, for the start of the Brumbies season. Most of the football is played—

THE CHAIR: Most of the rugby will be played.

Mr Barr: Yes, and rugby league, too. There are a lot of games after 30 June.

THE CHAIR: Yes. A couple of times it has crossed my mind that things are already

in train that have not been appropriated. You said you have already kicked in with this, although it is going to be \$40,000 that is going to be appropriated for this. How do we manage that in the period between the appropriation? What is the legal status of—

Mr Miners: This is an amount of revenue forgone, so it is not an appropriated amount.

THE CHAIR: Fine; thank you, but it will come up again.

MR MILLIGAN: In relation to the \$200,000 that you are putting towards a study—

THE CHAIR: We now move on to the tourism hub at the Yarramundi cultural centre.

MR MILLIGAN: I would just like to get you to identify what the \$273,000 is going to go towards and identify at the Yarramundi research centre. You have also mentioned that you are going to look at a business hub there. It is encouraging to see that potentially you have copied one of our initiatives from our own announcement already in this space. Can you just elaborate a little on what the \$273,000 is going to go towards?

Mr Barr: Sorry, we do not have the appropriate official from economic development, but we will make sure we will get her here during this hearing. I will come back to it.

THE CHAIR: Okay.

Mr Barr: In broad terms, it is a jointly funded initiative between the Community Services Directorate and the Chief Minister, Treasury and Economic Development Directorate. The strands that are relevant to tourism and economic development relate to Aboriginal and Torres Strait Islander business development and cultural tourism that is aligned with the nature-based tourism strategy work that we have been undertaking, although that will now require a little bit of revision, given the Namadgi National Park fire and the recovery efforts there. But we will make sure that we come back to that before the hearing is resolved.

MR MILLIGAN: All right.

THE CHAIR: Further work for a new rectangular Canberra stadium: is that CMTEDD?

Mr Barr: Yes, indeed.

THE CHAIR: With the budget initiative, there is \$200,000 to conduct a site analysis, consultation and investigation for a rectangular stadium. There are two possible sites—EPIC and Civic pool.

Mr Barr: Two that are the subject of this further investigative work, yes.

THE CHAIR: Have you considered other sites and ruled them out?

Mr Barr: The only other possible site that has been examined that would be feasible, because there is land but we do not own it, is the current Institute of Sport precinct.

THE CHAIR: Where you have come to is: “What land does the territory own where we can put a stadium?”

Mr Barr: Yes. The preference and the focus are to try and make it work in Civic, but that requires, following the previous work, the realignment of Parkes Way in order to create a block that is big enough. Obviously, it would also require—

THE CHAIR: Presumably, getting rid of that bottleneck roundabout.

Mr Barr: Yes. It is clearly linked to both the relocation of the water retention and quality pond that is at the centre of that roundabout, and further work on traffic management and flows in Parkes Way itself. That section of Parkes Way, just to complicate matters further, is owned by the commonwealth government. It is their road. We are in discussions with the commonwealth in relation to that specific matter and we have specific proposals before them in relation to Parkes Way. That is not a new topic. It has been around for a number of years. We require their planning approval and their engagement, their financial contribution, because it is their asset. It is not a capital expense for us; we do not own the road. The complicating factors here are also the size and design of a new stadium, and particularly its orientation. That is a very significant factor in the context of—

THE CHAIR: Playing into the sun in the afternoon.

Mr Barr: Yes. There is the ability to grow grass, with or without a roof. Suffice to say that there are a number of complexities relating to that site, the orientation of a stadium on that site. They are not insurmountable, but they will require a partnership between the commonwealth and ACT governments. This funds some further, more detailed work to inform a future government decision. I have been very clear that, should that not work, a potential fallback is Exhibition Park. I want some further specific advice on where, within that precinct, would be appropriate in the circumstance that the city site is just not suitable and/or we are not able to reach an amenable outcome with the commonwealth in relation to the Institute of Sport precinct.

There has been a lot of conjecture and speculation, including media reporting in recent weeks, about, potentially, an imminent announcement from the commonwealth on their intentions for the Australian Institute of Sport. With the range of ageing infrastructure that Canberra sporting teams use, it is principally Canberra stadium and the AIS Arena, and there are other parcels of land in that Bruce precinct that are either owned by us or owned by the commonwealth. That area remains within scope for a rebuild of Canberra stadium on its existing site. A new stadium in an adjacent car park would remain an option as well. But, in the hierarchy of options, the preferred options principally are to focus on the city. If that is not possible, either for technical or for expense reasons, we will look at the other options.

This work will allow the government to make a clear and informed decision on the best possible site, given the various constraints. There are arguments for and against each site. My view was that it was best to have the most robust set of information to inform that future decision, which is still some years away.

THE CHAIR: In relation to this, you are proposing to appropriate \$200,000 in this financial year. By the time the appropriation bill passes, there will be a maximum of three months available to spend that \$200,000. How are you proposing to spend that \$200,000 in three months?

Mr Barr: Clearly, this issue has been around for some time, and there are areas of government where decisions were made on this several months ago. Agencies are gearing up to procure this particular work. Mr Bailey might wish to provide some more detail.

Mr Bailey: There has been a lot of work done in the past. More recently, there has been a lot of change in terms of stadiums and how they can be designed. With some recent stadiums like Parramatta, and even North Queensland, for example, it has been shown that they can be at a higher gradient now, and with potentially a smaller footprint. With this study, we do not expect it will take too long to do—a 12 or 14-week study. It is about combining all of the technical work that has been done, pulling it all together, looking at current stadium design and seeing whether it is feasible in Civic. We know we have a lot of space at EPIC. It is about looking at where you would put it there—where it would also work for the future. We are fairly confident that it could be done within this time.

THE CHAIR: What will the consultation look like?

Mr Bailey: This is more of a technical study. This one will be an architectural engineering study to confirm that side of things. It will also include traffic and other engineering aspects. Really, the focus will be on whether it can work at this particular site. That is what we will be looking at.

Mr Barr: More to the point, what compromises will be necessary in order to make it work?

THE CHAIR: Make it fit.

Mr Barr: The smaller the stadium is, in terms of its seating capacity, the less space it will take up. But there will be a point at which going too small would effectively defeat the purpose of having a new stadium. There have been figures bandied about, saying, “Let’s have a 40,000-seat stadium.” That is absurd. For one match a decade, Canberra stadium has sold out. I think we need to be realistic about the parameters that we are looking at here, and around the 25,000 mark is what we are looking at.

There are arguments that, given that 95 per cent of matches will attract a crowd below 20,000, that might be a scale of stadium that is suitable, with the potential, for the one match a decade that gets a bigger crowd, to be able to scale it up. I want those aspects to be tested. It may well come down to a choice that you can fit a 20,000-seat stadium on the city site; or if you want 25,000, expandable to 30,000, you need to go somewhere else. I do not know that; I want that to be tested. That is also one of the issues that we need to look at—the size of the facility.

THE CHAIR: Is there scope to—and this is very subjective—evaluate the game day

experience? If you have a big stadium which is three-quarters full, what is the game day experience compared to having a smaller stadium which is fuller?

Mr Barr: The design and architectural elements are important there, too. A well-designed rectangular stadium can create a sense of intimacy and atmosphere up to a certain point. A badly designed one, even if it is three-quarters full, can still not give you that sense of game day excitement. This is the trade-off.

One of the X factors in live sport attendance is a perception of scarcity. If it is hard to get a ticket to an event, it becomes even more desirable, doesn't it? I do not want to take that argument to an extreme and say, "We'll only build a 10,000-seat stadium and it will be full all of the time." Obviously, we have to attempt to hit the sweet spot, to have some capacity to reflect that this would be a 50-year asset and that the population will increase over time. A range of factors would lead you to build something slightly bigger than what might be needed for 2025 and to think about where we will be in 2050. If you were to do an honest assessment now, looking at the attendance at Brumbies games and Raiders games, for everything except semifinals and finals, they are not cracking 20,000 in attendance at any of their matches.

MS CHEYNE: Obviously the stadium and the future uses of EPIC are identified in last year's infrastructure plan as longer term priorities. So it makes sense that there is a feasibility study about uses now. But also identified for longer term priorities was the National Convention Centre. Why have you chosen to do a feasibility study on the stadium over a study on a convention centre?

Mr Barr: The work on convention facilities is reasonably well progressed, even to the point of a very expensive but nicely designed option to bid on the identified site. The outstanding issue in relation to convention facilities is: are we building a national convention centre that therefore requires the commonwealth to be involved—because it would be on a scale for the nation, not for the city of Canberra—or are we building the Canberra convention centre?

We have more recently invested in improving and refurbishing the existing centre. We own the asset, so that means we can capitalise our expenditure on it. I guess, on the comparative need versus the comparative condition of the different assets, our greatest deficiency and our facility that is in the greatest need of improvement is the theatre and theatre precinct. That is why that project is more advanced than a stadium or a convention centre. All three are identified in the infrastructure plan, but in the assessment that the government has made it has looked at the state of our current infrastructure and its capacity to extend its life; do we own it; and where can we make the most prudent investment delivering an economic return and the social and cultural outcomes we want? So the order for these large pieces of social infrastructure is: theatre precinct, stadium, convention facilities.

MS CHEYNE: Is it possible that a convention centre could be combined with the stadium?

Mr Barr: Not a convention centre. A facility that could be used, for example, for major sit-down dinners, or an ancillary facility to the convention centre, is feasible. It would be greatly assisted if our new stadium had a roof, but then that obviously adds

further to the cost of such a facility. Were it to be located across the road from the current convention centre, then, yes, that would potentially be a usable facility.

But it is a stadium, not a convention centre. The more you try and make it all things to all people—I know there is a lot of controversy: “This stadium should also be convertible to an oval and then a rock concert venue or a convention centre”—the more likely you are to end up not meeting the needs of any particular user group effectively. So that is the other trade-off that we need to manage here. There might be ways that, as I said, it can be a useful ancillary boost to the convention business, but that would not be its principal purpose.

MS CODY: Yes. This is supplementary to the chair’s line of questioning. I note, Mr Bailey, that you were talking about this study being a technical study about engineering and roads and, as Mr Barr noted, stadium size. When I ask about the playing surface, I guess I am talking about how a rectangular oval, and the sports that would use a rectangular oval, would find a stadium. Does that play into some of those considerations?

Mr Bailey: I think that is down to the orientation and the type of pitch. There is some talk about whether you could have a synthetic pitch versus a grass pitch. From all consultation we have had, it has to be grass.

MS CODY: Yes.

Mr Bailey: Therefore it has to be the right orientation of north-south to make that grass grow. So, yes, that is important—fundamental, actually—to the design of it all. If it was east-west you would be running into the sun as well, but we would not get the grass to grow. The surface in all the stadiums we have now is really important. Times have changed: We have athletes on there who are on millions of dollars, so ensuring that that surface is of the right type, and durable and flexible enough to be used throughout the whole year, is really important, especially in the climate we have in Canberra.

MS CODY: I was about to ask how the climate we have here impacts on that.

Mr Barr: Yes.

Mr Bailey: Yes, that is right. At the moment—I imagine the same would go there—we run couch grass over summer and then we sow it with rye over winter to get us through. But that couch grass provides a stable base throughout the year. That is why—this is a bit of a spruik for us here in Canberra—we have, at Manuka and GIO, two of the best pitches throughout the country, just because of the turf that we have.

Mr Barr: The bigger concern now is not so much that grass would grow in a greenhouse type of environment in winter; it is our hot summers. That is a point of difference between Canberra and Dunedin. It has this—what is it?—quite advanced technology. There is less risk in Dunedin of the grass cooking in summer than there is in a Canberra summer.

MS CODY: We have just seen one.

Mr Barr: With the summer we have just been through and for the summers that lie ahead, we need a venue that can cope with days of temperatures in the forties—and a considerable run of them over a summer period. That is the challenge in a greenhouse type of environment over the summer period.

So, yes, the orientation is fundamental, but we have engaged regularly with the major football codes on new playing surface technologies. The Dunedin one is a hybrid. It has a portion of artificial grass with deep roots that the natural grass attaches to, but it is a relatively small percentage of artificial to a much greater percentage of natural turf. They have had their challenges in turning the venue around between non-football uses and football uses.

You then look at the Australian experience—for example, Docklands Stadium, which the AFL owns, I believe, in Melbourne. They have had some diabolical challenges at times with their grass and their playing surface. And they have an openable roof. That is obviously very expensive. A moving roof is even more expensive than a fixed one.

MR MILLIGAN: I notice that in your infrastructure plan you list Canberra stadium as a long-term priority. Just for clarity, I would like to know what exactly that means in terms of years. I am a little bit concerned that this \$200,000 that you are allocating for architectural designs and so forth might just end up sitting up on the shelf collecting dust, particularly in relation to another report that the government did in 2008 and 2009, and that was \$750,000 to go towards master planning for Canberra's premier sportsgrounds. What came out of that report? Is there a possibility that the same could pretty much come out of this new report with nothing to come from it?

Mr Barr: It would be impossible for government to make an informed decision without this work. If you do not do it, you are taking a wild stab in the dark. You could not just announce that you are going to build something without having done this further technical work. On the question of time frame, our existing leasing arrangements for Canberra stadium run through until the middle of the decade, so nothing is happening before then.

MR MILLIGAN: In 2025?

Mr Barr: Yes, thereabouts.

Mr Bailey: End of season 2024.

Mr Barr: We will be guided by decisions and announcements from the commonwealth in relation to the medium-term future of that asset. That has got to be a factor. A new stadium would depend also on the availability of the old. Preferably you would be able to continue playing at Canberra stadium up until the point that a new stadium is opened.

The time frame to build is quicker on a less encumbered site. It would be quicker to build a new stadium on a greenfield site at either EPIC or in the Bruce precinct. The most difficult new build, because of its location, would be in Civic. That is one of the pros and cons associated with that site. My personal view is that obviously you need

to know the time frame and complexity of build, but that should not rule Civic out. It is the most complex, without any doubt, of all of the options, but it should not be ruled out just because it is complex, but it does necessitate further work.

In relation to the final observation you made around that work that was undertaken, that obviously informed investment decisions not just for Canberra stadium but also for other major venues. I would argue—you may not agree, but I would argue—that, regarding the investment that has occurred at Manuka Oval, which was a part of the work that was undertaken then, the master planning work there has paid off. It was never going to be one big bang change at Manuka. It was going to be a series of smaller investments and improvements.

We have hosted our first cricket test match. The women's ICC T20 World Cup is on there at the moment, which means that that work did sit on the shelf gathering dust. It has led to practical, tangible outcomes for Manuka. But it has also informed some of our investment decisions in the shorter term in relation to Canberra stadium, because we have made progressive improvements there. People will see, this season, a second and a very large replay screen at Canberra stadium. That of course is movable in the future, should the venue move at some point in the future.

I think they are necessary investments in master planning and technical elements before you make large investments, because if you get these things wrong you will never hear the end of it. I understand that, not just from members of the Assembly but from the broader community as well. You want to get these things right. They are investments in the hundreds of millions of dollars and have, over their lifespan, billions of dollars of economic impact. I think it is prudent to make an investment, in this instance, of several hundred thousand dollars to inform the right decision in the medium term.

MR MILLIGAN: As part of the couple of hundred thousand dollars towards the investigation into architectural elements and designs of the stadium, will you give the union, the league and also soccer an opportunity to contribute to this process? The reason I ask this question is that I was recently at Parramatta stadium and had a look through that stadium. Soccer actually has a completely different requirement to union and league, which would affect the architectural build quite significantly. Given that we have not got an A-league team here, if you project building this stadium for the future, will you guarantee that you will include whatever requirements soccer needs in the original build, compared to trying to retrofit it 10 years down the track, when we maybe eventually get a team?

Mr Barr: Yes, subject to those requirements being reasonable. It is not a blank cheque; if soccer's requirements would make the project 50 per cent more expensive then you would need to obviously question that. But to provide technical input into their needs, absolutely, and that has taken place already in terms of engagement with current and potential users.

Clearly the Football Federation of Australia and indeed FIFA have used Canberra stadium for either friendlies or international tournaments, so we are quite familiar with their technical needs. There is nothing new that I am expecting in terms of what their requirements would be. Yes, they will certainly be taken into account, but

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inevitably, even in a rectangular stadium that is shared between codes, there will need to be an element of compromise amongst all of the potential users. I do not believe, anyway, that their technical requirements are so disparate or in conflict with each other as to make this an impossible task.

MR MILLIGAN: Looking at Parramatta stadium—

THE CHAIR: Mr Milligan, I am just mindful of the time. Mr Coe, do you have a question?

MR COE: Yes. Can you please expand on why the grass will not grow east-west?

Mr Bailey: Yes, I think it is just due to the shading there. I know the sun moves that way, but my understanding is that you need the north-south to get that bridge there.

Mr Barr: It would be in shade a lot of the time, obviously, because, particularly now, for most of our winter, the sun is lower and on an angle from the north.

MR COE: Yes, but if you have got a rectangle and you have got a roof that follows that rectangle, either you are going to have the same shade issues for half the field going lengthwise or half the field going width wise.

Mr Bailey: Yes, you are right, and I think that was what you were mentioning about Docklands as well. It is the corners that can be a bit of a concern. The technical side—I am not a technical person with the grass, so I could get that verified—but I think the bigger issue of east-west is running into it, so you would have to basically just play night games.

MR COE: Yes, I understand that argument, but I just do not understand—

Mr Bailey: No, but I—

MR COE: Because surely if you are going north-south, the shade issue is going to run lengthwise, not width wise.

Mr Bailey: Yes, look—

MR COE: I am just baffled by this argument.

Mr Bailey: Yes, I can get that information for you; I can take that on notice.

THE CHAIR: Take that on notice.

Mr Bailey: I will take that question on notice. But I have had it explained to me that—

MR COE: I would be delighted, because I—

Mr Bailey: I am not the best to come in here and technically give it to you.

PROOF

MR COE: know many people in the sporting community, including the elite sporting community, that are absolutely baffled by this argument.

Mr Bailey: Yes, I know and I will get that information. I have had it explained to me, but I have—

Mr Barr: Why most of them are north-south.

MR COE: I understand that from a sun point of view, but not from growing grass, running to the sun.

THE CHAIR: Yes. Are we done on the rectangular stadium?

MR COE: Sure.

THE CHAIR: I am mindful of the time; there is a bit to get through. Reducing fees for business: Ms Cheyne, do you have questions in this space?

MS CHEYNE: Sure. Are we talking about reducing outdoor dining permits? Does that come within this?

Mr Barr: Yes, that is right.

MS CHEYNE: Halving the dining permit fees and offering free 12-month permits to hospitality venues was announced as occurring from 1 February. Do we have any data on what the response to this has been and what the take-up has been? I appreciate that it is only four weeks in, but I am curious to know what the industry response was.

Mr Barr: The fee reduction is automatic; you do not need to apply for that element. For those who would be taking out new permits, the initiative has only been in place for several weeks. We will take on notice what response there has been over that period. The other element that is contained here is the reduction in hawker licence fees to zero, to support microbusiness and social enterprises. That is the other part of the initiative, and it is outlined on page 84 of the budget review papers.

THE CHAIR: The \$63,000 is essentially revenue forgone?

Mr Barr: \$93,000. It is on page 84.

THE CHAIR: I was looking at it in the appropriation. Is it revenue forgone?

Mr Barr: Yes.

THE CHAIR: All of it?

Mr Barr: Yes.

Mr Bailey: Yes, it has already been forgone.

MS CHEYNE: Where did this initiative come from? Was there industry feedback?

Mr Barr: No, it was government prompted.

MS CHEYNE: Why?

Mr Barr: Firstly, I felt it was appropriate, in the context of the impact over the summer period from the various weather events, smoke being the most obvious. Secondly, it aligns with previous government policies to both give trial periods or fee rebate periods to new businesses to expand their outdoor dining and the streamlining of the administrative process around the allocation of that public space. It fits within a broader night-time economy development strategy and a broader tourism hospitality industry development strategy. It was a further extension of policy that was consistent with everything I have done previously in these areas.

MS CHEYNE: Given that it was government prompted, what has been the industry commentary or response?

Mr Barr: All very positive. Just as you do not meet lots of people who dance for joy at paying tax, you meet a lot of people who dance for joy at having their fees reduced.

MR COE: If it is such good policy, why is it only 50 per cent? Why not 75 per cent or 100 per cent? Why does the tax exist at all?

Mr Barr: Obviously, there is a requirement to manage public land in accordance with planning and development protocols. There is an appropriate level of administration that is necessary to manage this process. We have streamlined the administrative process and extended the time frames for people to undertake this sort of public space leasing.

Our endeavour is to strike the appropriate balance between having the lowest fees for any major city and the fact that it is public land. Whilst we want the private sector to utilise it, the community also has some expectation that there will be an appropriate, but minimal, fee associated with its use that would cover some elements of the administrative costs associated with maintaining a permit system.

In theory, you could entirely deregulate it, but I certainly would not want to see the outcomes of an entirely deregulated approach here, because it would then just be about who bangs their chairs and tables out in whichever space they want. I think there is a need for a regulatory environment, but it is a light-touch one, and with fees lower than any other comparable major city.

MR COE: Why is it 50 per cent? What analysis—

Mr Barr: We looked at how our fees compared with other jurisdictions, whilst maintaining, as I say, some appropriate level of fee for use of public land.

MR COE: Is this a permanent measure?

Mr Barr: Yes.

MR COE: Why was 100 per cent right last time, last year, and now it is 50 per cent? What change in behaviour are you going to see? Why could it double last year and that was good policy, and now it has halved and that is good policy?

Mr Barr: The exercise and the endeavour here is to further encourage the appropriate use of public space to grow our tourism and hospitality industry whilst maintaining, as I say, an appropriate, light-touch regulatory system to manage that space safely and effectively and provide an incentive to new businesses to trial such operations for free for a period of 12 months.

THE CHAIR: Chief Minister, what does it cost to administer the allocation of public space for open-air dining and the like? What is the administrative cost?

Mr Barr: I will take that on notice.

MS LAWDER: On the hawker licence fees, how many hawker licences do we have and how much of this revenue forgone is in relation to the hawker licence fees being reset to zero?

Mr Barr: We will take that on notice and give you an exact number.

THE CHAIR: Is it all hawkers or is it just special classes of hawkers?

MS CHEYNE: Could you give an example of what sorts of businesses we are hoping to see here?

Mr Barr: These are pop-up coffee carts, food and beverage providers—

THE CHAIR: That is not exclusive; does it cover all walks of—

Mr Barr: I will get the detail of that for you on notice.

THE CHAIR: We move to supporting tourism by strengthening Canberra's major events venues. Chief Minister, could you elaborate on this particular initiative?

Mr Barr: Yes. It has a number of components, principally around supporting new events that relate to the sporting space but not exclusively. As I think the description of the initiative on page 46 outlines, there is an expense in revenue allocated to this, in so much as the commercial arrangements around the events that are held at our venues will vary depending on the commercial agreement with the hirer. But we are certainly moving towards, because of the success of our major events in recent times, no longer requiring giving the hirer a subsidy on coming to Canberra in the first place and then them keeping all of the ticketing revenue on top of that.

That is a result of the infrastructure investments in Manuka Oval, for example, meaning that the commercial returns now are starting—they are not fully there, but they are starting—to be commensurate with other venues. Essentially, there is a cost associated with any major event promoter—be that a major sport or otherwise—to bring something to Canberra. If your infrastructure is sufficient then that cost can be offset by the ticket price. We are not yet at that point for pretty well everything. There

are some events that manage to operate without a level of public subsidy, but not many.

THE CHAIR: Which are the events?

Mr Barr: That would operate without a public—

THE CHAIR: Without public subsidy?

Mr Barr: You would be looking at major music festivals—as an example, the Spilt Milk one that operates at Commonwealth Park. I am not privy to any commercial arrangements between the National Capital Authority and the operators there, but it is that sort of thing.

THE CHAIR: Groovin' the Moo, even though they have gone to EPIC. Are they—

Mr Barr: I think that would; I had better check.

Mr Bailey: I am not aware of any funding for that one.

Mr Barr: Yes, I do not believe so.

THE CHAIR: So they are a rent payer.

Mr Barr: Yes, they pay the fee to use the venue and they generally—

THE CHAIR: A rent payer, rather than a rent seeker.

Mr Barr: Indeed, and they generate sufficient revenue from ticket sales to meet the costs of staging the event and, presumably, some form of profit for the private organisers. Most other things have a degree of public subsidy—rugby league, rugby union, AFL, cricket, basketball, netball, and the list could go on. Pretty much every sport in the country has a degree of public subsidy, either through the public money invested in the venue or through the public money associated with bringing the event.

Where we are now evolving to with our venues is the point that we no longer have to provide both a subsidy to bring the event and then effectively charge nothing for the use of our venues and then give up all of the revenue in order to have the event. We have moved up the totem pole or the event food chain to the extent that we now see that we can enter into commercial agreements with hirers where we retain revenue from ticket sales. That goes, as you will see here, to partially offset the appropriation for some of these events.

We have also provided, as you see specifically highlighted here, some additional venue-led support for the Brumbies through seasons 2020 and 2021. This support, though, to territory venues and events, extends beyond just sporting venues into the National Arboretum and others. What it enables is those venues to be in the marketplace for new events. That is why this is an ongoing initiative.

It also provides them with a degree of risk assurance, because we do take some risk

now with receiving ticketing revenue on particular events. That means that there is some risk transfer to government through territory venues and events around staging these major events. This additional appropriation gives territory venues and events and the National Arboretum, I guess, a greater degree of comfort against those risks when it comes to staging events in the future.

THE CHAIR: I am going to use my chair's prerogative to bang on about something that I would like to bang on about. Does this include any sort of publicity material beyond the particular event? Are you saying that, if there is a new event at the Arboretum, while you are here these are the other things that you could be doing; you could be visiting CMAG or the private galleries or the craft council?

Is there thinking in this space—and I ask this question on a regular basis and have done for 19 years—about increasing visitors' understanding of what is available beyond the institutions to what is available through private galleries and community galleries et cetera that the government funds? These could be the craft council, Strathnairn—those sorts of things—so that you get more bang for your buck and you might encourage somebody to stay an extra day.

Mr Barr: That is not explicitly within this particular appropriation, but the fundamental issue that you are pointing to is ensuring that at our venues there is information or ways for visitors to garner information about other attractions.

THE CHAIR: Even before they get to the venues, when they are planning their visit.

Mr Barr: Yes. That principally sits with VisitCanberra in terms of the total destination marketing. That is not directly within the remit of the National Arboretum to be actively promoting it, but they do have information available that would also highlight other events.

THE CHAIR: But if we are supporting tourism and trying to extend people's stay, do we have a strategy for saying, "If you are coming to Canberra for the rugby, or the Picasso—"

Mr Barr: Yes, we do.

THE CHAIR: What does it look like today?

Ms Kelley: Within each of our funding partnerships with the elite teams, whether it be cricket, the Giants, the Raiders or the Brumbies—not so much with the local teams, but certainly our visiting teams—we have a schedule within that agreement that speaks specifically to the marketing initiatives that sit in and around those games. We work very closely with VisitCanberra and the marketing teams of the respective clubs to ensure that that is in-built around their game, either pre-game activity or post-game. If we look at GWS Giants, for example, their Sydney-based fans would travel to Canberra for their home game and also visit and experience the region while they were here.

THE CHAIR: If I am in Wagga or Sydney and coming to Canberra for a GWS game, when I buy my GWS tickets online, is there something that directs me to what else is

on in Canberra that I might be interested in seeing? What does that look like?

Ms Kelley: Yes; in most cases that is a link to VisitCanberra's website and the respective calendar of events. If there is something specific—I cannot think of an example off the top of my head, but if there was Enlighten or another big event around that—we have certainly looked at coupling those events and other sporting opportunities as well. Where there has been a Raiders match or a Giants match in tandem—

THE CHAIR: Come for a double-header.

Ms Kelley: then you would come for a double-header and we would utilise both of those networks to promote Canberra.

Mr Barr: The ticketing company partners, with a commercial interest and benefit at heart, are often the same. The ticketed elements of Enlighten, for example, are the same ticketing company, so you would be registered with them and have all of your details preloaded with them. When you buy tickets for an event in Canberra, they will often also then direct their marketing activity at you. We then also retain, obviously, within our databases where people have accessed bookings through the visitors centre and left their information or signed up for promotional material from us.

We are able to bisect that data in a way that we know who comes for exhibitions at the National Gallery and the sorts of other things that they will do. In partnership with the gallery and other institutions, we can present the slate of activities that might appeal to that type of tourist or consumer, just as there are people who will come for a sporting event who may also, whilst they are here, just hypothetically speaking, visit the Institute of Sport or do something else that is logically aligned.

THE CHAIR: Could you, on notice, provide to the committee examples of the sorts of supplementary information that people would get if they bought tickets to the AFL or tickets to Picasso et cetera?

Mr Barr: Sure. Yes, we can do that.

THE CHAIR: Thank you. Anything else on supporting tourism by strengthening Canberra's major events venues?

MR COE: Where are things at with the GWS negotiation?

Mr Barr: It is still ongoing.

MR COE: I understand that, but are you able to provide any update at all?

Mr Barr: No, I cannot; nothing different from last time we spoke.

MR COE: You just said that we should not have to give away a venue and revenue. Is that your bargaining position here?

Mr Barr: I am not having a running commentary on the government's bargaining

position with GWS and the AFL.

MR COE: What is the time line then?

Mr Barr: The current arrangement expires at the end of 2021.

MR COE: What is the time line for agreement, though?

Mr Barr: It would need to be done in time for the 2022 season.

MR COE: I get that, but are you going to provide any information to Canberrans about where this is at?

Mr Barr: We have obviously been meeting with them regularly, but I just cannot give a running commentary on commercial negotiations.

MR COE: I am not asking for the commentary, but you can at least give us the status and when you think the resolution is likely to be met.

Mr Barr: The status is ongoing and the resolution will be met before the end of the current contract in 2021.

MS CODY: This will be GWS's first season with the new media centre?

Mr Barr: I think the tail end of last season as well.

THE CHAIR: On page 83 it mentions extending the affordable rental incentive for private landlords. It is under CMTEDD. There is no money associated with the supplementary appropriation this year.

Mr Miners: It is, again, revenue forgone.

THE CHAIR: It is revenue forgone, but there is no revenue.

Mr Barr: It is already funded for this year, 2019-20.

THE CHAIR: Sorry.

Mr Barr: As you will see, the cost, which is for the financial year—

THE CHAIR: Yes, I know. So the zero cost in this financial year is—

Mr Miners: Sorry; say that again?

THE CHAIR: What does that zero represent?

Mr Miners: Because it is in the budget already, there is no additional cost this year. The funding represents the cost of running the pilot, but it is already in the budget, so there is no additional cost.

THE CHAIR: So what is in the budget this year? I am just trying to get my head around why we needed a supplementary appropriation for this if there was no extra expenditure or revenue forgone in this financial year?

Mr Barr: The Assembly resolution was that the government should give consideration to extending it. I think that was unanimously passed. We have done just that. The debate in the Assembly at the time was about the fact that, in order to see increased take-up of the scheme, landlords would need to know it was continuing for a longer period of time. We responded positively to that and have signalled that to the—

THE CHAIR: I just wanted clarity, because this is a supplementary appropriation for this financial year and there is a zero for this financial year for this particular initiative. I just wanted some clarity.

Mr Miners: This is a revenue initiative as well; it is revenue. It is fairly standard practice that, when the government produces this budget review, it advises the decisions it has made that affect the budget over that time. It is fairly standard to put in those measures, even in this case where it has an impact over the forward estimates rather than the current year. It is really providing information about decisions that it has made. It is really a reporting exercise, in the main, in this case.

THE CHAIR: Thank you. There is \$466,000 for the tax reform advisory group. What is the tax reform advisory group? Who makes it up? How are they selected? And what do we expect to spend \$466,000 on?

Mr Barr: Again, you will be aware that the Assembly passed a series of resolutions in relation to particular pieces of work that it wanted undertaken to inform both the community and the government about further stages of tax reform and an analysis of the impact of tax reform to date. This work effectively goes to fund that modelling and to inform future decision-making. I will ask Mr Miners to respond to the detail of the other elements of your multipronged question.

Mr Miners: There are various elements where that is going. The largest part, as the Chief Minister has said, is to fund consultancies to get some analysis around the impact of the tax reform program to date, to help provide guidance as to where it can go into the third phase or the third tranche. In doing that, there is money in there for consultancies. There is also money in there for staffing in treasury to do the coordination of the secretariat role in relation to the group and also in terms of providing some of the analysis, taking that analysis from the reports and turning it into policy advice.

THE CHAIR: Could we have, on notice, a breakdown on what you expect to spend the money on?

Mr Miners: Yes, we can take that on notice.

THE CHAIR: Thank you. I understand that there is a contract to the ANU for \$110,000 and change, GS001067. Is that contract part of the tax reform advisory group work?

Mr Miners: Yes, it is.

THE CHAIR: We committed to this expenditure of \$110,000 before the \$466,000 was appropriated. How are we managing to do that?

Mr Miners: The funding for this is met through different ways. We have committed the funding; we can meet those costs. This significant additional funding is to actually allow us to do that properly and maintain the existing level of effort we are providing to other services. We needed to undertake this work and we needed to move on it fairly quickly to feed into budget processes, so we have entered into those contracts. Should it reach a stage where we will need to then make sure that we are managing within our budget, we will adjust out what we are providing and have conversations with the government. If it turns out that we are delivering this as a priority over something else then we will enter into those conversations at that point.

THE CHAIR: I am not sure I understand that, but I will see if I can summarise it and you can tell me whether I have got it right. What you are saying is that you cash manage the \$110,000 in anticipation of the \$466,000 appropriation?

Mr Miners: That is correct, but—

THE CHAIR: Why would you do that rather than, say, use a Treasurer's advance? You are presuming that the Assembly will appropriate this money?

Mr Miners: If we needed to use a Treasurer's advance, we would. However, a Treasurer's advance cannot be used if there is an opportunity to seek the funds through appropriation. That is one of the requirement benchmarks. In this case, as soon as there is an appropriation bill we need to try to seek that through the appropriation bill rather than use a Treasurer's advance.

THE CHAIR: Thank you for that. That is probably refreshing a known known. What you are saying is that you could have done it through a Treasurer's advance but because there was an appropriation bill coming up it was more prudent in terms of the FMA to actually appropriate that money?

Mr Miners: That is correct, yes.

Mr Barr: I will just add, given that the Assembly called for this work—

THE CHAIR: Yes, you are right, Chief Minister, the Assembly called for it, but there is still, on the surface, a level of presumption that the Assembly is going to appropriate the money.

Mr Barr: Sure, but obviously, given the nature of the government and the fact that with the agreement of one other party there is a majority of the Assembly, there is a—

THE CHAIR: My point is that you are presuming that the Assembly will appropriate the money and you have started to use the money before it is appropriated.

Mr Barr: And I guess my point is that I believe that to be a safe assumption in this regard.

THE CHAIR: I might call it a presumption.

MR COE: What actual budget is it coming out of? Where is the \$110,00 currently, right now? What budget is it? Where does that liability sit?

Mr Miners: That sits with treasury and it sits in the—

MR COE: Right now there is a \$110,000 liability?

Mr Miners: Yes.

MR COE: Has any of that been paid out yet?

Mr Miners: No payments have been made at this stage.

MR COE: Where is that liability sitting?

Mr Miners: That sits with CMTEDD.

MR COE: I understand that, but where in CMTEDD?

THE CHAIR: Whereabouts?

Mr Miners: Under treasury, under the economic management output class.

MR COE: The tax reform advisory group—who is it?

Mr Miners: There are three academics on that. I chair the group, and on the group is Bob Breunig, Robert Tanton and Richard Denniss.

MR COE: How were they selected?

Mr Miners: They were selected through trying to get a broad range of people with expertise in the tax field.

MR COE: Who actually selected them?

Mr Miners: That was through conversations with the Chief Minister and his office, as well as advice from treasury as to who we thought would be good people to have on the panel.

MR COE: Who actually made the call?

Mr Barr: Ultimately I signed off on who would be on the panel.

MR COE: What is the status of this advisory group? What actually is it? Is it a unit of government?

Mr Barr: No.

Mr Miners: No. It is a group that is providing advice to treasury on tax reform.

MR COE: Are they advising treasury or cabinet?

Mr Miners: It provides advice to treasury and we will use that to form advice that later goes to cabinet.

MR COE: Was there a public expression of interest?

Mr Miners: No there was not.

MR COE: Was there a panel arrangement?

Mr Miners: The people on the panel are not being paid for their services.

MR COE: Are they currently doing any other work for the ACT government?

Mr Miners: I will have to take that on notice. I am not able to answer that at this stage. I will have to take that on notice.

MR COE: How often is the group meeting?

Mr Miners: The group has met four times, I think, to date. We meet as need be, basically, on various points. There is not a fixed schedule per se. We meet when we have useful information to discuss with them all or we are at a point where their advice would be particularly useful.

MR COE: What is the pitch to them? They are volunteers, helping out the cause. What was actually the pitch?

Mr Miners: These are academics who spend a lot of time in tax reform areas. To be perfectly honest, when I spoke to them about it they were very keen to be involved in tax reform work that was taking place in the ACT.

MS CODY: The tax reform that we have been undertaking is quite groundbreaking?

Mr Barr: Yes, I think that is fair to say. There is a new-found enthusiasm from the New South Wales Liberal Treasurer about this. He has commissioned his own work and has his own tax reform advisory group that—

MR COE: I think it is going to be a little bit different to yours, though.

Mr Barr: Not that much.

MR COE: I think you will find that there are significant differences.

Mr Barr: They have not done anything yet; that would be the first difference.

MR COE: Stay tuned.

Mr Barr: We look forward to that.

MS CODY: Having people that are volunteering to look at how tax reform has been operating and our projections for the next phases—that would be something that academics and people that work in this field would love to be involved in?

Mr Miners: Certainly in my discussions I did not have to encourage very hard to get them to sign up to be involved.

THE CHAIR: In relation to the contract—the analysis of the impacts and outcomes of tax reform—it seems that there were milestones. It started in November 2019 and will run until May 2020, but there are also milestones of providing a draft in January and a final in February. Have those milestones been met?

Mr Miners: We have received the draft reports, and we are currently working with them around the final reports.

THE CHAIR: What sort of input are you giving to the final report? Are you asking for particular changes in approach? What is happening?

Mr Miners: No. Our input into the findings is more around trying to understand exactly what is in the reports and making sure that it is very clear about the findings and how they work. We also test the assumptions around the modelling to make sure that we are satisfied with the rigour and the quality of the product.

THE CHAIR: Have the consultants been asked to do particular modelling?

Mr Miners: Yes, they have.

THE CHAIR: What modelling have they been asked to do?

Ms Vroombout: In going out to tender there were five categories of work that we sought from consultants—firstly, around the distribution or impacts of tax reform on households; secondly, on impacts of tax reform on progressivity and equity; and—

THE CHAIR: “Productivity”, did you say?

Mr Barr: Progressivity.

Ms Vroombout: Progressivity and equity.

THE CHAIR: Okay.

Ms Vroombout: The third was around economic efficiency and the impacts of tax reform on economic efficiency. The fourth category was around the impacts of tax reform on housing affordability. The final one was around the impacts of tax reform on rental affordability.

THE CHAIR: Were they asked to model particular scenarios or did the consultants have pretty much free rein within those four to five areas that you have outlined?

Ms Vroombout: They have broad discretion within those five areas. As part of the tender responses, they came to us with the methodologies that they proposed to use to step through those five things. In assessing the tender bids we looked at the sorts of methodologies they were proposing to use.

THE CHAIR: There was more than one tender bid?

Ms Vroombout: There were seven tender responses.

THE CHAIR: You said, Mr Miners, that the consultants had provided their draft report—presumably roughly in the time frame provided in the contract.

Mr Miners: Yes.

THE CHAIR: And I understand that they were supposed to provide their final report by last week but it has not come. Is that right?

Mr Miners: We have received revised reports and we are just working with them on them, to finalise them.

THE CHAIR: So a draft or revised report but not a final report?

Mr Miners: Yes. We still have to do the last little bit to make sure that we are completely comfortable with what is in them.

THE CHAIR: I want to get my head around the extent to which the government influences the final product. You did just make a point about “the extent to which we are comfortable”. Were there recommendations in the draft report with which you were not comfortable?

Mr Miners: The reports are not making recommendations. They are literally technical analysis. What we are doing is making sure, again, that we are comfortable with the methodology, what is underlying it, and the way the assumptions have been made. We are not trying to influence where they come out; we are just trying to make sure we are comfortable with the inputs to those models and the way the work has been done.

THE CHAIR: You said you have a draft report and a revised report. Were there substantial changes in the report between the draft and the revision?

Mr Miners: Some bits were added because when we got the draft some work had not been completed at that stage. There was still work going on in those stages. Beyond that, we have not gone though it in enough detail just yet to provide that commentary.

MR COE: Who is doing the work?

Ms Vroombout: The ANU was the successful tenderer and it was a collaboration between the Tax and Transfer Policy Institute and NATSEM. We also let another tender, which has not yet made it onto the procurement website, to the Centre of Policy Studies at Victoria University.

THE CHAIR: To do what?

Ms Vroombout: To do one element of the analysis, and that was the economic efficiency element of the analysis.

THE CHAIR: But that was part of the list of things that you read out—part of this \$110,000 contract?

Ms Vroombout: Yes.

THE CHAIR: But they have not done an analysis of the economic efficiency?

Ms Vroombout: Yes, they have, but there were different methodologies being used by the ANU and by Victoria University, and we thought there was value in getting both of those different methodologies applied to that question.

MR COE: So the ANU has subcontracted to them?

Ms Vroombout: No. So this is a separate—

MR COE: A separate contract?

Ms Vroombout: A separate contract.

THE CHAIR: Under the \$466,000?

Ms Vroombout: Yes.

MR COE: But how much is that contract for?

Ms Vroombout: Just under \$47,000.

MR COE: Right. And is that on the contract register?

Ms Vroombout: It will be shortly.

MR COE: When was it issued?

Ms Vroombout: The work has been undertaken and we have received the report.

MR COE: Yes, but when was the contract issued?

Mr Miners: We will take that on notice and come back to you with the exact dates.

MR COE: Why would it not be on the contracts register?

Mr Miners: It is purely a timing matter. I will have to double-check the dates to find out exactly when it was issued, but it is literally timing. There is no other reason.

MS CHEYNE: It is not on the contracts register?

THE CHAIR: The contract of Victoria University on economic efficiency.

Mr Miners: Yes.

MR COE: Right, so that is in addition. Is it the \$160,000-odd that has been committed to before, as Mrs Dunne asked?

Mr Miners: That is the value of those two contracts. Yes.

MR COE: What data has been provided to the contractors?

Ms Vroombout: Some data from the revenue office. The rates database was provided to—

MR COE: That is the unimproved value of every single property in Canberra?

Ms Vroombout: Correct, but de-identified.

MR COE: Historical unimproved value?

Ms Vroombout: Yes.

MR COE: The rates and levies paid?

Ms Vroombout: Yes.

MR COE: Whether they have received any concessions?

Ms Vroombout: I would have to take that on notice and confirm it.

MR COE: How will they undertake the distributional impact of the modelling?

Ms Vroombout: NATSEM has used a microsimulation modelling technique to do that.

MR COE: Have you supplied to the contractors any information about household income?

Ms Vroombout: They have used ABS data and household income surveys to do that.

MR COE: Has the government provided any household income information?

Ms Vroombout: No.

MR COE: The information is exclusively—

Mr Barr: We do not hold household—

MR COE: There will be some; when concession applications are made, that will be stored.

Mr Barr: Only that they would be eligible, not the detail of their income.

MR COE: You may not store it, but you will receive information about their claims for concessions and there would also be income declarations made for first home owner grants and the like.

Mr Barr: Yes, but only that they would be eligible below a certain threshold. It would not tell you exactly what their income was.

MR COE: You would have to prove it with documentation.

Mr Barr: No, not necessarily. Your proof of documentation is to the federal government for most of those concessions, and you sign a statutory declaration in relation to—

MR COE: The government is not taking any income information for concessions or first home owner grants; is that what you are saying?

Mr Barr: No.

MR COE: What are you saying?

Mr Barr: I am saying that the eligibility for a pension card or to prove that you are a pensioner is with the federal government. We require evidence that you are a pensioner, but we do not require evidence of your income. The eligibility test is with the commonwealth because no state or territory government has access to that information. That is not new. That has been the case throughout the history of the commonwealth. That is not a startling revelation, Mr Coe. We have canvassed that extensively, previously.

THE CHAIR: Could I go to the information that was provided to the consultants? Does that include, for instance, other levies which were associated with the rates bill, like the emergency services levy and the domestic violence levy? Was that information conveyed to the consultants?

Ms Vroombout: I would have to take on notice the precise details of what is in the rates database that we provided to the consultants.

THE CHAIR: Thank you; take that on notice.

MR COE: Who else is provided with access to the rates database, particularly as it relates to unimproved value?

Mr Miners: Are you asking who else in terms of outside government? I would have to take that on notice. It is protected. There needs to be a reason for allowing access to that, which is normally around providing advice to government or undertaking work in terms of providing research.

MR COE: Is it provided to RP logic, Domain, realestate.com.au or—

Mr Miners: I will have to take that on notice and get that information.

THE CHAIR: What other elements of work will be expended under the remaining \$300,000-ish?

Mr Miners: Could you repeat that question?

THE CHAIR: With the remaining unexpended appropriation of \$300,000-odd, what is that going to be used for?

Mr Miners: The largest remaining part of that is on staffing costs.

THE CHAIR: Staffing within treasury?

Mr Miners: Within treasury, yes.

THE CHAIR: Have you recruited extra staff?

Mr Miners: Yes. We have moved some of our existing staff onto the working group in terms of supporting the working group and backfilling other positions behind that. There are lots of people moving around.

THE CHAIR: My question is: is there a net increase in staff in treasury as a result of this?

Mr Miners: Yes.

THE CHAIR: What is the net increase?

Ms Vroombout: It is funding two staff positions.

MR COE: For how long?

Ms Vroombout: Until June.

THE CHAIR: That is \$300,000 for over four months—

MR COE: The appropriation is \$466,000; \$160,000 has gone elsewhere. There is \$300,000 left. \$300,000 pro rata is \$600,000. For two people, that is a lot of money.

Mr Miners: We are working around estimates, what the modelling will cost and whether we need to do any follow-up modelling or any additional work. Anything that we do not need to spend will be returned to budget.

THE CHAIR: How much are the staff, the treasury staff internally, for this project?

Ms Vroombout: I would have to take that on notice.

THE CHAIR: Take that on notice.

Ms Vroombout: They have been working for quite a number of months already as part of this project.

THE CHAIR: When you are answering these questions, perhaps you could help out the committee by saying when the project actually started.

Ms Vroombout: Yes.

Mr Barr: It is going to run for nearly the full fiscal year.

THE CHAIR: If it is going to run for nearly the full fiscal year, that raises the question as to why it was not appropriated in 2019-20.

Mr Barr: As I recall, the Assembly resolution was after the budget process.

THE CHAIR: In the answer can we put all of that in context?

Mr Barr: We will, yes.

THE CHAIR: Wonderful, thank you. There are some questions I would like to ask about Major Projects, because you are the minister responsible for Major Projects—

Mr Barr: Yes.

THE CHAIR: except when it is a particular major project.

Mr Barr: I am the minister responsible for Major Projects, but there will be—

THE CHAIR: Yes, but then when you get to the nitty-gritty of the actual major project, that is the responsibility of the line minister?

Mr Barr: Yes.

THE CHAIR: Is that a reasonable characterisation to outline how it works?

Mr Barr: That is a reasonable characterisation, yes.

THE CHAIR: I am sure you would be absolutely gobsmacked to note that I was surprised by the *Canberra Times* reporting today that there might be the possibility of funding for SPIRE being transferred to the day-to-day operation of Major Projects and that it is reported that Mr Edghill has suggested that some of the money be rolled over. I know from the FOI request that I received that something just south of \$6 million out of the 2018-19 appropriation of \$6½ million capital for SPIRE has not been spent

and there was a proposal for a rollover, but as of 19 November that rollover had not been effected. Has the rollover been effected now? If not, is the money going to be rolled over into SPIRE? Can I have an assurance that the money appropriated for SPIRE stays with SPIRE?

Mr Barr: Stays with SPIRE? Yes, you can have that assurance.

THE CHAIR: Great. I understand that you, Chief Minister, have said that Major Projects will be revenue neutral or budget neutral.

Mr Barr: Budget neutral, I think is the term.

THE CHAIR: Budget neutral, sorry.

Mr Barr: Yes.

THE CHAIR: What created the concern, Mr Edghill, that you did not have enough funds to operate the corporate part of the project, including your salary, apparently?

Mr Edghill: I think I have seen the *Canberra Times* article which was referenced. Unfortunately, probably the key part in the email exchange that they referenced was not actually picked up in the newspaper, which was, in my discussions with treasury, a very clear understanding that the establishment of Major Projects Canberra should have a net-zero effect on the ACT budget. That is a verbatim quote from my email.

The correspondence that I entered into with senior treasury officials is what I would characterise as being no different to the ordinary goings-on of government, which was working within that parameter through the exact mechanism with the establishment of Major Projects Canberra to fund our corporate costs. With any project there are associated corporate costs, be they communications or engagement, when it comes time for audits to be undertaken and so forth.

The correspondence with treasury was around that we know that the money is there and we know that we have a net-zero effect on the ACT budget. It was really about the mechanics of effecting that. I think where we have ended up is a sensible position, where, if you take the view that Major Projects Canberra is a fairly straightforward directorate within the ACT government, if we have no projects, we have no corporate costs. Everything that we do is project related, so on that basis it makes sense that our corporate costs, which are extremely modest, I may add, are apportioned across the projects that we are operating.

THE CHAIR: What you are saying is that you would be essentially taking a fee, a commission or whatever you would like to call it from each of those projects to cover your corporate costs. Is that the case?

Mr Edghill: Either before the establishment of Major Projects Canberra or after the establishment of Major Projects Canberra, I do not think it is quite right to categorise it as a fee on these major projects.

THE CHAIR: How would you categorise it?

Mr Edghill: I would categorise it this way: with each of the major projects, the most significant component is the bricks and mortar and actually designing and building things, but because we need to have good governance around the projects, because we need to have the communications and engagement function, because we need to buy stationery and have telephones and so forth, the existence of the projects themselves carries a dimension of governance and corporate costs. Those projects, to the extent that they are incurring those corporate costs, fund those corporate costs.

THE CHAIR: All of your corporate costs will be funded through the individual projects so that, in addition to the building itself, there are governance issues which are part and parcel of all the organising.

Mr Edghill: Yes; effectively the only reason we have corporate costs is because we have the projects.

THE CHAIR: Yes.

Mr Edghill: Therefore the projects pay for the corporate costs.

THE CHAIR: Why did you write the email in the first place saying, “I have got all these fixed costs—my salary, the Auditor-General et cetera—and you have to pay for your audits et cetera” if you understood that you would be retrieving those costs out of the project costs? Why was it necessary to write that email in the first place?

Mr Edghill: I cannot speak for the treasury side of the email, but because there are different—

THE CHAIR: No, I am asking you why you wrote the email.

Mr Edghill: Yes. There are different mechanisms that could have been taken to address that funding. For example, if the corporate costs were to be specifically and separately funded then it would have a knock-on effect of reducing the appropriation required for the projects themselves. It was purely the mechanism for showing the funding in Major Projects Canberra.

THE CHAIR: But what you said before, Mr Edghill, was that if there are no projects there is no Major Project Canberra; it does not exist.

Mr Edghill: Yes, exactly. As I mentioned before, I think we ended up in a sensible position, because without any projects we do not have those corporate costs. The position that we resolved with treasury is that the corporate costs that we have should be coming through the various projects that we are managing.

THE CHAIR: What is the core staffing of Major Projects Canberra?

Mr Edghill: There are two—

THE CHAIR: The establishment, I suppose, yes.

Mr Edghill: Yes. Regarding the bulk of the staff within Major Projects Canberra, in fact, all of them on day one transferred from other parts of government. So the bulk of the staff that we have come from what we now call internally the infrastructure partners branch of Major Projects Canberra, which was effectively the bulk of the old infrastructure, finance and capital works group that moved across. Altogether in Major Projects Canberra now we have around 180 staff. Most of those staff are existing staff that transferred from CMTEDD who were involved in not the designated major projects side of the business but the side of the business that delivers everything from dog parks and playgrounds through to road duplications and schools et cetera. They were previously within infrastructure, finance and capital works.

THE CHAIR: That is just a transfer of function from one part of an agency to another part of an agency?

Mr Edghill: Yes.

THE CHAIR: The new title?

Mr Edghill: Correct.

THE CHAIR: Did you say that was about a hundred people?

Mr Edghill: Infrastructure delivery partners was around 100 to 120, I think, altogether.

THE CHAIR: Perhaps you can take the fine detail on notice.

Mr Edghill: Yes, I would be happy to do so. The exact number was around 100 to 120. Likewise, when Major Projects Canberra was established, the light rail team that had existed within the Transport Canberra and City Services Directorate also transferred into Major Projects Canberra.

THE CHAIR: And the SPIRE team, such as it was, also transferred from Health?

Mr Edghill: With the SPIRE team, the timing of Major Projects Canberra being established coincided with the period just after the approval of the project's business case. Effectively, the team for the SPIRE project has grown since Major Projects Canberra has been in existence.

THE CHAIR: Could you, on notice, provide the committee with a breakdown of the corporate structure and the costs? To some extent, apart from the tram and the hospital expansion, what other works are Major Projects doing?

Mr Edghill: The infrastructure delivery part was part of the business which I mentioned before, the work that the old infrastructure, finance and capital works department in CMTEDD were doing. We have responsibility for that. On that side of the organisation, we do not hold the project budgets ourselves; we are effectively the project managers and the face between the directorate and the market.

THE CHAIR: That is a perfect segue to my next question.

Mr Edghill: With the second component, in the administrative arrangements there are three other functions that refer through to Major Projects Canberra. One is the ACT Chief Engineer, who reports through to me. The functions that he is undertaking sit with Major Projects Canberra. And there are two other projects. At least one of them has been mentioned today, the theatre project. The CIT new public transport interchange project in Woden is the other major project. We effectively have four major projects at present.

THE CHAIR: Going back to the funding for each of those projects, where does the funding rest? I think you said that the line agency keeps the funding. Did I mishear that? What is the story?

Mr Edghill: For the infrastructure delivery side of business, the way that works is that the line agencies maintain the budget and the direct ministerial accountability for those projects. Effectively we are a project manager. We do the procurement and service the day-to-day contact between the people on site delivering the projects and the relevant directorates. The idea behind that is that it varies from directorate to directorate, but not all directorates have the same need for the same sort of capital projects at all times, so we are able to better utilise the project delivery expertise by having it all within infrastructure delivery partners.

On the designated major projects side of the organisation, we have direct ministerial accountability to the relevant minister for the portfolio in which the project is being delivered. We would hold the budget for those projects as well.

THE CHAIR: So Major Projects hold the budget for the trams and the theatre, such as it is at this stage et cetera?

Mr Edghill: For the delivery of them. That was a deliberate decision when establishing Major Projects Canberra: to ensure that, for these big projects, the ministerial accountability actually sits with the people delivering those projects. That is so that we do not end up in a situation where you have us being responsible, but not accountable, for what we are doing. We are very definitely accountable for the budget performance of the design and delivering procurement on our projects.

THE CHAIR: In relation to what was just south of \$6 million from the 2018-19 SPIRE budget, who was responsible for ensuring the rollover?

Mr Edghill: In terms of the mechanics of it, we work with treasury and with Health to make sure that that happens.

THE CHAIR: So you are responsible for the rollover. Has there been a rollover of that nearly \$6 million unexpended from 2018-19, or will there be a rollover of that?

Mr Edghill: Yes. My understanding is that the money has already been rolled over. If I need to correct that, I will take it on notice and come back to you.

THE CHAIR: As far as I know, as of 19 November it was not. I asked this question on notice a couple of weeks ago.

Mr Miners: The normal process of a rollover would be that the relevant agency would write to the Treasurer seeking that; it would come through to treasury for advice; and we would provide advice on whether it was appropriate to roll that over or not. I cannot remember exactly where that process is at, but that would be the normal process that would take place.

THE CHAIR: There may be a time when you think that it is not appropriate to roll it over and you would give that money up?

Mr Miners: Yes.

THE CHAIR: Who makes that decision? Treasury?

Mr Miners: Ultimately the Treasurer would make that decision.

THE CHAIR: The Treasurer, on the advice of treasury?

Mr Barr: On advice, yes.

THE CHAIR: On notice, I would like clarification of where that money is.

Mr Barr: Yes; we will take that on notice.

THE CHAIR: Thank you.

MISS C BURCH: Going back to projects that fall in your remit, page 76, which talks about light rail design work, also includes raising London Circuit. Is that project within your remit?

Mr Edghill: Yes, indeed. It was a project that we worked closely on with the City Renewal Authority in terms of its inception. Given the very close physical interface in raising London Circuit and light rail stage 2A, a decision was made to include it effectively within the light rail stage 2A project.

MISS C BURCH: Page 76 lists \$2.5 million for that project. What do those costs pertain to? Is that design work?

Mr Edghill: Both for stage 2A and for raising London Circuit; effectively they are being procured as a single project. There is an incredible amount of work going on at the moment, primarily around design work but there is also surveying, utilities locations work, legal work and so forth. The \$2.5 million is being applied towards those works, specifically in relation to raising London Circuit.

MISS C BURCH: Page 64 lists an appropriation of \$88,000 for learning from the first stage of light rail. What lessons are expected to be learnt there?

Mr Edghill: There are two elements to that. In terms of the broader lessons learnt from light rail stage 1, the post-construction delivery report—I think the final section of that document, which is in the public domain—sets out a number of lessons learnt

from the project, both on the positive side and where there are opportunities for us to focus in the future.

In terms of some of the lessons that were learnt from stage 1, on the positive side, the delivery model that we chose was the right delivery model in the circumstances. We had good people on the team who got the job done. So there were some positive lessons that we would like to repeat as we move forward. The focus on affordability through that project also produced excellent results. Also, we maintained consistency of project objectives through the entirety of the procurement and contracting process.

There are areas that we know we have to focus on and continue focusing on, not just for light rail stage 2 but for other projects. Some of those lessons were around safety, for example. We noticed that when people came back from Christmas holidays, we saw, in terms of near misses and incidents that were reported, an uptick after people had been off the site for a while. We implemented some of those lessons learnt during stage 1 itself, making sure there were toolbox talks and the like when people were coming back onsite. That is a lesson that we can carry forward to other projects. Of course, we cannot engage enough with local businesses and local residents. And with light rail stage 1 there was the appearance of the site during construction. We are mindful that we want to maintain the site looking great, not just after it is delivered but as it is being delivered on the way through.

In terms of the appropriation here, the \$88,000, that is primarily some administrative help for us. As we work through light rail stage 2, there is a need for us to go back into our documentation on light rail stage 1 to ensure that we are applying those lessons from stage 1 on the second project. And, of course, we have other demands upon information from light rail stage 1. It is a time-limited resource to help us go back through the archives and go back through the documentation to draw out what we need to apply those lessons from stage 1 to stage 2.

MISS C BURCH: You say that appropriation is an administrative cost. How is that? Additional staffing?

Mr Edghill: Yes. It is one additional staff member for, I think, about six months as we lead into contracts further along on stage 2.

MR COE: The raising of London Circuit—how is that procurement going to differ from the laying of tracks and other civil works associated with 2A?

Mr Edghill: Effectively it is being procured as one single project of works with light rail stage 2A. And the reason for that is that if you were to treat them as two entirely separate bodies of work there would be elements of both that would need to be done for both projects. I am probably not explaining myself very well. For example, if you were not raising London Circuit for light rail stage 2A you would still need to relocate utilities. If you were just raising London Circuit and not building light rail stage 2A you would need to relocate those exact same utilities. The idea behind the procurement process is that they have been effectively brought together for procurement purposes as a single project.

MR COE: What is actually the model of procurement that you are going to go with

for 2A then?

Mr Edghill: As has been previously discussed, we are in sole-source negotiations with Canberra Metro for the procurement of light rail stage 2A, and have been for some time.

THE CHAIR: Did you say “sole source”?

Mr Edghill: Yes. And the rationale behind that is that, taking our contract structures and so forth, obviously light rail stage 2A is an extension of light rail stage 1. It would not be a sensible outcome to have people get off the light rail vehicles at Alinga Street and hop on someone else’s tram to go the next couple of kilometres.

THE CHAIR: They do it at Albury all the time.

Mr Edghill: Indeed so.

THE CHAIR: We are going to have a standard gauge tram, are we?

Mr Edghill: We will have one set of track sizes. And for those really practical reasons it makes a whole heap of sense for us to procure stage 2A in that manner.

MR COE: Where is the government’s due diligence going to stop and when is the consortium’s going to start?

Mr Edghill: We are both working very closely through that process at the moment, and it all depends upon, ultimately, the risk allocation under the contract that we enter into. But for both parties the incentive is to de-risk the project as much as possible. A lot of design work that is going on at the moment, a lot of the utilities, surveying and similar sorts of efforts are really aimed at providing greater certainty around what the ultimate design will look like and what the ultimate construction approach will be, with a view that if it has been de-risked from our side and de-risked from the Canberra Metro side that produces a better overall project outcome.

MR COE: You said “the consortium”. Is Canberra Metro doing any work on the site at 2A now?

Mr Edghill: In terms of on site, obviously hoardings and so forth are not up, but to the extent that there is work happening around utility surveying and so forth, absolutely Canberra Metro—

MR COE: Who is doing that work, though?

Mr Edghill: Canberra Metro, and Canberra Metro is also doing a lot of design work around the project.

MR COE: I am just getting to: why is the government spending money for the design of raising London Circuit, yet you have got the consortium also doing work here and you have not even got an agreement established yet? It just means that, surely, it is truly making a moving feast of it all.

Mr Edghill: I would not characterise it like that. The process that we are going through is akin to an early contract involvement-type model. If you go back to first principles, the contractor is not building light rail stage 2A as a charitable enterprise, in that the ACT government is of course always going to pay for the delivery of that asset. The arrangement that we have in place at the moment is that the work that Canberra Metro is undertaking is towards the development of the project and we are funding those works. Ultimately it needs to be funded to be built. But for those reasons that I mentioned before, which de-risk the process, it is also important that Canberra Metro be doing work, because when we get to the point of entering into the main works contract it is important that Canberra Metro own the various risks associated with the design work which is being undertaken at the moment.

To ensure that we are not in a situation where we are off doing our own thing and then Canberra Metro comes in later and says, "That is not going to work," we are working very closely together to ensure that when it comes time to actually build the thing Canberra Metro is satisfied with the risks associated with the design work which is happening at present.

MR COE: Are you contracting Canberra Metro right now to do work?

Mr Edghill: Correct.

MR COE: You are paying them separately for additional work?

Mr Edghill: In light rail stage 1, for example, at this stage of the project some of the design work was happening directly with the ACT government. We have contracted with Canberra Metro for them to be undertaking design work that we are funding for stage 2A so that the project is progressing per time lines but also from a risk perspective so that Canberra Metro is effectively on the hook for the design decisions which are being made through this process.

MR COE: What risks are Canberra Metro currently taking on with regard to 2A?

Mr Edghill: Firstly, they are taking the risk that they present us ultimately with a proposal which is acceptable to the ACT government.

MR COE: Are you not paying for that right now?

Mr Edghill: We do not reimburse Canberra Metro for all their work. For the design works, if Canberra Metro were to disappear, go away somewhere, the ACT government would hold the IP and would be able to take those designs and carry on with them. What we are not paying Canberra Metro for is the corporate and the big development costs, which they need to bear and which they would effectively only recover through the project if they got to the point of offering us, say, a proposal which is accepted by the ACT government.

THE CHAIR: What happens if Canberra Metro does not offer a proposal which is acceptable to the ACT government?

Mr Edghill: As part of the evaluation process we will have an evaluation panel in place and it involves representatives from across government, including treasury. It will also have an independent person on the evaluation panel. What we will do is assess the value for money of Canberra Metro's ultimate bid. If it is determined that, for whatever reason, the ACT government does not want to proceed then the ACT government will own all the design work that we have undertaken at the moment and can utilise—

THE CHAIR: You have said by your own admission that you have not paid for all that; there are components of that you have not paid for?

Mr Edghill: We have paid for the design work. What we are not paying for is Canberra Metro's corporate costs in terms of developing their bid for it. Effectively, Canberra Metro are—

THE CHAIR: Where do you draw the line between them developing their bid and them doing design work for you?

Mr Edghill: Before paying Canberra Metro for any works, we see the invoices which are coming through from the design team. But effectively there are two buckets of costs that Canberra Metro are incurring at the moment. One is costs associated with actually developing the design itself, the drawings and the technical stuff. There is also stuff that will be happening within the Canberra Metro organisation where they are framing their offer to the ACT government. They are working out their offer pricing and their legal costs associated with reviewing the contracts that we may enter into. All that stuff, we are not paying for. We are just paying for the design and the other physical and practical works that will remain of benefit to the ACT government if, for whatever reason, Canberra Metro and the ACT government did not enter into a contract.

THE CHAIR: What assurance have you got that that is what you are paying for?

Mr Edghill: We have arrangements in place with Canberra Metro that give us that clear certainty as to what we are getting through the process.

THE CHAIR: There is no capacity for them padding out their costs to meet their other corporate costs elsewhere?

Mr Edghill: No. The work that they are doing at the moment is open book; it is very clear. They are not proceeding with work unless we ask them to proceed with work first. We have that assurance. Ultimately the next stage with Canberra Metro is that, after the design work has been done so that they can produce their costings for their construction offer, we will go through a process where we interrogate their costs; we ensure that it represents value for money. That process is yet to happen but that is coming up in the not too distant future.

MR COE: What entity are you contracting to do this work—stage 2A?

Mr Edghill: It is Canberra Metro Pty Ltd, I think. I will take the exact form of the name on notice.

MR COE: Are all of those contracts on the register?

Mr Edghill: They should be; again I will take that on notice.

MR COE: Are you able to find out now? Can you get an adviser to find out whether these contracts are on the register?

Mr Edghill: Yes, there should be the augmentation agreement—

MR COE: If someone is able to work on that while we are here, that would be handy.

Mr Edghill: Yes.

THE CHAIR: Could I ask about the logistics of raising London Circuit? Where do you envisage that the raising will begin and end—somewhere south of Edinburgh Avenue, and south of Constitution Avenue, I am presuming?

Mr Barr: Edinburgh Avenue has now been connected to Vernon Circle. That work is underway.

THE CHAIR: That is what is happening at the moment, is it?

Mr Barr: Yes. That will be effectively a mirror of the Constitution Avenue connection up to Vernon Circle.

THE CHAIR: I hope it does not take that long! Edinburgh Avenue is going all the way through to Vernon Circle?

Mr Barr: Yes.

THE CHAIR: Essentially, from south of Edinburgh Avenue, you will be—

Mr Barr: Yes, it would be, effectively, outside the QT hotel, wouldn't it?

Mr Edghill: You are exactly right; you have to raise it on both sides. It is roughly where the corners are, if that makes sense, on London Circuit. If that is the bottom part of London Circuit, that is Commonwealth Avenue.

Mr Barr: Perhaps we will show it to you on a map. We will give the committee a—

THE CHAIR: What is the expected gradient? It is not a very long way; what is the height difference?

Mr Barr: People may not be aware that it was an at-grade intersection in the 1960s. It has operated that way before—

THE CHAIR: Before they built the bridge, yes.

Mr Barr: The territory records office Christmas card for last year had the image of

what it looked like when it was at grade. So it has been there before; it can be there again.

Mr Edghill: It is consistent with—

THE CHAIR: The thing is that we raised Commonwealth Avenue to go over London Circuit. What is the difference in height between London Circuit and Commonwealth Avenue at the overpass?

Mr Edghill: I do not have the exact gradient to hand. I am happy to take it on notice.

THE CHAIR: And what is the gradient?

Mr Edghill: It is part of the design process at the moment. We are conscious that, from a pedestrian perspective and from the light rail perspective, it cannot be too steep.

THE CHAIR: Yes; that is why I am asking what the gradient was.

Mr Edghill: Yes.

THE CHAIR: I have a general question, Chief Minister, about the appropriation. This is an \$80 million appropriation this year, and a \$163 million appropriation over the outyears for expenses. There are larger numbers for capital works. In relation to the expense initiatives, what does this do for the territory's financial position overall? We have seen an increase in the deficit and an increase in borrowings et cetera. How do we justify this in terms of an \$80 million increase in expenditure for this financial year?

Mr Barr: It reflects the government's response to prevailing economic circumstances, some of which have obviously intensified over the summer period. As we have discussed, there are some initiatives that would be stimulatory in nature or would provide assistance to areas of the economy that have experienced challenges that date back to November-December last year. Obviously, the circumstances have been—

THE CHAIR: What are those challenges that you were aware of in November-December last year?

Mr Barr: As we saw the first impacts of fire and smoke, the tourism sector was particularly impacted. As we progressed through our work in developing the budget review, it became clear that those impacts were going to be much greater. We were having to cancel events and activities prior to Christmas, and New Year's Eve and the like. We had an even more challenging January, through a series of other major natural disasters. Compounding that, in more recent times there has been the impact of coronavirus—COVID-19, as it is now formally titled. There has been a cumulative impact in terms of both the Australian economy and the territory economy that has necessitated a scaling-up of government response. That is one element.

There are other elements of the appropriation bill that respond to Assembly resolutions or requests. There are others that provide either ongoing certainty or early commencement of particular infrastructure or program funding or respond to

government election commitments. The cumulative effect, obviously, on both recurrent and capital expenditure is outlined in terms of its broader fiscal impact.

The observation I would make is that each state and territory government and the commonwealth government are now engaging in expansionary fiscal policy in order to support different but broadening sectors of the Australian and, in our case, ACT economies that have been impacted by both global and domestic or regional events.

Some of our expenditures, as we signalled in the broader commentary on the day we released the midyear update, will manifest themselves further in—for example, the costs associated with the emergency service activities, the cost-sharing arrangements with the commonwealth in relation to disaster recovery and the like. Further information will crystallise there.

We have, like every state and territory, experienced the impacts of a diminishing GST pool, with an expectation that that will further diminish, in terms of the size of the pool overall. As the New South Wales government have indicated in their work on federal financial relations, the share of consumer spending that is subject to the GST continues to fall as a proportion. We have seen very subdued wages growth, particularly in the ACT public sector.

There are a variety of national and international economic trends or incidents that are prevailing upon the territory. It is the government's view, consistent with that of every other government in Australia at the moment, that there are certain actions that are required of us at this time, and we are pursuing them.

THE CHAIR: Looking just at the expense initiatives—and we can look at the capital ones, but the expense initiatives are more apropos, I think—the expense initiatives themselves without associated infrastructure expenses amount to \$77 million. That is slightly less than what the committee was told we would be inquiring into when we were written to in December. What was added or subtracted as a result of the fire season, hailstorm, coronavirus? I was expecting, having seen the proposal and given that you said that we were responding to the bushfire, coronavirus, hailstorm, that I would actually see more expenditure. We are actually seeing marginally less expenditure, so what elements in this appropriation bill are directly derived from the events of January, essentially?

Mr Barr: In this appropriation bill some of those costs are yet to be finalised—the emergency services costs, for example, will be subsequent to this appropriation. On some of the fee reductions elements, obviously we have announced a range of fee reductions in response to the hailstorm, and from the experience of the hospitality industry in relation to smoke impacts. There are some examples, but there clearly will be more.

We do not yet have a final figure in relation to, for example, eligibility for and take-up of the various disaster relief programs. But we will bear some of the administrative costs and, presumably, the long-term risks associated with any loans that are entered into by any ACT businesses. Obviously, for a process like this, there must be a cut-off date. Clearly, a lot of these initiatives were in the pipeline before the summer, but—

THE CHAIR: The thing is that when you announced this and when you presented the bill, the emphasis was on the events of January, but as we can see and as you say, most of this was frittered away before those events. What was the impetus for this supplementary appropriation bill, if you take into account that we did not know in December that we were going to have a hailstorm on 20 January?

Mr Barr: The impetus, as I said, was to—

THE CHAIR: We did know about the coronavirus.

Mr Barr: fund a range of election commitments, bring forward a range of infrastructure projects. The state of the economy was known before, and what has happened over the summer has further compounded that and will necessitate further responses from government. But the full extent of those is still the subject of further intergovernmental discussions.

For example, in tourism, tourism ministers are meeting in a week in Canberra, in the precursor to this city hosting the Australian tourism awards. The week following that, COAG is meeting and the agenda items for COAG include, amongst other things, our response to the bushfires and to the coronavirus. As the Prime Minister indicated in his public remarks this morning, these will necessitate further commonwealth and state and territory government engagement, particularly if we are responding to a pandemic. Also, obviously, there are implications for our major trade-exposed sectors and if it starts to extend beyond just China then that will have even greater impacts.

THE CHAIR: The point is that this supplementary appropriation does not, except in a theoretical sense, envisage any of those things because you actually have not worked out the quantum.

Mr Barr: No, because it is coming.

MS CHEYNE: We are still winging it.

Mr Barr: Yes, that is right. It is coming.

THE CHAIR: The thing is that you said on repeated occasions that this budget was brought about by these things.

Mr Barr: No, no. I said these are contributing factors. I think you are confusing budget and appropriation with economic and policy response from the government, so—

THE CHAIR: If that is the case, maybe you are as well, Chief Minister.

Mr Barr: These events are unfolding and continuing. But, yes, we signalled that there would be a second appropriation bill, as you indicated before. We were always intending to do this, and we have. But we will need to add further to this, in terms of announcements following these various intergovernmental meetings that will lead into the budget later this fiscal year. There will be some things that will be required to be funded in this fiscal year that will fall outside of this second appropriation and there

will be further ongoing initiatives, I suspect, that will be necessary through fiscal year 2021.

I do not think it is going to come as a surprise that, as the situation evolves, the response from both the commonwealth and the territory government, and, indeed, other state and territory governments, will evolve as well. But the context of this document is that, yes, there must be a cut-off date. I did have to introduce a bill. It was timed to coincide with the midyear update. That is administratively easier for the government and for the Legislative Assembly to deal with these things, and circumstances continue to evolve. But it is not exactly the first time a midyear update has involved a supplementary appropriation and it will not be the last time in the history of the territory, I imagine.

THE CHAIR: You made a point about the declining GST pool. My understanding is that the decline in GST revenues is predicted to be in the order of \$17 million. How does that fit with the general disbursement that the territory receives from the commonwealth?

Mr Barr: It is actually \$53.7 million.

THE CHAIR: So where does the \$53.7 million come from?

Mr Miners: That is in the papers themselves. That is basically the ACT's share of the reduction in the pool. The pool was—

THE CHAIR: Over what period?

Mr Miners: For 2019-20, so the pool in 2019-20.

THE CHAIR: The 2019-20 reduction in the pool is not \$17 million but \$53 million?

Mr Miners: No, it rounds to \$54 million. It is \$53.7 million.

MS CHEYNE: It is on page 30.

THE CHAIR: What is the commonwealth disbursement to the territory overall in that period?

Mr Miners: Are you talking about the total amount of GST payments?

THE CHAIR: No, total disbursements.

Mr Miners: Including national partnerships and other payments?

THE CHAIR: Indeed.

Mr Miners: I will have that number somewhere. I will get someone to look that up.

Mr Barr: There are other commonwealth grants that are positive plus 36—

MS CHEYNE: Also on page 30.

Mr Barr: and the GST revenue is minus 53. So that is where I think you are getting your \$17 million figure from. But the GST revenue, which is the single largest source of revenue for all the state and territory governments as a single line item, is down \$53 million.

THE CHAIR: Okay, but we have not got a full breakdown of what the commonwealth disbursements are, both from GST—

Mr Miners: I can take those on notice.

THE CHAIR: Sorry; it is on page 33 of this one, did you say? No, that does not answer it, so if we could take that on notice.

Mr Miners: Yes. If we are just looking for general government sector commonwealth grants for 2019-20, it is \$2.4 billion.

Mr Barr: That includes the GST.

THE CHAIR: Where is that?

Mr Miners: That includes the GST and it includes the national partnership payments and all disbursements.

THE CHAIR: Where are you reading that from, Mr Miners?

Mr Miners: That is page 109 of the budget review.

THE CHAIR: The budget review.

Mr Miners: Yes. We publish a more detailed breakdown of all those payments at the time of budget. We do not break them down again at budget review.

THE CHAIR: Yes, I understand that.

MR COE: What sensitivity analysis have you done on these latest figures?

Mr Barr: A statement of risks is at appendix A, page 119.

MR COE: That is right. It is not the sensitivity analysis, though.

Mr Miners: No. We do full sensitivity at the time of budget, but we do not do the full sensitivity at the time of the budget review.

MR COE: Right. Given all these risks that you have just outlined, why do we not have any sensitivity analysis? Have you done so internally?

Mr Miners: Internally, we are constantly assessing risks and the impacts they might have, but we do not go so far as to produce a published number on them. A lot of the

risk we do is looking at the increase in future. The risk we publish in the budget is around what happens if something is higher or lower by one per cent. When we are preparing for providing advice, we are looking at the risks of, for example, the effect coronavirus might have on the economy. We are actually trying to delve in a bit more detail into those sorts of risks. But that work is still ongoing.

MR COE: Sure. On what date was the document printed?

Mr Barr: It would need to have been in the week leading up to the tabling, so—

Mr Miners: Yes, Monday or Tuesday that week.

Mr Barr: So it would have been in the week beginning Monday, 10 February.

MR COE: Yes, okay.

Mr Barr: But then it was printed and finalised. Obviously, there are a few days between that, so we would be looking at the first week of February. So by 7, 8 or 9 February you are not in a position to make any substantive changes.

Mr Miners: The weekend and days before that are usually largely used for doing all the formatting and proofing and all the administrative processes that need to go into it.

MR COE: Sure.

Mr Barr: And, of course, the document has to go to cabinet. There is a time frame between finalisation and when it ultimately appears as a printed document and is publicly released and provided to the Assembly, as per the requirements of the FMA, by 15 February each year.

MR COE: Sure.

THE CHAIR: Is there anything else? I was mindful that we undertook to answer Mr Milligan's question about Yarramundi Reach, if there is an official or someone who can answer that.

Mr Barr: Yes. Just bear with me on this. CSD is the lead agency. It is obviously providing the bulk of the funding. Given that the official who I need to be here to answer that detail is not able to be here, we will provide that in writing.

THE CHAIR: Right. Are there any final questions?

MR COE: Yes, just the follow-up with regard to the contracts for stage 2A works.

Mr Edghill: There are a couple of contracts which are in the works. The first one is on the website. It is actually in the name of Canberra Metro's constituent entity—it is CPB Contractors, John Holland and Canberra Metro Operations. I am informed by the team that there is a subsequent agreement, which is just with Canberra Metro at the moment waiting for their signature. No payments will be made until that contract has been signed.

MR COE: And what is that name of that entity?

Mr Edghill: CPB Contractors is the first one.

MR COE: CPB?

Mr Edghill: Yes.

MR COE: CPB entities.

Mr Edghill: Yes, and it is actually in the name of Transport Canberra and City Services because it was entered into prior to Major Projects Canberra.

MR COE: Right. Is this a contract or is this a tender?

Mr Edghill: No, this is on the contracts register.

MR COE: Okay.

Mr Edghill: Yes. That one is on the contracts register and there is another contract which we are waiting for Canberra Metro's signature on. But no payments, obviously, will be made under that one until Canberra Metro has returned the documentation to us.

MR COE: In terms of the ownership structure of that entity, is that 100 per cent owned by Canberra Metro or does that have different consortium partners?

Mr Edghill: No, we are dealing at present with the exact same entities involved in light rail stage 1.

THE CHAIR: What is the legal status of Canberra Metro? What is it?

Mr Edghill: It is an incorporated company. In the ownership of the top entity that we deal with—what we call the “special purpose vehicle”—there are four equity holders. There is John Holland and CPB Contractors. There are also two international investors. One is Aberdeen Standard Investments out of the UK, and the other one is Mitsubishi Corporation.

THE CHAIR: And what would happen if any of those entities did not want to participate in part 2A or 2B? Does that mean that Canberra Metro ceases to exist, or can it re-form in a different entity?

Mr Edghill: Obviously that would be a matter for them, but there would be a variety of different contracting mechanisms that we could take to still proceed with the project to deal with whatever circumstances arose.

THE CHAIR: So, as it currently stands, Canberra Metro is owned by those four entities that you outlined?

Mr Edghill: Correct.

THE CHAIR: Any other questions?

MS CHEYNE: No.

THE CHAIR: Wonderful. There were a range of things that were—

Mr Barr: Taken on notice, yes. We will get the answers.

THE CHAIR: Can we take it as read that we all know the stuff about—

Mr Barr: Time frames. Yes.

THE CHAIR: Privilege and—

Mr Barr: Yes, you did not do the pink card, did you, at the beginning?

THE CHAIR: Yes, sorry. I think that we are all grown up enough to know.

MS CHEYNE: How many years have you done this?

THE CHAIR: I have not closed the meeting yet.

Mr Barr: Sorry.

THE CHAIR: Answers to questions on notice should be received five days from the production of the draft transcript, and there is also the opportunity for members to place questions on notice. We are just taking the usual practice from estimates, which is three days from Monday.

Mr Barr: Monday. Yes.

THE CHAIR: Three days—Monday, Tuesday, Wednesday. Close of business Wednesday: questions on notice.

Mr Barr: Sure.

THE CHAIR: And then there will be five working days for people to answer. Thank you, Chief Minister. Thank you, officials.

The committee adjourned at 12.56 pm.