



**LEGISLATIVE ASSEMBLY FOR THE
AUSTRALIAN CAPITAL TERRITORY**

SELECT COMMITTEE ON ESTIMATES 2024-2025

**(Reference: [Inquiry into Appropriation Bill 2024-2025 and
Appropriation \(Office of the Legislative Assembly\) Bill 2024-2025](#))**

Members:

**MS N LAWDER (Chair)
MS S ORR (Deputy Chair)
MISS L NUTTALL**

TRANSCRIPT OF EVIDENCE

CANBERRA

WEDNESDAY, 31 JULY 2024

**Secretary to the committee:
Dr D Monk (Ph 620 50129)**

By authority of the Legislative Assembly for the Australian Capital Territory

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

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Privilege statement

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Amended 20 May 2013

The committee met at 9.00 am.

Appearances:

ACT Inspector of Correctional Services

Minty, Ms Rebecca, Inspector of Correctional Services

Costello, Mr Sean, Deputy Inspector of Correctional Services

THE CHAIR: Good morning and welcome to the public hearings of the Select Committee on Estimates for its inquiry into Appropriation Bill 2024-2025 and Appropriation (Office of the Legislative Assembly) Bill 2024-2025. The committee will today hear from the Inspector of Correctional Services, the Minister for Sustainable Building and Construction, the Minister for the Environment Parks and Land Management, the Treasurer and the Minister for Arts, Culture and the Creative Economy.

The committee wishes to acknowledge the traditional custodians of the land we are meeting on, the Ngannawal people. The committee wishes to acknowledge and respect their continuing culture and the contribution they make to the life of this city and this region. We would also like to acknowledge and welcome other Aboriginal and Torres Strait Islander people who may be attending today's event.

The proceedings today are being recorded and transcribed by Hansard and will be published. The proceedings are also being broadcast and webstreamed live. When taking a question on notice, it would be useful if witnesses used these words: "I will take that question on notice." This will help the committee and witnesses to confirm questions taken on notice from the transcript.

First up, we welcome Ms Rebecca Minty, Inspector of Correctional Services, and Mr Sean Costello, Deputy Inspector of Correctional Services. I remind witnesses of protections and obligations afforded by parliamentary privilege and draw your attention to the privilege statement. Witnesses must tell the truth. Giving false or misleading evidence will be treated as a serious matter and may be considered contempt of the Assembly. Could you please confirm you understand the implications of the privilege statement and you agree to comply with it.

Ms Minty: I acknowledge the privilege statement.

Mr Costello: I also acknowledge the privilege statement.

THE CHAIR: Thank you. We will proceed directly to questions. What is the average cost for a review of a critical incident?

Ms Minty: That is a pretty difficult question to answer, because it would really depend on the nature and scope of critical incidents. For example, there have been some very significant ones, such as serious unrest in accommodation unit north at the AMC. Reviewing a large-scale incident involves many different dimensions. It also depends on the nature of the matter and what expertise we need to bring on board. For example, in an alleged sexual assault at the AMC last year, for which we did a critical incident review, it was necessary to get someone with a clinical background, given the

nature of the incident. I would not want to put an average figure on it because some incidents we can review with our own staff time and other ones we will need to engage contractors. So it really depends.

THE CHAIR: Just to give me a bit of a feel, in the previous financial year, how many critical incidents were there?

Ms Minty: In the previous financial year, there were, I think, two critical incidents.

THE CHAIR: What were the costs of a review for each of those?

Ms Minty: So we are talking about the 2023-24 financial year. On the alleged sexual assault at the AMC, I would have to take on notice the exact cost of engaging the clinical expert. It was not a hugely significant amount. It was a number of days of her staff time and the rest of it was our own staff time. The other critical incident in that financial year—

Mr Costello: Has been commenced and not finished, I believe.

Ms Minty: Yes, that is correct.

Mr Costello: To clarify, we may have been notified about other incidents which would satisfy the test of a critical incident under the Inspector of Correctional Services Act, but those are the two that the inspector chose to use her discretion to undertake a review of.

THE CHAIR: Do you forecast how many reviews you might need to conduct in a financial year?

Ms Minty: Yes.

THE CHAIR: How do you provide or provision for those costs?

Ms Minty: It is a really good question, and it is a really difficult thing to do. The answer is no; we do not forecast that, because we just simply do not know what is going to occur and what will be referred to us. We have, in the past year, reviewed our policy around exercising discretion to conduct a critical incident. Sorry, just to clarify, are we just talking about critical incidents here?

THE CHAIR: Yes.

Ms Minty: The act is very strict on what amounts to a critical incident, but I do have discretion whether or not to do a review. That policy looks at things like the seriousness of the incident, the public interest in producing a public report and what impact that might have on preventing future occurrences. They are the sorts of criteria that I look at in determining whether or not to do a critical incident review. It is simply impossible to predict what may occur.

THE CHAIR: I guess I am just thinking in terms of your funding. Do you have sufficient funding? Hopefully, this would never happen, but, if you had several critical

incidents in a year, in some ways, does it mean you have to use funding that you may have otherwise used for something else?

Ms Minty: To be honest, we are quite stretched with our funding. We have a 2.8 FTE and essentially our whole budget is almost going just to staff costs. That is not a tenable position for us because we need to have this budget to engage contractors. In fact, the act specifically says, for example, that, if we are reviewing a matter concerning an Aboriginal and Torres Strait Islander person, we must have a part of the review team with that relevant background and expertise. So it is a requirement that we engage this sort of expertise.

Were there to be some really significant critical incidents, I would be driven by my obligations under the act and the discretion-making criteria that is in our policy on our website. To date, we have managed, but it is a difficult position given the 2.8 FTE absorbs almost all our costs. We also try to be economical about our reviews and use our staff expertise where possible.

MR PARTON: Under the circumstance that you have just outlined, if there were more critical incidents than have been the case in the past, when you balance that against your actual requirements of what you have to fulfil, how easy would it be to get to a situation whereby it would be impossible to fulfil those requirements because of budgetary constraints?

Ms Minty: I am understanding as hypothetical the scenario that you are putting. If there was a very significant incident occurring that I needed to review and for which I needed additional expertise, I think I would just have to go to government and make it clear that this is an essential part of my legislative requirements—just be upfront about that. The legislation makes it clear that a key part of my function is doing these critical incident reviews.

You referred to the other functions—and that is the whole-of-centre review of the AMC and Bimberi, which we are now required to do every three years. They are significant pieces of work, but three years is a sufficient gap. At the moment, for example, we are doing a review of Bimberi. So almost all of our attention and resources are going on that, but we are still able to keep an idea on what is going on at the AMC through our oversight meetings and through occasional visits et cetera. But, no, it does not give a lot of wiggle room.

MR PARTON: No. Who makes the determination of what actually qualifies as a critical incident?

Ms Minty: That is me.

MR PARTON: Okay.

Ms Minty: I am really pleased to see that Corrective Services have been increasingly open in terms of referring matters to us, often saying, “This may or may not fit the criteria; it is a matter for you.” I think that is really important.

MR PARTON: It is pleasing to hear.

Ms Minty: It is really pleasing to hear—though, occasionally, I do hear of things from other sources, as you could anticipate.

MR PARTON: Yes; so do we.

Ms Minty: Yes, exactly. I think the relationships that our office has with the official visitors, for example, and the other oversights are really important. In the oversight space, we do work really hard with the Human Rights Commission, the OVs, and the Ombudsman to make sure that we are not treading on each other's toes but we are referring matters I think that is important, and I really prioritise that relationship with those other oversight bodies.

MR PARTON: You have sort of answered this in part, but when we balance the work of the inspector's office between the three-yearly reviews and responding to critical incidents, what percentage of the work of the office is purely reactive and what percentage is "We can schedule these things"?

Ms Minty: If I had to put a number on it, I would probably say that, since I have been inspector, say it is 80:20. I do not know if Sean has other views on that, but I think—

MR PARTON: What is the 80?

Ms Minty: The 80 is the whole-of-centre reviews.

Mr Costello: Which is the proactive aspect of your question, probably.

Ms Minty: Yes, exactly, the proactive; the prevention—so going in, looking and asking questions around how the system is working. The 20 per cent is the critical incident reviews, which is backwards-looking—"This has happened." With the Optional Protocol to the Convention against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment, there is a new power—and the bill is currently before the Assembly—that would give the monitoring bodies, of which we are part, an ability to do reviews that do not have to be tabled in the Assembly. For example, it could be a smaller review. An example of this, which we talked about last year before this committee, was the introduction of the ban on smoking at the AMC, where we did a short review to see how things were being implemented on the ground. We did not publish that; it was more an assurance that the measures that we were hearing about were in place, and we found that they were.

Mr Costello: We also did a similar piece of work at Bimberi in terms of what we described as a pilot national preventative mechanism visit—again, a proactive, unannounced visit to Bimberi to again see outside of those three yearly reviews how things were going.

MR PARTON: Thank you.

MISS NUTTALL: I understand you have noted the long-term impacts that the COVID-19 pandemic had on the health and wellbeing of the people in the AMC. From your perspective, what are the most important impacts that are ongoing and

what are the most important lessons to be learnt from that?

Ms Minty: Sorry; I missed the start of that. Did you say the COVID pandemic?

MISS NUTTALL: Yes; the long term impacts on the wellbeing of people in the AMC.

Ms Minty: Obviously, the COVID pandemic significantly impacted the operation of correctional centres in AMC and Bimberi. I think that the immediate impact was around lockdowns, people not being able to carry out normal activities, but also for staffing levels, the reduced staffing capacity, which flowed onto lockdowns. As we all experienced in the community with limitations on physical contact, so too did it occur in a detention setting.

One really positive thing that came out of it was the pivot to the use of video-conferencing and zoom visits for families—and huge credit goes to Corrections to make that happen and make it happen so quickly. On that issue of remote zoom visits, I think that there is a risk that we do not revert to the previous status quo, which is face-to-face visits. I think zoom visits are easy and they are flexible, but they should not replace face-to-face visits. I think that is a really important legacy. We saw some real positives, but we need to make sure that detained people can still have physical contact.

In the youth space, the MPM pilot visit of Bimberi, as Sean mentioned, was a preventive visit. We came in looking at the topic of isolation with no fixed incident that we were responding to. But we did find that young people were being isolated for up to six or seven days on admission at a time when there were no restrictions remaining in the community. To me, that illustrates the real importance of ensuring that, when the risk posed by the pandemic reduces in the community, we must make sure that it also occurs for people in detention.

We have seen at Bimberi that young people have not been able to have physical contact with their families this year. Initially, that was brought in as a COVID measure—potentially very justified at the time—but it has persisted. This is in the ACT, and I think it is quite concerning that we are not letting young people hug their families in youth detention. The justification was initially on COVID grounds, but has since been justified on safety and security grounds around the risk of bringing contraband in. Some young people can be in custody for significant periods of time—weeks, months and years—and I think that is a huge challenge. I do not think it is acceptable that, in the ACT, we are not allowing, as a default, young people to hug their family at visits. Yes, there may be occasions where a risk assessment is carried out and there are safety and security reasons to have a non-contact visit. I think that was just an example of how the legacy of COVID and the ongoing impacts can be felt.

MISS NUTTALL: Absolutely. Talking about young people and being able to have that physical contact, do you find that the rules that we had in place before COVID and before physical distancing was important were appropriate? Do you think that, if they were to be reintroduced, that would meet the need?

Ms Minty: Yes; I think that is sound. I think the policy and procedure that was in

operation, which was about a risk assessment on an individual basis, is essentially sound. I think we need to recognise the important healing value of touch, of hugging, and we cannot lose sight of the therapeutic benefits of that. When young people are in detention, a therapeutic approach is what we should be always aspiring to.

MISS NUTTALL: Thank you. That answers my question.

MR PARTON: We have had feedback from a number of avenues about what has been described as the lack of resources for detainees in areas such as rehab, counselling, mental health and medication services. From your examination and review of the services provided, is there a lack of services provided relating to those that I have just mentioned?

Ms Minty: As I mentioned before, we have been focusing on Bimberi this year. So I have not taken a deep dive into that issue since the Healthy Prison Review, which was tabled at the end of 2022. I think that this is an area we need constant attention on. A short answer is that I think more can be done. The headline issue from the Healthy Prison Review was that a lack of a structured day, boredom, was a massive problem. It ties into our aspirations in the territory to reduce recidivism. Keeping people busy, giving them the supports they need and helping them to heal from trauma, if that is the case, should be our main priority. From what I have seen, I would like to see a lot more done in this space.

Mr Costello: The only thing I would add is that next year one of the reviews we must do that is not discretionary is another Healthy Prison Review of the AMC. You can anticipate that those are exactly the sorts of the issues that we would be examining in that review.

THE CHAIR: Are dental services an area that needs more work as well? The last time I went there I found that they have a lovely dental unit but were struggling to actually get dentists.

Ms Minty: Perhaps that is a question best addressed to Justice Health. I have heard lately there have been some improvements in that space, and I think that the Health Services Commissioner is keeping attention on that issue.

MR PARTON: Please excuse my ignorance, because I am relatively new to the portfolio space, but, in the report that was delivered in 2022, were there recommendations around rehab, counselling, mental health and medication services?

Mr Costello: Historically, there have been recommendations and reviews looking at all of those. On medication, for example, there has been ongoing discussion about what time medication is given. I know that that is something Justice Health is working on at present.

Ms Minty: A big issue that was highlighted in the Healthy Prison Review but also in other reviews, such as the Auditor-General's review of mental health services, is the gap between subacute services. We are hearing from detained people that, when things are in crisis, they can utilise the services you mentioning—the counselling and the subacute sort of support. There is some capacity in Corrections to provide that. I

do not think it meets the need of the population. The population of detained people have significant needs around mental health support, counselling and those sort of areas.

MR PARTON: AMC is a rather unique beast. But, when you are undertaking reviews of that nature, how much reference point do you get from other jurisdictions? How much time do you spend examining what on earth is happening in other places?

Ms Minty: It is a really good question. We do spend a lot of time. With every opportunity to visit another jurisdiction, we will visit a prison. We have all visited Tasmania, for example, with an inspectorate in Tasmania. With similar bodies, we get them to show us around. Tasmania is particularly interesting given the population size is fairly similar. They have a compound of different facilities that try to meet the same needs that we have in the ACT—remand, sentence, women, men, minimum, medium and maximum. So that is one. I am part of an inspector's network with inspectors from the other states that have it, and we are visiting facilities in New South Wales. At every opportunity we will try and do that, because it is very useful benchmarking, and we look to overseas as well and good practices elsewhere.

Mr Costello: I might just add that, to try and create some sort of consistency in our reviews, we have standards for both youth detention and adult detention that are determined in advance of our reviews. That sort of puts the government on notice as to the sorts of standards we look to. Those are informed by international human rights standards and national standards. We periodically try to update those. We updated our youth detention standards before the review of Bimberi. That was largely about seeing how other jurisdictions in Australia had updated similar standards they use and trying to ensure we are all keeping pace, so there is some consistency across Australia in terms of the standards that apply. We are probably going to do something similar before the AMC review next year as well.

THE CHAIR: With your Healthy Prison report, do you also look at things like coroners' reports and recommendations from coroners' reports?

Ms Minty: Yes, absolutely. We have actually been in touch with the coroner's office, because it is an area of overlap where there is a death in custody in the ACT. That is a matter under the criteria that could be a critical incident. I think there is a really useful role that an office like mine can play in relation to coroners. In Western Australia, for example, the Western Australian Inspector of Correctional and Custodial Services is doing a review looking at how coronial recommendations are implemented.

The benefit of a body like ours is that we do not do one-off reviews; we can follow up recommendations, both our own recommendations and other entities' recommendations. I think that is a hugely important issue given the importance of the coroner and their powers and functions. In the review that we are doing of Bimberi, we are also looking at the implementation of other oversight bodies' recommendations. Some of you may remember that, a number of years back, the Human Rights Commission did a significant review. We have the ability to follow up on those recommendations.

THE CHAIR: It is not an area I know a lot about, but, when you make your

recommendations, other than that Bimberi review or your Healthy Prisons, is the government obliged to respond and then are they obliged to implement any recommendations?

Ms Minty: The government has responded to every one of our recommendations. So that is a real positive. Are they obliged to? We would be extremely disappointed and—

THE CHAIR: Is it in the legislation?

Ms Minty: No, it is not in the legislation. They do respond. The issue of when you might consider a recommendation closed, as you can imagine, may be a matter of some debate in some cases. We see as part of the follow-up, to actually check that those recommendations have been implemented. There may be an occasion where the government would say it is complete and closed but we do not agree with that, and we will include that in our reports.

MISS NUTTALL: On the recommendations, I note that in your reports you frequently call for more programs at the AMC for all people. While we are working to expand programs across all groups, I am interested if you have any view on what we should prioritise. For example, a range of programs have been recently introduced to support the needs of women at the AMC with respect to health and wellbeing. What other groups would you consider as having specific needs that we should address as a high priority?

Ms Minty: I think that programs and education activities, as I said before, are a huge issue. One thing that jumps to mind is education. I know this is slightly to one side, but the Healthy Prison Review of 2022 pointed out that, at the time of tabling that review, there had been no education in the AMC for more than a year. I think that should be shocking to the ACT community. There are some education offerings now on board and there have been some positive developments, which is really to be welcomed. But I would really like to see a lot more done before we commence the next Healthy Prison Review.

When I talk about education, I am talking about vocational education as well—in fact, that can be one of the most important things, where detained people can get a qualification or a trade—but also tertiary education. We are hearing at the moment that there are still significant barriers in place for meaningful participation in tertiary education. A prison like the AMC has real limitations in its infrastructure. It does not have a big industries building like some other prisons do and it does not have a big sort of established industry program, but there are some opportunities. There is low-hanging fruit that can be gained from putting in place smaller programs and smaller activities where people can come out with qualifications. The same goes for programs. So, yes, we would like to see a lot more. We will be convincing that review next year and finishing it by the end of the year.

MISS NUTTALL: Thank you. That answers my question.

THE CHAIR: On behalf of the committee, I would like to thank you for your attendance today. If you have taken any questions on notice, please provide your

answers to the committee secretary within three business days of receiving the uncorrected proof *Hansard*. Thank you again.

Hearing suspended from 9.29 to 9.45 am.

Appearances:

Vassarotti, Ms Rebecca, Minister for the Environment, Parks and Land Management, Minister for Heritage, Minister for Homelessness and Housing Services, Minister for Sustainable Building and Construction

Environment, Planning and Sustainable Development Directorate

Ponton, Mr Ben, Director-General

Green, Mr Ben, Executive Group Manager, Planning and Urban Policy

Bennett, Mr James, Executive Branch Manager, Building, Design and Projects Branch

Major Projects Canberra

Geraghty, Ms Gillian, Director-General

Cahif, Mr Ashley, Deputy Director-General

THE CHAIR: We welcome Ms Rebecca Vassarotti MLA, the Minister for Sustainable Building and Construction, and officials. I remind witnesses of the protections and obligations afforded by parliamentary privilege and draw your attention to the privilege statement. Witnesses must tell the truth. Giving false or misleading evidence will be treated as a serious matter and may be considered a contempt of the Assembly. Please confirm that you understand the implications of the privilege statement and that you agree to comply with it?

Mr Green: I have read and acknowledge the privilege statement.

Mr Ponton: I have read and acknowledge the privilege statement.

Mr Bennett: I have read and acknowledge the privilege statement.

THE CHAIR: Thank you. We have received a written statement from you, Minister. We will proceed directly to questions. I will start. We have been hearing about claims made about the CFMEU in Victoria and New South Wales which are quite extraordinary, and it is no surprise to us that the Labor Party have, in a number of jurisdictions, distanced themselves from the union. As the minister responsible for construction in the ACT, have you received any complaints, anonymous or otherwise, from industry participants alleging CFMEU bullying, intimidation or corruption?

Ms Vassarotti: Thanks, Ms Lawder, for the question. No, I have not had any allegations brought to me in terms of any such allegations about the union in the ACT.

THE CHAIR: Are you completely satisfied that the CFMEU here is conducting itself within the law and not in a way which is detrimental to the construction industry and its participants?

Ms Vassarotti: As I said, I have had no allegations brought to me in relation to those matters. Certainly, the allegations that have been aired in public regarding other branches of the union are really concerning and require investigation. It is important to see that the federal process has started in terms of that investigation. My

expectation would be that, if there were any systemic issues or issues pertaining to the ACT branch, they would be responded to by the federal process. But nothing has been brought to our attention at this point.

THE CHAIR: That was the first question: have you had any complaints? My second question was: are you completely satisfied that the CFMEU is conducting itself within the law?

Ms Vassarotti: We have had no indication that that is not the case. Certainly, given that there are allegations in other branches, that federal process is a really important process to provide assurance to the community. We will be looking to that process to identify whether there are any other issues. We do have processes set up in the ACT, such as the Integrity Commission. We know that there are current investigations in place, so there are good processes in relation to that. This is an area where there is always the possibility of activity going on, and that is why we have processes in place.

THE CHAIR: Do you think that the CFMEU's participation in this space makes building things less expensive or more expensive here in the ACT?

Ms Vassarotti: Certainly, within the remit of my work around policy development and looking at the regulatory elements of the building and construction area, I see that the union does have a role to play, particularly in terms of ensuring quality, ensuring good conditions and safety for workers and ensuring consumer protection. They are a stakeholder within that work. They are one of a number of stakeholders in that work.

In relation to the work that we have been undertaking, I would note, particularly in the property developer licence scheme, as well as security of payments, that they have been a stakeholder in this work. It has been a positive contribution, particularly in terms of ensuring that we have a strong regulatory system in place. Our two focus areas have been quality and consumer protection, and the union have played a constructive role in those two areas.

THE CHAIR: Do you think it has made building things less expensive or more expensive here in the ACT?

Ms Vassarotti: That is a difficult question to respond to. Certainly, with our reform, we have been looking at ensuring we have an appropriate regime in place to deliver quality buildings and protect consumers. There has been a bit of conversation, particularly around the regulatory scheme, and a suggestion that it makes it more expensive.

In some instances, there have certainly been some additional up-front costs, but we have done regulatory impact assessments and statements for a lot of this regulation. Not a lot of effort is put into recognising the hidden costs of defects, in particular. That has been the focus of a lot of our regulation.

I would not point to one stakeholder contributing to a changed regime which might mean more cost at one point in the process but which saves a lot of cost down the track. Certainly, in terms of the reform that we have been doing, the cost of reform and the benefits have been rigorously looked at through regulatory impact

assessments and statements.

MR PARTON: Zach Smith, the current head of the CFMEU in the ACT, is on the record as saying that he is proud of his union's militancy. He has declared that "sometimes bad laws need to be broken". Do you support his position that sometimes bad laws need to be broken in this area that you oversee as minister?

Ms Vassarotti: I support that, if we have concerns with laws, we need to review them and put in good law. My whole approach has been to look at the regulatory system and ensure that it is a system that protects consumers and provides policy. The whole reform process has been about reforming and improving law. That is my focus. I do not think that people should be breaking bad laws, but we should be reforming laws to ensure that we have a good system in place. That is what we have been doing over the last four years.

MR PARTON: In short, as a member of the party of protest, historically, in Australia, you are saying that you do not support Mr Smith's position that sometimes bad laws need to be broken in this space?

Ms Vassarotti: You are giving me a quote that is completely without context. I do not know what he was referring to. Certainly, the area of the regulatory scheme that we have in place around building is focused on quality, safety and consumer protection. I would encourage all players to meet their legal obligations in relation to that.

MISS NUTTALL: Given that building a home is often the single greatest expenditure a person makes in their lifetime, how are you proposing to give greater certainty to people who are building a new home about the safety and quality of construction?

Ms Vassarotti: Thanks, Miss Nuttall, for the question. It has been a really exciting period over the last four years, in terms of increasing the confidence of the community in this area. I am proud of the work that we have done in this area. One of the key things that we have done is to look at the continuation of accountability and ensuring that the professionals that are involved in this area are within that accountability framework. We have talked about professional engineers and the registration process in relation to that.

We have done a lot of work in terms of the nation-leading property developer licensing, which brings property developers into the accountability framework for the first time. We are now looking at issues such as trade licensing and the areas that we need to bring that into.

We have looked at how we improve particular areas, such as medical gas systems and people that are working in that area, and people that are working on the installation of solar systems. We have also looked at security of payments, to ensure that people get paid for the work they do in a timely manner. We have looked at our fidelity fund and building warranty insurances.

We have also done a whole lot of work on the National Construction Code to ensure that the homes we are building now are climate-wise, and will continue to be, in terms

of a changing climate and also livability standards. I think that consumers can be confident that the reforms we have put in place mean there will be significantly enhanced protections for them. Particularly if things go wrong, there is a better system in terms of ensuring that defects are responded to quickly.

MR PARTON: Minister, construction is under severe pressure in this town at the moment. Under your watch as sustainable building minister, we have seen the most severe downturn in our construction sector since probably the Great Depression of last century. Granted, there is a national slowdown, but what we are seeing in the ACT is worse than what is being experienced in other jurisdictions. Since July last year, there have been 58 construction industry insolvencies in the ACT, and all you seem to do is add more red tape, more rules and more regulations. Your government has introduced 120 different laws, rules and regulatory requirements in the last 12 months.

This sector is on its knees, and I see nothing in this budget, or more generally from your office, to turn that tide. Given the diabolical trajectory for construction in the ACT, what can you point me to in this document that would give any construction firm or any individual who is involved in the construction industry in the ACT any hope whatsoever?

Ms Vassarotti: Mr Parton, I would reject that characterisation of a construction industry that is completely on its knees. Certainly, there are significant challenges, both here in the ACT and across the country. There is a significant context to that which everyone is aware of—impacts of the global pandemic, impacts of war, issues around the global supply chain, issues around cost of materials, and issues around things like the cost of borrowing. There is little that this government can do to respond to some of those issues. It is really important that we put that in context.

We have seen a number of insolvencies, which is concerning. I understand the significant impact on individuals, businesses and clients, in terms of those insolvencies. Unfortunately, this is an industry in which we do see cycles in terms of real challenges around the system. Certainly, in the work that we did in terms of reviewing the fidelity fund and the insurance settings, the actuarial advice was that, while this issue of insolvencies is really concerning, it is actually part of the cycle in terms of what we see within the sector.

In terms of the reforms that we have done, this has been, as I have said again and again, focused primarily on ensuring quality and consumer protection. It is important for the whole industry to build that confidence that Miss Nuttall talked about and ensure that we have a sector that is well regarded, and that people have confidence in. That is absolutely the work that we have been doing.

In terms of the question that you asked about looking to the future and what is in the budget, one of the things that I would reflect on is that industry is well aware of the challenges ahead of them, and they are really up for the conversation about how they do that, in partnership. The work that we have commenced and that we will be launching in terms of our first phase, that we will be continuing to work on and that has been funded through this budget, is around the 10-year pathway to move our jurisdiction to world's best practice in terms of building sustainability. It is about future-proofing the industry. That is a conversation that industry has enthusiastically

been involved in.

We have to address these issues now, in order to build a resilient sector. That is something that we have been doing over the last four years, and it is something that I would hope to continue to do over the next period.

MR PARTON: I was glancing through the building approval figures yesterday, and I note that, over the 12-month period to the end of June 2024, there has been a nearly 30 per cent decrease in the number of detached home approvals, from 1,263 down to 901. Would you acknowledge today that the regulatory environment that you have created has contributed to housing unaffordability in the ACT?

Ms Vassarotti: No, I would not, because we are building resilience and ensuring that some of the hidden costs that come further down the track are being identified early and consumers are being protected from them.

In terms of the cost of construction, I have not seen any evidence that suggests that it relates to the regulatory impacts. We know that the increases in cost of construction are being driven by cost of materials and the cost of labour. We know that there is incredible patchiness across the industry; there is a huge issue around capacity, and the cost of borrowing. That is my understanding of the key drivers.

MR PARTON: You are genuinely suggesting to me today that the raft of regulatory change has had no impact whatsoever on the cost of doing construction in the ACT?

Ms Vassarotti: The regulatory work that we have been doing in the sustainable building and construction area has, in some cases, seen some increase in cost at the beginning of the process. Those costs have been analysed, and we have put out very transparent regulatory impact statements and regulatory impact analysis to identify them. In some instances we will see an increase at the beginning of the process; but, over the life of a building, they are delivering significant benefit for the consumer. I might hand over to James.

Mr Bennett: Mr Parton, there are a couple of things to respond to. Quite a few reports have been released over recent months about the state of construction costs and the state of the industry and building approvals. As the minister noted—and I might pass to the chief engineer in a moment about the construction pipeline—the figures that we get in the ACT are often uncertain and hard to derive from of the national statistics. But what we do know is that the total value of construction in the ACT is above the average. Through our DA system as well, over \$2 billion of development has been approved and is waiting to go through the construction process. There is a pipeline of work that we know is coming through the system. We have also had some significant processes in the ACT that have impacted on those numbers, around the change to the new planning system and also the change to the new National Construction Code. We saw some people holding applications back and there was an impact on the numbers.

In relation to the cost of regulation, as the minister noted, we have been really focused on making sure that there is not a cost shift happening and that the cost of defects is borne by the people who build a building. We are making sure that they are accountable for that. We have been really concerned that, without that regulation in

place, all we are seeing is the shifting of the cost of rectifying defects from the person who built the building—either the builder or the developer—to the consumer. We have been really focused on understanding what the hidden cost of defects is and making sure that it is not being shifted onto the consumer at the end of the construction process, where they are left to deal with it. We have been dealing with it, whether it is through insurance or increased accountability processes.

We have been dealing with that cost at the start of the process, at the cheapest possible time, to make sure that there is not a situation where people can build a defective building, walk away from it and shift the cost onto consumers at the end. That has been a really important focus. As the Minister noted in talking about the hidden cost of defects, that is what appears at the end of the process if we do not have this important regulation in place up-front.

Mr Green: Mr Parton, you asked about where in the budget papers people might find some of that information and confidence. I refer you to *Budget outlook*, page 19 and 20, which talks about some of the forecasts that we have just been speaking about from a housing perspective. Ms Geraghty probably has some further information on the capital.

Ms Geraghty: Thank you. I have read and acknowledge the previous statement. There are two pieces that Major Projects Canberra have done, in consultation with other directorates, in working with industry over the last few months to make sure that we can support them through what are very difficult times. First and foremost is how we approach risk sharing in all our contracts. We are very interested in how we make sure that we work with industry to work through the risks that they are working through in the current economic climate. That is number 1. Number 2 is making sure we have a transparent pipeline of ACT government works, because that provides the foundation for the construction sector here in the ACT. We are working on releasing a transparent pipeline that gives them a consistent long-term forecast on the capital works that will be delivered. In terms of that, we will have 21 contracts in the next couple of months that will be executed on capital works and a further eight prior to Christmas. We are looking at how we make sure we have a long-term pipeline of work for the local sector.

MR PARTON: Thank you.

THE CHAIR: Do you have a supplementary, Miss Nuttall?

MISS NUTTALL: Yes; absolutely. Obviously, when we introduce regulations, we introduce them for a reason. I am curious about your view on why we would introduce those regulations. Is the alternative that we are risking letting people live in substandard buildings that do not meet their needs?

Ms Vassarotti: Miss Nuttall, thanks for the question. We have been really focused on our reform process to be very clear on ensuring that we are thinking about people. We also recognise that the buildings that we are building now will be standing for decades to come. As I have noted, the key themes of our reform process are to ensure that we have appropriate quality buildings and that, particularly if things go wrong, there is a streamlined and easy process to get defects fixed. We also want improvement in the

general standard of homes that are being built. The work that is happening in the National Construction Code is a really good example of that. NCC 2022 was probably one of the biggest changes that we have seen over that period.

The two key elements of that include improving energy efficiency standards. We know that will have a significant and positive impact on both homeowners and renters in the future, because of what we know is already happening in terms of the climate and accessibility. That has really been focused on the fact that we know that we have an ageing population. What we have tried to do is have some pretty minimal accessibility standards. If you build them into the beginning of the process and people need to look at things such as adapting their homes if something happens in their lives—such as having mobility and accessibility issues—that will be so much easier and less expensive to do.

MISS NUTTALL: Thank you.

THE CHAIR: When Mr. Parton started, he acknowledged that there is a national slowdown, but what we are seeing in the ACT seems to be worse than what is being experienced in other jurisdictions. Why is that?

Ms Vassarotti: I would not necessarily categorise that as the case. As Mr Bennett noted, regarding some of the measures that are used in national statistics, it is difficult to see the ACT picture. Mr Bennett or Ms Geraghty might be able to add a little bit more to that.

Mr Bennett: I will add something more. The total value of construction work fell in all states and territories in the March quarter. That fell in the ACT as well, but, across the year, the value of construction work in the ACT increased by 2.7 per cent in seasonally adjusted terms. So, across the year, it increased by 2.7 per cent, but, in the March quarter, like all states and territories, it fell in the ACT.

THE CHAIR: Ms Orr.

MS ORR: What are the contributing factors to the current ebbs and flows within the construction sector?

THE CHAIR: I think we covered that already.

Ms Vassarotti: Yes. Particularly regarding some of the current elements, such as the new planning system, we know that people have been holding back.

MS ORR: I did not mean that. I was thinking more about the supply chain issues that we heard about previously and probably already covered, not the planning system.

THE CHAIR: I will move on to a new question. There is a concessional loan scheme that enables unit title properties to replace combustible cladding. It is now up and running. Are you able to tell me how many loan applications have been received?

Ms Vassarotti: Yes. In terms of the work that we have been doing around the cladding scheme, the concessional loan scheme is now operational. You will

remember that we had phase 1 of the scheme, which was a testing and assessment scheme to identify whether people had issues, and then there was our concessional loan scheme. I note that we have also had a second phase for buildings that did not participate in phase 1 of the scheme. That is about providing the testing and assessment process. In terms of participation rates, I am trying to find the most recent figures. I will look to Ms Geraghty and Mr Cahif, who probably have it a lot closer.

Ms Geraghty: We are very happy to take that question.

Mr Cahif: I have read and acknowledge the privilege statement.

Ms Geraghty: I can say that, as at July, we have received 27 applications.

THE CHAIR: What is the average loan amount that bodies corporate are applying for?

Ms Geraghty: I do not think we have the average, do we?

Mr Cahif: No. We will take that on notice.

THE CHAIR: You can take that on notice.

Ms Vassarotti: What we have found is that it is actually quite variable, depending on the size of the building and where the cladding is. There is quite significant variability from building to building. They are all quite bespoke buildings, but we can certainly give you an average. I just reflect that it may not be a particularly useful metric.

THE CHAIR: Sure. Are the loan repayments typically made on a monthly basis?

Mr Cahif: I would need to take that on notice.

THE CHAIR: Sure. How long does it take to process a loan application?

Ms Geraghty: It varies, depending on the strata governance structure. I can take the average on notice.

Ms Vassarotti: It has been a really interesting learning process, particularly because we are dealing with apartment buildings that obviously have many owners, and there is a need to work with strata managements and owners corporations committees. It takes quite a lot of time for people to be in a position to put in an application. Often some work needs to be done to ensure that the documentation has been put in place. We are really lucky with our provider in terms of responsiveness and being able to get those loans up and running. A couple of people have been able to transition from a commercial loan to the concessional loan. Again, we can take that info on notice. But, because of the nature of different owners corporations and situations, it will be quite different, depending on the particular building.

THE CHAIR: How many applicants have been assessed as ineligible or have been rejected?

Mr Cahif: One application has been ineligible.

THE CHAIR: Did they not have cladding? What was the—

Ms Geraghty: It was not the right building type to fit in the criteria of the scheme.

THE CHAIR: Do you know how many properties have completed the remediation process and have been certified as clear of the problematic cladding?

Mr Cahif: I would need to take on notice how many have actually completed that to date.

THE CHAIR: Finally from me, could you remind me whether all the government buildings that were assessed as having cladding have been remediated? Is that all finished now?

Ms Vassarotti: They have all been remediated. All the buildings that were identified in the original audit have been remediated. That was completed in, I think, December 2022. We are going through an assurance process at the moment.

THE CHAIR: Thank you. Are there any supplementaries?

MS ORR: No, but could I just declare for the record that I live in a strata building that has cladding and is currently working through the process of that scheme. I am not involved, apart from paying the bills.

THE CHAIR: Thank you, Ms Orr. Do you have a substantive question?

MS ORR: I do. Public certifiers—where are they up to?

Ms Vassarotti: Thank you very much for the question around public certifiers. It is an issue that I know we have talked about a little bit. I had hoped that I would be able to tell you a little bit more information than I will be able to today. We are imminently going through a process of doing some consultation with community and industry stakeholders, in the next couple of days. I want to honour that process and have that conversation. I wish I could give you a little bit more information today.

What I will talk about is the fact that we have gone through a process with a consultant that was engaged to undertake an assessment of the certification system and look at the potential options for government consideration. In doing this, we did quite a lot of consultation with industry and community stakeholders. Those options have been considered by government. We have a preferred option that we are moving forward on. That has focused on supporting consumers to have confidence in the buildings that we build, ensuring that we have appropriate regulatory oversight and ensuring that we pick up defects in the construction stage whenever possible.

One of the key things that has framed our analysis of this option is that there have been some significant changes to the regulatory system since we first started this. One of the key things about the property developer licensing scheme is that it has changed the landscape, in terms of some of the concerns around certification in particular.

There was a legitimate concern in terms of the cosiness of the relationship between the developer and the certifier that was appointed by the property developer. In terms of the work that we have done, we have completely taken away any incentive for a property developer to encourage a certifier to sign off on dodgy work, because they will continue to be personally liable if they do not respond to those defects. We have been looking at what would be the best option that we could put in place to ensure that confidence—to ensure that defects are identified and there is consumer protection. Very shortly, we will be able to provide further information on significant changes to the system.

MS ORR: Picking up on that, you said you were about to go public with a consultation process.

Ms Vassarotti: No. We have done the consultation process. As the government, we have considered the option that we will take moving forward.

MS ORR: What are you releasing in the next couple of days?

Ms Vassarotti: We are consulting over the next couple of days with industry and community people that have been particularly involved. We will talk to them about the government's option moving forward, and then we will be able to make that public.

MS ORR: So you are not having public consultations.

Ms Vassarotti: No; it is in terms of informing the people who have been involved in the consultation to date about how we will be moving forward.

MS ORR: What you are taking to them is the model that you are proposing to release publicly?

Ms Vassarotti: Yes.

MS ORR: When are you planning to release that model publicly?

Ms Vassarotti: I am sorry—I cannot remember the final date.

Mr Bennett: We have conversations booked for the next couple of days to talk about the policy approach to that, and then we will look at implementing some regulations by the end of August to give legislative effect to that change.

MS ORR: Minister, I appreciate that you want to go back to people who are interested, but I am not sure why, given that we have had committee inquiries and it has been a big topic within the Assembly, this committee would not count as someone who was interested, and why we cannot have a bit more information.

Ms Vassarotti: I take that on board. I want to have a conversation with those groups in a private setting. I will be very happy to come back and provide—

MS ORR: Is that because you are likely to amend things, depending on the feedback

from them? This government has made a decision.

Ms Vassarotti: Yes.

THE CHAIR: Are you claiming confidentiality?

Ms Vassarotti: To me, it is more about respect for the process. We have been engaging quite significantly with stakeholders. I feel that, in having conversations that are imminent, within the next couple of days, with stakeholders that have been engaged in the process, it would be respectful to the process.

THE CHAIR: That is good, but this committee is asking you a question, which I think they can quite fairly seek a response to, unless you are claiming confidentiality or a public interest test. I refer you to continuing resolution 8B that was passed by the Assembly. Is it your view that it is in the public interest to withhold this information?

Ms Vassarotti: I am not trying to be cagey. I am trying to be respectful of this process as well. I think that there is a public interest, particularly around the community stakeholders, who have engaged in good faith around the process. I feel that it would be in the public interest to engage with the community stakeholders, in particular. I have a session organised with—what is it called?

Mr Bennett: The Environment and Planning Forum.

Ms Vassarotti: The Environment and Planning Forum, in the next couple of days. In terms of, particularly, the community representatives, having an initial conversation with those individuals prior to a public hearing would be in the public interest, in my view.

MS ORR: I have a way forward, Chair. I have questions. I appreciate that the minister is clearly at pains to do the right thing by her stakeholders. Given that, in the next couple of days, she will be having those conversations, and given that we finish inquiries on Monday and have a bit of time in the afternoon, could we maybe get the minister back to answer our questions?

THE CHAIR: We no longer have time in the afternoon, unless the other ministers we have invited back cannot attend.

Ms Vassarotti: What about a question on notice? I want to give you the information.

MS ORR: I am not trying to make it difficult, but it is highly unusual.

THE CHAIR: Yes, for you to decline to answer a question from the committee. Are you able to specify the harm to the public interest that could result from the disclosure of the information?

Ms Vassarotti: In terms of a way forward, in terms of some of the key elements, could I ask Mr Bennett to provide some of the detail?

MS ORR: If you want to answer the question as best you can, we can see where we

end up. That is fine.

Mr Bennett: As the minister mentioned, we engaged a consultant to do an options analysis for us. In doing that options analysis and considering the policy, we focused clearly on the two elements of the problem statement here. One is that certifiers have a role in reducing defects in construction. That was a critical element of what we wanted to achieve through this process. The second point, as the minister noted, was removing the conflict of interest that exists between developers and certifiers.

Fundamentally, when a developer develops a building, they are the owner. Under our building system, it is the job of the owner to appoint the certifier, and the certifier works for the owner. In a single dwelling situation, that is not a conflict because the certifier works for the owner. In a multi-unit situation, that raises a conflict because the owner at the time is the developer, who then ultimately on-sells, and there are subsequent individuals and investors who become owners of that building. But at the time it is built, the developer is the owner who develops and builds it.

MS ORR: I understand that, yes.

Mr Bennett: They are the two elements of the problem statement we wanted to resolve. As the minister noted, the property developer scheme has fundamentally addressed that second issue around the conflict, because developers are now liable for the defects in those buildings.

MS ORR: Yes, that is fine. In the interests of time, Mr Bennett, I accept all of that. With the first part that you mentioned, though—

Mr Bennett: Yes, about reducing defects?

MS ORR: going to the defects, Access Canberra were here yesterday and they spoke a lot about how they have extra FTE in their building and compliance team, or whatever they call it, and that will be looking particularly at certifiers and overlooking their work. There was a bit of a question, though, as to how much they will be out in the field as opposed to reviewing documentation. I am particularly keen to hear from you about the part of the program you are looking at that will be focused on assessing the work onsite as opposed to reviewing documentation.

Mr Bennett: Both.

Ms Vassarotti: Both, yes.

MS ORR: Yes, but what?

Mr Bennett: At key stages of the process and the key application processes where documentation is submitted, and key processes within the stage inspection processes as well.

MS ORR: Will the oversight that you have planned, as part of this response, involve government employees going out into the field and making sure that certifiers are overlooking concrete pours and fire provision safety correctly?

Mr Bennett: Yes.

Ms Vassarotti: Yes, they will.

MS ORR: I have more questions, but I note the time and the minister's unique situation. I might consider putting questions on hold.

THE CHAIR: You are satisfied to continue without—

MS ORR: Yes, we do not need to do that confidentially.

THE CHAIR: Miss Nuttall?

MISS NUTTALL: We have heard a lot lately about improving building standards leading to higher costs of housing. My colleague Jo Clay chaired the property developers inquiry, and we heard some horrifying figures about the cost of poor building quality for buyers, in order to fix the problems. What good building standards from the outset increase the cost of housing?

Ms Vassarotti: Can you repeat that?

MISS NUTTALL: Can you tell me which good building standards from the outset increase the cost of housing, if you have that information?

Ms Vassarotti: Particularly with the National Construction Code, in terms of the increase in standards that we have implemented from January 2022, for both the energy efficiency standard and the accessibility standard, there were regulatory impact statements done.

In relation to the energy efficiency standard, there was a positive return on investment that was identified as part of that. In terms of the accessibility standard, there was a slightly negative return on investment figure, but it was recognised that there was a significant undervaluing of the specific elements of the change in demographics. Certainly, when building ministers looked at that, we were comfortable that, over the period, and particularly as we see the national standard, we will see the cost assumptions go down significantly.

MISS NUTTALL: What about costs of maintaining and running housing and habitable spaces over the long term? Will it affect those costs? Does it even out?

Ms Vassarotti: Certainly, we will see that building in this stuff early on will have significant benefits for householders over a long period of time. One of the other exciting pieces of work that we have been doing most recently, in relation to the National Construction Code, is looking at the issue of embodied carbon. I was pleased at the last meeting to get agreement from colleagues to look at a way of measuring embodied carbon that was consistent. We will continue to move to being able to identify costs, as we have not ever identified costs, and see how we can reduce those over the longer term.

MR PARTON: Minister, my office has been contacted by a number of participants in the roofing sector. This has happened very recently. They have raised concerns about what they describe as a proliferation of new participants here in that sector who are fully aware that the roofing industry is pretty much unregulated in the ACT. The evidence that I have seen certainly suggests that this has led to some poor outcomes in regard to building quality. Minister, is there any appetite to advance either a licensing requirement or some other requirement to regulate the roofing industry in the ACT in the way that it is being regulated in other jurisdictions?

Ms Vassarotti: Thanks, Mr. Parton, for the question. That is part of a broader question around the issue of trade licensing. That is a piece of work that we have commenced, and you will see in the budget that we have additional resourcing to continue that work.

The initial piece of work has been a scoping piece of work in terms of identifying whether there are particular parts of the industry that require prioritisation. All of us know that there are probably a number of areas where there are particular risk points. I will ask Mr Bennett to provide some information about where the scoping work is up to and what we will be doing over the next period.

Mr Bennett: Mr Parton, we commissioned a report to do an analysis across all jurisdictions about their trade licensing frameworks, and definitely looking at key areas of risk in the construction process. That has been assessed against the national registration framework which came out of the *Building confidence* report. There is a national framework that is in place that has provided advice to jurisdictions. Different jurisdictions have implemented that differently. We have done a scan of jurisdictions in those high-risk trades, and we will be continuing to look at where those issues are and where we will prioritise future reform. That is a policy process that will continue over the next few months, into the new term of government, when we will look at where those areas are.

I would say that, for roofing, while it is not a licensed trade at the moment, it is the responsibility of the builder to supervise the work of trades onsite. It is not completely unregulated, in that it is the job of the builder to supervise the work of trades onsite, and we would expect that that work is done by skilled and qualified people.

THE CHAIR: Can I point out that a lot of roofing is done quite separately—repairs and maintenance or replacement. Is that perhaps what you are referring to, Mr Parton, rather than as part of a development?

MR PARTON: I think it is both. Obviously, roofing repairs fall into this, but I think most of the noise that I am hearing is actually about new builds. I think we all appreciate the work that is being done in this space. We all wish that it could be done quicker, and I am sure you do, too. Can I get any indication whatsoever of whether roofing is in the firing line here, as potentially an area that will have regulation ramped up? I know that I sat here and said, “You’re putting in too much red tape.”

Ms Vassarotti: The irony is not lost, Mr. Parton. I have not been briefed, so I cannot give you that information. Again, though, particularly in terms of information that is coming to your office, if you are in a position to be able to share that, we have our

Construction Occupations Registrar that can deal with complaints. We do have a system, and we can respond to issues in terms of concerns about people who are operating in the system.

Mr Green: The only other thing to add, picking up on Ms Lawder's question around the roof repair industry, is that, whilst some of that work is not necessarily building work, there are remedies through Access Canberra and through the Australian Consumer Law.

MS ORR: Minister, you noted that Mr Parton's focus on roof licensing was part of a bigger question on overall occupational licensing. Mr Bennett made comments about the paper that will consider these matters. What occupations are you looking at here, for future licensing?

Ms Vassarotti: I have not had the briefing yet, but we might be able to—

Mr Bennett: We are looking at the national registration framework, which identified a range of trades to look at in high priority areas. We are considering things like the structural trades, waterproofing—trade work that can lead to significant structural defects and significant damage to buildings and the safety and quality of buildings.

MS ORR: What do you consider to be the structural trades within that?

Mr Bennett: Some concreting trades, some elements of the carpentry work, where they are doing work on structural elements of the building. There is a range of trades who are doing other work—tilers and painters who are not necessarily doing structural work but we need to make sure that—

MS ORR: They are very important for ensuring the quality of the building.

Mr Bennett: A tiler comes in and tiles on top of the waterproofing membrane. If that is not done properly and by a skilled and qualified person, you can have an issue with the waterproofing. A lot of it is connected, and we do need to make sure that we have the right interventions and the right supervision processes in place. We are very keen to ensure that we do not over-regulate, but that we have the appropriate level of regulation. That ranges from a licensing process, all the way through to requirements in the code to have a skilled and qualified person to do that work. There is a range of regulatory tools available to us to look at.

MS ORR: At the moment you are looking at waterproofing, concreting and carpenters. Tilers and painters are not in consideration—or are they?

Mr Bennett: That is part of the work that we have been doing to get advice—

MS ORR: Can I just check, has the government made a decision on this? No? Okay.

Ms Vassarotti: We have made a decision that we are looking at—it is a priority piece of work in terms of the details of which—

MS ORR: Yes, because I am after details and I can see Mr Bennett turning in knots

trying to appease me, but if government has not made a decision, he will not tell me.

Mr Bennett: No, we have not made a decision, but we are in the process of gathering all the information to be able to provide some advice on—

MS ORR: What is the time frame? I know you mentioned it would be a decision for the next government, but are you going to go out with anything for consultation prior to the end of this term?

Mr Bennett: We hope to provide some advice to the minister on the initial outcomes of that report this term of government, and then there would be decisions about—

MS ORR: It would be a question for next term.

Mr Bennett: —what are the priorities and where next—

MS ORR: Like, the whole thing, public consultation—

Mr Bennett: Yes.

MR PARTON: Broadly speaking, how is the developer licensing process rolling out? I got feedback from industry representatives saying that there was still no word on when the requirements to get licenced will start. Can you talk us through what has occurred within the directorate and out on the ground since the passing of that legislation?

Ms Vassarotti: I might look straight to Mr Bennett in relation to what has happened since that period of time. I would note there has been significant consultation and engagement with industry and obviously ongoing conversation. In terms of what has happened since the passing of the legislation: Mr Bennett.

Mr Bennett: Sorry, I was checking my calendar to confirm some dates. We have some stakeholder sessions booked in for this Friday and then a second session booked in for 30 August, where we will be continuing that conversation with the industry stakeholders who have been working with us throughout the process, about the regulation and about the next phase of work around implementing the scheme.

We have told people there are two critical elements around commencement. The first element is that the rectification part of the scheme has commenced with the notification of the law and that rectification part will apply to any developments which receive DA approval from now onwards. The second element of that is talking about the commencement of the licensing element of the scheme. We have told people that will be at least 12 months into the future while we continue to do the implementation work. We are starting the stakeholder conversations again on Friday and on 30 August, and that will continue throughout the development of the regulation and all the supporting framework around turning the licensing scheme on.

MR PARTON: Minister, are you able to guarantee here in this room that the introduction of the developer licensing laws will not: (a) increase the cost of construction; (b) convince a number of developers to cease operating in the ACT; and

(c) particularly given the housing approval figures that I referred to earlier in the session, dramatically decrease the chance of us meeting our housing construction targets?

Ms Vassarotti: I will work through the question. In terms of a guarantee that no developers will cease in this jurisdiction, I cannot give that guarantee. We have put in place a regime that puts expectations on developers, which I think are the minimum expectations in terms of the delivery of quality builds. If developers feel that they are not able to meet those requirements, they may make a decision to not operate in this jurisdiction. I think that it would be in the community interest for people who are not prepared to stand by the quality of their buildings not to be operating in this territory. In terms of the costs, I think we have talked about that a few times. There has been work that has been done showing there will be a cost to implementing this reform, but the analysis has demonstrated very clearly that there is a significant benefit to the community in the medium term. There was a third bit of the question. Sorry, can you just remind me what that is?

MR PARTON: Dramatically decrease the chance of us meeting our housing construction targets.

Ms Vassarotti: I do not believe so. I have said this before—particularly in an environment where we are seeing significant increase of development in this city—I think we have an obligation to our community to ensure the quality of that development; that we are not a couple of years down the track looking at a situation where we have rolled out a whole lot of shoddy buildings, and then we have to, both as a government and a community, respond to that issue.

MS ORR: Minister, I think it is fair to say that inherent in the argument that property developing licensing would deter people from undertaking development in the ACT is an assumption that it is somehow going to negatively affect them. Others might say it is holding people who do not do the right thing accountable. My question is once the licensing scheme is up, do people who are doing the right thing and delivering quality products have anything to be concerned about under the scheme?

Ms Vassarotti: That is a great question, Ms Orr. I believe not. I think this is a significant benefit to the industry. This really delivers that level of confidence to the community. It values the industry and it says to the people who are prepared to do the right thing that we have a system in place. Look, we know that there are a number of other jurisdictions that are looking at this. We have had engagement by the authors of the Quality—what is it called?

MS ORR: Shergold. Yes.

Ms Vassarotti: The Building Confidence Report—really commending this work and really seeing the importance of bringing developers into the accountability scheme. This is a good thing for industry.

Mr Bennett: Sorry, minister. Can I just add one thing. One of the key features of our scheme is the requirement to obtain a rating by a regulated ratings agency. In New South Wales, they have a particular product called iCIRT. There is a recent article in

the *Sydney Morning Herald* on 24 July that showed new apartment buyers in New South Wales are shunning those developers who do not have a gold star rating, and that those developers who do have a gold star rating are reporting a spike in their business. So the ability to educate the community about what a good developer looks like, and this rating system, is driving business away from poor developers who cannot get the rating, and also leading to better business outcomes and more sales for those people who do have a good rating.

THE CHAIR: We will finish there. Did you want to add something?

Ms Geraghty: Can I just add some answers to your previous questions, Ms Lawder. The average loan amount for the cladding scheme is \$2.95 million. The loan repayments are paid monthly. It takes MPC ten days, once all the information is available, to process the application. It is then passed on to the loan administrator, who takes five days once they receive the credit documents. The whole process can take four to six weeks because of the OC's approval processes through governance, as I iterated in my previous answer, because they act under the Unit Titles (Management) Act. Your last question was about how many had been completed. At this stage, no loan remediations have been finalised, however a few are very close to being finalised.

THE CHAIR: Thank you.

MR PARTON: Great work!

THE CHAIR: On behalf of the committee, I would like to thank our witnesses for their attendance today. If you have taken any questions on notice, please provide your answers to the committee secretary within three business days of receiving the uncorrected proofed Hansard. The committee will now suspend proceedings and reconvene at 11 am.

Short suspension

The committee met at 11.00 am.

Appearances:

Vassarotti, Ms Rebecca, Minister for the Environment, Parks and Land Management, Minister for Heritage, Minister for Homelessness and Housing Services, Minister for Sustainable Building and Construction

Environment, Planning and Sustainable Development Directorate

Ponton, Mr Ben, Director General

Rutledge, Mr Geoffrey, Deputy Director-General, Environment, Water and Emissions Reduction

Burkevics, Mr Bren, Executive Group Manager, Environment, Heritage and Parks

THE CHAIR: We welcome back Ms Rebecca Vassarotti MLA in her capacity as Minister for the Environment, Parks and Land Management, and officials. We have many witnesses for this session. I remind witnesses of the protections and obligations afforded by parliamentary privilege and draw your attention to the privilege statement. Witnesses must tell the truth. Giving false or misleading evidence will be treated as a serious matter and may be considered contempt of the Assembly. Would you please confirm you understand the implications of the statement and that you agree to comply with it.

Mr Burkevics: I am here as the Executive Group Manager for Environment, Heritage and Parks and also here as the Conservator for Flora and Fauna. I recognise and acknowledge the privilege statement.

Mr Ponton: I have read and understood the privilege statement.

Mr Rutledge: I have read and acknowledge the privilege statement.

THE CHAIR: Minister, I would like to start on page 284 of the budget outlook, table 4.2.5, which shows the government's expenses by function. In 2024-25 the government has budgeted \$306 million for environmental protection, and in 2027-28 \$281 million. Can you confirm that this represents a \$25 million cut?

Ms Vassarotti: I might look to—I am not sure which official.

Mr Rutledge: Sorry, Ms Lawder, page 284 did you say?

THE CHAIR: I believe so. It could have been an online version. Sometimes the pages are a bit—

Mr Rutledge: No, you are right, environment protection: \$286 million, including \$324 million going up to \$306 million.

THE CHAIR: Table 4.2.5.

Mr Rutledge: And then in 2025-26, is that what—

THE CHAIR: In 2024-25, \$306 million and in 2027-28, \$281 million.

Mr Rutledge: What that reflects is that a number of our initiatives will be finishing between now and then, and so the falling off of those initiatives is really what that is. We would expect though, in those future years of 2025-26 and 2026-27, to be seeking additional government funding as required. So whilst it does indicate a drop off, it is just ceasing initiatives during that period of time.

THE CHAIR: In table 4.2.6 it suggests that virtually all of this cut comes from protection of biodiversity and landscape. How do you intend to implement this cut? What services will be affected? What might be reduced or cut?

Mr Rutledge: Again, Ms Lawder, they are ceasing initiatives, and we also have in that protection of biodiversity and landscape some capital works programs around establishing offsets. They also will come off and move from an expenditure of capital to a maintenance budget. So that is what would make up that seeming decline.

THE CHAIR: So are you saying the protection of biodiversity and landscape includes—

Mr Rutledge: It includes capital expenditure for the development of offsets. If I may speak briefly, in EPSDD as a whole, we are roughly a team of 614 staff members that are base-funded. We do not project any change to that base funding. We have seen in the last four years strong support from the government, and now roughly 150 of EPSDD's staff are initiative funding. They are often funded for one, two, three or four years, and that has become a large investment we have seen, particularly in the last four years. As those initiatives cease in the out years, necessarily they drop off, but as I said, it will be a matter for future governments and future budget decisions to see whether or not the need for those initiatives would continue.

THE CHAIR: On the face of it, though, to maintain spending on environmental protection in real terms over the forwards, the budget would need to increase by \$330 million rather than falling to \$281 million. It looks like, on the face of it, a \$49 million cut in real terms. I understand you have talked about ceasing initiatives but I guess the intent of the out years is to show what you might be planning to spend, which is not in there at this point. Minister, can you provide us with an assurance that this will have no adverse impact on the territory's environment or biodiversity?

Ms Vassarotti: Certainly in terms of the funding that has been provided through this budget, particularly around the 2024-25 budget, absolutely we have seen a really significant investment into the environment. I cannot give an assurance in terms of what happens beyond that because we have an election and who knows who will be making the decisions post that period of time. What we have aimed to do through this and previous budgets is to see a really significant investment into the environment, and we have. Significant initiative investments include the Connecting Nature, Connecting People program, the Conserving Canberra program, significant work in terms of invasive species management, and again, the development of new reserves, particularly as they relate to offsets.

THE CHAIR: You mention there is an election—yes, surprise—but surely you could have put some initiatives in the budget, and if necessary another government might choose to cut them if they did not agree with them, but why have not you planned forward?

Mr Ponton: If I could just add. Mr Rutledge talked about those ceased initiatives. As part of the budget process we will be evaluating those initiatives towards their end and then going back to government to determine whether or not it would be necessary to seek further funding to continue those initiatives, or whether or not it would be more appropriate to redirect, reframe and seek new initiatives. So that is why it is difficult to put, with certainty, everything into the out years, because you do need to actually understand what effect you have had with those initiatives.

MS ORR: I am picking up on my questions yesterday on the water extraction charge. I was asking the CMTEDD officials who administers the charge and they said EPSDD were the ones who implemented the policy around the scope of what that does and does not get spent on. Can I just get a run-through of EPSDD's role in that water extraction charge and how you currently interact with it?

Mr Rutledge: Ms Orr, it is not actually this portfolio. It is Mr Rattenbury's portfolio, but I will make a brief response to that. The water extraction charge, by its nature, needs to be spent on water activities. So that includes such matters as some water quality initiatives, some water efficiency initiatives and also even some stormwater upgrades, largely in response to climate change. We total all of that up and we report it to the ACCC every year. On notice, I will get you today the ACCC report, but it is a Mr Rattenbury portfolio.

MS ORR: I am very grateful that you are indulging me on this one because it saves me having to write something entirely separate on notice that will end up with you anyway Mr Rutledge.

Mr Rutledge: Yes, you sure will.

MS ORR: Can I get on notice the way the water extraction charge is applied now and the scope of the policy parameters.

Mr Rutledge: Yes, perfect.

MISS NUTTALL: This question is with regards to avian flu. The ACT government has undertaken a significant biosecurity response in the recent months in response to the outbreak of the H7 and 8 strain of avian flu in the ACT. I would like to ask about the preparedness for these situations, the response and the cost to government. How much do we currently spend on biosecurity preparedness for risks like avian flu, and what are the funding arrangements for both biosecurity preparedness and actual biosecurity incident responses?

Ms Vassarotti: It has been a very intense period in relation to biosecurity and bio threats. Over this period we have seen some significant threats, whether it be Varroa mite, fire ants and also avian flu. So it is fair to say this has been an area of work that we have really ramped up our investment in over the last period of time. I

think this work really benefits from the fact that we are part of a coordinated and national approach, and so in terms of both preparedness and response, we are not on our own, which I think is a really key element of that. We have an intergovernmental agreement that sets out the terms and provides support in terms of the funding arrangements both around preparedness and what we do in terms of a response. We have very much appreciated this as we have been dealing with, and continue to deal with, the avian influenza outbreak. I look to Mr Burkevics to provide some detail in terms of the funding around the preparedness and then the response.

Mr Burkevics: I will walk back in time a little bit, back to the budget of 2021-22. I am just looking at a media release from that time, which was before my time, but at that time, the government provided \$3 million over four years for a rapid response biosecurity team that was established. That team has been instrumental in lifting the ACT's biosecurity capability, and particularly in dealing with the biosecurity and avian influenza situation that we have managed very well so far.

The team is multidisciplinary, so over the last couple of years it has been able to respond to a wide range of biosecurity threats across the ACT beyond animal disease, pests and weeds. A very good example from last year, that I know the minister made some public remarks on, is a response to a prickly pear situation on the Queanbeyan border, there on the railway. So thanks to that team—a very, very effective response.

I think the minister has also, in the previous budget, worked hard for further government funding in biosecurity response. That same team has been delivering and supporting a wide range of pest and animal programs—so additional funding for the vertebrate pest control program. We know pigs in Namadgi are a vector of potential biosecurity threats to the ACT. The same with rabbits.

Funding in last year's budget over a two-year period has also allowed us to, within EPSDD, take a very strategic approach to analysing biosecurity threats. So we have completed a vector analysis, which looks at the various vectors for biosecurity threat to the ACT, and we know through that that garden plants coming in from interstate is one of our key threats. We are now undertaking a second biosecurity capability review and looking at overall, what does the ACT need to manage a biosecurity threat moving forward?

Working as part of EPSDD's arrangements with the incident management team, I certainly have been very, very impressed with the capability of that team. We have worked hard to ensure that it is integrated not only with the directorate's crisis management arrangements but the ACT's emergency management arrangements. The Director-General is now a standing report at the Security and Emergency Management Senior Officials Group (SEMSOG) meeting and provides a standing biosecurity report there.

I think it is fair to say that with a very strong effort from the team, and whole of government, the biosecurity arrangements of the ACT have been lifted considerably. I think we will be providing—I think it will be a new minister—through the budget processes at the end of this year advice on capability requirements for the ACT moving forward.

Ms Vassarotti: I think one of the other things to note, again pointing to that national response, is that I know that it goes both ways. So in terms of some of the preparedness, some of the responsiveness, in the last budget we made significant contributions to the national effort around the eradication of red imported fire ants, with an allocation of around \$5 million to be part of that national response. While they are still up in the southwest corner of Queensland, without that national process they would be here by now with devastating impacts. So that was a really important investment to make. We went and had a look recently in terms of how that funding is being allocated in terms of trying to eradicate this incredibly damaging invasive species.

On the other hand, in terms of the avian influenza response, because we are part of the intergovernmental arrangement, we have had to have a significant response to this. This has involved dozens and dozens of people, probably all our immediate response team of about 40 people, because of the arrangements that we are involved with in terms of the national response. There will be compensation that comes to the territory to reflect some of those costs.

Mr Burkevics: Just to close out the minister's response, I think there are two big achievements: the rewrite of the ACT's Biosecurity Emergency Subplan has certainly refreshed and modernised our response arrangements, and I congratulate the team that delivered a two-day biosecurity exercise in May with a whole-of-government exercise. It is never easy to run an exercise, particularly one over two days. It was really timely and highly effective in strengthening the response arrangements, which proved absolutely beneficial for when the real event happened.

MISS NUTTALL: When we are talking about funding arrangements with the commonwealth, does this account for necessary staff redeployments and other resource diversions, to fully stand up an incident response, if we need to?

Mr Burkevics: It can. It very much comes down to ACT decisions on our posture to assist our fellow jurisdictions. We certainly see benefit, as a small jurisdiction, in sending staff away, when we assess the risk environment with the ACT. With other commitments that the team have, as you know, in a small organisation, the biosecurity team will often undertake other tasks that are not biosecurity related. For example, if there are fire-related matters that the directorate needs to get onto, decisions will be made about the deployment of staff for those sorts of activities.

We do think very carefully, on a case-by-case basis, as to where we can deploy staff. We certainly see it as being advantageous. We deployed staff to help Victoria, in the initial phases of AI. There were some learnings there. We have deployed staff into New South Wales to assist with the Varroa mite response. If I am not mistaken, we have deployed staff to assist with the white spot prawn event in Newcastle, New South Wales. We are in a good position to assist.

A lot of those other states and territories, through national arrangements, are able to recompense the ACT for the costs of the deployment outside direct staff costs and, certainly, any operational costs that we may incur here for a response. There are national arrangements that kick in very effectively under the emergency animal disease response arrangements, otherwise known as EADRA. There are national

decision-making mechanisms that kick in, too, for when that is required, and that is occurring now, with the AI response to Parkwood.

MISS NUTTALL: You have touched on this: how does our preparedness and response capacity for biosecurity apply to something like weeds and invasive plant species? Could you please describe the government approach to the plant biosecurity and preparedness response? How much of this falls on EPSDD, as opposed to being outsourced to community organisations and volunteers, for weed management?

Ms Vassarotti: It is a really great question. Certainly, the work regarding how we respond to these biosecurity threats is part of the broader Environment Protection Act, and it is, again, a real partnership.

One of the incredible things about this community is the level of expertise that is held by community members. Community members play a really important role, particularly in terms of identifying potential pest species. We have had numerous examples of incredible international experts going for a walk and identifying a significant potential pest. We have really good systems so that they can then take a photo and upload it onto our Canberra Nature Map application. Because of the concern, it immediately gets pinged to our team, and they can go out and have a look. It is definitely a partnership approach. Certainly, in this budget, as in previous budgets, we have absolutely recognised the important core role of government in terms of responding to biosecurity threats and in doing much of the heavy weeding, in terms of responding to some of our key elements.

In terms of some of the work that we have been doing, we have been looking at how we do things in a strategic way and how we manage the different issues that we have in place with different species. With some of our species, this is about managing, where we have lost the fight around eradication. African lovegrass is a good example of that. The identification of this rapid response team means that we are trying to put in place a situation where we can get onto things really quickly, and it is not 10 years down the track when we are looking at the next version of African lovegrass.

Mr Burkevics: There is a very steely-eyed focus on building a relationship with our volunteers. We cannot thank them enough for what they do. They regularly report things that are not right in the environment, including when we do things that probably are not right. We hear about that rather quickly. They are our best set of eyes and ears for invasive species and new weed incursions across the ACT.

We recently briefed ministers, as the minister mentioned, on some of the upgrades to the Canberra Nature Map capability, where weeds of concern are flagged and monitored, not only by the commonwealth but certainly by the biosecurity invasives team here. That is immense; there is almost real-time reporting of species. A really good example is an invasive weed, Coolatai grass. We were able, through the Canberra Nature Map, to have very good detections and early reporting of that. It allowed the biosecurity team to get out there and treat it, and eliminate it very quickly, before it spread. Overall, we are reducing the amount of herbicides through that; we are reducing the amount of response and costs. Thank you to everyone in the community.

MISS NUTTALL: I have heard that there is a weed handbook. How does that integrate with our systems?

Mr Burkevics: Very effectively. Again, there is that focus on relationships and good governance with our volunteers on weed matters. We have a standing working group, a weeds working group, that engages regularly—Landcare, NRM, PCS, Friends of Grassland. That is echoed through the biodiversity conservation form arrangements. We had a couple of suggestions recently, through that group, that additional plant species should be added to the weed list. We consulted with colleagues in Transport Canberra and City Services, and they were very receptive to having that added. That was great. We also have a weeds handbook, as you mentioned. That provides an overall list. We do regularly review that and work closely, as the threat environment changes.

MISS NUTTALL: How do our funding arrangements for weed preparedness and response compare? Is it a fairly substantial element? Is it significant in its own right?

Mr Burkevics: Our approach to invasive species is that, whilst we have internal budgets allocated to these things, and additional initiatives, as previously discussed, it is a very integrated approach. The resilient landscapes team, the invasive teams and the biosecurity teams essentially divert resources to where they need to go. That regular review of the risk environment and assessing intelligence are all very much a part of it. We use very sophisticated GIS technology that helps us to identify areas or weeds of particular concern that we might need to have a special plan for.

We have a very integrated budget approach. We are asked questions about the weeds budget very regularly. That becomes a little challenging because, with weeds, invasives, it is all a very integrated approach at the time, depending on the threat level. It is a challenge for us all to determine that, but we have good mechanisms between the various response agencies within EPSDD, the land management agencies, to look at that environment and apply treatments to where they need to go.

Ms Vassarotti: It is a process that serves us really well. The avian influenza response is a good example of that. We do not necessarily have a team of 40 people that are sitting there and waiting to get stood up to respond to a major event. We have good training capacity across our operational areas. That is particularly within our parks and conservation service. With much of the systems, they mirror the systems that we would have for a bushfire incident, for instance.

People are very well versed in terms of the critical incident response. It was great to get out there and have a look at how that worked. While we had never dealt with an avian influenza critical incident, the team was very practised in how to deal with a critical incident. We were able to pull resources from a whole range of areas. As a small jurisdiction, we just do not have that latent capacity sitting around and ready to be deployed.

MISS NUTTALL: There is an abundance of literature on how much pressure climate change in particular is bringing onto biosecurity by shifting diseases and pathogens into new climatic regions, for example, and exacerbating the spread of weeds, as we have seen in the last three years with La Nina. Does the current ACT government

funding allow for this new business as usual? Are you being funded, in effect, to have surge capacity greater than we might have needed?

Ms Vassarotti: It is a really important question, and one that we have been turning our minds to, in that the metaphorical and actual environment are changing quite significantly and what risks are around compared to a while ago are very different. Climate change is one thing; there is also movement of people and closeness to our neighbours, particularly in the biosecurity area, when we look at things like foot and mouth disease and lumpy skin disease. These issues have been a significant factor for us.

The key thing that we have been doing, to ensure that we have the right focus and the right resources, and that we are using the resources strategically, is undertaking a strategic assessment of our invasive species. We are looking, across the whole gamut, at the species into which we need to be putting most of our effort, and ensuring that we are responding to the areas that have the greatest environment threat.

We cannot respond to every pest species that we have here in the ACT, and we cannot respond in exactly the same way to every species. The process that is going on right now is looking at a strategic assessment of that and where we should put our efforts. I will look to Mr Burkevics to provide a bit more detail about where we are up to.

Mr Burkevics: Yes, we are underway with that strategic assessment. It is really useful to highlight that climate change is affecting all areas of the environment. It is one of the greatest challenges, not only through consequences for fire—I have fire colleagues here that are challenged by that issue—but also we have the effects of natural disasters and severe weather events, which we have seen in Namadgi, and which resulted in closures of our roads, as they require highly expensive, protracted and complex repairs. Dr Cooney could talk about climate change impacts on snow gums in Namadgi.

We are seeing the effects of climate change everywhere, and on invasive species as well. It is reassuring that there are very sophisticated national arrangements that apply. We are alerted to changes in biosecurity positions, not only internationally but nationally. The ACT is represented on the national management group, which is a decision-making body for emerging biosecurity threats, as well as lower level groups, including meetings of chief vets. Certainly, biosecurity is one of the drivers for a changing invasives and biosecurity environment.

MS ORR: I want to get an indication from you about weed management, and what sort of relationship you have with City Services, given that a lot of the time the parks and cons areas will also line up with the urban open space.

Ms Vassarotti: It is a really great question. We do need to work really closely. You will note that, in the recent budget, there was an additional allocation around weed management; it is a shared process with City Services. Again, I will look to Mr Burkevics, to talk about that integrated approach, and particularly how we match up the effort.

Mr Burkevics: Again, similar to our volunteer groups, we certainly recognise the

benefit of working whole of government on these issues. Certainly, the team have been very focused on strengthening the relationships with Transport Canberra and City Services. Transport Canberra and City Services are represented on our Biodiversity Conservation Forum. They have representation, too, on our various invasive groups, including the biosecurity committee and the weeds working group.

We have a very integrated approach. We work closely with them on sharing intelligence on new and emerging weed species of concern to us and where we would like to have additional eyes on the ground or reporting, and vice versa. They are very proactive at reaching out and seeking advice on any weed species.

We have a very longstanding assistant director for our weed team, a highly experienced, sought-after person across government and by the community in many cases. Certainly, that individual is well tied in with TCCS arrangements and is available to support a whole-of-government response.

It was really pleasing, as a result of recent enhanced funding in rabbit control, to notice an absence of rabbits on the hill behind the Assembly. That has led to strengthened relationships with the National Capital Authority, again, in tackling rabbits around Lake Burley Griffin.

It is fair to say that we are seeing a real focus on building and strengthening relationships, joint programs with TCCS and with the National Capital Authority. In my capacity as conservator, I am in touch with the Department of Defence and Defence Housing Authority with regard to land management matters. We value those relationships and we will continue to invest in them.

MS ORR: Are these relationships and the feedback loops dynamic enough so that, if the mowing in one area is leading to weeds spreading in another area, you can provide that information and nip it in the bud pretty quickly?

Mr Burkevics: Indeed. A really good example of that was the whole-of-government response late last year, in spring, to the increased grass growth across the ACT. TCCS put out a call for assistance with this. We were ready and available to assist. Of course, very careful decisions were made by our parks and conservation service, which carry the majority of the capability, about where we can send mowers. Some of our mowers operate only in sterile environments, in parks and reserves, so that we do not end up contaminated with weed species and pulling them into reserves.

Again, there are really strong considerations of those operational arrangements at a detailed level. Certainly, where we can jointly tackle weeds, we will be seeing further strategic work on that as the team develops the next phase of the weeds plan and strategy over the next financial year.

THE CHAIR: Can you tell me what was the invasive weeds budget—not invasive species but invasive weeds budget—for 2023-24, and what is planned for 2024-25?

Mr Rutledge: Ms Lawder, I believe that, for 2023-24, we spent approximately \$2.9 million. That is our actual spend. Over 90 per cent of that is absolutely on-ground. As Mr Burkevics talked about, and as the minister talked about, we had increased support

for volunteers in both of those years. We do not capture that in that \$2.9 million.

That \$2.9 million is what EPSDD directly spend on its weeds budget. It is integrated, as Mr Burkevics has described at length. We will also increase support for volunteers who do weed management. With the initiative of the rapid response team, which was an initiative of this minister, the focus of that was tending neutral. That was really important in getting some early action on weeds. So it is \$2.9 million clear, identified, and over 90 per cent on-ground expenditure. We expect the same to roll into the next year. However, that is—

THE CHAIR: Is that what is in the budget?

Mr Rutledge: That is what is in the budget. There is additional funding in this budget for both weed control and Adopt a Park going forward, for urban parks and places. We have over 90 volunteer groups working within our urban footprint. There is an additional \$465,000 in that this year. There is basic expenditure of around \$2.9 million, and an additional \$400,000 identified in this.

THE CHAIR: Does the area covered remain the same each year, or are you trying to cover a greater area for weed control, or less area?

Mr Rutledge: There is a mix of new threats and changes. The rapid response team, as I said, is where we spot something and we get out and do it. I will take on notice the area mapped because, whether we are on the field or volunteers are on the field, GIS locate the work that we have done. I might put together something for you about what we have done in the last couple of years and what we plan to do for that one. I will take that one on notice, Ms Lawder.

MS CLAY: Minister, I would like to chat about Bluetts Block. In the *State of the environment* report that has just come out, the commissioner identified urban expansion as one of the key threats to native flora and fauna through habitat fragmentation, degradation and land clearing to make way for development. We know that a lot of our threatened species and our threatened ecological communities exist outside the current reserve system.

Talking about Bluetts Block, I will tell you what I mean by that, as there is sometimes confusion: block 402, blocks 403 and 12, Denman Prospect. The planning minister made a commitment to protect the parts of Bluetts Block that are not being developed as part of Stromlo Ridge. Can you tell me what involvement you have had in progressing the protection of Bluetts Block and where it is up to at the moment?

Ms Vassarotti: Thanks very much for the question, Ms Clay. Many of us around this table have been out to Bluetts Block, and we know that there are significant environmental values that sit within that area, particularly in those blocks mentioned. I understand that the parks and conservation service has done an assessment of the ecological values, particularly on blocks 402, 403 and 12. I will ask the conservator to speak about that process and where it is up to.

Mr Burkevics: I recognise and acknowledge Friends of Bluetts Block, FOBB, for their advocacy on the protection of environmental values. On behalf of both the

minister and I, as conservator, can I say that they are doing a wonderful job. All of the environmental community that spot something worth protecting and advocate for it are worthy of recognition.

One of my privileges as conservator is that there are provisions under the Planning Act for me to make recommendations to the territory planning authority around areas that I may consider to be worthy of creating a nature reserve. With respect to the advice that I have received around Bluetts Block, it is not only from community groups; I have asked for and received independent advice from the parks and conservation service. I have provided some advice to the territory planning authority on that site.

You are correct; there are three blocks that form that area. Certainly, the interest of the conservator, due to the information that I have received, is around block 403 and the future undeveloped areas of block 12. Block 402 is a private lease matter, so that one is a little bit more tricky. Further advice would be needed on that one.

With the advice that I have received, I have provided an opinion to the territory planning authority. As that matter is under consideration by the authority, it would probably be inappropriate for me to speculate or say anything, other than that I am reassured that the processes that are afforded to the conservator under the act are underway.

MS CLAY: I might check whether I have it correctly. Your role as conservator is to make recommendations for reserve protection. You have been talking to the community, including Friends of Bluetts Block and PCS, and you have taken various bits of information to make that recommendation. You have recommended reserve protection for 402 and the remainder of 12.

Mr Burkevics: I have provided an opinion on that site. If I were to reveal my advice, it would potentially influence things. I would rather say that I have provided an opinion to the territory planning authority, which they are deliberating on. The conservator might have the opportunity to say more, but I would like the territory planning authority to have the opportunity to go through their processes first, of course.

MS CLAY: I have no desire to prejudice—

Mr Burkevics: Thank you. The opportunity afforded to the conservator is quite powerful. From the discussions with the people that I have worked with, we have realised that we need to lift our strategic approach to the identification of areas that are potentially deserving of consideration of a nature reserve. I know Dr Cooney is undertaking some work to think about our capabilities to do a whole-of-ACT mapping project for the ACT, to identify those areas that might need further exploration, from a conservation point of view.

There are recent recommendations to government on areas such as the Ainslie volcanics. Certainly, it has prompted me and the team to think about how we could be more strategic and proactive in identifying areas that may be absolutely deserving, and ensure that they are integrated early into the ACT's future planning

considerations.

MS CLAY: I might drill down a bit on block 402, which is the privately leased block that sits with ANU. You have not provided an opinion on that because it is not government land; is that where we are up to with that?

Mr Burkevics: Yes, that is correct. The benefit of 403 is that it is currently managed by the parks and conservation service and it is close enough to a nature reserve as it is. 402 is under private lease. Whilst there may be some ecological advice available, I have not been presented with that advice, so there is probably further work to do. I certainly hear from community groups and my own team that, due to its absolute proximity to 403, there are likely to be conservation values there that require a further assessment. That is a body of work that is probably worthy of being done in the future.

MS CLAY: Yes, it certainly seems likely that it is a whole, contiguous area. Can you tell me whether there are any conditions attached to the lease about how important values should be managed on that site at the moment?

Mr Burkevics: I am not in a position to talk about specific leases, being a planning matter. Certainly, under the Planning Act, one of the requirements for leaseholders is to have a land management agreement. Those land management agreements, where they apply, do have provisions for the protection of conservation values. I cannot confirm whether there is a land management agreement in place for that block. Normally, the land management agreements do have provisions for conservation values that are identified to be protected, and particular responsibilities are placed on the lessee to uphold those responsibilities.

MS CLAY: Is that a question that I should put to the planning minister, about whether there are any conservation values on the lease and whether there is a land management agreement for conservation values? Is that a planning minister question?

Mr Burkevics: Maybe. Potentially, during the discussion, I will seek some advice from my team about whether there is a land management agreement in place for block 403.

MS CLAY: 402.

Mr Burkevics: 402, and we can potentially talk further.

MS CLAY: That would be great. I will tell you the information; take it on notice. The planning minister will be appearing on Monday, so it is completely acceptable to come back and say, "You need to ask the planning minister." Are there any conditions attached to the lease? Is there a land management agreement for conservation values and, if any of these things apply, do you have confidence? Do you have any information on whether those values are being implemented? Are you able to take that on notice for me?

Mr Burkevics: Absolutely, and I have asked whether there is an LMA, just to confirm, so I should be able to get that information back shortly.

Ms Vassarotti: That does fit appropriately with us because LMAs are agreements with the conservator.

Mr Burkevics: Absolutely. Ms Clay, colleagues have just advised me that block 402 forms part of the Molonglo natural environmental significance plan, so there are likely to be ecological conditions on block 402 that need to be upheld. That may be information that you are looking for.

MS CLAY: That would be great, if you could come back with that.

Mr Burkevics: I will take that on notice, yes.

THE CHAIR: I refer to table 30 on page 23 of the EPSDD budget statements. It is about the budget allocation for Parks and Conservation. The expected outcome for 2023-24 is \$68-point-something million, and budgeted for the coming year, 2024-25, is just over \$67 million, so that is a reduction. Given that parks and cons is crucial for protecting our natural heritage, why is there less funding being allocated in this area?

Ms Vassarotti: Thanks, Ms Lawder, for the question. I will probably refer specifically to Mr Rutledge to take that on notice. I think predominantly it is in relation to work that has been undertaken as part of the bushfire recovery, which has been a mix of commonwealth grants and insurance work. I will look to Mr Rutledge to provide some details.

Mr Rutledge: Exactly right, Minister. It is ceasing of the funding that we had for the restoration of Namadji after the Black Summer fires. The estimated outcome in 2023-24 is just over \$68 million. There was a slight overspend in that part of the portfolio as we met emerging needs, so that was a bit higher than we budgeted for. Next year the funding rolls off the restoration. It is great that that work is complete; therefore, that funding drops out. Whilst there is a slight decline in the budget, that is absolutely the main reason.

Apart from that, as we were discussing earlier, we saw roughly \$3 million in ceased initiatives roll out and then \$3 million of new investment from the ACT government roll in. That goes to our earlier discussion. Really, our core funding has not changed. Our ACT government initiative funding, whilst it has been redirected and reshaped, is roughly the same in the Parks and Conservation Service, so the just over \$1 million is really the ceasing funding from Black Summer.

THE CHAIR: Are you saying that the funding that is ceasing was around \$1 million?

Mr Rutledge: There is \$1.9 million ceased.

Ms Vassarotti: Can you talk a little bit to what that funding was providing? It was really around rebuilding infrastructure that was destroyed in the Black Summer fires.

THE CHAIR: You said it is complete. Are all the roads been restored and all the bridges rebuilt?

Mr Rutledge: Not all. The funding ceased. As you heard from the ESA commissioner

earlier in the week, the critical fire trails are complete. We have got one tricky bridge left to do, and then there is always ongoing work on the roads. We have had that many storms. We are keeping up. The storms have been a bigger threat to the roads than the bushfire, actually, so there is still ongoing work on the roads. We also have a standard roads maintenance budget, but the commonwealth funding is finished. The work that we undertook for the commonwealth funding has been completed, but there is still ongoing work, which is a mixture of insurance money, base funding and ongoing maintenance.

THE CHAIR: The tricky bridge you referred to, is that insurance funded?

Mr Rutledge: Yes, that one is an insurance one.

THE CHAIR: Is there a reason why it has not been completed yet?

Mr Rutledge: It was not as critical or it was not the highest priority to do. It is due to be started in August, so we expect it to be complete before the high-risk season starts.

Mr Burkevics: Ms Lawder, it is really pleasing from a conservator's point of view to see the planning that is occurring within the Parks and Conservation Service for some of this rebuilding. The minister and other MLAs, from memory, have done a bit of a tour around Namadji. I think we looked at Little Bimberi Creek, which is not far from Cotter Hut, where the road had been washed out.

Some of the planning that is going into restoring those roads has been done in a really ecologically sensitive way: restoring roads to make them more resilient to future heavy downpour events but at the same time allowing fishways to occur. There is a bit of engineering work in that. The complexities of moving clean fill and other resources into deep parts of Namadji are astounding, and PCS are doing an amazing job to plan that out. Little Bimberi Creek is just one example of some of the work that I have seen recently of restoration activities occurring. There is some fantastic work occurring in the lower Cotter catchment as well, through what was once a pine forest now being restored to a natural environment. The balancing of resilience against future climate events and ecologically sensitive road crossings et cetera is really impressive.

THE CHAIR: I have a similar question about page 27. It appears that the Office of the Commissioner for Sustainability and the Environment's budget has been reduced from \$2.5-ish million in 2023-2024 to \$1.9-ish million in 2024-2025. How would that reduction affect the work of the commissioner and the production of the *State of the Environment Report*, and why is that amount reducing?

Ms Vassarotti: Again, I might look to Mr Rutledge because there has not been any nominal reduction of funding. Does that have anything to do with the cycle, in terms of the *State of the Environment Report*?

Mr Rutledge: Exactly. What we have seen is an increase in expenditure this year for the production of the *State of the Environment Report*. I will also add that the Office of the Commissioner for Sustainability and the Environment is territorial funding, so that funding is not controlled by EPSDD. It is guaranteed, and it goes straight from government to the commissioner. The commissioner has not raised with the minister

or us a need for increased funding. That one-off increase in expenditure, as opposed to being an increase in budget, was to do with the *State of the Environment Report*. In previous years the commissioner has run a slight underspend. There has been no cut in funding; that is the short answer.

MS ORR: You might want to take this on notice. Can I get a breakdown of the funding to community and environmental groups, which are also the catchment groups, SEE-Change and the Conservation Council? What is the funding amount that they get from government and what is the nature of that arrangement—whether it is a grant or whether it is something else?

Ms Vassarotti: We can certainly provide that information for the groups, particularly the ones that we provide with direct funding. It is a little bit complicated. I note that you referred to SEE-Change. SEE-Change, the Conservation Council and the Canberra Environment Centre do not sit within this portfolio. We could potentially work with them. That is with Minister Rattenbury. We can probably put it on notice.

Mr Rutledge: We will probably piece it all together, but we have figures for those three. For the Conservation Council it is roughly \$180,000, for the Canberra Environment Centre it is \$135,000 and for SEE-Change it is roughly \$129,000. That will be what we will grant to them in the 2024-25 year. That is indexed. This year they are receiving the community sector indexation rate of 3.6 per cent. Those are the ones that we have long term service-level agreements for. It is largely administered by multiyear grants.

The other groups which fall directly into this portfolio, which will take some time, are the Landcare groups and some volunteer groups. We have seen an increase during the term of this government in the environmental grants—quite a large one. We have seen both existing community groups come forward for those grants but also new and emerging community groups. We will put together a table to indicate that.

MS ORR: That would be helpful.

MS CLAY: Minister, I put up a motion—I was pleased it got passed by the Assembly last year—listing a lot of places that the community had raised concerns about that were not in the reserve system. The community said they had environmental values, and they certainly seem to. Where are we up to on deciding whether that long list of places will become reserves, and what happens to them in the meantime, when there is this decision-making process?

Ms Vassarotti: Thanks, Ms Clay, for the question. I think we are due to provide a response to your motion in a little while. I know the team is working hard in relation to that. It is important to note that—it was noted in the *State of the Environment Report* and we have talked about it in relation to Bluetts Block—the decision to declare a reserve sits with the planning authority and the planning minister, rather than within this portfolio. But there are obviously really important roles to play. As Mr Burkevics talked about, there has been quite a lot of reflection on some of the processes and the criteria that are brought forward in relation to considering how to best protect areas that we know have significant environmental values.

I think it is interesting to reflect that quite a lot of that, in the most recent part, has been connected to a conversation about offsets. When we look at reserves that have been declared in recent times, they have been linked to environmental offsets and so that has driven some of the decision-making process. I will look to Mr Burkevics to talk about the work that is occurring, how we can be more clear and transparent and how we use some of the processes, such as the review of the Nature Conservation Act, to get much more clarity around the criteria and the process. It has been interesting to reflect on the drivers around reserve-making to date.

Mr Burkevics: Thanks, Minister, and thanks, Ms Clay, for that question. It is a really tough issue. As you know, that list was not short, but they were all very valid and worthy of consideration. It is fair to say that there will need to be a robust assessment and prioritisation mechanism that not only considers environmental values. If I recall correctly, the motion did call for criteria to support that decision-making, and I think that is quite fair. We have quite a bit of work to do internally to look at those on-ground assessments—not only strategic assessments at a very high level but on-ground assessments as well—to determine the priority order for the conservator potentially providing advice to the territory planning authority.

In the meantime, as you say, it is really important that those ecological values not deteriorate, because we do know that they change and they are always threatened. Generally, where we know that there are ecological values that are outside of the protected network, arrangements are made with the land management agency to do their best, potentially with the support of EPSDD, to protect those values as far as they can.

Recently the conservator has been very active with commonwealth entities, such as the Department of Defence and the Defence Housing Authority, with regard to values on their land—significant values that are under threat. We have worked closely to explain land management expectations of the conservator under the Nature Conservation Act, and then work with them to see that implemented in a timely and appropriate fashion. I credit those agencies for their response to my interest.

Similarly, there are more local areas where we are in touch with TCCS every day in relation to land management matters. We are dealing with some interesting buffer zone issues around the ACT, where we have competing interests from community around their expectations that areas would be mown versus, from an ecological perspective, the need to protect grasslands and buffer areas. I think there are certain challenges into the future to ensure that those ecological values are understood.

We also undertake ecological assessments. There has been a recommendation made to the conservator about trees on the lower slopes of Red Hill and protecting those in an appropriate way. I have requested independent ecological advice in that area, in addition to the advice I have received internally and from the applicant to support future decisions around that and advice to the territory planning authority about how to strike the right balance between everything that needs to be done in a growing city.

Ms Vassarotti: The other thing to reflect on is some of the work that has been done on areas that may not meet the thresholds in terms of being put into the reserve estate but might have important ecological values that need to be protected as well. I know

that the Office of Nature Conservation, particularly Dr Cooney's team, has done quite a bit of work, working with other great community stakeholders such as Friends of Grasslands, in really unpacking ways in which we might be able to do that work. That is certainly work that is happening as well.

THE CHAIR: We are out of time. On behalf of the committee, I thank witnesses for your attendance today. If you have taken questions on notice, please provide your answers to the committee secretary within three business days of receiving the uncorrected proof *Hansard*. The committee will now suspend proceedings for lunch.

Hearing suspended from 12.01 to 12.44 pm.

Appearances:

Vassarotti, Ms Rebecca, Minister for the Environment, Parks and Land Management, Minister for Heritage, Minister for Homelessness and Housing Services, Minister for Sustainable Building and Construction

Environment, Planning and Sustainable Development Directorate

Ponton, Mr Ben, Director General

Rutledge, Mr Geoffrey, Deputy Director-General, Environment Water and Emissions

Reduction

Burkevics, Mr Bren, Executive Group Manager, Environment, Heritage and Parks

Watts, Ms Michaela, Acting Executive Branch Manager, ACT Parks and Conservation Service, Environment, Heritage and Parks

Cooney, Dr Rosie, Senior Director, Office of Nature Conservation, Environment, Heritage and Parks

THE CHAIR: Welcome back to the public hearings for the committee's inquiry into Appropriation Bill 2024-2025 and Appropriation (Office of the Legislative Assembly) Bill 2024-2025. The proceedings are being recorded and transcribed by Hansard and will be available online. If you are taking a question on notice, it would be useful if you said, "I will take that question on notice." This will help the committee and witnesses to confirm questions taken on notice.

We welcome back Ms Rebecca Vassarotti MLA, Minister for the Environment, Parks and Land Management, and officials. I remind witnesses of the protections and obligations afforded by parliamentary privilege and draw your attention to the privilege statement. Witnesses must tell the truth. Giving false or misleading evidence will be treated as a serious matter and may be considered contempt of the Assembly. Please confirm that you understand the implications of the privilege statement and you agree to comply with it.

Mr Burkevics: I have read and acknowledge the privilege statement.

Mr Ponton: I have read and understand the privilege statement.

Mr Rutledge: I have read and understand the privilege statement.

THE CHAIR: Thank you. We will move on to questions. I have some questions relating to Ginninderry. We had a recommendation from last year's budget estimates committee that called for the ACT government to immediately update the Legislative Assembly on the findings of the commonwealth government's review into the compliance of the Ginninderry Joint Venture with the commonwealth Environment Protection and Biodiversity Conservation Act. Are you able to answer this, or is it a question for the SLA?

Ms Vassarotti: I am not sure.

Mr Ponton: My understanding was that recommendation came out of a line of questioning to the Suburban Land Agency in terms of its compliance. So I think it

would be best directed to the Suburban Land Agency.

THE CHAIR: So I can direct it to the SLA, if it is not for you?

Mr Ponton: Yes; correct—the SLA.

THE CHAIR: Great. ACT Wildlife have said that they are struggling to continue to provide all of their services, including a 24/7 hotline service. They have to transport wildlife to medical assistance and carers, and they believe their funding has not been increased to account for inflation, wage increases or rising transportation costs. Additionally, they have the burden of dealing with recent an avian influenza outbreak questions. Can you explain if the government have any plans or how they plan to address the funding shortfall and ensure the sustainability of the fantastic work that ACT Wildlife do?

Ms Vassarotti: Thanks for your question, Ms Lawder. I would absolutely echo your calls about the important and vital role of ACT Wildlife. We see them as a really vital stakeholder. They are a stakeholder that we engage with really regularly. Actually, we have been talking about some of these very issues in recent weeks.

In relation to the funding that is provided, I was really pleased at the beginning of this term to, for the first time, to provide a funding grant to ACT Wildlife of \$100,000 per annum, which was something that had not been provided before then. That was in part to recognise the important role in relation to their work and particularly the hotline, which provides a significant service to the community.

In relation to conversations we have been having recently, we have become aware of the significant impact responding to the issue of avian flu has had, particularly given their role around wild birds. So we have commenced a conversation in relation to that—and I will look to Mr Burkevics to provide some further details on that.

I would also note that, in the budget, we have provided funding to support the provision of wildlife vet services. That is something that we are also talking to ACT Wildlife ACT about. But, in terms of the ongoing arrangements around funding, particularly the pressures that have been put on the hotline and the issues around avian influenza and the response, I know that Mr Burkevics has had even more recent conversations than I have had.

Mr Burkevics: ACT Wildlife provide a vital service to the community in support of government objectives for conservation for injured wildlife—and we, again, recognise all the volunteers for their work. Through their leadership team, they have been great at remaining engaged with EPSDD in relation to the challenges that they are facing. It is no surprise that they are experiencing financial pressures not only on their business operations but also on their individual volunteers that give up a lot of their own time to care for injured wildlife. Furthermore, there have been increased calls to their hotline and we have seen some of the implications as a result of the avian influenza outbreak have been impacting on their ability to move wildlife around—in particular, birds—and seek veterinary assistance.

As the minister has indicated, the government has appropriated \$74,000 over two

years in this budget to support ACT Wildlife with their resourcing requirements for a wildlife vet. That is a matter that the Assembly explored in the inquiry into environmental volunteering a few years ago. So it was really pleasing to see that support being offered to ACT Wildlife. Furthermore, there is a standing deed that exists between the government and ACT Wildlife, which is managed by the ACT Parks and Conservation Service. That deed is approaching the end, and there will be a process undertaken where there will be conversations with ACT Wildlife about their ongoing needs, objectives and, potentially, their additional resourcing requirements.

Like all volunteer groups, we like to meet with them regularly and understand their pressures and needs of government, and that extends beyond resources. There are quite a few policy issues that we regularly speak to ACT Wildlife about as well. But I am very confident that the team will go through a rigorous and robust process to understand ACT Wildlife's business needs and then any resource implications out of that, and then we will provide advice on those matters through to the minister.

Mr Rutledge: Ms Lawder, on the impacts of the avian influenza, I know our Chief Vet, Dr Kyelee Driver, has been meeting with ACT Wildlife on a weekly basis. She has authorised ACT Wildlife and only ACT Wildlife to be able to move birds around. They are also talking about the impact on wild birds specifically. We have seen with avian influenza that many of the calls that have been coming through to our own IMT. The large brunt of calls we have received have been from nervous chook owners but there have also been calls about some other birds and wild birds. We have seen some commercial vets, private vets, not wanting to bring new birds into their premises. So people who would otherwise just go to their local vet are now seeking information from elsewhere for vet advice. So we have seen some of those calls be directed to ACT Wildlife. It is hopefully a time-limited little blip that we are going through. ACT Wildlife remains a great partner, but we have seen some small increase in ringing around for domestic birds as well as wild birds.

THE CHAIR: Can I just confirm that the aviation influenza generally is still exclusionary? It is still Belconnen? It has not gone any wider?

Ms Vassarotti: Yes. As you would recall, we had the incident in the commercial poultry farm that resulted in an exclusion zone and a control zone. Then there was an identification of a backyard chicken that also was infected. That was already within the exclusion zone. Thankfully, to this date, we have not had any additional cases detected. So we have the two-kilometre exclusion zone that impacts a number of suburbs within the Belconnen area, and then there is the broader control area. That will be in place until the Chief Vet determines that all decontamination has occurred. It will be some time, though.

THE CHAIR: Mr Burkevics, in your answer you talked about environmental volunteerism. In 2022 and 2023 the Legislative Assembly had two relevant inquiries. The first was into environmental volunteerism and the second inquiry was into grants management. Some organisations have suggested to me that the recommendations have not been adopted by respective directorates in relation to grants management, leading to inefficiencies for both volunteers and program managers. Do you have an update on the recommendations and the government's response and progress against them?

Mr Burkevics: Without specific detail on the recommendations and the government response that may be of interest or concern to volunteer groups, I am limited. However, what I can say is that, from an EPSDD perspective and with our colleagues in TCCS, we recognise the need to eliminate any unnecessary administrative overhead in the volunteer groups being able to apply for grants, acquit grants and manage grants, and those conversations are ongoing. We have a standing volunteer management committee within EPSDD that involves TCCS officials as well, with the objective of streamlining all of those volunteer coordination and administrative overheads. I would be most interested if there are any recommendations that apply to EPSDD matters that we could support.

THE CHAIR: Perhaps you could take that on notice to have a look at that and come back with an update on what the government said about how they would respond and, if they agreed to particular recommendations, what the progress has been.

Mr Rutledge: In our annual report, as a matter of course, we would look at recommendations from previous inquiries. With this one, the government agreed or agreed in principle to all the 22 recommendations. Since those have come through, we have seen an increase in the EPSDD portfolio of \$1.6 million of additional funding to support environmental volunteerism—which we were talking about earlier. I think in the next annual report you will see an update against the recommendations of those inquiries. But I think—

THE CHAIR: It might be a bit late for me.

Ms Vassarotti: I think there is a slight hesitation in that it is a whole-of-government report. So the ability for us to provide a progress report within the three business days is a little bit challenging. The reflection I would make on that inquiry, was that it was a very impactful inquiry. I think it was a really helpful and useful inquiry. With the engagement that I have with the directorate, we engage on the recommendations of that inquiry regularly. The provision of funding to support veterinary services is an example of that.

In relation to the grants administration process, there has been a piece of work that has been done, particularly around the environmental grants process, which actually preceded the inquiry. When I took on the portfolio, I requested that the directors had a look at the administrative process, because I had heard very similar things to what you spoke to just before, Ms Lawder, about the cumbersome nature of it. At the time, it was a very long document. I think it was around 40 pages. It was a very long document.

Mr Burkevics: Minister you reviewed both our Environmental Grants Program and our Heritage Grants Program to try to eliminate red tape. That was prior to the committee—

Ms Vassarotti: Yes, we looked at that process and we also then looked at the acquittal and the reporting process as well. This is an ongoing piece of work and it is a piece of work that is really important to look at how we are managing our grants as opposed to TCCS—because we share a lot of volunteers and a lot of volunteers

actually go across both the urban volunteer programs as well as the park volunteer programs. That is partly why things such as the standing committee is there. This is an issue that will continue to evolve.

Mr Burkevics: Ms Lawder, there is, of course, the Chief Minister, Treasury and Economic Development Directorate best practice guide on grants that all directorates are required to follow, which we do. Whilst it relates to the minister's other heritage portfolio, I know we have a very helpful grants officer in that space that provides very targeted specific assistance to applicants in applying for grants and to acquit their grants. That really helpful engagement with and support to volunteer organisations is now being reflected in many of the environmental grant programs as well.

THE CHAIR: I have one more. Last year's estimates committee recommended the ACT government urgently increase funding to address wombat mange and work with stakeholders to investigate improvements to wombat mange projects. Have you allocated or increased any funding? And what discussions and engagements have you had with stakeholders about this?

Ms Vassarotti: Ms Lawder, thank you for the question. The short answer is yes. In the last environmental grants program, we provided a grant—I think it was for \$25,000—which was a request from Wombat Rescue which managed that program to support their ongoing work around wombat mange. Yes; there has been an increase in funding in relation to that. There is also ongoing work happening with a number of committees, as I understand it. I will look to officials to provide some advice. We have talked in this committee and other committees about work to improve our guidelines and processes, particularly around the management of burrowing animals around developments.

Mr Burkevics: Thank you, Ms Lawder. Wombats are a fairly significant issue for us at the moment and there is a range of matters that have converged and require attention. We have the management of wombat mange. I will invite Dr Rosie Cooney—if the minister is comfortable with that—to talk more about what we are doing with our volunteer organisations. Subject to other discussion, we also have a lot of work happening with regard to the guidelines for managing wombats in development areas. I would also flag that I have had some recent representation from our rural land association and individual lessees. Farmers are raising some concerns about wombat issues on their land: damage and mange. So we have a range of wombat matters. I will invite Dr Cooney to comment more about that mange matter.

Dr Cooney: I have read and understood the privilege statement. We really appreciate the work of the wildlife carer groups in relation to wombat mange and we work collaboratively and really closely with them to try to address this really problematic issue which is affecting a lot of states in Australia. To cover the key things we are working on with them, we planned, designed and run an annual monitoring program to understand the prevalence of mange and the abundance of wombats. Currently, ACT Wildlife and Wombat Rescue are deeply involved in that program and actually do the majority of the monitoring. We are talking to them about funding that work in future years. That is going to tell us more about the importance of the mange issue and the impacts that it is having on wombat populations. There are 12 monitoring sites across the ACT on that work.

We have also been trying to understand how to best respond to the mange problem in terms of which treatments work. We have been working closely with an expert in this area—Scott Carver from the University of Tasmania—and are using a new chemical, Bravecto, instead of Cydectin, which is the one typically used. We have spoken in this chamber before about the use of a paintballing technique to try to deliver this. We found that does not work, unfortunately, which is a shame because some of the staff would have found that quite fun to do. We are now looking at different methods to deliver that and we are working closely with Wombat Rescue and ACT Wildlife on that. We set up the mange portal, which is a portal any members of the public can use to report wombats and particularly diseased wombats. That is working well. There have been over 570 reportings of wombats through that portal, so that is really helping to coordinate our action on this issue.

One of the things we are doing at the moment is carrying out a detailed review of approaches to wombat mange and, more broadly, wombat management. We have an expert from South Australia, who has worked extensively in this area, doing this at the moment for us. We will sit down and work through that with stakeholders in about September this year to chart the future of how we work in this area.

THE CHAIR: Thank you. We will move on to Ms Orr.

MS ORR: Thank you. Where are the Gungahlin grasslands up to? What are you looking at in Kenny, and how is Franklin going? What are the next rounds of works that you anticipate doing over the next financial year?

Ms Vassarotti: Ms Orr, thanks very much for the question. You will probably have noted that there is actually some significant work happening in some of those grassland areas right now. Who would be best placed to go to some of the details?

Mr Rutledge: I will kick off on Budjan Galindji and then I might pass to colleagues on the broader Kenny grasslands. On Flemington Road, you would have noticed a lot of activity at the moment. This has been a really interesting site for us to work on and there has been a lot of planning to get to this activity. It is great to see that it is actually happening. We have been planning this for over four years. You will see, in the coming weeks, a lot of construction activity on site. Two footpaths will go through, two at one end and two at the other. We expect those to be used by the community to traverse that site. We are putting in a strong Nggunawal community to inform work and interpretation about both the importance of the grassland and the species there. From the air it will look better. On the ground, you will see a striped legless lizard and also a golden sun moth. We are putting some new fencing around there to—

MS ORR: Is that artworks of them?

Mr Rutledge: Yes; artworks. Here is one I prepared earlier. I will pass them over to you, Ms Orr, because I know you are very interested in this.

MS ORR: Do you want to table those, Mr Rutledge?

Mr Rutledge: Yes; I will table those for you. That is the construction site that you see

at the moment. At the other end, at the Well Station end, there are two large mounds of likely contaminated soil. Some of that will be spread out on site under what will be the footpaths, and some of that is being removed off site and taken to the Mugga Way tip, as it turns out. Where the site office is, there is a small car park. That car park will open up to volunteers. We really want volunteers to spend their time at the Well Station end. That is where more remediation is required. We will have a nice little carpark there for the volunteers. We will probably see the construction work that you see on site wrap up around late October or early November, and then we will probably plan to have some community days and get the volunteers on site from December next year. When there has been some restoration work, it will look like a really good community asset.

MS ORR: I think those were all works that came out of the landscape master plan that was done there in 2020—

Mr Rutledge: Yes.

MS ORR: That is one change. Are there any other works after that? I know there was talk at the time during the master plan about the wetlands there and restoring them, and also, potentially, some nature play opportunities.

Mr Rutledge: Yes. I do not think we will end up with nature play. We are working with the civil contractors at the moment to get a swale. It will look wetland-like and the path will go around that at the Well Station Road end.

MS ORR: What about the Christina Stead Street end, even though it runs the whole way along, at the other end to Well Station Road? I think that, where the road bends, there was a wetland. It is not at the corner with the woodland—

Mr Rutledge: Yes; I know where you are—

MS ORR: Not that end but the other corner—if everyone could have a good visual of my electorate the way I do!

Mr Rutledge: I have got where you mean. I am not 100 per cent sure how that is going to land. I was out there last week, sitting at the other end. But work is being constructed around there and the existing wetland was to be improved.

MS ORR: Yes. It has the wetland at that top end and the other one is much more a water run-off—

Mr Rutledge: Yes.

MS ORR: but it is affected by the swell paths. You have already covered that. That is fine. There are the planting seed banks. I know it has been a bit of an experiment to try to establish a seed bank to start things. Can I get an update on how that little experiment or project is working and what you have been able to achieve with it?

Mr Rutledge: Yes. I am glad you described it as experimental, because it has always been experimental. That will not be our prime source for the grasslands. We will still

be bringing in a lot of seed from offsite, and that is the work the volunteers will get cracking on from about October this year.

MS ORR: And Kenny?

Mr Burkevics: We will have to ask one of our officials. Ms Watts?

MS ORR: While Ms Watts is coming, Mr Rutledge, is this the final set of works under the landscape master plan or is there—

Mr Rutledge: Yes. It should all be completed by around December this year, and then it will be the—

MS ORR: And then it is on to conservation and restoration—

Mr Rutledge: Then conservation management and restoration—correct.

MS ORR: Thank you.

Ms Watts: I have read the privilege statement and acknowledge it. Referring to Kenny, the reserve network there is Nadjung Mada. It is an offset and restoration site that was identified as part of the Gungahlin Strategic Assessment. The works that have occurred there over the last 12 months, and ongoing, include some ecological burns and establishing grazing exclosures. Also, we will be looking at habitat restoration for the key threatened species that have been identified for protection. That includes ecological communities like the box gum woodland, some native grassland and some habitat for the striped legless lizard. That is about maintaining the right grassland cover for those species. We are also doing some work to upgrade Old Well Station Road so that the current alignment meets an all-weather standard for accessibility—

MS ORR: Is it a bit of a dirt track at the moment?

Ms Watts: It is an actual dirt track, for sure. Then we will look at some of the entry and exit points to facilitate more easy access for visitors through that reserve network.

MS ORR: This is probably a question for Mr Rutledge or the minister: are you looking at doing any of the master planning like you have been able to successfully achieve with the Franklin site or are you treating the Kenny one a little bit differently? The Franklin site had opportunities, given its close proximity to urban areas.

Mr Rutledge: Yes. There will not be the same level of landscape master planning that we did for Franklin. In my mind, there are two very different sets of people that we need to meet. We need to, of course, meet our conversation outcomes, so we have our volunteers to help us with that, and then we have people who just want to traverse the city and have a really pleasant experience. For the second group, we are not going to do the same level of master planning, but you will be able to walk from one side towards the light rail stop, and then the entrance way on the other side will somewhat reflect—

MS ORR: That is for Franklin?

Mr Rutledge: Yes; in Franklin, at Nadjung Mada. It would look very similar. It will make a pleasant walk-through. It is about getting the interpretation right for the disinterested pedestrians to ensure that they both enjoy and learn about the grasslands that we are trying to maintain and conserve, but also provide them with what they need, which is to get across the city.

MS ORR: Whereas the Kenny one will be less about public access and more about preservation—

Mr Rutledge: Yes. If you are sitting at the light rail stop and you look both ways, you will see and experience good urban amenity.

MS ORR: I will leave it there in the interest of time. I could talk about this all day.

THE CHAIR: Miss Nuttall.

MISS NUTTALL: I am learning so much. I would like to ask about invasive species management. Regarding EPSDD accountability indicators—and I believe this is on page 29 of budget statements E, if anyone needs a reference—it looks like you have far exceeded the target area treated to reduce risk from invasive species. What are the priority species that you target in invasive species management? And how successful are we in managing the species that are most damaging to our ecosystems?

Ms Vassarotti: Thank you, Miss Nuttall, for the question. Again, it is a really important element of conservation and preservation and a really important part of the work that we do. Our invasive management program takes on a few different elements. What I might focus on particularly is our thermally assisted aerial program, which is a nation-leading program and something that the team should be really proud of. That is something that we have been rolling out over the last few years, and we have completed the program for this year. Reserves have now reopened.

Bringing this form of treatment into our program has been really significant because it complements the work that we have been doing over a long period of time, particularly the ground base programs around the Namadgi National Park pig control. There has been a significant increase. We had about 85 hours of flying time in the Autumn program. It means that we can do so much more—119 hectares—looking at the conservation areas and operating within Namadgi National Park, in the areas adjacent to rural land. With that, we saw 284 feral pigs removed from the environment, as well as 357 feral deer. It was also really important to recognise that, through the program, we identified that there were seven feral horses in the east part of Namadgi National Park. The program removed those. So, in terms of our ongoing zero tolerance for feral horses in our national park, it was really pleasing that we were able to identify them and remove them from the park.

More generally around the invasive management program—

Mr Burkevics: Thanks, Minister. And thanks for the question on this really important program. This is one of many land management programs that we have in the fight

against invasives. There was the previous discussion about weeds. The helicopter program has proved highly effective in covering large areas of ground very quickly and using modern technology and highly experienced contractors to ensure the humane death of invasive species. That is always at the core of our wildlife management invasive programs: animal welfare. As the minister indicated previously, seven horses were detected in the park and have been removed in accordance with the zero-tolerance approach. We note as well discussion on this issue between the environment ministers only recently. Hard-hoofed animals do incredible damage to conservation areas if left untreated.

We normally do two programs a year, in autumn and spring, and they are planned by a very experienced team. Going to a figure for some colour and movement: on average, in every 6.6 minutes of flying time, the team is able to remove an invasive species, so it is a very effective way of covering those areas. That is why the hectares covered are well above target, due to the helicopter operations. You would have a very hard time trying to cover that in a land based vehicle. But, of course, we go through very rigorous planning, safety, public notification and park closure arrangements to ensure that it is delivered safely and it models the rigour with which other programs are conducted. We are very happy with that result. There was further government investment to continue delivering that program last financial year, and this financial year too, so I expect aerial invasive control will continue.

Mr Rutledge: This allows me to come back to a question that I took on notice earlier about the weed program, going back to what Ms Lawder asked. As I said at the time, we map everything. I have been able to find what I was looking for in the papers; I found it online. If you go to the Environment website and “Invasive plants”, we actually map in real time the weeding that we have done. In 2022-23, we covered 10.88 thousand hectares; in 2023-24 we covered 10.8 thousand hectares; and, in this financial year, we have already covered 400 hectares, just in July. You will notice that, when you spend some time on the map, the polygons are getting smaller because of the larger areas. We have made good ground on that. Now we are going to smaller areas, so there are more polygons but, overall, there is greater land coverage. Our target for 2024-25 will be 11,000 hectares. All of that is available online under “Invasive plants”.

Mr Burkevics: Mirroring DDG Rutledge’s comments, similar to the polygons of weeds getting smaller, we are seeing fewer invasive animals in the areas that we have targeted through aerial invasive control, so that is indicating that the program is having a lot of success in reducing the number of invasive animals in our conservation estates.

MISS NUTTALL: Thank you. To follow up, given that we were asked about New South Wales and that feral horses are more prevalent there, how do we work with New South Wales to manage the risk of feral horses entering the ACT through New South Wales’ territory? And how sustainable is it for us to continue managing that risk?

Ms Vassarotti: Thank you very much for that question, Miss Nuttall. We are able to give a much better answer to that given the shift in policy by the New South Wales government in relation to this issue over the last couple of years. We are really

pleased to see the New South Wales government now actively managing a significant issue around the feral horses within the Kosciuszko National Park that put us at imminent threat.

In terms of how we manage that relationship, we were really pleased to reinvigorate the ministerial council. The participants include the federal minister, the New South Wales minister, the Victorian minister and me. That is supported by the Australian Alps management operational team that looks at these issues on an operational level. That provides a really good feedback loop with people working closely. As you note, there is significant risk that we are managing through the fact that we have such an issue across our borders, but the fact that it is being managed now is actually reducing the risk quite significantly. Particularly through things such as our aerial program, it means that we can detect incursions and manage them.

MISS NUTTALL: Thank you. I have no further follow-ups.

THE CHAIR: I have some questions. I had some previous correspondence with your office about the removal of some Lombardy poplar trees at Tharwa, and I continue to have concerns raised with me by locals about that. Are you able to explain how the change in scope occurred from the initial plan to remove blackberry and willow to later include the removal of the poplar trees near the Tharwa Bridge, along the river, despite their heritage value because they were planted by De Salis in the late 1890s.

Ms Vassarotti: Ms Lawder, thanks for the question. There has certainly been public commentary about the treatment of those poplars, which are a pest species. Again, I might look to an official to identify how we went through that process in order to manage that very key water course moving through our city.

Mr Burkevics: Thanks, Minister. Similarly, some commentary on that issue was provided to me during my activities in the Tharwa area. What I can say is that the Parks and Conservation Service has a program of managing and removing that species from the corridor. We certainly had some feedback from some members of the local community around how the removed trees were managed on site. I am reassured by the Parks and Conservation Service that the process of leaving the felled timbers on site was appropriate in the Murrumbidgee River Corridor and that they had gone through a process to carefully consider the environmental implications of that versus removing them through heavy machinery. What I have been briefed on was an absolutely careful land management activity of a species that probably should not have been in the river corridor. The PCS went through a process to manage that and communicated as effectively as they could with local stakeholders in the area.

Ms Vassarotti: I note in your question, Ms Lawder, the potential heritage considerations, It is probably appropriate that we respond to that element of the question. My understanding is that they were not listed as heritage trees. Trees are a really interesting example where there are significant differences across the community, particularly on how we manage pest species of trees that might have some cultural significance. Poplars have come up in particular. We know that issues are being managed in the Parliamentary Triangle in relation to that. I think that issue is being managed by the federal heritage area, but I am certainly aware of that. That is one that has been brought up with me. There are other examples where pest species of

trees have been listed as heritage assets. There has been treatment of those and there has been significant community disquiet in terms of the attempts to manage the heritage significance of that particular species.

There is an issue around heritage trees, particularly around what we do with heritage trees that might be identified as pest species, at their end of life in particular. This is one of the tricky issues that we need to work with the community on regarding an appropriate response. It is one of the things in the statement of expectations that I put to the Heritage Council—and we can talk about this tomorrow—in terms of when environment and heritage butt up against each other. I want us to get to a point where we do not see them as fighting against each other. There are particular issues regarding trees—issues of European cultural heritage as distinct to First Nations heritage and how we bring some of these issues together, and the very colonial nature of some of our responses to heritage. This is an issue about which there are some really important conversations to have. I do not know what the answer is, because I think that it is something that we actually need to work through as a community.

THE CHAIR: Mr Burkevics mentioned the trees along the riverbank there, and again that has been a concern raised with me. In high water, the logs are floating downstream and creating a hazard, and they are also spreading weeds. But, despite the fact that the logs were not removed, it would appear that the budget for removing and chipping the dead poplars increased from an original \$10,000 budget to \$33,000. How did that occur?

Mr Burkevics: There are always operational arrangements that require reconsideration of budgets and the treatments that are applied. The Murrumbidgee River Corridor Management Plan provided strong guidance to the PCS on activities, but, of course, as a good land manager, in consultation with the community, they have identified the values of retaining some of those trees, and I think those conversations are ongoing. Not a day goes by that we do not see budget pressures emerge on different things that the land manager undertakes. There was the discussion we had earlier about climate change, severe weather events, rising river levels and falling river levels. They are all things that require careful consideration and management.

Mr Rutledge: I think we will have to take the question on notice. My figures are not matching your figures. I thought that our total expenditure for the program—for the hire of equipment on that program—was \$33,000, and to my knowledge that was the budget for that.

THE CHAIR: Going back a few years.

Mr Rutledge: Yes; it was a few years ago. I will look at it. We had \$10,000 for the mulcher and we had about \$16,000 for the excavator and transport, so that comes to \$33,000. Maybe it is because they thought it was \$10,000 and that it went to \$33,000, but, on notice, I will check my numbers. My numbers suggest it was delivered on budget at around \$33,000, so I will double-check my numbers and get back to you, Ms Lawder.

THE CHAIR: Thanks. I am sure others, like me, have lots more questions that we can put on notice, but we will wrap up there. I would like to thank you for your

attendance today. If you have taken any questions on notice, please provide your answers to the committee secretary within three business days of receiving the uncorrected proof *Hansard*.

Hearing suspended from 1.29 pm to 1.59 pm.

Barr, Mr Andrew, Chief Minister, Treasurer, Minister for Climate Action, Minister for Trade, Investment and Economic Development and Minister for Tourism

Chief Minister, Treasury and Economic Development Directorate

Hocking PSM, Mr Stuart, Under Treasurer

Campbell, Mr Russ, Deputy Under Treasurer, Budget, Procurement, Investment and Finance

Austin, Mr Scott, Executive Group Manager, Finance and Budget

Salisbury, Mr Kim, Executive Group Manager, Office of the Commissioner, Revenue Management

Roberts, Mr Chris, Executive Branch Manager, Macroeconomics, Modelling and Federal Financial Relations

Brown, Mr Nathan, Acting Executive Branch Manager, Economic, Policy and Commercial

THE CHAIR: We welcome the Chief Minister and Treasurer, Mr Andrew Barr, appearing in his capacity as Treasurer. I remind witnesses of the protections and obligations afforded by parliamentary privilege and draw your attention to the privilege statement. Witnesses must tell the truth. Giving false or misleading evidence will be treated as a serious matter and may be considered contempt of the Assembly. Please confirm that you understand the implications of the statement and that you agree to comply with it.

Mr Hocking: I have read and understood the privilege statement.

Mr Campbell: I have read and understood the privilege statement.

THE CHAIR: We were talking about payroll tax. Ms Lee has a couple more questions.

MS LEE: Mr Barr, yesterday, when we finished up the session and we were on payroll tax, I made a reference to the payroll tax surcharge that is on page 107 of the budget outlook. When was this decision made and when did the ACT government start consulting with businesses that might be affected?

Mr Barr: The establishment of a surcharge?

MS LEE: Yes.

Mr Barr: That was announced in last year's budget.

MS LEE: When was the decision made to bring it forward? I understand that that is—

Mr Barr: During the budget preparation period.

MS LEE: Which is?

Mr Barr: It commences in February and decisions are finalised by the end of May, largely.

MS LEE: When did you consult with businesses that might be affected about bringing it forward?

Mr Barr: The announcement of the surcharge was made a year in advance.

MS LEE: About bringing it forward?

Mr Barr: We do not consult during the confidential budget period. Once the announcement was publicly made then engagement occurred.

MS LEE: Which is when?

Mr Barr: From budget day, when it was announced.

MS LEE: My understanding is that the businesses who are affected by the surcharge had no idea that it was being brought forward until literally less than a week before the end of the financial year.

Mr Barr: The budget is delivered on the final Tuesday in June and tax matters are obviously highly confidential. Impacted businesses were aware that a surcharge was coming, that it had been announced a year earlier, and the decision to bring it forward was announced in the budget.

MS LEE: Which was what—25 June?

Mr Barr: Yes.

MS LEE: In terms of the communication that I understand has been sent out from Treasury to affected businesses, on I think the 18th of this month, about the three-month rebate—

Mr Barr: The Revenue Office, you mean?

MS LEE: The Revenue Office, yes. Sorry; did I say Treasury?

Mr Barr: Yes.

MS LEE: I meant the Revenue Office. Can you outline what the process is? My understanding is that there is going to be a bit of discussion and the Revenue Office will make a decision about whether companies will be eligible for the rebate or not.

Mr Barr: I will provide that in writing, rather than giving a verbal explanation. I suspect that the content of the answer will be relevant and of interest beyond the estimates committee, so I will provide that in writing.

MS LEE: When? As in taking it on notice, essentially?

Mr Barr: Yes.

MS LEE: I know it is early days—it was only on 18 July that that went out—but do you have an indication of the businesses that reached out to the ACT Revenue Office?

Mr Barr: It would be a small number. There are entities acting on behalf of contractors, but actual businesses would be a small number. Most of the impacted businesses are multinational and national firms for whom this was an anticipated small additional amount of payroll tax that they would pay.

MS LEE: Are you able to provide details of which companies, including the organisations?

Mr Barr: No. I think taxpayer privacy would prevent us from releasing the details of the taxpayers.

MS LEE: Can you provide on notice, then, the number?

Mr Barr: I am sure we can. Yes.

MS LEE: Who did the correspondence go to that went out from ACT revenue on 18 July? I am not saying identify everybody, but was it a grouping of certain people?

Mr Barr: I think there was a representation made by the Canberra Business Chamber in relation to some of their members.

MS LEE: So that was correspondence that just went to the Canberra Business Chamber?

Mr Barr: I think it would have gone to other interested parties who had raised the issue with the government.

MS LEE: Who are they?

Mr Barr: I cannot name them.

MS LEE: How many organisations?

Mr Barr: A handful, but I will take that on notice and answer that as part of the other question I have taken on notice.

MS LEE: No worries. In relation to the rebate, how is that going to be calculated?

Mr Barr: Again, I will provide that in writing, as I think that is the best way to proceed on these matters.

MS LEE: Is there a time frame in which businesses or organisations representing businesses must get in touch with the ACT Revenue Office to be eligible for the rebate?

Mr Barr: Again, I think it is best that all of this is done in writing. We will be communicating with the interested parties, but I will provide that to the committee.

MS LEE: Thank you.

MS ORR: Treasurer, what are your observations on household consumption expectations here in Canberra, particularly across the different demographic impacts?

Mr Barr: What we have seen in the last 12 months in particular is cost-of-living pressures impacting on different sections of the community in different ways. We have some quite comprehensive data that is nationally published and publicly available from the Australian banks that indicates quite a divergence in spending patterns, based on demographic and ownership status of property. The only cohort in Australia that are spending more now than they were pre-pandemic are those over 65, who predominantly own their own home outright.

The younger demographic, the group aged between 30 and 64, principally are mortgage holders in Canberra and in Australia, and they have certainly seen a decline in real terms in their spending as a result of increased interest rates. Their mortgage repayments moving off lower fixed rates onto higher variable rates has certainly seen a contraction in the rate of growth of spending in that cohort.

Amongst the under-30s it is largely distinguished by whether someone is still living at home with their parents or living independently. Those who are living at home, who are possibly not making rental payments to Mum and Dad, have a better spending pattern. It is not contracting to the same rate as those aged 25 to 29, for whom I think the data shows the sharpest reduction in spending of any demographic in the community. They are people who are often at the start of their careers or completing study and have very little accumulated wealth and are experiencing some quite acute cost-of-living pressures.

What we are seeing across the economy is that those who have already accumulated wealth are benefiting from higher interest rates. Their savings are generating more for them, and they are not burdened by housing payments as a major cost pressure. This is leading to some challenges in the overall goal to reduce inflation back to the Reserve Bank's preferred two to three per cent band.

I think the inflation data came out this morning. The Under Treasurer has advised that for Canberra it is at 3.1 per cent, and nationally it is at 3.8, so we are starting to see a slowing in the rate of price growth in the territory that is quite significantly different from what is occurring in other parts of Australia. That is encouraging, but it is still not back below three per cent, which is where the Reserve Bank would like it to be.

The challenge is that monetary policy is quite a blunt instrument, and the section of the community that is bearing the burden of the inflation reduction task is people principally between the ages of 25 and 65. This is hitting that group very hard at the moment. One of the challenges in public policy setting at this point is how to ease inflation pressures, sharing the burden a little bit more evenly, and what policy measures governments can put in place that will not further fuel inflation.

That is why there has been a very strong focus on targeted rebates, to reduce things like energy costs, and why we have been pleased to see across our housing market the

ACT going in the other direction, compared to several other cities and major markets. Prices here have been falling in real terms over the recent period, as opposed to quite significant increases that have been occurring in other cities, particularly Sydney and Brisbane, in recent times.

MS ORR: This is prices—

Mr Barr: Prices and rents, yes. The cost of housing in totality.

MS ORR: Yes. What is the ACT government doing in this budget to respond and to support households?

Mr Barr: A principal measure has been to assist the 43,000 lowest income households in the territory with an increased electricity, gas and water rebate of \$800, adding to the \$300 universal rebate that the commonwealth government provided in their budget. Those 43,000 most vulnerable households between the two governments will receive a \$1,100 rebate. An average electricity bill for an average household in the ACT is around \$1,850, so a \$1,100 rebate on that is more than half for 43,000 of our lowest income households. That, I think, is an important measure.

Beyond those, there are a number of other concessions that are available, targeted to particular cohorts. Not every person over 65 has accumulated wealth and a significant income stream, so we have also been focused on pensioners. There are around 10,000 full pension recipients in the ACT—pensioner households. There might be multiple pensioners living in the household, but there are around 10,000 households, and so they have been supported as well through a number of initiatives in the budget.

We are also looking at assistance that we can provide through the health and education system, such as increased access to free public health care, our education equity fund, providing assistance to students and families who need it most.

MS ORR: You mentioned in your previous answer that targeted assistance is important in the context of what is going on. Can you run through some of the thinking around why the targeted assistance is important? You have mentioned pensioners and low-income earners. Are there any other considerations given to groups that should receive targeted assistance?

Mr Barr: In looking at what the commonwealth were able to do in their budget, there was the universal energy payment. The increase for an average household in the ACT was \$240 and the commonwealth universal rebate is \$300, so that has meant a net reduction in energy costs just through that rebate for everyone. We then went further with the targeted initiative to those lower income households.

We were also conscious of decisions taken in the commonwealth budget to further increase commonwealth rent assistance. There are, I understand, about 9,000 to 10,000 households in the territory that are recipients of that. That has increased 25 per cent in the last two budgets.

There have been further important decisions undertaken by the Fair Work Commission in relation to minimum wages, which have increased reasonably

significantly in recent times. They kept pace with inflation when it had a six in front of it and now are exceeding inflation, given today's data, particularly for the ACT, where it is sitting at 3.1 per cent annualised.

MISS NUTTALL: Treasurer, I was particularly interested when you mentioned that real divide and the under 30s who were able to, say, live at home and were enjoying the benefits of generational wealth. Do you think we have enough in place in this budget to support those impacted by the increased cost of living, particularly people who do not have access to that generational wealth and who are not able to live at home? Do we have enough?

Mr Barr: We were particularly conscious in the budget to look at cohorts of younger people who were in education and training but who were not able to earn as much or benefit as much from some of the minimum wage increases because of the restricted number of hours they could work due to study or if they were an apprentice or trainee. So we then provided an additional payment for apprentices and trainees. There are, I think from memory, a little more than 5,000 young people will be eligible for that payment. That was a specific decision to target a cohort where either their practical work or their apprenticeship means that they are not in a position to work full time or that the work they are doing is paid at a lower rate because they are apprentices or trainees.

We were also conscious in that setting that the commonwealth had made an important decision around paid prac for a number of areas of study, including in health and community sector workforces. So where we targeted our initiatives were in areas that the commonwealth were not covering. Between the two governments, there has been an initiative that pretty well covers everyone who is in either an apprenticeship or traineeship or some form of practicum for their studies.

The commonwealth also has income support for those who are studying through other programs. Many students also work part time but often in minimum wage jobs. The increase to the minimum wage that kicked in on 1 July is important. Another factor sitting over the top of all of this were the tax cuts that came into effect on 1 July, which provided more assistance to those on lower incomes than that in the previous proposition set out by the former government.

MISS NUTTALL: Noting that those tax increases in real terms benefited those minimum wage earners less—

Mr Barr: Do you mean the tax cuts?

MISS NUTTALL: Yes; sorry. Noting that those benefited people on the minimum wage less and that the payments and things that we are providing for study support might not necessarily translate through to people who are not studying but are still living away from home, is there anything particularly in place for people who might be working retail, hospitality, things like that?

Mr Barr: If any of those people in those circumstances, on low incomes, are holding any of the relevant healthcare concession cards, for example, they get the entitlements around the electricity, gas and water rebates. That program is, of course, means tested

under a commonwealth arrangement. We use eligibility for that and holding that entitlement as the basis for a number of concessions within the ACT government concessions program. That extends beyond just the energy rebates into other areas of concessions—the details of which are in the budget papers.

MS LEE: Mr Barr, in relation to the ACT budget that is been handed down, there are a number of rates and charges that have gone up—rates, rego, licence fees and public transport—in addition to electricity, water and sewage. Did ACT Treasury do any work in coming up with some of the rebates that you have just talked about to see how they would be able to offset the increases in the charges that you have imposed, taking into consideration, of course, inflation as well?

Mr Barr: Yes. The *Cost of living budget statement*, provided in the budget, outlines that work.

MS LEE: Did you seek any public consultation when you were preparing that statement?

Mr Barr: Yes; as part of the budget development process, there were 100 organisations, including those representing—

MS LEE: So that is the general budget?

Mr Barr: Yes, but that includes specifically a discussion in relation to concessions. Treasury officials and my office met with groups, including ACTCOSS and the broader community sector, in the lead-up to the budget and these issues were specifically discussed, and there were hundreds of submissions as part of the budget consultation process.

MS LEE: I cannot imagine that organisations like ACTCOSS would have been very happy seeing some of the increases in some of the charges that I have just spoken about. What influenced the decision to increase those charges, after taking into consideration all the feedback?

Mr Barr: We also have to provide for pay rises for 29,000 staff. We need to provide extra services for sections of the community who are requiring that, including emergency food relief and other—

MS LEE: I understand that. I am asking why there was the decision to increase those specific charges like the licence fees, the regos or public transport. Theoretically, you would think that those types of increases would impact some of the more lower-income people as well as students.

Mr Barr: The increases were kept to the lowest possible level, with many of them at the wage price index, as the indexation level—so a three per cent to 3.5 per cent increase in most instances. The WPI was, I think, four per cent in the last fiscal year and is forecast to be 3.5 per cent in the coming fiscal year. These are obviously decisions where we need to balance the provision of services and the wages of the public servants who are providing those services. We then look then at what concessions we can offer, and they are there and outlined in the budget paper.

MS LEE: Yes, and you have outlined those. The increases to the safer family levy and the fire and emergency services levy, which are quite significant, are obviously more than the three per cent or four per cent that you were talking about. How was that calculated? On what basis was that increase set?

Mr Barr: We looked at the total increase in fees and charges across the budget and then looked at the need for service provision. The funding for those two matters hypothecated to additional services in those areas that were identified in the budget consultation process as being both high importance for the community and areas where there was a clear preference for the government to invest in more service delivery. So there is a very strong degree of support for further government investment in the prevention of violence against women and domestic violence more broadly.

MS LEE: I do not think you are going to get any argument on that front. But, in terms of the 100 per cent of the levy that is collected, does, for example, the safer family levy go to specific services in relation to the prevention of domestic violence and, on the other hand, fire and emergency services?

Mr Barr: I do not believe it fully covers the cost of either.

MS LEE: So is it siphoned off in that way?

Mr Barr: Yes. The revenue that is generated goes into those services, but the revenue from both still do not fully cover the cost of service delivery in those areas.

MS LEE: As a percentage of the levy that is collected for both, how much actually goes to frontline services?

Mr Barr: I would need to take that on notice, but I would imagine it is 100 per cent.

MS LEE: Can I just confirm that you are taking it on notice for both of those levies?

Mr Barr: Yes.

MS LEE: Thank you.

MS CLAY: Treasurer, I note that you said that the fees needed to go up by WPI, which sounds like a reasonable thing to me. We have had a lot of government funding that does not go up by WPI. I hear this from many sectors. The arts sector, for instance, did not get indexation to WPI. When I asked the arts minister at last estimates, she said, "Well, Treasury sets that." Given that Treasury obviously understands that WPI is a reasonable indexation, why do you not apply that to the arts sector and other sectors?

Mr Barr: We have either used CPI or WPI or a hybrid. Given that, in recent years, CPI has been significantly higher than WPI, organisations have generally preferred to have an increase according to CPI. We routinely assess these matters around automatic indexation. Within the community sector there is a formula that is a hybrid

of the wage price index and the CPI. I think, from memory, it is about 80 per cent WPI and 20 per cent CPI.

MS CLAY: The arts sector did not get their indexation until halfway through the year, so they effectively got half as much indexation. It kicked in in June. Do you want to take on notice as to why that was acceptable for the arts sector?

Mr Barr: I think indexation is paid at the start of a financial year. But we will—

MS CLAY: Can you take that on notice?

Mr Barr: Sure.

MS CLAY: Thank you.

MISS NUTTALL: Can I please refer you to page 106 of the *Budget Outlook*. Specifically, I am looking at the measure on land tax. It says that there will be a review of the land tax structure as the proportion of rentals that a unit totalled continues to grow as a proportion of total rentals in the ACT and that this review will ensure revenue will continue to be raised equitably and progressively. There is a lot to unpack there. I assume this is a reflection on the rise in apartment buildings. Would that be correct?

Mr Barr: That certainly is a factor and then, essentially, the treatment of a unit entitlement under unimproved land value. I guess the best way to illustrate that, with a multi-unit complex with 100 dwellings, if you assume that all dwellings have the same unit entitlement, the land tax then looks at the total unimproved value for the entire block and then applies an apportionment based on a unit entitlement.

MISS NUTTALL: Thank you. Are you able to elaborate a little more on what you are hoping to achieve with this review?

Mr Barr: We anticipate that the balance of rental properties will, as you indicated Miss Nuttall in your question, continue to see housing types that are unit titled be a larger share of properties that are not principal places of residence and therefore subject to land tax. There is an intersection between tax thresholds and taxation rates at different thresholds that have particular implications for unit title properties, largely dependent on the value of the land that they sit on. That is a reflection often of geography within the city or indeed town centres versus suburban areas. I think, for the single residential properties, the land tax system offers a progressive taxation base. We want to be assured that, going forward, as more multi-unit and unit title developments are constructed, we maintain those progressive taxation principles in the rates and thresholds for the land tax system.

MISS NUTTALL: I have heard anecdotally from constituents that they have gone from a bigger property and they have done what they believed to be the right thing and they have downsized and have reflected that they actually end up paying more in land tax. How are we managing that risk?

Mr Barr: Land tax obviously only applies to investment properties.

MISS NUTTALL: I might be thinking of rates then. Yes; sorry.

Mr Barr: A rates determination will depend on the average unimproved land value. It is a rolling five-year average. So it seeks to smooth out variations that may come from increased land values. The way the entire rates system works is that there is a revenue target—the government sets that and that figure is in the budget and in the forward estimates—and then all of the properties in the territory then pay a reflective share of that total revenue target. If properties increase in value, that does not necessarily mean that they will pay a greater share. It will depend on whether they have increased in value relative to all other properties in the territory. The total amount of revenue collected is capped and the internal distribution of the 200,000 rate-paying households against that revenue cap then determines the rates paid by each individual property.

MS CLAY: Treasurer, I have heard from people who live in apartments, in multi-unit dwellings and in townhouses that the rates are set based on the size of the block divided by the number of units. If there is a big block with a high—

Mr Barr: The average unimproved value of the block—

MS CLAY: Yes, sorry.

Mr Barr: Which would bare of some resemblance to the size of it but not exclusively, yes.

MS CLAY: Sure. So, with a freestanding house, it is based on the unimproved value of the block. That is a simpler formula. With a block of apartments, for instance, you have got 30 units on a block, and it is based on the unimproved value of the block divided by 30 and the—

Mr Barr: No.

MS CLAY: No?

Mr Barr: No.

MS CLAY: Okay.

Mr Barr: No. It is based on the unit entitlement. Within a unit title property there may be one-bedroom, two-bedroom, three-bedroom and some penthouse apartments.

MS CLAY: Yes.

Mr Barr: The unit entitlement of the penthouse is much more than the unit entitlement of a one bedroom, so that is reflected in the rates as well.

MS CLAY: It has been put to me that people who have downsized into small apartments are effectively paying higher rates because they are not recognised for the smaller block footprint, if that makes sense? The rates are pinned to the overall block size, rather than to their little, tiny patch. Am I communicating this clearly? This

argument has been put to me—

Mr Barr: I understand. Rates have two components: a fixed charge that is the same for everyone, whether you are in a unit or a house, and then a variable component that is determined using the average unimproved value. I do not think it is quite as straightforward as may have been presented to you. In terms of people's understanding of how rates are calculated, I think it is probably best for the committee that we again provide that in writing. That will be easier than trying to verbally describe it, because it will take some time.

MS CLAY: I would love to have it in writing. What I would love to have in writing is a couple of tangible examples with the numbers of units on different blocks and how that compares to a house.

Mr Barr: Yes; sure.

MS CLAY: That would be great. Thank you.

MS LEE: Chair, can I ask a question about land tax, which is how we started?

THE CHAIR: Accidentally. All right.

MS LEE: Yes, and then we sort of moved into rates. I do have questions on rates as well, but I will go to land tax first. I will go back to page 106, which Miss Nuttall referred you to, and the new threshold of \$1 billion AUV at the marginal tax rate. Has Treasury got a forecast of how much revenue that is expected to bring in?

Mr Barr: Yes. \$2 million.

MS LEE: Okay—

Mr Barr: Sorry; no. \$10 million.

MS LEE: Does the \$10 million that is on that table that include also the five per cent—

Mr Hocking: Yes.

Mr Barr: It does, yes. It is both.

Mr Hocking: Not in the first year, because the Airbnb and short-term rental accommodation levy is starting from 1 July 2026.

MS LEE: Just confirming, then, that the \$10 million is just on the new threshold?

Mr Barr: In the first year.

MS LEE: Yes, in the first year.

Mr Barr: The outyears include the short-term rental as well.

MS LEE: Okay. Have you got a split between the two in the outyears—2025-26 all the way through to 2027-28?

Mr Barr: Yes, we will.

Mr Hocking: The land tax component is 10 in the first year, as we have just discussed, then 10 again in the second year and then 11 and 11 in the subsequent years.

MS LEE: The difference being, then, for Airbnb.

Mr Hocking: The difference between them is the other level.

MS LEE: Is it okay if I go back to rates, Chair, given that we are on land tax and rates?

THE CHAIR: Sure, but we do have other questions as well.

MS LEE: Thank you. In budget statements B, page 44 is about overdue rates for the last fiscal, which are estimated to be about 11 per cent of the total rates revenue, which is around \$80 million. That's well above the target level of five per cent—more than double. What is the cause of the overblown figure?

Mr Salisbury: I have read the privilege statement and understand it. Rates debt has increased. This largely reflects the movement of staff out of debt recovery during the COVID period. During the COVID period we moved our staff into a number of activities that were supporting the community during COVID that were delivered through the Revenue Office. During that COVID period we did not have a particularly active debt recovery program. As a consequence, the debt levels have increased. That is true of most revenue offices and across all of our tax lines as well. Subsequently, we have moved staff back into debt recovery and we have begun to focus on outstanding rates debts, but there is still a backlog of rates debts that we have not got to; hence our KPI is somewhat over the five per cent.

MS LEE: When it says “overdue rates for 2023-24” it is not necessarily that the rates were overdue for that period; there is historic build-up?

Mr Salisbury: Yes.

MS LEE: Okay. What would be the oldest overdue rates that the territory has not yet collected?

Mr Salisbury: It could be small amounts going back many, many years. In our reviews we tend to focus on high levels of debt.

MS LEE: You have sort of touched on this. The same table also shows that 45 per cent of internal reviews of objections are being completed within the six months, which is well below your target of 85 per cent. Is that the same answer: the lack of staff during that period?

Mr Salisbury: At one period we did move resources out of our objections area. There were a high level of objections a number of years ago when we saw that large increase in unimproved values. That was around the 2022-23 period, when unimproved land values across the territory increased by around 35 per cent. There were a lot of objections generated during that period, and it has taken us a while to make our way through those objections.

MS LEE: It obviously has a measurement of six months. What is the longest period an objection goes without being resolved?

Mr Salisbury: The other KPI there is that we try to get through 100 per cent within 12 months, and I think we are pretty close to that. That's up in the high 90s.

MS LEE: Do you have a figure of how many actually end up in litigation?

Mr Salisbury: I can produce the number of objections that have gone to litigation, yes.

THE CHAIR: Will you take that on notice?

Mr Salisbury: It may take me a while to find it; I will take it on notice.

MS LEE: Perhaps by the end of session or something? Thank you.

MS ORR: Could I get a bit of an explanation on how general rates are calculated and how the board uplifting property values impacts rates notices. I think, Chief Minister, you covered it. Is there anything you want to add?

Mr Barr: I think there is a common misunderstanding that the unimproved land value in and of itself drives increases in rates. It is important to note that the reason that the revenue estimate in the budget and the final outcome is within less than one per cent variation is that there is a revenue target set. What flows from that global amount is the allocation for each rate-paying property. Unimproved land values can go up by 35 per cent, as the revenue commissioner indicated. Once that is fed into the rolling five-year average unimproved value, that acts as a moderating factor. Then there is a rates cap as well that operates. So rates have not gone up by 35 per cent in a single year.

The rolling five-year average and the overall rates cap act as a stabilising factors in terms of variation in the individual rates paid by householders. There is also a progressive principle that applies to the combination of the fixed charge and the variable component of a household's rates. That reflects that there is a base level of service that every household receives but then also that our rates, because of the hybrid nature of territory government, fund more than the municipal services. I think this is, again, a point that is often not understood. Further in the transition away from stamp duty and insurance tax to the rates base, we see the rates base cover state-level services as well.

MS CLAY: This is a fascinating and slow session, isn't it? Treasurer, I have a question that was referred from another session. I am hoping we can answer it here.

Mr Barr: We will see what the question is.

MS CLAY: It is about the policy settings on how we charge for blocks of land sold by the SLA and the CRA. In my additional comments on the planning, transport and city services committee inquiry into the Territory Plan I recommended that land should be sold to Housing ACT at below market value. The government responded to the committee report by referring to the Treasury ACT accounting policy paper on land transactions. Can we get a copy of that paper tabled?

Mr Hocking: I suspect we can. Mr Austin will probably be able to point you to it.

Mr Austin: The policy is available on the website, but I have a copy here, if that—

THE CHAIR: Could you acknowledge the privilege statement, please.

Mr Austin: Sorry. I have read and acknowledge the privilege statement.

MS CLAY: Thank you. The government responded to this policy paper and also to section 247 of the Planning Act, which requires land to be granted at not less than market value, that section 247 does make exceptions in some cases. Section 247(2) sets out exceptions, including letting the government sell land to the University of New South Wales for below market value. Are you able to tell me why the University of New South Wales can have its land below market rates but Housing Act has to pay full price?

Mr Barr: Yes. We accepted a reduced dividend for that. It would have been the City Renewal Authority. That block of land I think is within the CRA precinct. Essentially, we can make below market transactions and we will pay for that by way of a reduced dividend from the land agency. There is no magic money here. If you provide land to Housing ACT at below market rate then that simply is reflected in a reduced dividend. A better accounting practice in relation to housing, particularly the valuation of the asset as it moves from the general government sector, land, into the public trading enterprise sector as it relates to Housing ACT, which sits as a PTE, is that it transfers at full value. The best way to achieve the outcome that I think you are looking for is to provide a capital injection to Housing ACT to be able to purchase the land.

MS CLAY: That's not the explanation we were given. The University of New South Wales has this legislative exemption. Are there other agencies that have this kind of exemption?

Mr Barr: Given that that particular land is within the national triangle and we determined that it could be used for an education purpose—that is, a below market value purpose—and would be for that education basis in perpetuity, it had no prospect of ever being sold into the private market. There are certainly different circumstances relating to the leasehold dedicating a piece of land for a below market purpose, as opposed to the transaction of an asset that will sit on Housing ACT's asset register. I think we can have an accounting stand-off here, but Treasury's advice is very clear that if the policy intent is that Housing ACT is in a position to get more land then the best means to achieve that is to provide an increased capital allocation to Housing

ACT.

MS CLAY: Is this just for housing ACT or do you think that, in a general sense, most people should pay the full value?

Mr Barr: It will depend, obviously, on whose balance sheet a particular asset sits and what the land use is for the piece of land.

MS CLAY: Earlier in these hearings we heard that land is effectively subsidised for build-to-rent, and private market organisations can buy land for less than the market value. It is part of the way that we price that land. It strikes me that they are effectively getting subsidised land in order to run affordable housing for 10 or 15 years, which then returns to their private ownership, but Housing ACT has to pay full price. Have I misconstrued something?

Mr Hocking: I would not characterise it as subsidised land. For a build-to-rent project we would transact at the market value, given the conditions that we are imposing on the operator of that.

MS CLAY: One of the conditions imposed on the operator is that they have to charge less than market rent.

Mr Hocking: Yes, but we now have the affordable housing fund, which we can also use to subsidise that requirement, which might affect the transaction value. I think the issue with Housing ACT essentially comes down to this: it is much more transparent, if we are selling land to ourselves—Housing ACT is part of the government—that the transaction happens at market value and we budget fund whichever authority within government to achieve the result that they need to achieve.

MS CLAY: I understand that. I am just trying to get my head around why it is okay to give subsidised land to the University of New South Wales and less than market rates valued land to build-to-rent, if we factor it in.

Mr Barr: Because of the land use restrictions in relation to that long-term education purpose.

MS CLAY: Build-to rent?

Mr Barr: No; you were talking about the University of New South Wales.

MS CLAY: Let us just do build to rent.

Mr Barr: It is transacted at market value. The Under Treasurer just said that.

Mr Hocking: For the conditions that are put on it. There is no detriment to Housing ACT achieving growth and renewal, for example, by having to buy land at market value, because the growth and renewal program each year comes to the budget and we provide them with the funding they need to buy that land, so there is no inequitable outcome that results from that.

MS CLAY: If Housing ACT wants to buy land on which to build public housing, for which they will only be able to charge 25 per cent of the person's income in rent—if there is a limited amount of money that they will make from that land—when the land is valued, is that factored into the valuation of the land in the same way that build to rent is factored into the valuation of the land? Do they have similar sorts of land valuations factored in?

Mr Hocking: I am not entirely sure that I understand.

MS CLAY: When land is sold to someone who does build to rent, the land valuation recognises the fact that it will have build to rent on it, so it will be less valuable. When we sell land to Housing ACT, do we adjust the value of the land to recognise that it will have public housing on it?

Mr Hocking: No.

Mr Barr: If we did so, we would have to write down the value of the housing portfolio by billions of dollars, which would affect the territory's net worth.

MS CLAY: Why would we have to write it down for Housing ACT, and not for build to rent?

Mr Barr: We own the land for Housing ACT; it is a public asset.

MS CLAY: We might move on from that particular point. I am still finding it difficult to get my head around that. Do you think that you have provided Housing ACT with enough funding to buy enough land for public housing?

Mr Barr: Housing ACT has the same capacity constraints as the general housing market in relation to construction of homes. There is a process where we look at the Indicative Land Release Program over the coming period. We have minimum requirements around affordable housing, as a component of the land release program. We do not want to have lots of vacant blocks sitting there for years because there is no capacity to construct homes on them.

With respect to the allocation and determination of how many new dwellings can be built in a given year, Housing ACT need to provide advice on their capacity, and the capacity of their construction partners to be able to deliver a certain amount of housing. They then need to go through processes around the tendering of that work. They are obviously well advanced in relation to the current program, and they are delivering that.

Clearly, Housing ACT is also up against every other area of government for scarce capital. If we want to build light rail and accelerate that, Belconnen busways, and all of these other things—

MS CLAY: Thank you, Treasurer; I do understand budget priorities. I am finding it difficult to understand why the housing minister has repeatedly told me that she cannot buy blocks of land for budgetary reasons. It sounds like the primary reason has nothing to do with budgetary reasons; it is about capacity. That may not be a question

for you.

Mr Barr: There is not an unlimited budget for anyone. It is also a question for the expenditure review committee, in that, ultimately, we need to make a determination on the capacity to build in any given fiscal year.

MS CLAY: Surely, a better reason that you did not take that up was because of capacity reasons, not budgetary reasons. As I have said, though, that might be a better question for me to take up with the minister who gave me that answer. When Education has to build a school, do they need to buy the land at full market rates?

Mr Barr: Yes.

MS CLAY: When we have to build a hospital, do Major Projects or Health have to buy the land at full market rates?

Mr Barr: The market rate for the lease purpose is applicable, as in a public health facility. We had a famous case recently in your electorate on that point.

MS CLAY: I do recall it. There might be others that are less complicated. In general, every government provider has to pay at full market rate; then it is simply up to Treasury to provide enough funding, and if Treasury does not provide the funding then the project does not go ahead?

Mr Barr: Unless they have an alternative source of revenue; some entities do generate own-source revenue. Housing are an example. They do have own-source revenue. They can sell another asset. They are a public trading enterprise, so they are able to manage their asset base, which they have also been actively doing, in order to improve the quality and distribution of public housing across the city.

MS ORR: I have done a deal with the chair where she will let me have two questions, if they are short, so can you please factor that into your answers? Under Treasurer, you mentioned transparency of budget reporting, and making sure that you are being transparent in land transfers where government is buying land from government. Can you explain very briefly why it is important to have that transparency?

Mr Hocking: From a public point of view, the SLA operates in a commercial way to sell land, and it is important that its sales revenue and its dividend returns to government reflect that in all cases.

Effectively, what we are talking about here is a zero-sum game within government. You either allow Housing ACT to buy at zero, and that means the SLA's returns are lower, or you fund Housing ACT to pay the market value. From a Treasury point of view, it is much more transparent that SLA's dividends reflect selling land at market value and Housing ACT is funded directly to achieve the non-commercial objectives that it achieves.

MS ORR: That goes to my next question. I am picking up on something that the Treasurer said in one of the many answers we have just heard on this line of questioning. If you discount it in one place, you are not saving money; it is still

reflected elsewhere. If you are putting forward the premise that, if we discount land to Housing ACT, we can build more properties because we have more money, is that correct?

Mr Barr: No. There would be less revenue as a result of a lower dividend from the Suburban Land Agency. There is no magic money.

MS LEE: I want to take you back to a discussion we had yesterday. I was asking questions about investment and infrastructure. I asked a question about whether Treasury had done any medium-term forecasting, and the answer was no. Can I confirm that Treasury does not do any forecasting for the medium term, or was it just for that specific—

Mr Hocking: I cannot rule out that we might have done it a long time ago. There have been intergenerational reports that have been produced by various jurisdictions. I do not know—

Mr Barr: Are you talking specifically about infrastructure costs in the medium term or modelling on the totality of the economy and the budget?

MS LEE: Yesterday, when I asked a question and you said, “No,” that was in relation to the infrastructure part. I want to make sure, because I thought, Treasurer, that you or Mr Campbell said, “We don’t do forecasts for the medium term.” I want to clarify whether that is across the board on everything or whether it is just in relation to infrastructure.

Mr Barr: In relation to infrastructure and the forward infrastructure plan, Treasury is involved in the coordination comments on those finalised plans, and is providing advice, together with MPC, on indicative costs for particular projects. There is medium-term and longer term planning in that regard, in that we have a broad sense of the expected cost of longer term infrastructure.

MS LEE: But that is in relation to infrastructure?

Mr Barr: Yes. In relation to longer term modelling on revenues and expenditures, we do have a long history, and Treasury’s practice has been to revert to long-run averages for the years immediately beyond the forward estimates year and the first year after that.

The forward estimates contain two years of forward projections and, in terms of the economic parameters, then revert to long-run averages. You can project long-run averages out into the forwards, which we do, and you could use that to give you what has happened over the last 10 years and what would happen over the next 10, absent any economic parameter changes, policy changes or other external factors that would impact on the economy or the budget. Recent events like a pandemic would have rendered all medium-term modelling absolutely useless.

MS LEE: But given that that is a once-in-a-generation—let us hope—event, it is not something that we could have foreshadowed. I understand that we can do that and, based on all of the public information, anyone could do it. The question specifically

is: does ACT Treasury do medium-term forecasting? It looks like, formally, that is a no.

Mr Hocking: The answer I gave yesterday was an interpretation which was about the whole budget position. We do not do that.

MS LEE: Okay. That is what I wanted to clarify.

Mr Hocking: I might point out that we do produce something that is long term, which is a set of population projections for 40 years. There is a Treasury product which is a public document.

MS LEE: Why population but not other fiscal measures?

Mr Hocking: Population is used not just for budget purposes; it is used for a range of planning purposes across government—the provision of schools et cetera. It is probably something that is less exposed to shocks than budget variables. It is something that is done by a range of economists and governments. If you look over the medium term, there is probably less variability in the outcomes expected in population than there would be in budget parameters.

Mr Barr: I also draw the committee's attention to the modelling that is undertaken on our biggest long-term liability, the superannuation account, and that goes out to 2080.

MS LEE: Yes, I understand that part of it. We had the chance to ask questions yesterday; no-one did. Under Treasurer, correct me if I am wrong: you mentioned earlier that you cannot rule out that it has been done previously?

Mr Hocking: I have only been here since 2021, so I cannot rule out that, in the whole history of ACT Treasury, some medium-term projections have been done.

MS LEE: Does anyone else have that answer?

Mr Barr: I am probably the keeper of corporate memory.

MS LEE: I was going to say: I think it is you, Mr Barr.

Mr Barr: Certainly, there was work undertaken in 2011-12 in relation to taxation, and that is publicly available. You would have to go back to 2006-07, and the functional review that was undertaken. That has a range of longer term modelling and forecasting that are publicly available as well.

MS LEE: Yes, I understand.

Mr Barr: Those are the two most recent.

MS LEE: 2006-07 and 2011-12.

Mr Barr: Yes. One on tax and one on the totality.

MS LEE: On page 7 of the budget outlook, it states:

The Headline Net Operating Balance continues to improve across the forward estimates, with the ACT maintaining a sustainable fiscal position over the medium term.

Is the reference to “medium term” there, which I took to mean that you have done some forecasting, not correct?

Mr Barr: The medium term in that instance would reflect the forward estimates.

MS LEE: Okay, so it is not the 10 years that are generally—

Mr Barr: In the context of this particular commentary, the short term would be the immediate fiscal year and the medium term would be the forward estimates period. In these budget papers and, indeed, in a number of statements attached, we forecast out five years.

MS LEE: Was there a conscious decision not to do it or is there a reason why Treasury does not do medium forecasting?

Mr Barr: I am not sure that any Treasury does.

Mr Hocking: There are intergenerational reports which are produced in some jurisdictions. They are more for what I would call a long-term, rather than a medium-term, perspective. They started from the perspective of population ageing being a particular pressure for governments, given their exposure to health spending and what that does to budgets.

The reason why we do not do that is that, as a small jurisdiction, we probably do not have the resources that other jurisdictions have. Most of those intergenerational reports tell the same story which would not be much different here—that health expenditure will chew up a lot more budget spending than it does at the moment. We would view those pieces of work that are done by other jurisdictions as fairly indicative for us.

If you were talking about it from the perspective of looking out, say, another five years, rather than looking out 30 years, there are limitations as to how much more informed that would make us, because you would be making a range of assumptions which would be subject to wider and wider sensitivities the further you go out. We do sensitivity analysis on the forward estimates, in our economic parameters, for example, which tell us what the range of outcomes are. A lot of those pieces of work are very dependent on the assumptions that you put in, and the further you go out, the more those assumptions get tested.

Mr Barr: There are two specific pieces of work that are long term in their duration that are talked about. The biggest one is superannuation and fully funding that liability. The other one that has been talked about—it probably feels like the equivalent of a year’s worth of talking over the last 12 years—is the 20-year tax reform process, both of which conclude in the early 2030s.

Mr Campbell: I acknowledge the privilege statement. For national jurisdictions, you also have to make fairly heroic assumptions about the Commonwealth Grants Commission on the revenue side, because you have the Commonwealth Grants Commission, where you are making determinations outside the forward estimates on revenue pools. GST is a good example of that. For one jurisdiction to make an assessment about that, and all the relativities of all the other states and territories that the Commonwealth Grants Commission would have to take into account, you would have a very uncertain revenue line that you would be projecting forward, beyond what we know in the forward estimates period. There is a question mark about how much it would tell you, to be honest.

MS LEE: Treasury's view is that it is not that helpful, so you do not do it. Would that be right? Yes. That would be the same in all the states and territories, I think you mentioned. You were saying that you did not think any other state and territory did this?

Mr Hocking: I am not aware of anything beyond these intergenerational reports, which, as I say, tend to go 30 to 40 years.

MS LEE: Yes.

Mr Hocking: That is not to say that they might not have done it internally for particular purposes.

Mr Barr: Some obviously do for infrastructure. There are some longer term 10 or 15-year plans that exist.

MS LEE: That is understandable.

Mr Barr: Others also have broad pathways towards net zero economies over longer times, but they tend to be either parts of the economy or parts of the budget, rather than trying to do medium or long-term forecasts on every single moving part within the budget.

MS LEE: Yes. That leads me to my next question, which is doing it in parts. You have already mentioned that in the ACT, since 2006 at least, we have done the tax reform, leaving aside the superannuation liability. Has there been any discussion about doing medium-term forecasting—and by that I mean 10 years, as opposed to the forwards—in relation to the debt position and the interest? Has that been factored in?

Mr Barr: We know with certainty the bonds we have already issued and that there are debt maturities and all of that. That is outlined in the budget papers. For the next six or seven years, whilst the continuation of tax reform continues, that is obviously a matter that will be determined in 80 days. Presumably, there will be a continuation of the policy to seek to fully fund the superannuation liability. That is the biggest own-source revenue: our own tax mix. The superannuation expense would be our single largest liability. They are the two biggest areas of the budget that do have longer term—

MS LEE: Yes. So you are saying that is not necessary because you already know, based on those two factors.

Mr Barr: Yes, and then you can overlay the population projections, noting the significant discussion we had yesterday about the correct net internal migration number. There are other known factors that clearly are there, but there are many things that are adjustable, depending on policy decisions of government, asset sales, the level of debt financed infrastructure, borrowings, and decisions on the number of people that are employed by the territory government.

MS LEE: Yes.

Mr Barr: And then there are emerging issues that we have highlighted in this budget and made provision for, including foundational supports under a revised national NDIS model. That is an example of massive moving parts and challenges for not just us but every state and territory.

MS LEE: So the position is that the Treasury do not feel they need to do specific and formal—

Mr Hocking: No. I think it goes back to what I said before. Some of these things, in terms of doing modelling, become very mathematical, rather than actually telling you anything. If you are talking about the impact of debt on the budget, what is the long-term assumption for our borrowing costs? What will happen to market interest rates over the next 10 years? The assumptions you make about that will tell you different things, depending on what assumptions you plug in. We look at this more iteratively: what is the emerging budget cash position and what is the affordability of infrastructure over the next years? Rather than being a mathematical equation, it is more an iterative thing as the budget position moves over time.

THE CHAIR: We need to move on.

MS LEE: Thank you, Chair.

THE CHAIR: I will start with a new question. We will have no more than 10 minutes per question to finish off. I will be strict. Treasurer, a recurring concern in the Pegasus budget review is the presence of persistent forecasting errors. For example, on page 12 this year, they wrote:

The long-term trend in the ACT has been for successive Budgets to promise improved fiscal positions in the forward years only to set out progressively worse forecasts in subsequent Budgets.

Are these errors a result of mistakes by Treasury?

Mr Barr: No. I think they reflect changed and dynamic circumstances within the economy and the impact of national and international events on various areas of the budget. In large part, we have to understand that these are estimates. They are never intended, with a couple of exceptions, to be absolutely 100 per cent accurate, because they are subject to demand and supply interactions. They are subject to variations in

price. They are subject to a number of decisions that are taken by the commonwealth government or decisions that are taken subsequent to publishing the budget, which are necessary, and therefore there are updates.

That is why we have a midyear update, because a lot can change in six months. I think this Treasury, like all treasuries, provides its best advice on forecasting thousands of different data points that go to the economy, to revenue and expenditure lines, and to assumptions and estimates around, amongst other things, the bond market. There are a lot of things that are variable and dynamic in our economy. The main point to make here is that the budget represents a snapshot, a moment in time, and things change.

THE CHAIR: Since the government embarked on their tax reform agenda in 2012, own-source revenue has more than doubled, revenue per capita has increased by more than three-quarters and revenue as a share of gross state product has increased by more than one-quarter. Across most measures, the ACT is increasing taxes faster than any other Australian jurisdiction, and these increases have now persisted for more than a decade. Is this approach consistent with the advice you are receiving from Treasury or have Treasury provided advice to you about the prudence, or not, of continuing to grow revenue at this pace?

Mr Barr: Our economy has grown and our population has grown, so you would anticipate that revenue would grow with that. The whole point of growing the economy is to grow the revenue base in order to provide a higher standard of living. What we have seen in our city over an extended period of time is that the range and quality of public services has continued to grow, year on year.

The ACT government, as the second-largest employer in the city, has employed more people to deliver public health, public education, public transport, and police, fire and emergency services. The cost of providing all of those services increases every year as well, so revenue will increase. It needs to increase to meet the needs of the community. You are now in day 8 of hearings. You will have heard from a variety of organisations that they would like to see more spending—significantly more spending, in many instances. That has to be paid for.

THE CHAIR: Was any advice provided to you by Treasury about this?

Mr Barr: Treasury, through the annual budget process, provide advice on each new expenditure proposal. That advice is considered by the Expenditure Review Committee. It then makes recommendations to the cabinet, who sign off on the totality of all of those decisions, and that is then reflected in the budget papers. There are times when Treasury's advice is accepted in full, there are times when it is accepted in part and there are times when it is not accepted. That can occur where Treasury recommends spending and the ERC says no, as it can also occur when Treasury recommends against spending and the ERC will say yes. We also hear from the portfolio minister and their directorate in putting forward a case for a new policy proposal or new expenditure. As part of a good cabinet process, the Expenditure Review Committee hears from the proponent and hears a Treasury view as well. Sometimes there is alignment; at other times there is not.

MS LEE: With all due respect, Mr Barr, in answer to Ms Lawder's first question you

listed off a number of different factors and variables and the reasons why, but does it not concern you that, as Pegasus said, it seems to be a long-term trend in the ACT for the promised improved fiscal positions in forward years to not actually play out? Noting that not a single person in this room or any Canberran expects 100 per cent—that is why it is called estimates, as you mentioned—does the fact that it is a long-term trend, that it is year on year on year, not concern you? Does it not concern you about the advice that you may be getting in putting these forecasts together each budget?

Mr Barr: Treasury provide advice on the best available information available to them at that time. Subsequent policy decisions are then made and there are subsequent technical adjustments. I will take you to the budget outlook. There is a page that outlines the summary of movement within each budget year. That is on page 44. You can see across revenue and expenses. I think it is worth observing that it is technical adjustments, rather than policy decisions, that tend to drive much of the change from one year to another. You see across the forward estimates on the expense side that policy decisions in the coming fiscal year are larger than technical adjustments, but across the forward estimates it is in fact technical adjustments that are larger.

Equally, on the revenue side you see that we have made policy decisions to forgo revenue, and we have seen technical adjustments that have had a much more significant impact on the budget position. That reflects, for example, the size of the GST pool and our share of it. That is our single largest revenue source. We get updates on that twice a year. They are published and then projected forward in the budget papers.

MS LEE: Sure. Taking into consideration technical adjustments—and you have explained things like GST—when you have a look at the budget it says, “Expenses; policy decisions, \$291 million.” That is a significant deviation. You said that there is a reason we do the budget updates: it is to take into consideration what can happen in a six-month period. In only the latest budget update we saw that the deficit had blown out by double. Does the long-term trend that that is happening not concern you? Given so many variables that you have outlined, how confident can you be that you are actually going to deliver the surpluses that you have forecast for 2026-27?

Mr Barr: We continue to work within the available economic parameters and the available data that is there for us. Treasury provide their forward estimates based on that available data. I look across the states and territories at the moment and see that, in relation to surplus or deficit—if that is the only score card, the only metric for what a budget does in a given year—across the eastern seaboard, and in all of the non-mining jurisdictions, they are in deficit.

MS LEE: But 13 years in a row?

THE CHAIR: Our time is done on this question.

MS ORR: Just touching on the economic forecast in the budget, I know the ACT has historically had one of the strongest labour markets in the country. What is the forecast for employment growth and, more specifically, what is the impact on employment opportunities?

Mr Barr: We are seeing some pretty encouraging signs for our labour market. There are areas of quite significant tightness that are leading to skills shortages. There are other areas of the economy where, in recent times, the impact of interest rates has perhaps eased some pressure in relation to employment. We have also seen a bit of a lag from the COVID period around firms. For example, the commonwealth tax office were perhaps not pursuing debts during the COVID period. There have been some areas of the economy where the number of firms operating has adjusted to reflect prevailing economic conditions.

In large part, our labour market has adjusted quite well to that, in that if a firm is not able to continue trading, its staff are reasonably quickly picked up within that sector. Construction is a good example of that, in that there have been some firms that have no longer been able to trade but their staff have quickly found employment with other firms in the same sector. Overall, I think it is understood that in certain areas of the construction sector there is still demand for skilled labour.

A long-term challenge in the Australian labour market has been the increased skill level necessary in order to be qualified to hold a range of jobs. To pick-up on a short, medium and long-term trend and theme that has been touched upon this afternoon, there is a requirement for ongoing investment in skills and training development. That is critical to the functioning of the labour market as well. Having a national skills agreement for the first time in 12 years is a significant thing. Its application in the territory, through access to fee-free TAFE, for example, is important, together with an expansion of our higher education sector to provide more education and training opportunities in areas of skill shortage.

We touched earlier upon the expansion of UNSW Canberra. The courses that that university will offer, in many instances, have not previously been available in our city. That is important for our labour market in the short, medium and long term. I might invite Mr Roberts to talk a little more about the data.

Mr Roberts: I have read the privilege statement and understand it. In terms of the forecasts, the ACT has recorded 2.5 per cent in 2023-24. It is above the long-run average for employment growth, which is around 1¾ per cent. Employment is forecast to soften slightly to two per cent in 2024-25. However, this compares against the commonwealth's budget forecast for Australia of just three-quarters of a per cent.

The ACT is expected to benefit from the announcement from the commonwealth government in its budget to expand the APS. Employment growth in the ACT is expected to moderate, though, towards the long-run average in the forward years of around 1¾ per cent.

The share of public sector employment in the ACT peaked at 45 per cent in May 2020. This was because of the COVID period and the government's response. This has now eased back to 36 per cent. It has gone from 45 per cent in May 2020 to 36 per cent in May 2024, over that four-year period. Increasing diversity in the ACT economy means that job opportunities are spread more across different industries. While job vacancies have certainly fallen, they have come off record highs, and they are now sitting above pre-pandemic levels.

In terms of our wage price index, it is expected to grow about four per cent in 2023-24. As you saw, the latest CPI result was around 3.1 per cent, so there have been real-income increases in the ACT. Going forward, we expect growth in the WPI to be about 3½ per cent in 2024-25 and 2025-26, reflecting a robust labour market. WPI is forecast to grow to 3¼ per cent in 2026-27 and 2027-28, which is around our long-run pre-COVID average.

The forecast showed that real growth is expected in the ACT through the forward estimates period as inflation moderates. Real wages growth, plus our solid employment growth, is expected to support households in the ACT.

MS ORR: With economic diversification, combined with being the home of the APS and the changes that are going on there, what does it mean for the wage growth expectations over the forward estimates?

Mr Barr: The projections are for a period of higher wage growth in this decade than we have seen in the past. The wage price index growth for the territory over the 10 years of the federal coalition government had a “2” in front of it. Ms Lee might help me out here: 2.2, wasn’t it? The forecast rate of WPI growth over the forward estimates has a “3” in front of it, so we are expecting higher wages across the public and private sector in the coming period.

MISS NUTTALL: Referring to the budget outlook, page 204, regarding short-term rental accommodation, Treasurer, I understand that you have introduced a five per cent tax on the cost of short-term rental accommodation called the “short-term rental accommodation levy”. The estimated revenue from this measure is \$4 million per annum. How did you come to this figure?

Mr Barr: Data on the number of properties that are in the market and assessment against the tax rate.

MISS NUTTALL: Is that data publicly available? I have not come across it.

Mr Barr: You can add up the listings. I think that largely gets you there.

Mr Brown: I have read and understood the privilege statement. Data on the short-term rental accommodation sector is notoriously difficult to access. The platforms hold that data fairly tightly. There are some online data sources, such as AirDNA, which is one that is well known. We use data from there, as well as talking to Victoria, which is looking at introducing a similar tax. We were able to get some additional information on what their estimates were, and that informed our estimate as well.

MISS NUTTALL: Is that based on population density and types of properties in the city?

Mr Brown: No, it is mostly based on the number of short-term rental properties, particularly whole-house rentals, average occupancy rates across the year, average prices, and an equation based on the five per cent tax.

MISS NUTTALL: I understand that big companies like Airbnb often ask for a tax of around five per cent in lieu of other measures like night limits, higher taxes and bans. Did you or any of your officials meet with these companies to discuss this tax before it came into effect?

Mr Barr: No, but we have met with them subsequently.

MISS NUTTALL: Have you had any correspondence to that effect?

Mr Barr: Post the budget, yes.

MISS NUTTALL: Before that, no correspondence?

Mr Barr: The matter has been broadly discussed publicly. A number of other states have moved in this direction. This is principally a revenue initiative. It is not anticipated to have a dramatic impact on the balance between short-term and long-term rentals.

MISS NUTTALL: It has not been run through the case for dis-incentivisation? I know we hear the discourse on short-term rentals occupying the space that longer term rentals would otherwise occupy.

Mr Barr: Yes. That was examined in the territory and there was very little evidence to support that.

MISS NUTTALL: In that case how will the levy be enforced? Will this require legislative change? If it does, when can we expect it to be completed?

Mr Hocking: It will require legislative change. At the moment we are doing the preparatory work on the policy framework for that legislative regime, but we are keen to see the Victorian draft legislation, because they are moving six months ahead of us. We understand that in a few months time we might see their draft legislation.

MISS NUTTALL: What will the obligations be on short-term rental platforms to provide data to government, and do you have any view about the expected penalties for noncompliance?

Mr Hocking: It is probably too early to speculate on any penalties at this stage. We will consider that as we are drafting the legislation. Broadly, they will be obliged to register and pay the levy to the Revenue Office, which sits in Treasury.

MISS NUTTALL: Will you require the platforms to provide address data to the ACT government so that Treasury can check whether they are also paying their land tax? I mean land tax rather than rates, in this particular instance.

Mr Hocking: I do not know whether I can answer that question at this stage.

Mr Brown: We will obviously be engaging with the platforms over the next several months as we develop the policy framework. We will certainly explore options with

them as to what is possible. As to whether or not it will be in the legislation, it is probably too early to say.

Mr Barr: I would note that the Revenue Office are able to utilise the public listings on the website for their compliance activities, just as they certainly do in relation to properties that are in the longer term rental market. It is not that hard to see whether someone is advertising a property for rent and matching the address against land tax payers. If it is, and land tax is not being paid, that is part of the compliance activities that the Revenue Office undertakes.

MISS NUTTALL: Can you walk me through what the justification was for five per cent? Was that the amount of revenue that you could recoup sustainably?

Mr Barr: We looked at what the prevailing rates were across other jurisdictions. Going back to an earlier discussion about level of tax increases and the like, five per cent was considered to be a balanced and moderate impost. Obviously, the people who will mostly be paying this will be people who are short-term visitors to our territory—not always for holiday purposes, many for work purposes. One of the bigger user bases of short-term rental accommodation is people who are here often for 22 weeks of the year, as part of their work in relation to the national capital elements of our city.

MS CLAY: Treasurer, what is your plan as Treasurer to fill the gap left by the large write-down from the HRIMS system write-off?

Mr Barr: That, largely, is depreciation, so it is a one-off impact. I am not proposing \$40 million of additional tax.

MS CLAY: Given the scale of the loss, are there any specific actions for Treasury to help government avoid such large losses in the future?

Mr Hocking: We have a new program. Your question was about the HRIMS?

MS CLAY: Yes.

Mr Hocking: There is a new program called PCHRM, which is the new version of upgrading our payroll capability. As part of setting up that program, a lot of lessons have been learnt from the HRIMS program in terms of governance in particular. A great deal of thought was given to the governance of the new program in terms of not repeating the errors of the past, essentially.

MS CLAY: Can you give me any detail on those governance lessons?

Mr Hocking: Essentially, there is a program board for the new program, which I actually chair. There were probably two main problems with HRIMS. One was that the original business case probably failed to understand the complexity of a new HR system, given the incredible divergence in enterprise bargaining arrangements et cetera across all of our directorates and their different practices around that. Once the program started there was a failure to recognise that the people who had to deal with those issues—what we would call the business outcome owners—were not really

effectively at the table.

A key part of the program board that I now chair is that there is a designated role for a business outcome owner. There are two key roles. There is a senior responsible officer, who is responsible for the whole program being delivered. That role sits within DDTS. And there is a business outcome owner, whose job it is to make sure that the needs of all of the directorates are factored into all of the decisions that we make. That is probably the key role that was missing in the previous project.

MS CLAY: The digital health record is an even bigger government IT contract. Have you taken those lessons learnt and applied them to the digital health record?

Mr Hocking: With the digital health record, in terms of the delivery of the actual system, I was not involved in that program, but it was delivered largely on time. The issue that we now confront is the rising costs of the IT system going forward, now that it has been delivered. They are different issues, in a way. I do not think that that program board exists anymore; it finished with the implementation of the program.

MS CLAY: None of the governance lessons from HRIMS are applicable to—

Mr Hocking: They were operating, I think, at the same time, effectively. I do not know whether Mr Campbell knows anything more about this.

Mr Campbell: No. We would have to get the health department to provide advice on this, because there is actually internal governance that they have established that is not visible to us in Treasury.

MS CLAY: Does Treasury have any concerns? Are there any proactive things that you are doing in the management of this other large IT contract, given the lessons learnt from this one?

Mr Hocking: The main thing that has been done is the best practice delivery guide that has been done by the Chief Digital Officer. That is a more general piece of guidance material about how to design and then implement an IT project across government, starting at the very beginning, about cabinet decision-making and business cases for IT projects—how you apply best practice thinking to the outcomes and the whole-of-government implications et cetera. It steps all directorates through a process about how to think about an IT project, from conception to delivery.

MS CLAY: That sounds like a really useful guide. Is that being used right now?

Mr Hocking: That has been approved by cabinet and it is now—

MS CLAY: Is that being applied to current IT projects that are being managed by ACT government?

Mr Hocking: Yes. As part of that process, in every budget process, we have advice on all IT-related projects that goes to the ERC about IT projects specifically from a group that is chaired by the Chief Digital Officer.

MS CLAY: Treasury is content that we are managing our IT projects in a way that will not cause similar needs for write-downs?

Mr Hocking: IT projects are always very complex. They are the most complex things, I think. I am confident, in relation to the lessons learnt from HRIMS, that we are putting that in place and that we have better processes around the whole IT decision-making process.

MS LEE: Under Treasurer, is there a Finance or Treasury official or expert that sits on the project governing body of DHR?

Mr Hocking: DHR? There would have been. That body does not exist anymore, as I understand it.

Mr Campbell: No. It is basically a delivery process now for the department of health. They have their own internal governance structures. Obviously, we get involved when there is a request for new funding or any change to the existing BAU process, but at this stage there is not an established project board sitting across—

MS LEE: No, but when there was, was there a person either—

Mr Hocking: There would have been a Treasury person on the board. It might have been Mr Campbell's predecessor.

Mr Campbell: Yes.

Mr Hocking: The former Deputy Under Treasurer, before Mr Campbell started.

MS LEE: So the answer is yes?

Mr Hocking: Yes.

MS LEE: In relation to the forecast surplus, for 2026-27 and 2027-8, it seems that it is only possible because expenditure growth is forecast to be less than three per cent per year over the forwards. When we look at the actuals over the past decade, it is about double that. Given our discussion earlier about using information in the past and taking that into consideration when developing forecasts, when was the last time that expenditure growth was three per cent or less a year?

Mr Barr: We can take that on notice.

MS LEE: Is that the kind of information, Under Treasurer, that is taken into consideration when you are looking at forecasts, even just for the forwards?

Mr Hocking: In recent years, expenditure growth has been quite variable, because we have had issues like COVID, we have had cost-of-living pressures et cetera. A lot of our expenditure is made up of wages, and the recent common core offer had a pattern of wage increases that was higher at the beginning and lower in the outer years. That has also affected the expenditure profile. We then get one-off initiatives that affect particular years, so it can be variable from year to year.

Essentially, the expenditure growth that is in the budget papers is the result of the build-up of the base budgets for each directorate, which start with their current workforce complement, wage assumptions, and their current expenditure on services and supplies. That is projected forward on a no-policy-change basis, and decisions get added on top of that.

MS LEE: How do you come up with expenditure growth of less than three per cent per year in the forwards for this budget, given that over the last decade it has been almost double that?

Mr Hocking: That is a reflection of current policy, in terms of what previous decisions have led to, in terms of the base budget for each directorate, and what new policy decisions are added on top of that.

MS LEE: It does not concern you that you are using figures that are literally less than half of what the last decade has told us?

Mr Hocking: It is a reflection of current policy. I should add that we also have some provisions in there for things that might happen in the future that are not currently contemplated, so we do build in some conservatism.

MS LEE: That would explain an increase, not a decrease, in terms of forwards, wouldn't it?

Mr Hocking: No. In terms of additional expenditure that might occur in the future, it is not reflective of a current decision.

MS LEE: That would explain why you would forecast a bit higher in terms of expenditure, not lower.

Mr Hocking: Yes.

MS LEE: I do not understand how you can justify that it is less than three per cent growth, having factored in that there may be other expenditure.

Mr Hocking: In preparing the budget estimates, we do not say three per cent should be the growth rate for a particular year. It is an outcome of decisions that have been made.

MS LEE: What will be cut in the forward estimates that has brought you to the conclusion that it is less than three per cent, given that, over the last decade, the expenditure growth has increased by more than six per cent?

Mr Hocking: That is just reflective of different decisions that have been made at this point in time.

MS LEE: Can you give me one tangible decision?

Mr Hocking: The expenditure growth in the past is a reflection of decisions that have

been made in the past, and some of these decisions would have been ongoing decisions to spend money permanently, and some of them would have been time-limited decisions, particularly during COVID, for example, where programs ceased. The forward estimates are essentially, as I say, the basis of past decisions that are built into agencies' base budgets, and the new decisions that are added on top. That will vary from year to year, depending on a huge number of decisions that are time limited, and some that are ongoing.

MS LEE: Thank you for that, but my question specifically was: can you give me one tangible decision, so that we have an example?

Mr Barr: Yes, I can. We provided a one-off cost-of-living payment to every single staff member in this EBA round. That is one-off—

MS LEE: How much was that worth?

Mr Barr: You are talking about tens of millions of dollars.

MS LEE: Does that reflect at least three per cent of total expenditure?

Mr Barr: It would not reflect three per cent, but it is a sizeable amount. When you then add in some of the frontloading of the EBA, staff costs are 50 per cent in our budget. We also provided a one-off additional boost in relation to superannuation. That is accounted for, and it had its biggest impact first-up.

MS LEE: In terms of the last decade, when expenditure has grown by more than six per cent, did every year have these one-offs?

Mr Barr: No.

MS LEE: How do you explain the history of that?

Mr Barr: There have been some years that have, the COVID years in particular. That was of a quite substantive quantum. There were a number of decisions made around employment programs that expired. Other things that we certainly have done in recent times have been to insource some activities, so employment costs have increased but services and supply costs have decreased.

MS LEE: Based on that, there is an assumption that there will be no one-off payments of any kind for the next—

Mr Barr: The EBAs run out to the 2026-27 fiscal year; then there is obviously a provision for future wages growth that sits beyond that.

MS LEE: Did no EBA run out within the last 10 years?

Mr Barr: We have had, generally speaking, four-year EBAs, three to four years. Some have included one-off payments. Certainly, that has not been a frequent part of previous EBAs. Often they have been a combination of fixed payments and percentage increases. In some instances they have been frontloaded; in others EBAs

have in fact increased over time.

MS LEE: Would that explain the whole decade, the entire decade, given the—

Mr Barr: When you then account, at the beginning of the decade, for the Mr Fluffy buyback, you look at the COVID period and some other areas where there has been a need for significant expenditure that is shorter term in duration, programs and projects do conclude.

MS LEE: In 2026-27 and 2027-28, to get to the surplus which is based on the assumption that the expenditure increase will be less than three per cent, Under Treasurer, you also said that there have been some provisions baked into that figure. What are the provisions for? What percentage does that make up?

Mr Hocking: In terms of what it makes up, I would have to take that on notice. I do not have it in front of me.

THE CHAIR: Table 4.2.6 of the budget outlook shows general government sector expenses by function. It is on pages 285 to 287. It looks like there are cuts across the forwards, including \$10 million on housing and community amenities, \$25 million on environmental protection, \$37 million on recreation and culture, and \$68 million on economic affairs. What services might be affected by these cuts? Given that as much as half of this would be employee expenses, how many staff will be affected?

Mr Barr: That would reflect ceasing programs. That would be subject to further decision-making processes at the time that those programs cease. We will need to make a decision as to whether they will continue and whether they will continue at the same level.

THE CHAIR: In terms of staff being affected?

Mr Barr: Again, decisions will be made closer to the time of a program expiring as to whether it is continued. Overall, the number of people employed by the territory tends to increase every year.

THE CHAIR: In that table the largest change is public debt management, up \$327 million over the forwards. It is a very large change. It looks like about 42 per cent of the net \$775 million increase in expenses. Am I correct in understanding that this expense relates primarily to servicing the territory's debt?

Mr Barr: Yes. That would reflect the interest costs on the money borrowed for the infrastructure program.

MS LEE: How much of that amount is for infrastructure financing?

Mr Barr: I imagine nearly all of it, but I will take that on notice.

MS LEE: You mentioned earlier that there would be some programs coming to an end. Do you have a list of those programs broken down by agency or directorate?

Mr Barr: Not in front of me.

MS LEE: Is that something you could take on notice?

Mr Barr: We can provide some information to the committee, yes.

MS LEE: Ms Lawder also asked about staff that might be affected. You mentioned that generally there is an increase. With the staff that are specifically on the programs that may be coming to an end, would the starting position be that those staff would also no longer have a role because the programs have come to an end?

Mr Barr: You would generally find that those staff would be picked up within their directorate or another directorate on either a new task or to fill a vacancy that would exist within similar areas.

MS LEE: For the programs that are coming to an end—you will probably have to take this on notice—is there a staffing profile in terms of casuals that are brought in specifically for a program, so they are on contract?

Mr Barr: It will depend. There will be some short-term contract arrangements. Examples of programs that have a short-term focus are contained within the budget papers as new initiatives. Projects that will be completed in two years have funding for two years. For projects that are a one-year program, an example like the heritage database will not employ someone for the rest of their working life to do a single project.

MS LEE: I understand. Given that you have taken on notice the various programs, at the same time would you be able to give us a number base in terms of casual short-term contracts versus—

Mr Barr: That is prepared in annual reports and the *State of the Service Report* by agency, yes.

MS LEE: Is there much of a breakdown?

Mr Barr: Yes, between full time, part time and casual.

MS LEE: Per program?

Mr Barr: It will be at directorate level. The amount of resources needed to do it per program means that it would not be able to be provided in the time frame required for this committee.

MS LEE: Okay. Going back to the table that we have been looking at, in terms of the cuts, I will go specifically to 4.2.7, on page 287. Over the forwards, there is a \$15 million cut to public safety, a \$57 million cut to health, \$20 million to education and \$156 million to transport. This table does not seem to be limited to functional areas. Can you provide the committee with a bit more of a detailed breakdown of the functional asset purchases over the forwards, similar to what has been undertaken in table 4.2.6?

Mr Barr: Sure; we can do that.

Mr Hocking: This is capital spending.

Mr Barr: Yes.

MS LEE: Is that taken on notice?

Mr Barr: You are talking about the capital non-financial assets by function?

MS LEE: Yes.

Mr Barr: Just to be clear about exactly what you are asking there, these are non-financial assets.

MS LEE: Yes. It talks about the purchase of non-financial assets by function, but it only has the areas. Let us put it this way: do you have any further breakdown in terms of—

Mr Campbell: The capital works program online would probably be the best source for that.

Mr Hocking: Yes, there is an online database of capital. There is also a detailed table. I am not sure whether it has the same definition as the table that you started with, but there are detailed tables for the general government sector capital works program by directorate on pages 250 and 251.

MS LEE: Is that the totality of the information that is available for that?

Mr Campbell: Yes, that will give you the capital by line item. We can capture that in the response to you and point you to the right database.

MS LEE: That would be great. Thank you, Mr Campbell. In terms of factoring in when you add inflation, and using the forecasts that are contained in the budget, the budget is cutting expenses across most government functions over the forwards. We get to \$6 million for public safety, \$83 million for economic affairs, \$49 million for environmental protection, \$17 million for housing and community amenity, \$23 million for health, \$55 for education, \$21 million for social protection, and \$1 million for transport. Where are those cuts coming from?

Mr Barr: They would not indicate cuts. Expenditure is increasing in those areas.

MS LEE: Can you explain to me how it is increasing, given that we are going through the tables, and it clearly shows in the forwards that it is coming down? You explained some programs are coming to an end. Is that the entirety of it?

Mr Barr: Indeed; in some instances there will be one-off programs that will cease. In the context of economic affairs, an example is that we will make a \$10 million injection into a venture capital fund, but we will make that once; we will not make

that every year. There will be other examples, particularly within Economic Development, where there is a payment being made externally to government in one particular year. Probably the most useful thing, given we are out of time, would be to provide the committee with some examples of some of those one-off contributions that are being made in this budget.

MS LEE: That would be helpful.

THE CHAIR: On behalf of the committee, I would like to thank all of our witnesses for your attendance today. For questions taken on notice, please provide your answers to the committee secretary within three business days of receiving the uncorrected proof *Hansard*. The committee will now suspend the proceedings for afternoon tea.

Hearing suspended from 3.59 to 4.14 pm.

Cheyne, Ms Tara, Minister for Human Rights, Minister for the Arts, Culture and the Creative Economy, Minister for City Services, and Minister for Government Services and Regulatory Reform

Chief Minister, Treasury and Economic Development Directorate

Arthy, Ms Kareena, Deputy-Director General, Economic Development

Triffitt, Mr Ross, Executive Branch Manager, Events ACT, Economic Development

Fulton, Ms Caroline Executive Branch Manager, artsACT, Economic Development

Blount, Ms Wilhelmina, Acting Coordinator General, Office for Climate Action

Cubin, Ms Derise, Executive Branch Manager, Licensing and Registrations, Access Canberra; Commissioner for Fair Trading; and Registrar of Co-operatives

THE CHAIR: We welcome Ms Tara Cheyne MLA, Minister the for Arts, Culture and the Creative Economy, and officials. I remind witnesses of the protections and obligations afforded by parliamentary privilege and draw your attention to the privilege statement. Witnesses must tell the truth. Giving false or misleading evidence will be treated as a serious matter and may be considered contempt of the Assembly. Could you please confirm that you understand the implications of the privilege statement and that you agree to comply with it.

Ms Fulton: I have read and understood the privilege statement. Thank you.

Ms Arthy: I have read and understood the privilege statement.

Mr Triffitt: I have read and understand the privilege statement.

Ms Blount: I have read and understood the privilege statement.

THE CHAIR: Thank you. I have questions about the Kingston Arts Precinct, but I am going to start with one very specific question before I move on to the precinct.

Ms Cheyne: Go on, Chair.

THE CHAIR: I mentioned to someone else, I think Property Group, that in the past six months I have been to the Glassworks twice and noticed in both of those instances that their disabled lift was out of order. Could you explain perhaps why it is taking so long and when it might be fixed.

Ms Cheyne: Ms Fulton has some information that she can share, Chair.

Ms Fulton: Thank you. The Pandect lift at the Glassworks first failed in July of 2023. Glassworks staff undertook a range of actions to try and rectify it. However, it was unable to be fixed and they informed artsACT that the lift was not operating in August of 2023. Initially it was very difficult to get industry interested in a small-scale job like replacing the lift, so it did take a number of months before we were able to procure project management services to allow preliminary design drawings to be complete and trade packages prepared for taking to market.

Following procurement processes, a lift was ordered from New Zealand in February 2024. It was originally understood that the new lift would not require ACT Heritage approval, as no original fabric was being impacted and that, as minor upgrade works, it would be exempt. However, once we had a building certifier engaged, advice was given to artsACT that ACT Heritage would need to endorse the design proposal, as part of the building approval process. We undertook that process, and approval from ACT Heritage was gained in April 2024. Lift replacement work commenced in May and a certificate of useability was gained on 4 June. An operational commissioning certificate was issued on 13 June, so it is now up and running.

THE CHAIR: Excellent. Good to hear. I know it is a long and involved process, with heritage and all sorts of other things. Were there ways that you could have expedited the process, when you are balancing the possibility of someone making a human rights complaint, for example, about accessibility? Did the heritage area take any of that into account when they are looking at your request or was it quite a timely assessment?

Ms Fulton: It was a very timely response from Heritage. The entire project took about 10 months. That is probably not too unusual, given the type of work that was being undertaken in a heritage building. There probably were a couple of months lost, from not thinking we needed Heritage approval to requiring Heritage approval, but we did make gains at other stages of the project. So, yes, it does take time. It was unfortunate that it took 10 months.

THE CHAIR: Right. On the Kingston Arts Precinct as a whole, can you give me a bit of an update? One of the things I am specifically interested in is what arrangements or discussions you have had about who is going to pay for organisations to move into the precinct and when that might be.

Ms Cheyne: Sure. Perhaps I can give a high-level overview and then Ms Arthy and Ms Fulton can assist further, regarding the move specifically. The precinct concept master plan was submitted to the ACT government by the principal design consultant in January this year. That resulted in a period of review and some further development. The National Capital Design Review Panel received a presentation on the concept master plan, and the formal feedback from that review panel was supportive of the design. That has now taken us to a point where the principal design consultant is preparing the estate subdivision documentation for development approval. This is a process of consolidating blocks or changing roads or things like that, so it is a key juncture, I suppose. Work is continuing on the master plan and the design for the territory assets. The consultation with arts organisations is part of this process as well.

You might be aware that, I think it was last week or the week before, we announced that the first major public artwork that will be there is Robert Foster's amazing work that used to be in the ActewAGL building, which I think we're all very pleased about, given his extraordinary legacy and contribution to visual arts in the ACT.

In terms of the support for arts organisations currently, and then ahead of the move, already we are supporting organisations essentially with a fee for service in terms of the consultation that is being undertaken with them. We do not expect that that is just

absorbed within their normal funding; they are supported through that. Additionally, due to the delay that was announced several years ago, following the previous builder exiting the project, subsidised rent is being provided to our arts organisations.

THE CHAIR: For all of them?

Ms Cheyne: Yes.

Ms Fulton: For those organisations that actually do pay rent.

Ms Cheyne: Yes.

Ms Fulton: A number of them are already on peppercorn rental, particularly those that are in artsACT-managed facilities. The organisations that currently pay rent are M16, Craft ACT and Canberra Contemporary Art Space.

THE CHAIR: So those three have got a rent reduction?

Ms Cheyne: Yes, or subsidy.

Ms Fulton: It is 75 per cent.

Ms Cheyne: Yes. It is significant. To your second question, Ms Lawder, Ms Fulton can assist.

THE CHAIR: About paying for the move, whenever that might be.

Ms Fulton: We have not commenced those discussions yet with the arts organisations, but when we come to that point we will be providing assistance through the Kingston Arts Precinct budget that artsACT holds to support organisations in that relocation process.

THE CHAIR: In your previous response you mentioned the peppercorn rent. Below what threshold do you count peppercorn rent?

Ms Fulton: It is 10c per annum. We do not enforce payment of that 10c, so it is zero.

THE CHAIR: So you do have some that are paying 10c per annum?

Ms Fulton: Yes. We don't seek it, but in the licence agreement it has an amount that says 10c.

THE CHAIR: So, apart from the three you mentioned, the others are paying peppercorn rent?

Ms Fulton: Correct.

THE CHAIR: Thank you.

MS ORR: Can I get an update on the TV show *Austin* and how the ACT government

has supported the making of *Austin* and what benefit this has brought.

Ms Cheyne: Thank you, Ms Orr. *Austin* is a TV series that Screen Canberra, in particular, supported through two of its funding arms: the Screen Investment Fund, as well as the Screen Attraction Fund. The attraction fund is about attracting the production to film in Canberra. They need to have an anticipated return on investment for being here—the spend within the economy for cast and crew and the production occurring here. There was filming in Canberra almost entirely, for about a month, throughout November last year, and then there was one week of filming in Britain at the beginning of this year.

The production also received \$50,000 from a capacity building grant provided by Screen Australia. After production wound up, it proceeded apace, I think it is fair to say and launched on the Sunday of the June long weekend. It has been received very favourably both in terms of viewership on ABC TV screens and through iView, in addition to some pretty terrific reviews in publications throughout Australia. Just in the last two weeks or so we have been able to confirm that the BBC has acquired the rights to screen it, so we look forward to seeing that soon.

Something that was particularly positive for us was the nature of the production and what it centred around, especially with Michael Theo fulfilling his dream to be an actor. At the preview screening a few months ago he said that when he started in reality TV he was trying to leapfrog to be an actor. The fact that this opportunity has been made real through the support that we have been able to provide, and the talent that Northern Pictures saw in him as well, is something that we are particularly proud of. Now it is going to reach international audiences, and we think that that type of comedy drama will very much suit UK audiences as well.

MS ORR: What benefits has it brought to the ACT, having the filming here?

Ms Cheyne: There was a significant amount of expenditure. We think there was a local spend of about \$2.8 million for the time that they were here. They employed approximately 300 local extras and there were six locals in speaking roles. You may have seen in the first episode Chris Ryan, a local comedian. There were 48 local crew employed as well. That gave a lot of opportunities for our community and really helped in terms of building capacity.

On top of that, the cast really enjoyed being here. In fact, when I was on set and spoke with them they said that they had been out and about in our restaurants, spending their money. Michael Theo told a story recently that they went out for a small walk and decided to do the entire basin of Lake Burley Griffin. They got a little way in and realised just how far it was and had to call an Uber.

They were enjoying the ACT and I think have come away from that not only appreciating the beauty of our city but also the terrific efforts of our local crews, our local capacity—Screen Canberra and people like Shannon Wilson-McClinton, who has done an extraordinary amount in assisting the production to be here and for it to be a success. Everything that was said back to us was that it was a very easy, straightforward filming opportunity here and that the ACT government supported them in a variety of ways to help them access locations as well.

MS ORR: With that and with the others—we had that Liam Neeson Hollywood movie a few years ago—how is the ACT government working to support the screen industry more generally, to build on this good feedback as these significant projects have come to the ACT? How do we continue to build on that momentum?

Ms Cheyne: Ms Arthy, do you want to start on that?

Ms Arthy: Thank you, Minister. The screen industry is a really interesting industry in that it aligns with the CBR Switched On economic development strategy, which is all about the innovative, creative industries and how we promote those industries, which are able to bring together a whole range of technologies for broad application. The screen industry is a really great industry that brings together a whole different range of training and learning opportunities.

We have got the Academy of Interactive Entertainment, which is a major producer of skills, as well as productions in Australia and internationally. The ACT government, over a number of years, has invested through another part of economic development, not directly in the minister's portfolio, in sound stages, working with AIE to expand their campus in Watson and providing general support for them.

We have a range of programs, and that is through funding Screen Canberra, because Screen Canberra is the main avenue for industry-supported interactions with overseas partners and national partners. We also have the Screen Attraction Fund and the Screen Investment Fund, both of which are coming near the end. We are currently looking at what the next iteration could be.

MS CASTLEY: Is the screen industry fund available to video game developers as well, or is it separate?

Ms Arthy: At the moment it is not. When it was struck four or five years ago, the gaming industry was in its infancy. With the actual scope of the investment fund, with the way it was set up, it was limited to screen. However, as I said, it is coming to a close, and it could be something that we could be looking at in future. If the fund continues, it will definitely be coming in, as part of that. There are other programs that the government runs that video games can apply for, whether it is through arts funding or Canberra Innovation Network funding. In terms of the actual investment fund, it does not, at the moment.

MS CASTLEY: I know they put in a submission. What was the response to them—just to wait a bit longer?

Ms Cheyne: Ms Castley, I appreciate that that is a question you put on notice to Minister Gentleman which is currently being referred to me. Perhaps I can quickly outline where the funding is. There was a smaller portion of funding that was associated with Screen Canberra for screen and games initiatives. That amount of funding has now been incorporated into our arts activity funding overall, which is a bigger pool. It has given screen and games developers a bigger pool to access. That has been the case since 1 December 2022. They are eligible to apply for the arts activity funding of up to \$5,000 at any time of the year. They are able to access two

rounds of the five to 50K, which closes today.

There are also Innovation Connect grants, administered by the Canberra Innovation Network. They provide matched grant funding of up to \$30,000. As Ms Arthy mentioned before, the Academy of Interactive Entertainment is a big supporter of screen and gaming, and it is currently looking to undertake a redevelopment of its Watson campus, in addition to the funding that the government helped with for the state-of-the-art facility for film and virtual production.

MISS NUTTALL: It is quite difficult to unpick the budget and funding arrangements for Screen Canberra, and film and television production in the ACT. The Academy of Interactive Entertainment looks like it has had about \$5 million worth of contracts with the ACT government since 2015. I understand this is in other arrangements they have with government-funded organisations like Screen Canberra. Can you confirm—if necessary, take it on notice—how much funding AIE has received in contracts since 2015?

Ms Cheyne: We would have to take it on notice.

Ms Arthy: We would have to take it on notice. Just to clarify, with Screen Canberra, even though it is funded by government, any relationship they have with AIE is outside what we would be aware of. What I am aware of, in terms of contracts, is in relation to funding through the Priority Investment Program, and there was one other. We can take that on notice. I am not aware of the amount to the value of \$5 million, based on what I understand, but we will take it on notice.

MISS NUTTALL: That might be cumulatively. Is all of this on the contracts register?

Ms Arthy: If it is done through Economic Development, it will be on the contracts register. Some of these are grants. Particularly with the Priority Investment Program, it is a grant and it may not necessarily appear on the contracts register. When we do our response to the question on notice, we will indicate which ones are on the contracts register and which ones are not.

MISS NUTTALL: Within that information, I would also love to know what kind of procurement process it went through, the services that are provided and, if possible, whether it appears in the budget papers and in announcements as part of the arts budget in particular.

Ms Cheyne: Miss Nuttall, just for my own clarification and in order to respond to the question, are you asking about AIE's relationship with Screen Canberra or with ACT government?

MISS NUTTALL: With the ACT government.

Ms Cheyne: Okay.

MISS NUTTALL: I understand that the federal government announced a \$115 million funding package for arts schools, which included \$23 million for the

Australian Film Television and Radio School. Has ACT film and television production received any funding through this federal announcement?

Ms Arthy: We would not know. I am trying to think it through.

Ms Fulton: I can answer that. No, that particular funding through the federal government would have been to the national schools. They call them the “arts eight”. The Australian Film Television and Radio School is one of those. It also includes NIDA and a number of others, but it would only have been those organisations that have that funding relationship through the Office for the Arts in the Australian government.

MISS NUTTALL: From that, I am sensing that there is probably no way we could change our operations in the ACT in the future to receive that kind of federal funding?

Ms Fulton: It would need to be in terms of an identified, accredited training institution and generally that has national scope.

MISS NUTTALL: Has any consideration been given to whether AIE is the best and only provider for these services? Has there been consultation with the arts sector and training sector about the current arrangements?

Ms Arthy: Perhaps I will step back a bit in terms of what AIE is. AIE is a private training provider that provides both vocational and tertiary qualifications. For the tertiary qualifications, they are registered through the national TEQSA. The ACT government does not have any relationship with them in relation to that. In terms of their ability to provide training for students, I am not aware, with my skills hat on, whether they do receive government funding; regardless, that would be done through a competitive process that is open to a lot of providers.

The other contracts that I am aware of—and I am going outside Minister Cheyne’s portfolio here—have been parts of competitive grants processes, where it has been open not just for screen but for innovation. Where they have got funding through ACT government, it is through innovation-style grants, not grants that relate to the arts. A lot of our business with them is not through the arts portfolio; it is through the business and innovation portfolio.

Ms Cheyne: Miss Nuttall, in terms of other training, Screen Canberra has partnered with UC for a grad cert in screen development. That has been underway for the last two years, and it is still available; so there are other training opportunities and providers.

MS CLAY: Minister, there were submissions on the budget from Childers, Belco arts, Ainslie+Gorman, Tuggeranong arts and Canberra Glassworks that highlighted an urgent need for an increase in arts funding. It looks like there is only an extra \$200,000 in the budget for arts organisations; is that right?

Ms Cheyne: On that particular matter regarding indexation, yes. Funding is provided to our arts organisations on a calendar year basis. When the arts org investment funding deeds were issued, the indexation received in 2023-24 was applied in 2023.

Indexation of 2.5 per cent, which is provided to the recurrent funding within the ACT arts fund for this financial year, is being provided to the 29 arts organisations in their 31 July instalment. In addition, there is funding of \$200,000, which is approximately 2.24 per cent, being provided in this instalment. That \$200,000 is being shared amongst those organisations, and that is in recognition of what they are providing and that they are not immune from cost-of-living pressures.

There has been some advocacy about moving arts organisations onto the CSI, the community sector indexation, award rate. At this stage, when we made our own advocacy through the budget process, the decision was made that that may not be the most effective way of achieving the outcome that they were looking for, which is why the \$200,000 was found to support arts organisations—effectively, looking to achieve the same outcome but through a different mechanism.

MS CLAY: Indexation and increases in funding are the additional money in this year's budget for the 29 arts organisations; is that \$200,000 in total?

Ms Cheyne: There is more.

MS CLAY: For the arts organisations, additional?

Ms Cheyne: For different arts organisations, for different elements, yes.

MS CLAY: Just for the arts organisations, what is the total increase in funding for the 29 arts organisations in this budget? It was not meant to be a trick question. I am trying to get—

Ms Cheyne: It is a simple question but there is not a simple answer. One of the major commitments has been about repairs and maintenance—asset renewal. That does actually count because it translates to, for example, with the Street Theatre, significant investment to improve the back-of-house functions, which improves their entire operation.

MS CLAY: Would it help if I narrowed the question to the ACT Arts Organisation Investment Program?

Ms Cheyne: Yes.

MS CLAY: Can you tell me how much extra money there is for the 29 arts organisations from the ACT Arts Organisation Investment Program?

Ms Cheyne: They have received the indexation of 2.5 per cent, plus another 2.24 per cent.

MS CLAY: Which is the \$200,000; okay. Is that the primary uplift in funding for program funding for the 29 arts organisations in this budget?

Ms Cheyne: Yes, because, as you know, this is a multiyear funding investment. We were clear, with the 10 per cent increase that we were able to secure through the budget process some years ago, that that is the funding pool against which we have

been able to fund these 29 organisations, and that is indexed and ongoing.

MS CLAY: Ongoing is great. I do not know whether you split that evenly amongst them. That is about \$7,000 extra each. Given that most of the arts organisations are saying they need a significant uplift in funding, do you think the \$7,000 will help them with their programs?

Ms Cheyne: As I said, Ms Clay, effectively, this achieves the outcome they were after for this year, in terms of the funding uplift. In terms of the mechanism going forward, that is a future matter for government. We certainly met with these organisations. We have listened to their advocacy and we found a way through that provided some immediate injection of an uplift, in recognition of their circumstances. In terms of indexation going forward, that is a future matter.

MS CLAY: It looks like we do not have a real increase in funding for the Arts Activities program; have I got that right?

Ms Fulton: Yes, correct.

MS CLAY: The Arts Activities program is the engine room for the development of our new and ongoing works. What response have you heard from the sector about there being no increase in funding there?

Ms Fulton: I have not had any direct conversations with the sector specifically on Arts Activities funding, but I am aware that it is a highly competitive space in terms of project funding.

MS CLAY: You do budget consultation with the sector, don't you?

Ms Fulton: Yes, but in terms of feedback post budget, I have not had any specific conversations with the sector.

MS CLAY: Did you have any feedback when you were developing the budget about that funding?

Ms Fulton: We certainly did.

MS CLAY: What was the feedback that you heard when you were preparing the budget?

Ms Fulton: In terms of it being highly competitive, the amount of applications and the asks that come through. We know that we are not able to fund all of the projects that come through to the Arts Activities funding. We keep statistics on that.

MS CLAY: Those statistics are reported?

Ms Fulton: No. They are to inform us, and provide advice to the minister.

MS CLAY: Are you able to table any of those statistics? Obviously not aggregated to individuals, but if you are keeping statistics on what people are telling you about arts

funding, is that something you could take on notice?

Ms Cheyne: We will have a look and see what we can provide. As with every funding program, Ms Clay, every grant funding program, almost, is over-subscribed.

THE CHAIR: You will take that on notice?

Ms Cheyne: Yes. We will see what we can provide that does not identify individuals.

Ms Fulton: I will also say that it is very variable across the programs, years and rounds, in terms of what those statistics are.

MS CLAY: What is the arts assets needs analysis line item? It is a \$300,000 line item there.

Ms Fulton: For this piece of work, we have received \$300,000 over two years to undertake this needs analysis. This piece of work will support government decision-making on strategic investment in terms of supporting our arts sector and in terms of where there needs to be future investment.

One of the things in the sports, entertainment and arts infrastructure update is a needs analysis for facilities that might be needed in Gungahlin and the Woden area, as well as more broadly in terms of informing us about what the gaps are across the sector—for example, long-term studio space for artists, and things like that.

MS CLAY: Yes, that is great. Is that \$300,000?

Ms Fulton: Yes.

MS CLAY: \$300,000 for artsACT?

Ms Fulton: Yes, to undertake this piece of work.

MS CLAY:. It sounds like a useful piece of work. I am contrasting it in my head, though, with the \$200,000 for the 29 arts organisations. Do you think we are getting the budget balance right?

Ms Fulton: This will be in terms of a consultancy. It will be taken over two years and it will be quite an extensive piece of work. That might include looking at the assets we currently have, the assets that the government or more broadly the ACT will need to support the sector, as well as community demand. We do see it as being quite a large piece of work.

MS ORR: Going back to the indexation and the multiyear contract, would it be normal to increase multiyear funding in the middle of the funding period, or to adjust it or change it?

Ms Cheyne: It would be unusual. It is not out of the question. Sometimes we do have conditions that are in place, so the multiyear funding agreement might be subject to meeting KPIs, a review or whatever it might be. Sometimes these sorts of contracts

can be varied, but what we heard repeatedly when we were doing the consultation for this in 2021 and 2022, and in the previous years, was that there was uncertainty in the sector because they had been rolling, year on year, for some time, based off a previous arts fund.

We advocated for an increase in the overall pool. We were able to secure that with the support of Treasury. We have gone out with these multiyear funding agreements for these organisations to provide certainty so that they can plan and budget. As I flagged, they did raise a very fair point regarding indexation, something that there was a lot of sympathy towards. In terms of the most appropriate mechanism, to get close to the outcome that they were seeking, we did not move to a different indexation rate but instead found this funding to support them in the short term.

THE CHAIR: I have questions on indexation, too, but I will put them on notice so that Ms Castley gets an opportunity to ask questions.

MS CASTLEY: Thank you, Chair. I have a question about the night-time economy fee discounts. We have talked about it briefly in the Assembly. With the reform package, you have indicated a range of lower licence fees for venues, including either on-licence cafés and restaurants with less than 80 people, on-licence bars with less than 30 people or the general licensed venues with 20 people or less, who are saving by way of that 50 to 80 per cent fee reduction. Could you provide a breakdown of how many venues will fall into these categories? Has it changed? I do know we have discussed this. How many venues and licence holders in total are there at the moment and what revenue is projected to be lost? What does the state of play look like for these venues and for the government?

Ms Cheyne: Ms Castley, the revenue projected to be lost is detailed in the budget review papers. If you do not mind, perhaps I can refer you to that. It is detailed in there. Ms Cubin is here. She can talk to some of those stats. On an overall basis, with the 50 per cent discount for venues of 80 or fewer, and some others, those discounts have been automatically applied. For the 80 per cent discount for venues that demonstrate that they have had 10 arts-related events or more in a calendar year, they need to provide proof of that through a very simple form that allows you to upload as you go, and save and exit, and come back. We have tried to make that as simple as possible. In terms of overall numbers as to who can access this, Ms Cubin will assist.

Ms Cubin: I have read and understood the privilege statement. With regard to some stats, for those venues with an on-licence—cafés and restaurants with less than 80 people—as the minister said, we automatically applied that discount. There were 103 venues, licensees, that that was applied to.

With regard to 20 people or less, for the occupancy loading, for general licences there were 12. For an occupancy loading of 30 people or less, at this point there are no venues with the 30 occupants loading; they are either above or below that. That was zero. With regard to the fee reduction for less than 80 per cent, there are a couple of venues that we are working with at the moment, working through that for them.

MS CASTLEY: Could you give me a summary of any new licence holders that have come under these arrangements between January and June this year versus last year?

Ms Cubin: I will be able to tell you that. I would have to take it on notice. With the new venues, there is a bit of a process where things churn; we have new ones or people might transfer. I will have to give you that number on notice.

MS CASTLEY: Sure. How did we get to the decision about 80 people, 30 people and 20 people, especially if there is no-one in that 30 category? How did we get to this point?

Ms Cheyne: Certainly, the 30 category was about incentivising that type of smaller venue. For the entire package, it has been about managing risk and harm with our night-time economy vision for not only a vibrant city, but also a city that is safe. The bigger the venue, the greater the risk profile. That is where the 150 figure came from. These are also based on how they are set in the thing that Ms Cubin will tell you about.

Ms Cubin: With regard to the fee determination or the occupancy?

Ms Cheyne: The occupancy—whether it is 150, 80 et cetera.

Ms Cubin: It relates to the fee determination and how people categorise themselves or how we work regarding the licensing. As the minister said, having 30 people or less is also an incentive for when a new venue might be operating. Through the occupancy loading that is done through our agency, the Chief Police Officer and the fire brigade, they might be a little bit over and say, “Actually, if we drop a little bit lower, we will be able to take advantage of a lower fee.” There are those elements that will come into play when someone is choosing to open a venue as well.

MS CASTLEY: For the 102, how many others are there that are above 80 people? Do we have stats on the size for all of the different licensees?

Ms Cubin: I will be able to do that. At the moment I just have total numbers of how many licensees are in each category. With respect to breaking it down per level, from a fee determination point of view, we can definitely do that. We have those numbers. I just do not have them in front of me.

Ms Cheyne: To be helpful, for 150 and fewer, it is about 300. Of course, there are venues that are bigger than 150.

Ms Blount: Ms Castley, you will be able to find the fee reductions in the 2023-24 budget review. It is on page 52. It is not in the current budget, which is why you may not have been able to see it. It is \$546,000 over four years.

MS ORR: On New Year’s Eve there was only one fireworks show, at 9 pm, in 2023. What was the reason for this?

Ms Cheyne: This was something that we trialled due to several things. One was the number of people attending the 9 pm show versus midnight in previous years, when it was dark. The 9 pm attendance was very popular; the numbers were much fewer at midnight. Nine pm was family friendly; at midnight, there was a different demographic. Also, like everywhere, we did see some rising costs. Effectively, by

holding two separate fireworks events, we were facing something that looked like quite a limited experience, whereas we could incorporate the funding into one event that could be bigger and go for longer.

As a result, we did see our biggest numbers ever, a record attendance; certainly, the biggest since 2013. That was including not just 9 pm but 9 pm and midnight—for the whole thing. It was certainly received well. We also appreciate that plenty of people think that fireworks should occur at midnight on New Year's Eve, and it is something that government is further considering.

THE CHAIR: On behalf of the committee, I would like to thank our witnesses for their attendance today. If you have taken any questions on notice, please provide your answers to the committee secretary within three business days of receiving the uncorrected proof *Hansard*.

On behalf of the committee, I would like to thank all of our witnesses who assisted the committee today through their experience and knowledge. We also thank broadcasting and Hansard for their support. If members have further questions, they can put them on notice by way of the parliament portal, no later than three business days after the hearing. The meeting is now adjourned.

Committee adjourned at 4.59 pm