LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2025-2026

(Reference: Inquiry into Appropriation Bill 2025-2026 and Appropriation (Office of the Legislative Assembly) Bill 2025-2026)

Members:

MR E COCKS (Chair)
MR S RATTENBURY (Deputy Chair)
MS F CARRICK
MS C TOUGH

PROOF TRANSCRIPT OF EVIDENCE

CANBERRA

WEDNESDAY, 23 JULY 2025

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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.

APPEARANCES

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Amended 20 May 2013

The committee met at 9.01 am.

Appearances:

ACT Electoral Commission
Cantwell AM CSC, Mr Damian, Electoral Commissioner
Spence, Mr Rohan, Deputy Electoral Commissioner
Hickey CA, Mr Scott, Chief Finance Officer

THE CHAIR: Good morning, and welcome to the public hearings of the Select Committee on Estimates 2025-2026 for its Inquiry into Appropriation Bill 2025-26 and Appropriation (Office of the Legislative Assembly) Bill 2025-2026. The committee will today hear from the ACT Electoral Commissioner, the ACT Work Health and Safety Commissioner, the Building and Construction Industry Training Fund Authority, the Chief Minister, the Treasurer, the Minister for Finance, and the minister for homes, homelessness and new suburbs.

The committee wishes to acknowledge the traditional custodians of the land we are meeting on, the Ngunnawal People. We wish to acknowledge and respect their continuing culture, and the contribution they make to the life of the 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.

This hearing is a legal proceeding of the Assembly and has the same standing as the proceedings of the Assembly itself. Therefore, today’s evidence attracts parliamentary privilege. The giving of false or misleading evidence is a serious matter and may be regarded as contempt of the Assembly. The hearing is 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 use 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.

We welcome Mr Damian Cantwell, ACT Electoral Commissioner. We also welcome the officials in attendance.

Mr Cantwell: Good morning. I understand and will comply with the requirements of the hearing.

Mr Hickey: I have read and understood the obligations.

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

THE CHAIR: Please note that as witnesses you are protected by parliamentary privilege and bound by its obligations. You must tell the truth. Giving false or misleading evidence will be treated as a serious matter and may be considered contempt of the Assembly.

As we are not inviting opening statements, we will proceed directly to questions. I am going to start with a probably fairly small and technical matter. On page 4 of budget statement A, looking at the technical adjustments, I am interested in the adjustment to the end of year estimate. It looks like there is a rephase or adjustment from 2024-25 to 2025-26 of about $684,000. I could not find what that is related to.

Mr Cantwell: I will defer to Scott for the financial question, but it seems to me like that might be the roll forward unspent appropriation.

Mr Hickey: Yes, that is correct. As part of the protocols between the Speaker and the Treasurer, officers of the Assembly or the Electoral Commission, in particular, are allowed to roll forward up to 10 per cent of its unspent appropriation from one period into the next period. For 2024-25 the commission had sufficient cash within its bank accounts, and it did not need to draw down those funds to meet operational requirements, so we rephased that into the 2025-26 budget.

THE CHAIR: Was there anything that was not done that led to that cash not being used in the previous budget year?

Mr Hickey: It is, in part, linked to the commission's ongoing enhancements to its electoral management systems. As part of a previous budget bid, the commission got funding that was, partially, funding for the upgrade of those enhancements, and part of it was that the commission had accumulated funds. Because there have been some delays in those enhancements, which are now expected to be completed later this year, instead of drawing down those funds and having them sitting there, we have just delayed the timing of that until the actual work has been completed.

THE CHAIR: You said "partly". Are there other factors that contributed?

Mr Hickey: There had been rollover funds in the previous year as well, so we have had a continuous rollover of funds for a period of time. I cannot remember the exact figure from the previous year, but it was in a similar sort of vicinity. It is not that anything has not actually been completed. It is just a historic thing of us having rolled over that 10 per cent. If we have unexpected issues arise throughout the year, we have got some flexibility to address those issues without having to come back to government for additional funding.

THE CHAIR: On notice, could you provide a breakdown of the components of that?

Mr Hickey: Yes, I can give a breakdown. I will take that on notice.

THE CHAIR: That would be wonderful, thank you. Mr Rattenbury?

MR RATTENBURY: The budget involves a centralisation of property management activities into Infrastructure Canberra. Am I correct in understanding that this has included facilities management for Elections ACT?

Mr Cantwell: I do not know the specifics and how to answer that other than to say that for each election, we need to source, obviously, locations for early voting and attendance voting on the day. We work with government to source such locations, as well as look to our own resources and our own means of engaging with facilities that we historically use or that have been used by, for example, the AEC. If there is an initiative to centralise an arrangement to source such locations suitable for our purposes—and, again, they have to meet certain criteria—then I would certainly be interested to see how that might be managed, but unless my deputy can speak to that initiative—

Mr Spence: Sorry, I missed the very start of that.

MR RATTENBURY: I actually meant your headquarters, just to help clarify the question.

Mr Cantwell: Can you put that to me again? I am so sorry; I did not quite understand the context in which you were asking the question. Is it our Elections ACT main headquarters or office?

MR RATTENBURY: Yes. That is now being managed by Infrastructure Canberra; is that correct?

Mr Hickey: From an operational perspective, it has had very little impact on the Electoral Commission. It has just been a change. Instead of the appropriation being paid directly to the commission, and the commission then making payments via invoices to Infrastructure Canberra, the funding is now going directly to Infrastructure Canberra for the services which were being provided before and continue in the same form.

MR RATTENBURY: Thank you; that clarifies it, Commissioner?

Mr Cantwell: It clarifies it for me too!

MR RATTENBURY: Maybe I did not ask the question the right way.

Mr Hickey: I am sorry. I understand. Thank you.

MR RATTENBURY: That is all right. Also, for the 2020 election, you provided your report into the election—you do an analysis after each one—and that was finished in that cycle in late April and published in early May. In this cycle, we are now in July, and I have not seen the report yet. Are you able to give us an update on the status of that report and perhaps why it is not ready?

Mr Cantwell: Yes, certainly. The report chair is also the chair of the election inquiry committee, and I am sure they understand where we are at with this. At this point, we have completed the report. We have submitted it to the secretary for the inquiry into the election but also to the Speaker for tabling in the Assembly at the next sitting day, under the Electoral Act provisions, which I understand to be 2 September. The issue that arose was that if it is tabled with the Assembly, it is, essentially, embargoed until such time that it is not a public document. The issue then arose that if we submitted it to the inquiry committee, the inquiry committee would normally then publish it online under the arrangements and it is a public document. So there was a bit of a clash in how were going to manage this. I understand there has been some discussion about this matter inside the Assembly, in the Clerk's office and the Speaker's office. I think there has been some advice sought from the GSO, which has been obtained. We have worked with the committee and the chief of staff of the Speaker's office, in the absences of key personnel, as to how to time this.

The report has now been completed, and it is now lodged, but I do not think it has been published yet. The last advice I saw from the chief of staff of the Speaker's office was that it was embargoed until 2 September. We have completed our responsibilities in this regard.

MR RATTENBURY: Sure, thank you.

Mr Cantwell: And to your point about why it has been delayed, there is no set timeframe, established or directed, for us to submit the report. But, of course, it is in everyone's interest to have this thing completed in reasonably good time so that the public can have a look at it and the election inquiry can receive the report, publish it, make their own considerations, and then we sit before those hearings.

I understand that the due date for those submissions for the inquiry has been put back to the end of September, but we have lodged the report with both the inquiry and the Speaker's office, and we have got the hard copies ready to go, although they are under embargo. We are looking forward to working with both the inquiry and committee and, in turn, through the Assembly processes, to review and discuss that report and to contribute the recommendations that we have outlined in that report.

MR RATTENBURY: It sounds like, at its most simple, we have an issue that the Speaker cannot publish it out of session.

Mr Cantwell: Correct, yes.

MR RATTENBURY: That appears to be the issue.

Mr Cantwell: As you can understand, we want to be respectful and adhere to the Assembly processes, of course.

MR RATTENBURY: Of course. I understand that.

Mr Cantwell: But also, we are keen to get this thing done and to work with the committee to work through the public commentary or the inquiry's questions that will arise from that. We wanted to make sure we had a fulsome and considered review of the election, of course, and the report, once it is made public, speaks to a number of recommendations. I will not be able to speak to those at this point, of course, but we wanted to make sure that we had given a full and proper consideration to those matters, and we have taken that into consideration as we have progressed through it.

It probably speaks to some planning for the next time around for me, or the commissioner, to look to the timings as to when the Assembly is going to sit in the future; this will be for 2028-29. Then we will synchronise the submission of the report accordingly. We need to give full consideration to the full commissioner's report.

MR RATTENBURY: Or for the Assembly to change the act so your report can be tabled out of session, which applies to many other reports that come through.

Mr Spence: If I may, I will add to that. That 2020 election report that you have referred to was well and truly the earliest we have ever published an election report, so that was—

MR RATTENBURY: So you set a high bar for yourselves!

Mr Spence: A high bar, definitely!

MR RATTENBURY: Thank you. One last question: can I confirm that the next redistribution of electoral boundaries is currently scheduled to commence in October 2026? Is that the timetable?

Mr Cantwell: Under the legislation, yes, correct.

MR RATTENBURY: For the Assembly's advice, is that a timetable that serves your needs? Is it a practical timetable or does it warrant some reconsideration?

Mr Cantwell: It works, but there is a detail—and, again, I cannot speak on the recommendation that talks on this issue in the report, but it is a matter which we have given consideration to. We make a recommendation, accordingly, within the report. It is a subtle variation—not so much the start time, but, rather, the point within it. I will leave that there. It is something which we want to try to enhance, and we made a recommendation for the Assembly to consider.

MR RATTENBURY: Okay, thank you.

THE CHAIR: Ms Carrick?

MS CARRICK: My question is getting back to the financials. Sorry, but you are actually the first entity up! I have some questions. You have got some small operating losses. Do you have to apply to Treasury to run those operating losses or can you run surpluses or deficits or whatever you like?

Mr Hickey: The nature of the way funding is provided within the ACT government is that most entities are probably really funded to operate at a loss, because we do not get funded for depreciation and amortisation. It is quite normal to see an operating deficit within the budget, because of the capital funding which comes up front and then the subsequent depreciation and amortisation which comes down the track. If you do follow through on the operating statement for 2025-26 you will see we have got an operating deficit of $426,000, but if you go up, you will also see there is depreciation and amortisation of $426,000, so it is really that non-cash component of the commission's budget which is driving that.

MS CARRICK: Okay, no worries, because I did notice that through a lot of them, so that explains that. What oversight does the Treasury have of your budget? Do you have to put in variant monthly reports, or do you have to explain variance actions in the budget?

Mr Hickey: As a small agency, we are only required to complete the monthly financial workbooks for Treasury for the May-June end of financial year period, so we are not reporting on a monthly basis, and it is very rare for us to have variances which are that significant from the budget. I think the threshold is a million dollars for reporting. When you look at it, it is a million dollars on control, and the current payments are a million dollars on employee expenses and things. It is extremely unlikely we are going to actually hit that threshold and then need to do any reporting of that nature.

MS CARRICK: And does the Treasury ever come and do a review of your budget and ask to go through it with you?

Mr Hickey: The only real time we get into the nitty-gritty of what we have got in funding would be when we are putting forward budget proposals and seeking additional funding and then looking to justify why it is that we have not got sufficient funds to maybe discharge responsibilities that we believe we should be discharging. That would be the time when we get into that, but I guess it has been built up over that historic basis. Typical of most agencies with PUD budgets, we get our base funding; we get our technical adjustments. We may get these rollovers of funds, which we have previously talked about, and then if there is anything else going on in our budget, it would be things like approved business cases and things which have been discussed with Treasury and the government.

MS CARRICK: If you were to do an IT modernisation—because, as you know, IT is always a big thing—would you have to submit a business case along with a budget bid?

Mr Cantwell: Yes. Actually, it is a good point, because, in addition to Scott's response, I want to add that the commission is subject to the normal requirements of auditor reports in terms of financial inspections and reports and so forth. They are routinely reviewing the commission's financial arrangements and financial statements, which form part of our annual report, like any other agency.

But I think what I want to emphasise here is that—and you raised the point of business cases—we will be working through the Speaker's office in accordance with the protocols for lodgement of business cases, and I will be working with Scott, my CFO, the commission and the staff to develop business cases for the 2026-27 budget round, and I foresee, as we have indicated in our 2025-26 priorities, the requirement to re-baseline our provisioning.

The provisioning under which the commission operates at the moment is centred around our 2016 cost of election, which by the time we get to 2028 will be well and truly insufficient. You have raised the point about how the budget is managed inside the commission and how it is reported, but I consider going forward that we will need to re-baseline the budget. It is insufficient. Yes, we draw upon the provisions in the protocol—we roll up 10 per cent of the total appropriation that is unspent from one year to the next under existing protocols, which avoids going back to Treasury and government for further funds, but it is a very tight line we run. We need to be very judicious in how we spend what we appropriate, of course, and report accordingly. But I am just forecasting that is going to be a re-baselining business case.

As well as that, I am working through an organisational review to ensure that I have got the right people and the right levels of employment within the structure of Elections ACT and the organisation of Elections ACT, and I expect I will raise a concurrent business case for the 2026-27 business case round to support at least a moderate increase in FTE. So there are two business cases that I expect going forward in 2026-27.

MS CARRICK: One will be the FTE—the rebasing. What was the other one?

Mr Cantwell: Re-baselining and an organisational review which will highlight how we will have some capability gaps in a couple of key areas that need to be filled by a couple of additional FTEs.

MS CARRICK: And what about IT? Will your modernisation require a budget bid?

Mr Cantwell: That is how we absorb a good deal of our budget. I might ask Rohan to speak to some of the programs here, but, essentially, there are two key things which we continue to work on under our modernisation program: our electoral management system, which we call TIGER, and the electronic voting and counting system, otherwise known as eVACS.

In 2020 we undertook a series of improvements, which Rohan oversaw and led the development of. You are right that any ICT project is always fraught with some technical risk and some financial risk, so we look at those programs very carefully to make sure that we have got the right funds. We are optimistic and ambitious sometimes with our timelines, but we work very carefully with the vendors that we have to ensure we achieve a modern, trustworthy, reliable and accessible series of systems where voters can access and execute their voting rights, and to make sure that inside Elections ACT we have got the right systems to ensure we monitor how the elections are progressing and we can manage that as a single source of information. Perhaps Rohan can add anything to that which would be useful.

Mr Spence: With the ICT modernisation, we generally work within a four-year election cycle. The challenge that the commission regularly faces is that the election finishes in, let's say, November, and the next budget-bid round is, essentially, at the same time, so we do not have the opportunity to review the performance of those ICT systems to understand what improvements, particularly in a security sense, we need to be making and to understand the costs of that and seek funding. This means that we miss that budget round. In the next budget round, which Damian was talking about, we will put forward a case for ICT modernisation capital funding.

The challenge there is that we are missing 18 months of a four-year ICT development phase. We have raised this a number of times, and we will be seeking to make a similar case for an assurance of capital funding within that four-year cycle to really mitigate the risks of compressing that development and testing phase.

MS CARRICK: Yes, okay—

THE CHAIR: We are going to have to move on to Ms Tough.

MS TOUGH: Thank you, Chair. In the budget papers, early preparation for the 2028 election is listed as a major priority for this budget. What do these activities involve? What do you need to do at this early stage?

Mr Cantwell: Again, it is centred around our electoral management systems and our voting services that we provide for each Assembly election. We want to make sure that they are completely reliable, trustworthy and accessible. They operate within the requirements of the Electoral Act, and that is ICT-dependent. We are heavily reliant upon our ICT systems here in the ACT. We have bespoke but highly reliable and proven systems. We work with the appropriate government agencies, both here in the ACT and with the federal security agencies, to make sure the systems are secure. That will occupy a good deal of our work.

Because it, obviously, must be compliant with the legislation in the way the election is delivered, we have to await the outcome of recommendations from the election report, with due considerations and the report of the relevant election inquiry committee. We make a response to that, let the Assembly do its processes, and it might act upon those recommendations for legislative change. We need to make sure those legislative changes are incorporated within the systems, as they impact upon how systems are delivered, and ensure they are compliant. We need to take legal advice, occasionally, along the way to make sure that is all in place as well.

People often think, "What does the commission do between elections? How hard can it be?" There is a great deal of work. The result of 2024, as successful as we believe it has been, is the result of work we started even before the 2020 election. We have built upon successes. We have identified where we need to improve. We have made recommendations to the Assembly for legislation. We have identified the changes within the systems which need to be improved again. We respond to stakeholder engagement. We listen to the community input to our report and the reviews, and we want to ensure it is the very best, trustworthy system. And, of course, the electoral environment is never one which we can take for granted—our standing in the community. We have to continue to win the public trust and confidence in the outcomes on each occasion, and it is a very challenging environment.

There are those out there who would wish to undo our democratic processes for other reasons. There are those who want to have a crack at us in terms of our electoral integrity and our processes. We need to be guarded against them. To that end, we engage with a whole raft of organisations to make sure we have got the best advice and the best systems going forward. That takes time.

MS TOUGH: Thank you. It sounds like there is no rest.

Mr Cantwell: No rest. It is a job we love.

MS TOUGH: Yes, thank you.

MS CARRICK: With the IT systems, do you get much support from the central areas in the ACT government that have the expertise in the procurement area to mitigate the risks?

Mr Cantwell: Yes, absolutely. It is a great point. We do work closely with DDTS. We have had a formal arrangement by way of committees and so forth, but we also engage with them regularly. Rohan represents Elections ACT in some of the specifics in terms of the system's testing and development.

I established an electoral integrity assurance process, in particular for the 2024 election. It involved membership and attendance and advice from DDTS and the cyber experts, also from the federal security agencies and the experts at AEC and other jurisdictions. Academics, vendors and everyone who had a voice that we needed to listen to was involved in that process, and it resulted in, I think, the most reliable system we could provide to the community for the 2024 election. We will keep that process rolling forward.

In terms of other government agencies, we speak and listen and engage with all other entities. As I said, we engage the GSO weekly to make sure that our processes and our systems are compliant with legislation. We often engage with the Head of Service, Education Directorate heads and the Chief Health Officer in terms of health precautions, and we seek all sorts of other advice across government to make sure we have got the advice and expertise available to us.

MS CARRICK: Thank you.

THE CHAIR: You mentioned those who would like to undermine our democratic processes. One of the threats very clearly on the horizon, and in a lot of ways already here, is AI—AI generated influencers, or that whole suite of new and emerging risks. Do you have any work underway considering how that could change the landscape and how to respond?

Mr Cantwell: Yes, it is a very real aspect or thing. Not just this jurisdiction but all jurisdictions are examining and considering how it can impact upon the electoral process, both positively and negatively. There are certainly some aspects which we are looking to investigate whereby we can enhance the delivery of electoral services, potentially along the lines of answering enquiries and questions of the commission during the election period. We have engaged with DDTS on this matter very recently in our most recent formal meeting on this. We engage with a range of forums, as I have indicated, at my level, and also at the deputy level, and with working groups across other jurisdictions.

Again, without getting into specifics, it is a matter which we review and consider and make a recommendation on within the report, which we look forward to engaging with the committee on very shortly. It is something we all need to keep an eye on, because it has the potential to amplify the very negative aspects of misinformation and disinformation, in particular, and I think all jurisdictions are guarded against that. We need to work with governments to make sure that we do the very best to guard against those potentially negative outcomes.

THE CHAIR: Thank you. On behalf of the committee, I thank you for your attendance today. If you have taken any questions on notice, please provide your answers to the committee secretary within five business days of receiving the uncorrected proof *Hansard*.

Mr Cantwell: Thank you very much.

Short suspension.

Appearances:

Office of the Work Health and Safety Commissioner, WorkSafe ACT
Agius, Ms Jacqueline, Work Health and Safety Commissioner
Smith, Mr Bill, Executive Branch Manager, Compliance and Enforcement
Kobayashi, Ms Midori, Chief Finance Officer & Executive Branch Manager, Strategy and Enabling Services

THE CHAIR: We welcome Ms Jacqueline Agius, ACT Work Health and Safety Commissioner. We also welcome the officials in attendance. We have many witnesses for this session. Please note that as witnesses you are protected by parliamentary privilege and bound by its obligations. You must tell the truth. Giving false or misleading evidence will be treated as a serious matter and may be considered contempt of the Assembly.

As we are not inviting opening statements we will proceed directly to questions. I am going to get started on what you will know is one of my favourite subjects and that is the psychosocial risks that you have to deal with. There has been a clear priority since I came to this place, but I have a few questions where I want to dig in a bit deeper than just the general update. Clearly in terms of psychosocial risks, bullying tends to be the thing that is at front of mind for people, but I want test what the scope is when you are looking at psychosocial, for example, stress in the workplace. Is that something that you would consider in terms of psychosocial risks, and similarly, mental health issues?

Ms Agius: Thank you for your question, Chair, and as always, it is great to be across the table from someone who is as passionate about psychosocial safety as we are, so thank you. I beg your pardon; I just want to note that I have read the privilege statement. I am sorry, I feel so familiar with you now that this just seems like run of the mill. Gosh, if anyone else in the ACT government is out there watching, do not do what I do.

That is a really interesting question. I am so pleased that you raised it. In relation to stress, it is a really interesting one because some stress is actually beneficial and can act as a motivator. So it will not always eventuate that just because somebody is stressed in their workplace that it is a psychosocial hazard. In fact, when we look at psychosocial hazards, we look at the gambit of the different hazards that we have already identified and we look at the stress that they create.

That stress may lead to a psychological injury, and I know we have had that discussion before, but it will not always, because in the normal operations of a workplace there will always be some stress. There will be times where the work demands, for instance, are higher, and we have ebbs and flows. Sometimes work comes in ebbs and flows and people will need to work harder at times, and then at other times it will be less stressful.

The sort of thing that we are looking at is: how is the workplace managing the stress in the workplace? So, for instance, if we are in a high stress period where there is a lot of workload or things are incredibly emotionally demanding, which might be in place for a short period of time, what is the next task that the person is doing? So is the next task that the person is doing really highly emotionally demanding as well? Now, if it is, then it may be a hazard or a risk that we want risk managed. But if it is not, and it is just a normal part of the workflow, then it might not be something that we would consider.

THE CHAIR: Yes, so it sounds like something that should be considered in the risk spectrum.

Ms Agius: Yes.

THE CHAIR: I am going to move fairly quickly given the amount of time, in consideration of my colleagues. I want to also look at the other end of the spectrum, specifically both mental health and suicide prevention very explicitly. Suicide is clearly one of the most serious risks you could consider from a psychosocial perspective. So for example, if someone is known to be at risk of suicide, or made a specific statement that they were considering suicide, can WHS laws actually come into play in that sort of situation?

Ms Agius: They can, but it will depend on the circumstances. So firstly, I need to make very clear that when it comes to either death by suicide or attempted death by suicide, we are talking about work related hazards here. We are not talking about hazards that may be in the person's personal life. Now, there is an obligation for an employer to manage a person who has a mental health condition or injury that is created outside of the organisation, but that will exist under discrimination laws and HR laws. It will not be something necessarily that will come under the Work Health and Safety Act, but it might. There could be an intersection.

When it comes to workplace suicide, death by suicide or workplace attempt death by suicide, it will also depend on the circumstances. So, there has been some case law. It is something that is—Safe Work Australia are currently looking at notifications. We expect that in time there will be a requirement to notify of death by suicide or attempted death by suicide if it is related to the workplace.

THE CHAIR: One of the unique things about Australia's WHS laws over the past decade or so is the extension of those laws to other people in the workplace.

Ms Agius: Yes.

THE CHAIR: Under WHS would you expect that organisations, and I am particularly thinking of public sector organisations who are dealing with clients at times who are quite vulnerable, is there an obligation under WHS laws to manage those risks?

Ms Agius: There can be an obligation if there is an intersection between worker safety and public safety. Of course, under the Work Health and Safety Act, "others" are a category that need to be considered. I can advise as part of today's proceedings that we do have a couple of similar matters to the ones you have suggested that we are looking into from a work health and safety perspective. What we would be looking at in those instances is whether or not the systems in the workplace were adequate to either eliminate or minimise, so far as is reasonably practicable, the risk of that occurring.

THE CHAIR: I think because the sort of situation I am trying to come to grips with is, and just to tie this together a bit, what measures would you expect a PCBU, including those within the ACTPS, to have in place where they are dealing with people who are in quite vulnerable situations and where one of those clients or customers came forward and expressed that in relation to a matter they were dealing with, they were explicitly considering suicide as an option.

Ms Agius: Yes, and that would depend on where the cause of that came from. So for instance, if a person had issues that were related to outside of the workplace, but not linked to the workplace, and a person came into our workplace and suggested that they were about to attempt death by suicide, then the consideration for WorkSafe will be: "Are there any other outside things happening that may have caused this, or are these related to the workplace?" In relation to the obligations of an employer, the employer's obligation would be, if it were an outside of workplace risk, to contact emergency contacts of the person and do everything that is possible to try and avoid that eventuating. If it was outside. If it is internal, then there are obligations under the Work Health and Safety Act that they would absolutely need to comply with.

THE CHAIR: In terms of the extent of the workplace and the reach of those laws, would that apply to remote work and remote contacts as well?

Ms Agius: Yes, if wherever they are working is considered to be a workplace, then it does. For instance, a heavy vehicle driver who is a long haul truck driver who is travelling. Their vehicle is a workplace, so if it was during that work time, yes. If they are isolated because they are working from home, for instance, that is also a workplace. So yes, it would extend to wherever the workplace is.

THE CHAIR: Yes, what I am trying to understand to some extent is when the client is on one end of the telephone, and you have someone sitting on the other end of the telephone, are the laws sufficient to reach both ends of that interaction, in terms of those psychosocial risks specifically which are not physically demanded?

Ms Agius: Yes, as long as the risk management framework is applied in the workplace, then I would say, yes, the laws are sufficient to capture that. You would, as an employer, be doing a risk assessment on the individual, which you would do in consultation with the individual, and on the workers. You would also in that situation, where you have let us say a customer-client as somebody on the telephone, you have an obligation to both of those under work health and safety, but your primary obligation would be to the person answering the telephone. So your risk assessment might be in relation to that person. You have a different obligation in relation to the client depending on what service it is.

MR RATTENBURY: The accountability indicators for WorkSafe ACT were changed through a notifiable instrument on 11 April. I was keen to understand a bit more about those changes. The first one is WorkSafe now needs to review 90 per cent of improvement notices within 14 days, rather than finalise 95 per cent of them. What is the basis for that change?

Ms Agius: Yes, over the course of the five years that I have been in this role, we have looked at ensuring that our accountability indicators are fit to assess our performance as an agency, rather than relying on someone else having to do something for us to comply. So Bill—and I would like to introduce Bill Smith—Bill has worked on these accountability indicators and will give you more information in relation to why that has occurred.

Mr Smith: Hi everyone. I have read and acknowledge the privilege statement. With the change that was made a little while ago, I think it was a reduction from 95 to 90 per cent for the improvement notices, there was some definitional issues. So going back a couple of years, we had re-baselined all of our accountability indicators to better reflect, basically, community expectations of how WorkSafe ACT were delivering services.

The change in the improvement notice accountability indicator was that through the first year we identified that it was not quite hitting the mark. We needed to make some definitional changes so it was more applicable. So that was kind of a clarifying change that we required the reduction from 95 to 90. We had identified that there were potentially some implications on WorkSafe ACT inspectors for trying to achieve that 95 per cent mark. So, as an executive, we had to identify that there were probably some role pressures that were coming from that high benchmark that we had set and so we had made the decision to reduce it to 90 per cent. We still believe that it is meeting an expectation of the ACT community of actually following up 90 per cent of the improvement notices we issue within a reasonable period of time.

Ms Agius: In relation to that one, I understand we are looking at what they are about to be and we have predicted that we will exceed that target of 90 per cent and that the estimated outcome is 96 per cent. It was also a decision in relation to work pressure workload and ensuring we are looking after our own people, which of course, is a really important thing for us.

MR RATTENBURY: The second change then is that notifiable incident notifications have to be triaged rather than reviewed and actioned within 24 hours of receipt. What is the basis for that change?

Mr Smith: So again, a clarification for the inspectors. We were having—within the system—and it also assists our data team in being able to measure and provide information to the auditor in this space. In our system, essentially our expectation is that when a notifiable incident comes through, which is kind of the most serious incident that WorkSafe ACT would receive, an inspector looks at, assigns and makes the decision on that notifiable incident within a very quick period of time.

The language of "actioned" was not quite—there was an expectation that we had actually gone and undertaken a workplace visit or been out to that site within that period of time. Triage was a better reflection of what we expected from the staff, which was to look and make a decision as to what our regulatory response should be to that matter. So as to whether to escalate it, send out an inspection, refer it to investigations, or look at that matter and make a determination that it could wait for a couple of days before we sent a crew out to have a look at it. So that was a change in language to better reflect what our actions actually were.

MR RATTENBURY: The third change was investigations no longer have to be commenced within 14 days of notification of an incident. Can you explain to me why that indicator has been changed?

Ms Agius: It has been changed for a number of reasons. One of the reasons that it was changed is because we have implemented a process within our organisation around how we refer matters to our investigation team. We now have a case management panel. An inspector who believes that a matter should be referred to the investigation team will prepare a paper that will be presented to the case management panel who is made up of senior officers in our organisation. They will assess the matter and then the case management panel will make a recommendation to me whether to proceed with an investigation or not. A referral to the investigation team must happen from me, and so it was really about ensuring we had an appropriate governance process in place to ensure that what we are referring to the investigation team are matters that we should be investigating.

Mr Smith: We also, because of the change that Jacquie just mentioned, were always hitting 100 per cent. Essentially what was happening is that Jacquie would make the decision to refer that to investigations and that matter would be with the investigations team the next day. So it is kind of a little bit of a historical accountability indicator where if there was a really serious matter that occurred within WorkSafe ACT, it would go to the investigations team to commence an investigation within 14 days, and the investigation would actually commence. Now that it goes through the process Jacquie just outlined, she will refer it to the investigations team. Once Jacquie does that, it is actually with the investigations team the next day, and we are getting 100 per cent, so it did not seem as though it was an accurate measure or a great reflection on our processes and procedures in this period of time.

MR RATTENBURY: Thank you for those explanations. When I first looked at this, it read like an easing of pressure on the organisation and perhaps a dilution of the investigation roles of the agency.

Ms Agius: No, it is the total opposite in fact. We have really ramped up the way that we are managing investigations in our office, which is evident by the fact that last financial year we had five successful prosecutions before the court, the most ever, and we currently have 15 matters before the court and six referrals sitting with different agencies. We have gone from a period where WorkSafe would have no investigations to, because we have built the capability of that team, prosecutions going forward as one of our priorities.

MR RATTENBURY: You did talk about pressures on your own staff. Do you feel you are adequately resourced to undertake the work that you are required to do under the legislation?

Ms Agius: Of course there is always more work to do, always, particularly in this space, and there are always emerging risks. So for us, with our current budget, it is around balancing the different strategic priorities of our organisation. With our own staff and safety, we manage that really well. We currently have—and Bill heads that team—we have a number of mechanisms in place to assess their workload, to reduce their workload, to rotate people if they are in high stress roles to ensure they are having those breaks, as I had mentioned earlier. From a safety perspective, I think we are funded well enough to achieve the safety of our own people, and that is evident by our PSC Your Voice survey results at the end of last year at the ACT government. We were invited to participate in the survey. It is run by the University of South Australia. We are one of three organisations in Australia who were listed on the PSC high score because of the results that our organisation achieved.

MS CARRICK: My question is about volunteers. It might not be in your remit but the ACT government provides grants to small community groups who engage volunteers to do a whole range of tasks. Does your remit extend to looking at the compliance of small groups in managing volunteers?

Ms Agius: Yes. Under the Work Health and Safety Act, the definition of a worker includes volunteers. Volunteers are captured under the Work Health and Safety Act. There is an obligation for PCBUs who are engaging volunteers to ensure they are fulfilling WHS obligations in relation to volunteers. We have had a number of inspections of different community services to ensure that their work health and safety programs extend to their volunteers.

MS CARRICK: Costs to small business are very high. How do you get out there and ensure they are identifying their risks and managing them appropriately?

Ms Agius: We have a number of programs in relation to small businesses and trying to support them in their roles. We have recently—last year we produced a small business checklist which was essentially a list of the 101 of WHS, "Have you got an induction?" Tick. It is stepped out and it is really simple. So what our inspectors and our engagement team did is, they went out to a whole lot of businesses in the ACT, not to conduct regulatory inspections, but to provide this checklist and to speak to them about their obligations. It was quite a big education program. We had all areas of our organisation involved in that.

We are also currently working on a small business toolkit that will hopefully give our small businesses in the ACT a bit more guidance about WHS. It is very difficult. Given the extensive nature of the legislation and the requirements in the legislation, it can be difficult for small businesses to understand or know all of their obligations.

We have also released recently a small business podcast, which has some suggestions around some easy things that small businesses can do. The great thing, of course, about small businesses is because of the nature of a small business, they have some really positive things in relation to work health and safety. Usually they are very closeknit; often they are family organisations, and so they have that added care factor which assists them in relation to work health and safety compliance.

MS TOUGH: You just touched on some of the education activities for small business but I was wondering what kind of broader outreach education activities you have undertaken over the past year to help both workers and businesses understand safety better?

Ms Agius: Thank you for your question and I am really pleased that you have asked it. I am pleased because we are very proud of the work that we do in this space, and we have increased our engagement and education opportunities throughout the last five years, under the lead of Frank Cachia who is our engagement senior director. Some of the things that we are doing includes our industry breakfasts. Our industry breakfasts focus on a number of different industries but also different issues.

There are also our podcasts, which we are releasing. Our first one was on fatigue. We released that. We have had some really good responses to our podcasts, people writing in and saying, “This is great. It is really easy. I can listen to it in the car. It has given me some good tips,” you know, those sorts of things.

We also have an education officer. The education officer really is the head of our vulnerable worker program. Vulnerable workers are workers who are at a higher risk because of a personal attribute. So the types or categories of workers that sit in our vulnerable worker group are people who are culturally and linguistically diverse, people with a disability, young people, older people, Aboriginal and Torres Strait Islander people and people who are LGBTIQA+. The engagement that person has done is that they have been out to schools, CIT and private RTOs, to provide presentations to different cohorts of young workers. They are currently engaging with Aboriginal and Torres Strait Islander community groups and setting up circles to have conversations with young Aboriginal and Torres Strait Islander workers.

I am not sure if people saw, we did release a short ad in Auslan where a person was providing information to people about their work health and safety rights. That has gone all through our social media channels. We have done quite a lot of work for culturally and linguistically diverse workers. For instance, particularly in the construction industry, we see a number of workers who come into that industry who have English as not their first language. There is a requirement under the Work Health and Safety Act that information be presented to workers in a language that they can understand. We have introduced an option on our website where people can click in on the right and that allows them to choose a language and it will translate the information on the website into that language. We have also produced a number of documents in different languages that are available on our website.

You may have seen a prosecution last year, a successful prosecution, where a worker—it was their first day on a site. They did not speak English. They had no induction. They were injured on the site. In that instance the initial starting fine for the PCBU was $300,000 reduced to $225,000 on a plea of guilty. We have been working really hard to ensure we are providing information in languages that people understand, but by doing that we are supporting the businesses to provide that information to their workers.

MS TOUGH: That was actually going to be my follow-up: what are you doing for culturally and linguistically diverse workers. So perfect.

Ms Agius: Was it? I have probably missed a whole lot of things that we are doing in that space.

MS TOUGH: I also was going to quickly follow up about young workers because we know young workers, when it comes to things like paid entitlements, are often ripped off a lot, and do not get paid their super, and do not get paid penalty rates, and all those things. Do we see that kind of same thing in the work health and safety space where workers are not treated the same as people that maybe know their rights a bit more and who are more likely to speak up?

Ms Agius: There are lots of different issues in relation to young workers in workplaces. In relation to work health and safety, there are some requirements that employers need to comply with. For instance, they must be supervised. They must be provided adequate training. They are the sorts of things that we are looking at when we are going in, but there are things in the construction industry, like everyone is required to have an asbestos training card, a mandatory silica training card, a white card. So they are all the sorts of things that we consider when we go into the workplace. When our inspectors go out and speak to young workers, they are the sorts of questions that they will be asking them.

There is some non-compliance in that space but generally, I find that PCBUs really try to do the right thing. One of the things that we are really promoting in relation to young workers, and one of the reasons that we are out in the schools, in CIT and in RTOs, is because we want the future of workplaces in the ACT to be safe, and the best way to do that is to speak to people when they first come in, to empower them to understand that they have rights in this space, and to let them know what the procedures and processes are that they should do if they are feeling unsafe in the workplace.

The first thing that we always say is please raise it with your supervisor. That is so important, and if I was going to give a message to young workers I would say, “Raise it with your supervisor.” Young workers are often too scared to speak up. They are worried about losing their job. It is generally their first job and they do not want to cause trouble. Their work is new to them. They are not sure how to engage in the workplace but they also have obligations in the workplace, so we let them know what their obligations are as well.

MS CARRICK: With all the training, awareness and empowering businesses to mitigate their risks—this might be a bit out of your remit—does that mitigation flow through to premiums at all?

Ms Agius: Yes. I am a PCBU. I have seen it in my own workplace. My workers comp premiums have gone down because of all of the safety implementations in our workplace. We are releasing a podcast, I think in a couple of days, on the financial benefits of work health and safety, and they are numerous. If we look at workers comp premiums, for instance, they will rise if there are lot of injuries in the workplace, because the insurance company will want to recoup their losses. Employers are seen as risky employers or not risky employers, depending on their claims history. There are numerous financial benefits when it comes to work health and safety, and I encourage you to listen to the podcast if you are interested.

THE CHAIR: Regarding the podcast, and maybe you would like to take this on notice, I am interested in finding out some of the numbers: how many subscribers, how many listen—any data that you can provide on the reach of that podcast.

Ms Agius: I am again really pleased that you have asked that question, because Amanda Grey and I had this discussion during the week. I said, “Can you please get some figures for me in relation to the reach of our podcast.” In relation to our industry breakfast, between 80 and 120 people attend. The construction one last year was the biggest one. Close to 200 attended that one. Those tickets were snapped up within an hour of being released.

THE CHAIR: I am specifically interested in the podcast. You could take it on notice.

Ms Agius: We will take that one on notice. Thank you.

MR EMERSON: Have you received any complaints regarding culturally unsafe workplaces for Aboriginal and Torres Strait Islander people in our public sector?

Ms Agius: I have not; not to my knowledge. Bill has more oversight of what has come in, but, at this stage, no, but we will check just in case. To my knowledge, we have not received any complaints. We have had some engagement with, as I said, some Aboriginal and Torres Strait Islander community groups. We are doing some outreach to speak with some of their contacts around what is happening in workplaces for Aboriginal and Torres Strait Islander workers.

THE CHAIR: Just to be clear, you will take the detail on notice?

Ms Agius: I will take the detail on notice. I just want to confirm. To my knowledge, we have not received a complaint, but I want to check and ensure that we have not, if that is okay.

MR EMERSON: I have heard that WorkSafe might be investigating the cultural safety of the Children, Youth and Families division, in relation to working conditions for Aboriginal and Torres Strait Islander staff. Would there be any validity to those reports?

Mr Smith: I am not aware of them as I sit here at the moment. I will take that on notice.

MR EMERSON: Is it your sense more broadly that sufficient ongoing training and development is occurring within the public service regarding cultural safety, specifically for Aboriginal and Torres Strait Islander people?

Ms Agius: I do not have an opinion on that because I do not have enough information. It is a space that we are about to go into. It is not a space that we have been in, partly because we have not received many complaints in relation to that. When we go into workplaces, including the ACT government, we look at what training they are offering. Is there mandatory training? I am not sure. We have Aboriginal and Torres Strait Islander training in our workplace.

Mr Smith: As the regulator in this space, if we received a complaint with regard to one of those matters, we would look at the system that supports workers in that space. We would not be able to make an overarching comment about the ACT government and whether their training is appropriate. We would look at it on a case-by-case basis.

MR EMERSON: I have one more follow-up question, if that is okay. You mentioned that you are about to go into it. What is the reason for that?

Ms Agius: A couple of things instigated that—firstly, our vulnerable worker strategy. I am not sure that you were here for why we have that strategy and which categories of workers are included in—

MR EMERSON: I missed that; sorry.

Ms Agius: Okay. Our vulnerable worker strategy is a strategy where we look at what it is about a person's personal attributes that makes them more at risk in a workplace. The cohorts that sit within that strategy are LGBTIQA+ people, people with a disability, younger workers, older workers, and Aboriginal and Torres Strait Islander workers. It is part of the program that we had planned. That is why it has come about.

MR EMERSON: Thank you.

THE CHAIR: You might like to take this on notice as well. Do you have a specific definition of cultural safety that you work to, in terms of WHS considerations specifically? There is certainly a spectrum, from cultural awareness through to cultural safety. Do you have something specific that you are working to?

Ms Agius: As an organisation?

THE CHAIR: Yes.

Ms Agius: Cultural safety is a really interesting term. There is no real definition. The ACT government in particular is supportive of diverse workplaces. A number of papers and discussions occur at Safe Work Australia. They categorise the different groups that are considered to be at more risk. We take the lead from Safe Work Australia in relation to culturally safe training or the culturally safe environment we want to create in a workplace. In our workplace, we look at our cohort of workers and we determine, with our cohort of workers, in order to keep them safe, what sort of training we need to ensure that people are aware of cultural differences and are respectful in the organisation. That is what we do.

THE CHAIR: Excellent. Maybe you can provide on notice something on the Safe Work Australia material that you are referring to.

Ms Agius: Yes.

MR EMERSON: There is a useful definition in the national agreement, specific to Aboriginal and Torres Strait Islander people, which could be worth referencing.

Ms Agius: Yes.

THE CHAIR: Moving on to a different matter: fees. General WHS regulatory fees are increasing by the wage price index plus an additional 0.35 per cent. What are the additional cost drivers or service improvements that necessitate that extra 0.35 per cent?

Ms Agius: In relation to fees and the costs of different notices, WorkSafe ACT do not have any input into that. That question would need to go to CMTEDD. I think WSG are here on Friday. We are advised of those changes by WSG and then we implement them as they are legislated.

THE CHAIR: Have you had any input into the setting of fee levels through the budget process?

Ms Kobayashi: I have read the privilege statement and acknowledge that. Thanks for the question. We were approached by the Work Safety Group on the part of the budget process for the three-year fee review. We did that. We provided the input, but we have not got the outcome or what the review has done with them.

THE CHAIR: You provided input to the review?

Ms Kobayashi: Yes; the operational cost and how much that will take—for example, the licence review or the application process. We contributed to the figure. After that, the Work Safety Group took that into account and did the review.

THE CHAIR: Is that something you can provide the committee on notice—the input that you provided into the review?

Ms Kobayashi: Sure.

MR RATTENBURY: I would like to follow up on the question Ms Carrick asked earlier around premiums. I was pleased to hear your premium has gone down.

Ms Agius: So was I.

MR RATTENBURY: In another committee, we certainly heard from businesses that, despite putting significant measures in place, they still see their premiums increasing. Are you able to give us any insight as to perhaps the difference that we see?

Ms Agius: No. That would be a matter for WSG. We do not set the premiums. We regulate workers compensation. We had over 1,000 calls in relation to workers comp inquiries in our office over the last financial year. It might even be a lot more than that. Those inquiries to us are more around: "My employer doesn't have a workers compensation premium" or "They won't give me the details for me to make a claim" or "I'm having to deal with a case manager. They're causing me more psychosocial risk having to deal with the workers comp." That is the sort of stuff around workers comp that we are looking at. We are not really engaged with the premium setting or anything like that.

MR RATTENBURY: In a circumstance where somebody reports that their employer does not have workers compensation, because it is required under the law, what happens then? I presume that sits with you.

Ms Agius: Yes; that does sit with us. Our workers compensation team conducted just under 250 workplace inspections last year. We do proactive work in this space. That means asking employers whether they have a workers compensation policy. If they do not have a workers compensation policy, the legislation allows us to provide them with an on-the-spot fine for the infringement and then fine them with the cost of the premiums that they have avoided until the last five years and to double it. That is the legislation. We have done a number of premium recoveries with that money. That money goes to the Default Insurance Fund, which is run by the ACT government. That money is used to fund workers compensation claims for workers in a workplace without a workers compensation policy.

MR RATTENBURY: How many prosecutions—"enforcements" is perhaps a better word—would you have had in recent times?

Mr Smith: In 2024-25, there were 247 workplace visits, resulting in six infringement notices to businesses being issued to the value of $45,000. Twenty-seven premium recoveries were issued in 2024-25 to the value of $383,965. During this period, we received $50,663 in payment for premium recoveries. We are quite active in that space. Essentially, the way the commissioner sees it is that it is a question of equity. There are businesses out there that are paying their workers compensation policies and should not be at a competitive advantage from those that are not.

MR RATTENBURY: Thank you.

THE CHAIR: That fund that you mentioned—

Ms Agius: The Default Insurance Fund?

THE CHAIR: Yes. Do you know how that is treated in the budget? Is that—

Ms Agius: The fund is totally separate to us. It is run by someone else.

Mr Smith: ACTIA.

MR RATTENBURY: That makes sense.

Ms Agius: We collect the money, but we pass it on.

MS CARRICK: I think you mentioned issuing six infringements. What sorts of things are they for?

Mr Smith: They are for businesses who do not have a workers compensation policy. They are specific to workers compensation.

MS CARRICK: Thank you.

MS TOUGH: I am interested in the compliance activities in the building and construction sector—if it varies and how it varies on the type of construction site. You have really large civil sites, but there are also smaller civil sites or home builds or smaller places that might go around different sites—a lot of companies with different sites. I want to know how the whole spectrum operates.

Ms Agius: During 2024-25, a total of 1,525 workplace inspections were conducted in the construction industry. Those inspections resulted in 1,347 improvement notices, 912 prohibitions and 112 infringement notices. Most of our visits are in residential construction, and that is where our highest risks exist. In residential construction, we conducted 1,018 inspections in the last year. In commercial construction we conducted 235, and in civil construction we conducted 62. We see bigger enforcement numbers in residential construction. Last year, we implemented WorkSafe weekend work. We had heard that some areas of the residential construction industry were choosing to undertake risky work on weekends, when they thought WorkSafe would not be conducting inspections, so we now pay our people overtime and we conduct weekend inspections. We commenced those weekend inspections in August 2024 and we have conducted 154 workplace visits during the period. We issued 276 improvement notices, 110 prohibitions and one non-disturbance.

The most common breaches in weekend work were management of risk of falls, security of the workplace, duty in relation to general workplace facilities, scaffolds and signage. We have seen some really interesting trends. The average ratio of notices to workplace visits for the weekend campaign was 2.5 notices per visit. During the week, there were 1.1 notices per visit. The highest ratio that we were able to identify during the weekend work was 3.4 notices per visit, and that was in the very early stages of the campaign. I am really pleased to say that, because of our work, that notice ratio has reduced to 1.6 per visit.

Our inspectors had some really interesting responses—things like: “What are you doing here? Public servants don’t work on weekends” and “We carry out risky work on weekends because we know you’re never around.” Inspectors were finding construction sites totally open. We are talking about construction sites that are in a residential area, with potential access to our community, particularly children and families. They were unlocked and had no security. Our inspectors would ring the builder and the builder would say, “What are you ringing me for on a weekend?” and the inspector would say, “Your site’s unlocked. You need to come and fix this site because the community has access to the site.” What was really good about that is that, when our inspectors went out again, they were finding more sites locked. The inspectors would say, “All you need to do on a Friday afternoon is go past your site and make sure it’s locked up. This a really easy fix. The potential for risk to our community is so high that it’s not a big ask.”

MS TOUGH: Thank you.

THE CHAIR: I want to go back to table 3 on page 279, which we were talking about before, around enforcement indicators. There is indicator F. I will see whether I can get it on my page as well. The target for processing—sorry, I am looking at the wrong one.

Ms Agius: Labour hire licence applications, I think.

THE CHAIR: Yes. The target for processing labour hire licence applications within five days was 100 per cent, but actual performance was 82 per cent. What factors contributed to that shortfall?

Ms Agius: One hundred per cent is a high target, and we really try to achieve that target. It is short for a number of reasons. I mentioned earlier that we have a rotation policy. If people are at higher risk, we will move them around. At times, we rely on some of our labour hire inspectors to come to another team to support the work of the team, particularly if we are dealing with massive workload issues. We also had some staffing pressures in that team in relation to people taking leave.

The other issue that has impacted that team is that, because we are an ACT government workplace—although I am not a public servant—some of our workers, and rightly so, take the opportunity to apply for short-term temporary contracts in other agencies. We consider that to be good for our agency because they are getting experience in another place. The difficulty for WorkSafe is that, if a person goes to a short-term temporary position in another agency, we need to bring someone in and train them before they would be able to complete the work. It is not about bringing someone else in on a temporary contract, putting them into the job and they are ready to hit the ground running.

THE CHAIR: Sorry—coming back to the question, it sounds like you are saying that it was due to turnover in specific roles?

Ms Agius: Not turnover.

Mr Smith: We set very high standards in that team. Last year, the previous year, we had a result of 68 per cent. It was 82 per cent this year and that is a significant improvement on the previous year. The team did not have the technology available at the time to process within the timeframes that we had set, because we were expecting a rollout of an element of our system. That has only come online over the last couple of months, and we have seen an increase already in how the team is getting through those notices. We have had people on short-term transfers, which has also impacted the resourcing numbers that we have had. So there is a combination of issues, but, on a positive note, we have seen a significant increase over the last 12 months.

THE CHAIR: So we can expect another improvement?

Mr Smith: Yes.

Ms Agius: We would hope so.

THE CHAIR: Indicator G: the KPI requires 60 per cent of major investigations to be completed within 12 months. The result recorded is 0 per cent. Can you explain what has happened?

Ms Agius: Yes; absolutely. You would probably look at that and think that it is a terrible result. There are a number of reasons the result looks like that. Firstly, there was some legacy work that the team was doing to pick up investigations that had been sitting in the agency but had not proceeded to an investigation stage. There was that issue. Secondly, as I said earlier, we have really worked to build the capability in our investigations team. We now have a legal policy section in that team which has also assisted in the work of that team. Thirdly, the number of investigations and matters before the court that we now have has never been seen in the history of work health and safety in the ACT—going from zero prosecutions to now having 15 matters before the court, with two of those sitting with the commonwealth DPP, because they are in relation to matters in Jervis Bay, and some of them sitting with our ACT DPP. The ACT DPP have briefed some of them out. We also have six current matters sitting there which will be referred before the end of the year. There were five successful prosecutions in the last financial year and, by August, fines that the court had imposed in relation to those matters had almost reached $1.5 million. It is partly because of our management program—the way we refer investigations. Because we have tidied up all of those things, I expect to see some much better results in that space.

THE CHAIR: Clearly, when there are extended timelines with these investigations, it has some pretty significant flow-on effects for everyone involved.

Ms Agius: Yes.

THE CHAIR: How long are these investigations taking at the moment?

Ms Agius: It will depend on a number of things. It will depend on the complexity of the case. It will depend on, obviously, our staffing and workload. We currently have 36 investigations sitting with that team, which is a significant number of investigations. It is not a simple answer of: "It will take this long." We had a disputed liability for an infringement notice, for instance. Those matters are required to be charged within 60 days of that dispute liability coming in. That matter has to be prioritised because it has to be at the court within 60 days. Our brief of evidence in that matter was prepared within 30 days. It was then referred to the DPP so that it could get to the court within 60 days.

It depends on the statute of limitations. We have two years to get a matter before the court. Other jurisdictions have different periods of time, depending on their internal mechanisms. Particularly in relation to psychosocial matters, I am extremely concerned that two years will not be enough, partly because risks may come to our attention a long time prior to the injury eventuating, for instance. For those matters, I see us needing more than two years. Two years is what is allowable under the legislation at the moment. Having a target of 12 months outside of our organisation, is, as Bill said, a pretty brave target, but we are committed to it.

THE CHAIR: Could you provide some data for me, maybe de-identified, so that we can know the number of organisations that make up this reporting period—everything that goes into that: how long did each one take and what were the factors that contributed to the extended timeframe?

Ms Agius: Yes; thanks.

THE CHAIR: Thank you. That brings us to time. On behalf of the committee, I thank you for your attendance today. If you have taken any questions on notice—I think there were a few today—please provide your answers to the committee secretary within five business days of receiving the uncorrected proof *Hansard*.

Ms Agius: Thank you.

Hearing suspended from 10.34 to 10.51 am.

Appearances:

Office of the Commissioner for Sustainability and the Environment
Cooper, Dr Maxine, Commissioner
Gardner, Mrs Miranda, Director, Complaints and Investigations

City and Environment Directorate
Tetley, Ms Melissa, Chief Finance Officer, Finance, Information and Assets, Corporate Services and Operations

THE CHAIR: We welcome Dr Maxine Cooper, Commissioner for Sustainability and the Environment, and witnesses from the Office of the Commissioner for Sustainability and the Environment and the City and Environment Directorate. Please note that as witnesses you are protected by parliamentary privilege and bound by its obligations. You must tell the truth. Giving false or misleading evidence will be treated as a serious matter and may be considered contempt of the Assembly.

As we are not inviting opening statements, we will proceed directly to questions. Dr Cooper, I know you were appointed to this role a few months ago. I was hoping you could tell us what you are hoping to achieve and what you are going to bring that is new.

Dr Cooper: I would be delighted to. I was the fifth commissioner and I am now back as the ninth commissioner—a nice symbolic thing about recycling, which fits with the role. I am hoping to be able to achieve continuity in the activities, support for the office, support generally and in a big way for environmental outcomes, and also to work in a way that is cooperative with many people and the organisations but also, in doing that, to maintain our independence. To me, working cooperatively is a key way of getting better decisions and better data to make those decisions on. So that is what I hope, broadly.

I also want to build on the work of previous commissioners. The last report that my predecessor, Sophie Lewis, did was on an investigation into land use planning in the ACT. That report was a retrospective report. It reinforced what commissioners have been saying locally for a wee while and what commissioners say nationally: our environment is in trouble. It is as simple as that, and we all know it. The pressure is on that. That report provided what she calls solutions and what I would call some key principles. They are around planning strategically: so, where possible, you really do not have a negative impact on species; where development does occur, plan how houses and streets can be built so biodiversity is more significantly considered; where the environment has already been adversely impacted, look at ways to restore; and also, better recognise the values of our city.

Because we live in nature, we assume it is going to be there tomorrow. Well, incremental changes; one day we will wake up and we are going to have a bigger problem than we have got. I am working on a framework with my colleagues in the office to go for a nature positive outcome, acknowledging that we have some complex problems with a growing population and all of that and climate change. That is why I really advocate collaborative ways of working, because we clearly have not got the perfect solution and we tend to work in silos a bit. So the more people we can get together, maybe the more creative we will be.

I also hope to go forward on the next *State of the environment* work for 2027. We are already looking in that space. One thing in that space that we might work on this year is updating the *State of the lakes and waterways* report. That was done in 2022, I think, and the SO is due in 2027. So we are in a midpoint. One of the things we can do with that is update the data. Also, the last report only focused on the urban waterways. We can shift a bit to the non-urban waterways and look at the intersection.

The other one which we are exploring at the moment—and this is a little bit wobbly—is exploring triggers that might entice people to change transport modes. We all know the problem, but what are the triggers that might get that behaviour change? We have been talking with Health, and we are looking at a better environment and health outcome. The other thing we do—and my colleague Miranda primarily leads this—is complaints. Some of those complaints go to investigations. One of the things the office has, I think, a strong track record in is looking at that in depth in a way that brings people together to, again, try and forge a better pathway.

The other thing is priority to the review of the office. When I was Auditor-General, it was routine. Every four years, there would be a review. It is a healthy thing to do—reflection; go forward. At the moment, we are looking at what other jurisdictions do, other commissioners. In the ACT, we have a really interesting situation. As independent decision-makers, we have the commissioner's office, the conservator and the EPA. There is no perfect match as to who is doing what and what you should do. But we are certainly working with those at the moment to say, "Let's look at what we are doing and what we are delivering for the environment and our community, and are there any ways we can actually increase our effectiveness?" That is a pretty full suite of things.

THE CHAIR: Yes; thank you. With the first two of the things that you brought up, you touched on planning and land use as well as waterways. One of my personal interests is the Murrumbidgee corridor and the condition in that area. Will you be doing any work looking at the land management side of the equation as well?

Dr Cooper: If I could reverse that and say: I have heard your question, which I will take as information Normally we do not; normally we look at the in-stream. But I can consider how we can do that, Mr Cocks.

THE CHAIR: There were some concerns raised in our community hearings yesterday around things like weeds in that area and the impact that they are having on the waterways and the biodiversity in that area too.

Dr Cooper: And there is a sleeper for me in the weeds area where we have heard so much about weeds. It is such a pervasive issue. We now have departments who manage weeds all coming together. I am meeting later this week to say, "Should even another thought of the office for the work this year be in that arena?"

THE CHAIR: Great to hear.

MS CLAY: Dr Cooper, it is great to see you in this role. I have been reading quite carefully the *Close to the edge* report from the previous commissioner, with alarm. One of the conclusions in that report was that environmental funding was meagre and demonstrably inadequate. I think that is a direct quote. When that report was written, Environment, Climate Change and Sustainable Development got three per cent of the budget, which is a pretty small chunk. That has now dropped to two per cent of the budget—so they are getting an even smaller chunk. Most of the money goes to climate and sustainable development, and there is a really, really tiny proportion that goes to environment. Can you comment on the conclusions of the *Close to the edge* report on environmental funding and whether you can see those recommendations being matched with budget spend?

Dr Cooper: I have not done that analysis, but I respect your analysis—and, if it is a decline, it is a decline. I think it is an issue for the government and the Assembly as to how much they invest in the environment. One of the things I will definitely say is that that is absolutely critical. Also, it is the culture in every other organisation that does anything—infrastructure or anywhere—that the environmental outcome needs to be front of mind, because often things get done to the environment and then you have got to mop them up.

So, to me, there are two points. There is: how much does the Assembly and the government wish to invest in the environment? And the more you invest, of course, you will get more outcomes. The other one is the impact on the environment that the agencies all have in their own budgets, and whether, within those agencies, some of that could actually have a stronger environmental emphasis.

MS CLAY: Noting your opening comment that the environment is in trouble and noting the conclusion from this report that we are seeing environmental degradation year on year, the environment is getting worse each year, do you think we are getting it right at the moment in terms of budget funding and directorate operational priorities? If things are getting worse for environment and climate, do you think we are responding properly?

Dr Cooper: I think I am going to leave it to committees like this to make the final judgement, but I will always advocate for the environment. In terms of funding, yes, we can look at the macro, and that is important, but we also need to look at the problems. I have just heard from Mr Cocks that a priority is Murrumbidgee and weeds. You can look at specific issues, and I think they will flag whether they need more investment of money or whether it is systems issues or both. That is where I think the office can come into its own.

If the community comes to us or if members of the Assembly come to us, we can actually go, "Okay, we can look at this," and we will give it the emphasis it needs and we will bring the agencies together to try and identify that, if you spend that much, you are getting this outcome. But the agencies themselves often say, 'If we had just this bit more or that we could do something else." That is where the independent office can look at all of that.

MS CLAY: Thank you.

Dr Cooper: You are welcome.

MS CARRICK: I also would like to raise a water issue which I like to raise—and you know what it is.

THE CHAIR: Yes, I can guess.

MS CARRICK: Yarralumla Creek. It is a concrete drain and it is at risk because of the forces of densification. When we talk about integrated planning and land use, it is on a transport corridor, it has a duplication of Athllon Drive, it has a tram to go down there and it is zoned for high-density housing. But there does not seem to be any will or interest in having a look at planning the biodiversity or "riparianisation" of it or sediment ponds or anything to bring some life back to it. It is really important. It runs down the core of Woden and all the hills and ridges feed into it with the greenbelts. I am just wondering how we can get some action and planning to ensure that the forces of densification and urban growth give it some space to survive.

Dr Cooper: I am not sure what agency is doing what in that space of bringing all that you have said together. So please bear with me.

MS CARRICK: No-one—that is the problem. That is why I raise it.

Dr Cooper: If no-one is doing it, as I keep on saying, if the community or members of the Assembly or there are requests through the Minister for the Environment have a clear problem—and I say "clear problem"—where you have multi pressures, people can put in a complaint about the agency not achieving sustainable environmental outcomes. That would trigger our legislation for us to consider whether we move that to an investigation. But often in the conversation with the agencies before we even think of doing an investigation, we may actually get more collaboration on that and possibly some action without the full investigation.

MS CARRICK: Thank you. It has been on the books for a long time. It gets mentioned but nothing ever happens. I guess it is timeframes and investigating potentially why nothing ever happens.

Dr Cooper: As I say, we get triggered in our legislation to do certain things through certain actions. Of course, I can independently go into an area, but we have to weigh up our resources and what we can achieve.

MS CARRICK: Thank you.

MS TOUGH: Dr Cooper, welcome back to the role.

Dr Cooper: Thank you.

MS TOUGH: I live in Tuggeranong and one of the things that I have been stopped at shopping centres about all winter this year—and it happened last year on the campaign trail—is woodfire smoke. I am in the Lanyon Valley, and, similar to the Tuggeranong Valley, every winter on a still day is filled with woodfire smoke. So there are the challenges relating to people wanting to heat their house in an efficient way for them and the health risks of not being able to go outside on some days without that woodfire smoke and how it affects people's washing and just daily activities. I know it has been previously looked at. Is it something that is on your radar?

Dr Cooper: Yes. We are keeping a watching brief on many things. It certainly is, but at this stage I am not actively looking into that. I would mention, however, that we are in an interesting space with the amendment in the Human Rights Commissioner's legislation, which says that, I think it is 2027, people should be able to take action if you feel your right to a healthy environment has been compromised. Yet, with the wood heater one—and my colleague might help me out here—is to phase them out by 2045. So we have this lovely gap. I think the 2027 target will cause some people to question, because with an ambient air quality we could argue that we do okay. But, when it comes to the human rights, it is about what happens to your neighbour.

I think in that regard, in terms of action, one of the things that always comes up is that, if someone heats their house entirely through using wood, how disadvantaged are they? The government has sustainable policies for getting rid of the gas and doing some other things. It would be interesting to know how many people, if you had a program in place to ensure social support, really needed it, or whether we do it because we have grown up—some of us—in a rural environment where wood heating was the only thing, and you come to the urban environment and it can evoke quite strong emotional feelings for your grandparents, or it does for me. I have asthmatic children. So, for me personally, having a wood heater would never exist. The other thing I think with folk is that the users of it do not realise that their health is compromised. Even if you have a really efficient one, when you open that door, you get a kiss for your lungs that you may in the future regret.

So, if anyone wishes us to look in that arena—again, I do not mean to sound too bureaucratic—if people ask, then we know it is a priority, and we can revisit and bring people together and see if there were some avenues that were not explored last time that we could this time.

MS TOUGH: Thank you.

Dr Cooper: You are welcome.

Mrs Gardner: I would just add that we have had several enquiries and complaints to the office that did not get followed through to the investigation phase about wood heaters this year. Those have all been from people wanting to make a complaint about their neighbour, which is not what our office does. That is an Environment Protection Authority function. So there does still seem to be that gap out there in the public understanding about who they need to contact and what the process is if there is problematic woodfire smoke in their area, which is another thing that the government more broadly could think about.

Dr Cooper: So we could structurally look at it again, but we did refer it on to the EPA.

MS TOUGH: Thank you.

MR BRADDOCK: The ACT government appears to be internally conflicted about the issue of artificial grass, where this budget is paying to install grass in some playing fields plus at the same time, under the Community Gardens Grants, they are paying to remove grass. In light of your recommendations in the *Close to the edge* report, which had recommendations about artificial grass, do you have any thoughts in terms of what the potential regulations or control should be on artificial grass in sports and recreation fields?

Dr Cooper: I have not looked into that space at all in my short few months in the role. So I am sorry, Mr Braddock; I cannot give you a view on that. But, again, I think the best approach is collaboration between opposing groups and that, in working that through, there is a multigroup involved. The sports people want a certain quality of field to be on and you may be able to achieve that through other ways. So I think it is that conversation of bringing what often seem like opposing views together to try and listen to each other and find a better way ahead.

Just for the committee's benefit, that collaborative approach has certainly been the reason for the Upper Murrumbidgee at the moment getting over $50 million. It was advocacy for change and various people were brought together in that decision-making.

MR BRADDOCK: Does the commission have concerns about the level of artificial grass that exists within the ACT?

Dr Cooper: The commissioner has huge concerns about micro plastics and anything that goes into our natural system and ourselves. I am not sure how much is in each of us in terms of the plastics. Also, plastics do absorb the heat more. So you have got all of that. Certainly, we can do things differently. Again, I think it is really important to raise the problem but we also then need to go and find the solution, and it may be suboptimal for a while while we actually get to the ultimate as to what we want.

MS CLAY: The City and Environment Directorate is currently reviewing the Nature Conservation Strategy and the Nature Conservation Act. I think the strategy review is due late this year and the act is due late next year. I am seeing some nods there. So that is the sort of timeline. The *Close to the edge* report by the former commissioner said that our existing environmental legislation fails to give nature supremacy over other legislation; that it has allowed the continued increase in the number of threatened species and communities; it has allowed the continued loss of habitat; and it has failed to protect nature.

I am wondering what changes you would like to see now that we are doing a renewed the Nature Conservation Strategy and a renewed Nature Conservation Act. It would be great if the new ones could protect nature. Do you have views on what changes should be made?

Mrs Gardner: We have been involved in the consultation processes for those reviews, and we have also recently spoken to somebody from the policy area of what used to be TCCS—so responsible for public unleased land that is not in nature reserves. A really key thing that needs to be looked at a bit more is how we protect those areas that do not meet the threshold to be considered important enough to go into a nature reserve or they do not meet the criteria under various pieces of legislation for them to be considered—you know, the bits that you have to protect.

Both in the Office of Nature Conservation and in City Services place management, there does seem to be a growing recognition of the fact that all of the green spaces in Canberra do have values. Some of those are predominantly going to be amenity for public use but there are lots of little pockets throughout Canberra in parks and around the edges of ovals and all those kinds of things that do offer refuge for biodiversity and corridors and all these things that we hear about all the time.

I think that it would be great if the reviews of the legislation but also other reviews on other bits of legislation—I believe the Public Unleased Land Act is also being looked at—could be married up and recognise these conservation values of land that is not part of the reserve system. That is going to be a really critical one.

MS CLAY: Do you see this system in the Nature Conservation Act and some zoning reforms will give us legal protection for the public unleased land and maybe land on rural areas? I know the Conservation Council produced a biodiversity network which covers some of this land. Do you think that is likely, and do you think it should happen?

Mrs Gardner: I cannot really speak to that in detail. The other key piece is how that integrates into the planning system and the planning strategy. Areas of government all seem to be aware of these issues. It is just getting them to speak to each other in a meaningful way when they get implemented. Bridging that gap between having the right policies and then implementing them in a way that actually gets the outcomes that you are looking for is going to be the really key one and—coming out of the report that we did last year—trying to make sure that the environment, when it is appropriate, is maybe a bit higher up the pecking order than just always being the last consideration and that it does not have to be in a nature reserve for it to be important.

MR RATTENBURY: I was very interested in what you were saying about areas outside the reserve system having value. What do you think is the most effective way to protect those areas or to ensure that the biodiversity value is retained?

Mrs Gardner: I think it is going to be a combination of things. Whether there is an introduction of a new category of public land that does not sort of meet the threshold for a nature reserve but there is a recognition that the primary management of that piece of land should be for its biodiversity values rather than sports or something else, that has to also be combined with probably more public education so that people do not complain that their local park is full of weeds when it is actually quite nice and restored or something like that. So I think it would need exploring, and it would probably be a combination of different mechanisms to make that effective.

MR RATTENBURY: Is there actually a set of criteria for making a nature reserve? Do you know what they are? Is it clearly defined?

Mrs Gardner: I do not know what they are. The Conservator of Flora and Fauna is the entity in ACT government that would make a recommendation about whether something should be a nature reserve, and obviously the person in that office would take advice from various experts about making that recommendation. But, no, I do not know what the actual criteria is.

MR RATTENBURY: I will ask the Conservator when they come in. If they are listening, there is a warning.

Dr Cooper: We will let the Conservator know.

THE CHAIR: Along the same lines, I am interested in the values that are inherent in the landscape, biodiversity and the natural environment. Do you have a view on how we can balance the nature reserves with the value to the community in terms of access, recreation and spending time out in nature and in those important areas?

Dr Cooper: Specifically, we do of course get conflicts between the bike riders. Do you mean that kind of thing, or do you mean—

THE CHAIR: I would consider things like bike riders as well as bushwalkers and general community access. It would seem to provide a whole range of values for people being able to access some of our nature reserves.

Dr Cooper: I think it is founded on good plans of management and then good relationships between the staff who manage those areas with the community members who might care for those areas. It is about a government-community partnership at one level and, at another level, it is about making sure you have good planning, and then it is about monitoring the impact. We do a bit of each on some areas well; in some areas I think not so well. My colleague might add to that if she would like.

Mrs Gardner: It is a tricky one, because obviously we do not want to lock nature away so that people cannot access it at all. There is provision for every nature reserve to have its own specific management provisions and boundaries. For example, the Conservator could determine that dogs are not allowed in a particular nature reserve. That does not tend to be the approach in Canberra. Most nature reserves do allow dogs on leash, but you could have a particularly sensitive one where maybe you could say, "Actually, perhaps it is best if we do not have dogs in this reserve." I do not know how fully that is used. Quite often, they are quite similar.

But, even if nature reserves do have different criteria, how that is communicated to the public is also maybe not always very clear. I would imagine most people in Canberra would assume that you can take a dog on a lead pretty much anywhere you want. I think there are reserves where dogs are not allowed. That is an example of where there could be slightly more stringent usage criteria but maybe people are not aware of them. Going hand in hand with that, you have the education component. If a dog walker—I am not picking on dog walkers—knew that a reserve was not the best place to take their dogs because it had a particularly sensitive species of ground-nesting birds, say, you would ideally want that person to say, "I am not going to take my dog there; I am going to take them to a dog park" or somewhere where there is lower impact, but I think—

THE CHAIR: It sounds like there is a space to balance.

Mrs Gardner: Yes, there is a nuance in there which I think is maybe not well understood by the broader public.

Dr Cooper: I also think for the reserve system that is right in the heart of our urban environment, it is the good neighbour policy. You will watch over time. After a fire, a lot of people are well aware of encroachments into the nature reserve. But then over time, even in our own areas, you will notice they just creep in. That also has a significant impact, especially what people might put in their gardens within a certain range from the reserve.

MR EMERSON: The budget papers outlined that, due to the machinery of government changes, the reporting of the uptake of the recommendations from the *State of the environment report* and other special reports has shifted from October last year to October this year. Did you have any engagement with the government about this before the budget was handed down? Do you have any concerns about it?

Dr Cooper: I was not there, so—

MR EMERSON: Sure; you or the office of the commissioner?

Dr Cooper: I cannot answer that. Are you specifically concerned with the recommendations?

MR EMERSON: I am certainly concerned with them; also, there is this pushback in the reporting date from last October to this October.

Mrs Gardner: It is not a pushback of the date; it is an annual requirement. Last year we met the requirement in October 2024. This year we have set a new target, and in the budget papers—I believe it is towards the end—you will see that we did meet the target, the estimated outcome.

MR EMERSON: So it is a shift to a new—

Mrs Gardner: So it is a shift to a new year.

MR EMERSON: What is your assessment of the government's reluctance—I know we are going back in time a little bit, but we have seen it with the *State of the environment report*—to agree in full to recommendations from the commissioner?

Dr Cooper: I think we have to look at ourselves as a system. I see the commissioner's role as part of the system of getting a better outcome out there. You would have to look at everyone in that. For me, maybe we need to go back and get some protocol in place to check that, if you agree with the finding and you do not agree with the recommendation, there is that respect. But what are you going to do to progress things from where we are at and, essentially, get a recommendation from, maybe, the agency that can say, "This is what we're going to do"? You can then monitor the implementation of that because, in a system sense, the moment you get "not agreed", the moment you get, "noted; already doing it," we then do not follow—

MR EMERSON: There is nowhere to go.

Dr Cooper: There is nowhere to go. Collectively, I think it is beholden to us all, and we should be looking, every time we do something—I will look at me, not at anyone in the past—at how well I have crafted that, and why it would not be accepted, and try and work through it. Even if it is around one word or something, I think that you sit down and haggle over one word. If it is substantial—"No, we just don't want to"—being independent, you still go there. I think we need to have that discussion as much for recommendations as we do for collecting data. But we must always remember that we are independent. In the end, if we agree to disagree, that is fine. We should still make a recommendation that they are already saying may not get implemented, because maybe it can be exercised in another way. Does that make sense?

MR EMERSON: Yes, that is really helpful. Would that kind of a negotiation end up in a final report for members of the Assembly and the public to understand?

Dr Cooper: I could not see why you would not be open about—

MR EMERSON: Yes, how you landed.

Dr Cooper: "This word was the jammer, and we," being the independent people, "didn't understand the implications of it; but once we did, we found another way to go forward." Structurally, a lot of money is spent on investigations that we would hope actually add to the value. That was done previously by me in the Auditor-General's office. That was quite transparent and quite open.

THE CHAIR: On behalf of the committee, I thank you for your attendance today. If you have taken any questions on notice, please provide your answers to the committee secretary within five business days of receiving the uncorrected proof *Hansard*. Thank you very much.

Dr Cooper: Thank you.

Appearances:

Building and Construction Industry Training Fund Authority
Young, Dr Michael AM, Board Chairperson
Whitfield, Ms Josephine, Chief Executive Officer

THE CHAIR: We welcome witnesses from the Building and Construction Industry Training Fund Authority. Please note that, as witnesses, you are protected by parliamentary privilege and bound by its obligations. You must tell the truth. Giving false or misleading evidence will be treated as a serious matter and may be considered contempt of the Assembly.

As we are not inviting opening statements, we will proceed to questions. I know Mr Milligan is itching to ask some questions.

MR MILLIGAN: Welcome; it is good to see you again. As I understand it, the Building and Construction Industry Training Fund Authority is funded by a 0.2 per cent levy on construction projects over $10,000. In the 2024-25 financial year, the authority received a little over $1.2 million less in levy income than what was anticipated.

Ms Whitfield: Correct.

MR MILLIGAN: The budget statement for the authority notes that annual payments for full-time apprentices went from 3,000 annually down to, I think, 500, and then down further, to 200 per quarter at the start of 2025. Could you talk to that and explain the circumstances?

Ms Whitfield: Yes. The $3,000 was an annual payment that we made to GTOs. It was not to all employers; it was funding specifically to employers of GTO apprentices. For the last quarter of 2024, instead of a $750 payment for the quarter, because we made that $3,000 annual payment across four quarters, we reduced it from $750 to $500 as a quarterly payment. For the beginning of 2025, we reduced quarterly payments to $200 per head for full-time apprentices with GTOs. That was largely based on the financial position of the fund.

MR MILLIGAN: A lack of revenue coming in to contribute to that.

Ms Whitfield: Yes.

MR MILLIGAN: What impact has that had on the number of apprenticeships, the uptake, and what impact has that had on the businesses?

Ms Whitfield: The industry has been in a downturn, and our levy income for the last five or more years has demonstrated that. There has been less demand for labour. Numbers were declining even when we were at the same levels of funding.

GTOs are funded specifically because, as employers, they are able to retain apprentices, even when work is in a downturn. They can take an apprentice and move them around different host employers. There is a higher completion rate for apprentices at GTOs.

With the funding that we have allocated now, I could not tell you in terms of whether it is just industry downturn or whether it is the reduction in our payments that have had an impact on the decision to put on more apprentices. But the downturn in the industry has certainly been a factor that has affected all employers in the industry.

MR MILLIGAN: Would you attribute that downturn in the industry to the number of building approvals that have been awarded each year?

Ms Whitfield: There are a number of factors at play there—general cost of living, price of land. There are a lot of economic factors as to why people are not, say, building houses as much as they have in previous years. There is also the pipeline of work that comes through.

One of the points to note in regard to our levy is that we do not collect the levy on federal government projects. That is not possible. If the project owner is federal government, we do not collect the levy. An example of a major project in Canberra is the War Memorial. The upgrade to the War Memorial has been an extensive project for the industry. However, we collect zero levy from that project.

MR MILLIGAN: Projections are showing that this downturn is probably going to continue, potentially. What can be done to curb that and get construction happening again, receiving more levy and putting more apprentices through?

Ms Whitfield: The information we have received is that we are probably at the bottom of the downturn and we are expecting a small uptick from this point forward. Things like projected interest rate cuts will make a difference to the confidence of people. There has also been some bad press in regard to the building and construction industry, both Canberra based and nationally, for construction businesses that has deterred people from having the confidence to build. There tend to be more bad news stories than good news stories about the success of the industry. I think there are indicators that things will get better for the industry generally, but there are still a lot of variables at play.

MR MILLIGAN: What sort of relationship does the authority have with government? Do you provide feedback, input or recommendations in terms of what the government could or should be doing to help support the industry and help support our apprentices and businesses? What is your remit there?

Ms Whitfield: Specifically, one of our tasks is to conduct a training needs analysis of the industry annually. We conduct the research and then provide that information to government, and that dictates our annual training plan. We do not directly consult with government on how to improve things for the industry, but we prepare a training plan on recommended training needs. That is based on an annual research project that we undertake.

Dr Young: The legislation around that is actually quite specific. We are not an advisory body. The legislation does not allow us to do that research and provide that advice. It is predominantly constrained around the research associated only with the annual training plan.

MR RATTENBURY: In terms of your capability, I did note your employment profile on page 11 of your budget book. Is that a forced reduction in capability because of the budget position or is it a change in strategy?

Ms Whitfield: There are probably a couple of reasons. We had a resignation, and there was a decision on whether or not we would appoint somebody to replace that role. We have made some efficiencies in the time ahead of the preparation of the budget paper. We have moved our financial management system over to Xero, which has created efficiencies from our previous system. We have updated our database. We went to an off-the-shelf product which, again, created some efficiencies in terms of workload.

The position that was appointed, the communication engagement manager, was an ongoing position, but after 11 months that person elected to resign, to relocate to Brisbane. We will outsource some of the functions to a consultant. I could not justify that I needed another full-time person to replace that position.

MR RATTENBURY: At a broader level—and I think it picks up on some questions Mr Milligan was asking—we have some significant housing targets in the ACT. Getting tradies with the capability to do that will be critical. Recent data from the National Centre for Vocational Education Research shows that trade apprenticeship commencements are falling, notably for carpenters, joiners and plumbers. Do you have any reflections that the committee might potentially turn into recommendations as to what we do about that? It is one of those macro impacts on our ability to deliver housing supply for the city, if we do not have the skills for it.

Ms Whitfield: I would note that we do not directly fund apprentices, except for the training that they complete outside their apprenticeship. For example, if they are employed and need to undertake mandatory training for silica awareness, asbestos awareness et cetera, we will provide funding for that, but we do not fund the training that they undertake as an apprentice. That is funded through Skills Canberra.

The incentive that we offer to GTOs was on the advice of the Government Solicitor that we are able to provide that funding. However, we are not able to fund non-GTO employers. There has been, in the past, interest to fund, and we have actually funded, employers that are not GTOs. We have provided subsidies if they have employed in a hard-to-employ category, as well as if they are employing somebody from a minority group—First Nations, females in non-traditional trades and mature age apprentices. That has been a previous part of our funding profile. It is no longer part of what we fund.

MR RATTENBURY: Is that because legally you cannot?

Ms Whitfield: As part of the review of our legislation that was undertaken, the advice was that it does not fit within the current legislation.

MR RATTENBURY: So the government could amend it. The feds not paying the fund is a constitutional issue. It is simply the case that the legislation potentially could be amended?

Ms Whitfield: Yes.

MR RATTENBURY: There is not a constitutional barrier per se?

Ms Whitfield: No, there is not. As I understand it, the intent was always that that was a part of the fund, and from the time of the fund's inception that was a part of what was funded. There was a review conducted by an outside business. The report was provided to the government, and the government sought some advice from the Government Solicitor. We also, as an entity, got our own advice, and the Government Solicitor came back and said, "Strictly speaking, with what sits in the legislation now, you can't fund an employer unless they are a GTO employer."

MR RATTENBURY: Did your own sourced advice match that of the Government Solicitor?

Ms Whitfield: We were told at the point that we sought advice that we needed to use the Government Solicitor, so the advice was the same. We were directed that the Government Solicitor needed to be our point of advice for any legal matters.

MR RATTENBURY: Dr Young, do you want to add something?

Dr Young: I want to talk to some of the more macro levels as well.

MR RATTENBURY: Yes; please go ahead.

Dr Young: Certainly, the NCVER data provides a national picture as well as a local picture. There are a number of economic factors that have been mentioned before. Obviously, apprentice wages and so on are one factor there, offset against things like cost of living. Certainly, in different forums, issues have been raised around licensing. Potentially, you have a scenario where someone can become a first-year apprentice, as a carpenter; they are living on apprentice wages, which may not be sustainable, but they do not actually need to complete an apprenticeship, because they do not need a licence to operate as a carpenter.

We see issues with people not opting in because of the low income, whereas they could be paid three, four or five times more as a general labourer. Completion is another issue there as well. Why continue to complete a carpentry apprenticeship when you do not actually need the certificate to do the job, because there are no licensing requirements? A number of factors such as those have been raised with us in general conversation.

MS CARRICK: My question is about opportunities to support people that want to be apprentices but cannot get an apprenticeship. I know we say there are not enough tradies, but it is very hard for a young person—they are not all young, but let us say a young person—or those from different backgrounds—females, Indigenous, disability, or whatever—who want to be an apprentice, but they cannot find an employer. Are there any pathways to support these people to start studying and then get an employer as the match is made?

Ms Whitfield: There are certainly pre-vocational programs out there. Probably the most well-known one, and it is one that we support financially, is what was the UBCP Program—Understanding Building and Construction Program. It has now been renamed, I understand, Try a Trade. That was a program specifically for high school students, women and non-binary students, to undertake work experience, with a pathway to get a school-based apprenticeship in a cert II in construction pathways.

That is quite a generic cert II, and it gives them a taste. They are employed by a GTO and they rotate between two and four different trades in year 11 and 12, if they undertake that ASbA. As part of that rotation, they can make an informed choice in terms of a trade that might suit them to take up in the longer term as a cert III apprentice. That is an example of one.

MS CARRICK: I think I read that five schools were doing that, and there were another five to come along?

Ms Whitfield: I believe it is six this year, and it will go to 10 next year.

MS CARRICK: What about if you have left school? Does a GTO have to take you on? If you are a young person and you want to be a tradie, and you cannot get an employer, are there people that will take you on, help you and rotate you?

Ms Whitfield: Yes. The GTO is one model. Because they are the employer, and the host arrangements can change throughout the apprenticeship, as I mentioned before, it allows that flexibility. If an employer, after six months or a year of hosting an apprentice, says, "I'm in a downturn; I can't afford to keep the apprentice," the apprentice does not lose their apprenticeship. They are retained by the GTO, and the GTO will work to find them another host.

MS CARRICK: You have to get a GTO as an employer.

Ms Whitfield: Yes.

MS CARRICK: Can you just go to tech, as a 20-year-old, and say, "I'm really keen to be a carpenter and electrician, but I can't find an employer, and I'll just start, anyway"?

Ms Whitfield: No. For an electrician, electrical and plumbing are nationally licensed. The only way you can undertake that training is if you have an employer. You cannot do it in any other way. For carpentry, you can do carpentry studies without being apprenticed. As Michael said, you can call yourself a carpenter; you can set up and do that work without being put through a certificate III. It is up to the RTO whether or not they take people to enrol as an apprentice and non-apprentice. That is a decision for the training body, the RTO who is delivering the training, to decide whether or not you can enrol to do a course while not being apprenticed.

MS TOUGH: What role have you played this year in assisting access to training for the building and construction industry?

Ms Whitfield: Is there a specific kind of access that you are thinking of?

MS TOUGH: No. It is more around how you have gone into the industry to make sure that people are getting the training they need. Are there any outreach education programs?

Ms Whitfield: The majority of our funding goes directly to an RTO. RTOs will make an application to us for a certain number of places across different programs, and we will provide that funding directly to the RTO to deliver that training. They have to provide us with the evidence that that training has been completed. They will give us evidence of the employers, the job title that those people hold, the numbers, and make a claim for payment against pre-approved places. We do have an audit process. Annually, we will undertake 25 audits of different programs across the RTOs that receive that funding.

In regard to programs like UBCP et cetera, we will attend events, as we are invited—go to a school, attend a graduation—and participate in that form. We have two staff. We have limited resourcing. There is a compliance manager and me, so we are limited in terms of our capacity to engage with that directly, in person. We do have links to the Education Directorate, the RTOs and, to a lesser extent, directly to industry, in terms of seeing what is happening on the ground.

MS TOUGH: If there are RTOs out there that, say, have not applied for a long time or you are just not hearing from them, do you have the ability to reach out and say, "We're here; you can come to us and apply"?

Ms Whitfield: We can accept applications from individuals as well as the RTOs. Most RTOs who are training in building and construction will pre-apply, but there are some RTOs that elect not to do that. In that instance, the employer or any ABN holder can make an application to us directly to receive the funding. They pay a full price up-front and, on completion of the training, they claim the rebate back. In the case of the RTOs, they charge a price to the student less the rebate and claim it from us afterwards.

Dr Young: The legislation is quite specific around the type of training. It has to be training delivered by an RTO. It is also not initial entry training. We do not specifically fund the first qualification or that initial training. Often, it is upskilling.

MR EMERSON: I want to go back to Mr Milligan's question regarding current rebates that are being provided. What is the current payment? It was $750 a quarter, it dropped to $500, then to $200 at the start of this year. What is it currently?

Ms Whitfield: It has been retained at $200 a quarter. It is $100 for part time, which are ASbA or school-based apprentices. We have also increased it for mature-age apprentices from 1 July. Currently, if you have a mature age apprentice, it is $300 a quarter; for a regular full-time apprentice, it is $200 a quarter, and school-based is $100 a quarter.

MR EMERSON: Was mature age previously $750?

Ms Whitfield: Mature-age apprentices were in the same category as a regular full-time apprentice. We have given some extra funding from 1 July to help support mature-age apprentices because, once they hit 21, the payroll is extensively higher compared to more junior-age apprentices.

MR EMERSON: Is the gap between what was provided what is generally provided absorbed by employers?

Ms Whitfield: I would expect that the GTOs would have to pass that on in the rates that they are charging the host employers. It would mean that, to be a host employer of a GTO employed apprentice, it would be more expensive.

MR EMERSON: It is not the apprentice who gets—

Ms Whitfield: No. Under a training contract for an apprentice, the employer has the obligation to pay their training fees. It does not have an impact on the apprentice directly.

MR EMERSON: This kind of goes to an earlier line. Your statement of intent in the budget papers lists, among the reasons for the downturn, continued lower than anticipated building approvals. I am sure you would have seen that throughout the year. Was there a process that you followed to notify the minister and consult with industry ahead of making decisions to reduce the payments?

Ms Whitfield: It was put to the board. A decision was made last year. As a board, if we hit a certain position in terms of our budget, that is a trigger to review the number of rebates that we are paying, and we reached that point. In March, we had a board meeting, and on the back of the previous decision, in terms of where our budget sat, the board needed to decide how we were going to fit to our budget obligation. That decision was not consulted with the minister, but they were notified when the decision was made by the board.

MR EMERSON: And was the minister notified ahead of industry? Did everyone find out at the same time?

Ms Whitfield: Our mechanism for communicating to the minister is generally through Skills Canberra. We notified CMTEDD at the same time that we notified employers of the reduction, but we gave them advance notice. They were notified at the end of March—I think it was 28 March—that, from 1 May onwards, the reduction was going to apply to the last two months of applications that were open.

Dr Young: Regarding the mechanisms we have in the fund, we cannot control or increase or change any income. It is all dependent upon building approvals and when the actual approvals occur. The income comes from that. The only levers we actually have to pull as a board are around expenditure. The applications are done twice a year. RTOs identify how many places and so on. The board and/or the CEO will approve that. We then have a liability in relation to that, depending on how many actual places are taken up. As we get towards the end of the financial year, the legislation does not allow us to go into debt or other things of that nature, so the only option we have is to reduce the levy at that point. We have no other legislative options.

MR EMERSON: On that point about expenditure, do you have other expenses like marketing and sponsorship type expenses? Is there a proportion of your budget that goes to that, and, if so, what is that proportion?

Ms Whitfield: Yes. There are operational expenses, but our operational expenses have reduced markedly. Apart from reducing a staff member, we also relocated. We are now subleasing in an existing office. That was a substantial decrease in our expenses. We went from five car spaces to one, which is a reduction on our FBT. We reduced from a 117-square-metre presence to 18 square metres, so we have had a substantial drop in the space that we are occupying.

MR EMERSON: So the space is big!

Ms Whitfield: For two of us, it is perfectly comfortable, but it also means our price is fixed as we do not pay for electricity or internet. We have that as a shared resource. The operational expenses have been a big part of what we have reviewed.

MR EMERSON: It sounds like you have done a lot.

Ms Whitfield: It has come down substantially.

MR EMERSON: Maybe you need to take this on notice. Do you have a percentage on how much of the levy that is received ends up being passed on as training rebates?

Ms Whitfield: We may have to take it on notice. We have the draft financial statements for the financial year just finished.

MR EMERSON: Okay.

Ms Whitfield: I know that we paid out training rebates, so these are just the subsidies for short courses or certificate IV training. It was just over $2 million, and our levy income was a bit below $4 million, so it is over half, but I can come back to you with an exact percentage, if you wish.

MR EMERSON: That would be great. You know how much is going to that kind of purpose and how much—

Ms Whitfield: That is the training levy alone, and then, on top of that, there is the funding to GTOs. There is also project funding for things like access and equity. I can come back to you with a specific figure. I will take that on notice.

MR EMERSON: A bit of a breakdown could be really useful. It does not have to be super detailed. It could be at a high level—three or four categories.

Ms Whitfield: Sure.

MS CARRICK: I want to clarify my understanding. In the current market, are employers looking for tradies and cannot get them or is it the other way around, that, because building approvals are down, they are not looking for tradies but tradies are looking for employers?

Ms Whitfield: I would say it is the latter.

MS CARRICK: I mean potential tradies—

Ms Whitfield: Apprentices.

MS CARRICK: Those who want to be an apprentice.

Ms Whitfield: We have just finished our research process for training needs for 2026 and it is the latter. There are more people looking for work—whether that is as apprentices or even qualified people in the industry—than work is currently available in the pipeline.

MS CARRICK: That is my understanding too: young people cannot get an apprenticeship.

Ms Whitfield: Yes.

MS CARRICK: Regardless of any rebate, they just want an apprenticeship.

MS TOUGH: Going back to the rebates, now that we are in a new financial year, I want to clarify whether they are back to the previous levels they were being paid.

Ms Whitfield: Yes. They are at the previous levels, at 30 April. They have resumed to that. We cut them by 50 per cent for May and June. From 1 July, they resumed the levels before.

MS TOUGH: Thank you.

MR MILLIGAN: You have covered part of this anyway. Obviously, a decision needs to be made on the courses that are funded and whatnot and where cuts are made. Could you talk us through that process and how those decisions are made and then communicated to all stakeholders that would be affected, including students, GTOs, RTOs, as well as businesses and the like?

Ms Whitfield: Yes. The eligibility comes with the worker rather than the training that they are undertaking. As long as it is job relevant, we do not dictate courses we will not fund; we just have eligibility linked to the particular individual who is attending the training. We will fund pre-entry training, we will fund post-training—that is, certificate IVs—whole qualifications, and short-course upskill training. Electricians might do a metering course which gives them extra skills. There is no training product that we exclude; it is about the eligibility of the person undertaking the training.

With regard to looking at other areas—things like GTO funding—we have established a budget for the year ahead. As Michael already mentioned, our only lever is to look at our costs against our incomes. Monthly, we will receive income linked to the levy, and then, in tracking that, we have to monitor our spending, but we have no control over what that income is and we have no prediction of what that income will be. It is a regular monitoring process to see where our income lies against demand for the training that we will rebate.

MR MILLIGAN: What sources of income do you receive? Is it just from the levy or do you get additional funding from the government, particularly for operational expenses, staffing or anything like that?

Ms Whitfield: No. There is only the levy and a small bit of interest from our bank accounts. That is it.

MR MILLIGAN: That is purely it?

Ms Whitfield: That is purely it.

MR MILLIGAN: What sort of feedback have you received from businesses and/or apprentices in relation to cuts that have occurred for courses that they may be enrolled in or may be interested in enrolling in?

Ms Whitfield: The industry understands the downturn as well as anybody. If anything, it has probably helped educate people to understand that our income is generally tied directly to how busy the industry is. So, if industry know there is a downturn, they recognise that we have a downturn in our income. It has probably educated a few people to understand that we have no influence over our income. If the industry is not busy, we are not getting money from the levy.

Dr Young: Over the longer term—the 25 years of the fund—typically, the training rebates have very closely matched the income. What changed substantially was the introduction of silica awareness training. For the first time in the 25 years of the fund, we saw a significant increase in training requests, but, at the same time, we were getting a significant reduction in income due to the reduction in building approvals. So, whilst there had previously been a buffer in the fund, a lot of that reserve had been expended. There was about $4 million in silica dust training as part of the introduction of that particular requirement by government. Typically, what we have seen is that, as income reduces, we also see a reduction in the requests for training and, therefore, the rebates being paid.

Ms Whitfield: That has been the case in the last two financial years. We paid out closer to $3 million in silica awareness subsidies. However, regarding the financial year that just finished, we will produce a small surplus. We have brought it back so that our income is comparable to our spending.

MR MILLIGAN: Given it is 12 o'clock and we are scheduled to go to 12 o'clock, I can flick through the 72 other questions I have! No; I do not have that many, but I can flick them through. Thank you, Chair.

THE CHAIR: Thank you, Mr Milligan. On behalf of the committee, thank you for your attendance today. If you have taken any questions on notice, please provide your answers to the committee secretary within five business days of receiving the uncorrected proof *Hansard*.

Hearing suspended from 11.57 am to 1.00 pm

Appearances:

Barr, Mr Andrew, Chief Minister, Minister for Economic Development and Minister for Tourism and Trade

Steel, Mr Chris, Treasurer, Minister for Planning and Sustainable Development, Minister for Heritage and Minister for Transport

Stephen-Smith, Ms Rachel, Minister for Health, Minister for Mental Health, Minister for Finance and Minister for the Public Service)

Chief Minister, Treasury and Economic Development Directorate
Campbell, Mr Russ, Under Treasurer
Austin, Mr Scott, Acting Deputy Under Treasurer, Budget, Procurement, Investment and Finance
Pirie, Mr Mitch, Acting Deputy Under Treasurer, Economic, Revenue and Insurance; Coordinator-General for Housing

THE CHAIR: We welcome the Chief Minister, Mr Andrew Barr MLA; the Treasurer, Mr Chris Steel MLA; the Minister for Finance, Ms Rachel Stephen-Smith MLA; and officials. Please note that, as witnesses, you are protected by parliamentary privilege and bound by its obligations. You must tell the truth. Giving false or misleading evidence will be treated as a serious matter and may be considered contempt of the Assembly.

As we are not inviting opening statements, we will now proceed to questions. Chief Minister, in relation to your responsibilities around the public service and machinery of government, I have heard from staff as recently as today who are pretty convinced that redundancies are going to kick in straight after estimates because of the state of the budget. Can you rule out any redundancies this financial year?

Mr Barr: Whole of government or in my own portfolio areas?

THE CHAIR: Across government.

Mr Barr: No, I cannot rule out any redundancies.

THE CHAIR: Under what situations would you be looking at redundancies? Will there be any link to machinery of government changes?

Mr Barr: These are matters that are principally under the responsibility of the Head of Service and directors-general, and these public servants here are not the public servants who would be in a position to assist you with those public service matters. There is obviously another scheduled hearing for that purpose.

THE CHAIR: In relation to machinery of government changes, though?

Mr Barr: Yes, that is correct. That would be in that separate hearing that the committee has scheduled for later.

THE CHAIR: Okay. On the redundancy concerns I am hearing, are there any within the portfolio areas that you are responsible for that you would be looking to utilise to make cost savings?

Mr Barr: Within Chief Minister, Treasury and Economic Development?

THE CHAIR: Yes.

Mr Barr: No, I do not believe so.

THE CHAIR: Thank you. Mr Rattenbury?

MR RATTENBURY: Chief Minister, on page 8 of the *Budget outlook* and in a range of public comments there have been references to tough decisions being needed to be taken in this budget. Can you tell me in your mind what the tough decisions were in this budget?

Mr Barr: Reducing the rate of expenditure growth—expenditure continues to grow, but at a reduced rate—and increasing the rate of revenue growth, as well as making a range of decisions to invest more in particular areas and less in others.

MR RATTENBURY: How is choosing to invest more in some areas a tough decision?

Mr Barr: Because it takes money away from other areas of the budget. There is only a finite amount of resources.

MR RATTENBURY: Of course.

Mr Barr: For example, decisions that were made to invest significantly more in health meant that there was less money available to invest in other areas of the territory's outputs. That is a reality of the increased share of health expenditure that every state and territory government is experiencing and has done over the last 30 years and will, presumably, until the demographic bubble that is the Boomer generation is no longer with us. Health expenditure will continue to grow. So your choice is either to fund it or not. If you choose to fund it, which we have done, then that obviously limits your capacity to put extra funds into other areas.

MR RATTENBURY: Given that you have identified that some of the tough decisions were to increase revenue, is it fair to reflect that everyday Canberrans through those increased fees and charges wore most of the tough decisions out of the budget?

Mr Barr: No, because in the end one needs to separate and have a nuanced understanding of the difference between the legal incidence of a tax and its economic incidence, which I know you do understand because we would have had these conversations for eight years in a row in budgets where you sat in the Expenditure Review Committee and as part of those decisions. One must always be cognisant that, whilst it might appear at a superficial level that a tax or levy is applied to a certain sector of the economy, where its economic incidence ultimately falls will depend on the operation of the market, the level of pass-through and what other implications there may be from those decisions.

Another reality, clearly, for us is the extent to which there are other moving parts in the federal tax system—for example, decisions, for example, to extend instant asset write-offs for small business, changes to personal income tax arrangements, changes to commonwealth concession programs, legislation today introduced to reduce Higher Education Contribution Scheme debts by 20 per cent. There are a range of moving pieces within the federal tax system, some of which have intersections with the ACT system—for example, tax deductibility of certain expenses that state and local government charges are then able to be deducted against federal income taxes, business taxes and company taxes and the like. As you know, there are a lot of complex moving parts.

MR RATTENBURY: Thank you.

MS CARRICK: My question is to the Chief Minister, too. Building large infrastructure in the city is called in the Administrative Orders "Strategic Economic Development Infrastructure and Projects". It is all in the golden triangle between Belconnen, Dickson and the lake. These are very expensive projects. They add to the borrowings and they add to the interest. So I was interested in your comment about changing priorities. The Woden Community Centre, which has been committed to, never gets a run. There is the Athllon Drive duplication. There are a lot of projects in Molonglo—the cycle networks. Out in the suburbs, projects get pushed off to the never-never. My question is: how do you balance the priorities between the needs in the suburbs and the big "strategic economic development infrastructure" in the golden triangle?

Mr Barr: I will leave the golden triangle commentary aside. It is an old trope now, Fiona; you have been using it extensively. It might work as a sound bite, Ms Carrick, but I think it is probably not helpful to a rational discussion about the location of—

MS CARRICK: It identifies the geographic area where the things are.

Mr Barr: I do not know that there is any geographic reference referred to as the "golden triangle", other than what you have sought to label.

MS CARRICK: You know what I mean.

Mr Barr: The decision-making process is informed by a number of different factors. Amongst those factors are commonwealth co-contributions towards infrastructure projects. Another factor is the age and adequacy of existing infrastructure where new infrastructure is proposed either to completely replace or to augment. A further factor, of course, is the level of infrastructure expenditure that occurs across the entire territory.

One must look beyond the general government sector as well to look at what our public trading enterprises are also investing. For example, in the electorate of Murrumbidgee, the new Molonglo region is receiving billions of dollars of investment, enabling infrastructure to support the construction of housing—all of that trunk infrastructure, the energy networks, the water and sewerage facilities. All of the preparation that is necessary to enable development comes at a cost and is part of our infrastructure development, just as the Gungahlin region over the last 25 years has experienced billions of dollars of investment and Tuggeranong before that in the eighties and nineties.

A further factor for consideration is the age of infrastructure. That that you describe as the geographic centre of the city is the oldest part of Canberra. Some of the infrastructure there was built more than a century ago now and so does need renewal. The competing tensions between new areas and older areas, and areas that are 100 years old, versus areas that have infrastructure that is 30 years, 40 years or 50 years old, does need to be taken into account in decision-making.

Ultimately, all of these things are debatable and contestable and will be debated and contested until the cows come home—to use the old farmer’s cliche. We are not all going to agree on everything. We put forward a set of proposals that we took to the electorate and we received the level of support that we did, sufficient to, with the support of crossbench members, form a government, and we are now implementing those commitments.

Ms Stephen-Smith: Chair, sorry to interrupt, but I would just make a point of clarification in relation to Ms Carrick’s original question. Just to be clear, the funding for the Woden Community Centre, which sits in my portfolio, does remain in the budget. I know that you have put out media statements previously, Ms Carrick, saying that we had abandoned that project. I have said it before, but to be really clear: that is not the case.

All that happened was we put out a proposal for a detailed design. That came back above the budget that we had available for that part of the project. So that particular tender process was paused and then cancelled. But that does not mean that the project itself has been paused or cancelled. The funding is still in the budget and we are still working through how we deliver that project. So I just want to be really clear about that, because you have made that comment multiple times.

MS CARRICK: Yes, well it has been a long time.

Ms Stephen-Smith: We have just opened a new CIT building, a big piece of economic infrastructure, in Woden and we continue to be committed to the community centre, and the funding for that is in the budget.

MS CARRICK: Thank you, Minister. How much money is in the budget?

Ms Stephen-Smith: I will take that question on notice. I do not have that information in front of me, because it is not actually for this hearing, but I will take that question on notice and come back to that in the right hearing.

MS CARRICK: Thank you, Minister. In the Assembly, the Chief Minister did say when the Leader of the Opposition asked for the OPD on the business cases and the cost of light rail, you mentioned that the public sector invests in community facilities or social facilities where the private sector will not. I agree. If the commonwealth were to put 50 per cent funding into some social infrastructure for us, would you match it?

Mr Barr: It would depend on what the infrastructure was. We would need to consider that. But it would be a pretty strong opening for our consideration if we had another level of government prepared to pay half the cost of a piece of infrastructure. That is a good start, but it does not absolutely guarantee it. I have lived through the experience where former federal governments have tried to effectively dictate what the ACT infrastructure priorities would be by demanding that we match funding for projects that were not priorities for the government or indeed for the local community. Let me pluck a hypothetical. If Peter Dutton had said, “We will pay for half of a nuclear reactor,” had he remained in government, I would have said no.

MS CARRICK: Okay; fair enough. That is a strawman. Will you work with the commonwealth for some social infrastructure in the south, noting that there is not one publicly funded indoor sports facility in Canberra’s south; that the Murrumbidgee electorate does not have an arts centre; and that the new $140 million pool in Commonwealth Park will be publicly funded, but the pool in Woden is diminished to 25 metres in a private sector five towers? There are double standards here. Will you work with the commonwealth or with anyone? Will you provide publicly-funded social infrastructure to the south?

Mr Barr: Yes.

MS CARRICK: When—not in the never-never? Everything is off in the never-never.

Mr Barr: We are working on a range of projects and funding partners right now.

MS CARRICK: Will we get some transparency around that? I assume you mean Westfield?

Mr Barr: Yes.

MS CARRICK: Will there be transparency about what Westfield is doing? I know they are doing a master plan.

Mr Barr: Yes, we have to be through both the planning system and any engagement with government that might be a funding partnership. I know you like precedents; so let me give you one. QIC in the city replaced the Griffin Centre, a major community asset that houses a number of community sector organisations as part of a redevelopment project more than 20 years ago. They also funded a skate park and a youth centre as part of that redevelopment. So there is a precedent in the CBD for this sort of partnership between government and private sector organisations, particularly those in the development space. In relation to swimming pools, CISAC in Belconnen was a private facility with a public funding contribution at the time and then an agreed public access arrangement.

So there are examples of government involvement in partnership with the private sector in the delivery of community facilities in Civic and Belconnen. It is not unusual. It happens on both sides of the lake and it happens on swimming pools and community centres.

MS CARRICK: Well, let’s see some public investment in social infrastructure in the south—some new facilities. That would be good; thank you.

MS TOUGH: My question probably is more to the Treasurer, but possibly the Chief Minister. I am interested in unpacking a little how the ACT generates revenue and funds services. How would you categorise the ability for the ACT to generate revenue and how does this compare with the commonwealth and other states?

Mr Barr: Treasurer?

Mr Steel: Obviously, we have a narrower revenue base here in the ACT. We cannot levy some of the same taxes that other states and territories are able to, particularly mining royalties. The commonwealth obviously has significant taxation power and has done since the Second World War in particular. I think when it was counted recently, it was around 28 major taxes that they have responsibility for.
The states and territories, however, of course, deliver many of the frontline services that the community uses. But we have a narrower taxation base with which to deliver those services. That is an issue of vertical fiscal imbalance that we believe has become more of a problem over time in the Federation, particularly as we see what we are now describing as a major structural shift in the cost of delivering healthcare services, which has required an 11.7 per cent increase in additional expenditure between last budget and this budget to support the growth in demand and costs that we are experiencing in the hospital system.

With the commonwealth contribution rate to hospitals currently in the thirties, not the forties, that means that we have to rely more on our own source revenue and we have had to make some difficult decisions in the budget to provide additional revenue to support those high level of services that Canberrans expect us to provide in health care but also across a range of other services. That is the issue of the Federation.

There are some national discussions that are going on at the moment about productivity which may also stray into taxation reform. The Chief Minister will be engaged in that discussion and Treasurers will be engaged in that discussion, together with states and territories that are experiencing some of the same pressures, particularly in our healthcare system. The commonwealth is also experiencing pressure, and we acknowledge that, particularly in the National Disability Insurance Scheme, that they also want to see addressed and work with the states and territories, and we are open to that conversation which will form part of a discussion on a new five-year national health reform agreement.

So that is the context of the budget that we have been in. We will continue to need to work with the commonwealth to address those challenges. But we have also taken action and adjusted our fiscal strategy in the budget as well to make sure that, as we make that additional investment in health that is required to continue the high level of services that Canberrans expect, we are also putting the budget on a sustainable footing.

MS TOUGH: Thank you. What is the single-biggest source of revenue for the ACT?

Mr Steel: It is the GST. It comes through the commonwealth. There has been quite a significant shift in the GST revenue-sharing relativities, which has had a significant impact on the budget—about $183 million. That has been offset by some adjustments in population forecasts. But, as we have seen, Victoria in particular has become a recipient jurisdiction in the GST sharing relativities. That has impacted on all states and territories, and it has impacted us considerably in the budget. That is how the GST pool is shared. But I think the discussion that we are having with the commonwealth is really around making sure that there is a fair share of commonwealth contribution being made to our hospitals, and the NHRA is where we want to see that additional revenue being provided.

MS TOUGH: Thank you. When considering the limited ability the ACT has to raise revenue, how is the government balancing the dual local and state functions when making expenditure and review decisions?

Mr Steel: There is a key difference between us and the states and territories in that we do have that local government function and we do receive some, not all—that is very clear in the budget papers—of what the commonwealth would provide in grants to a local government. Sometimes, unfortunately, we have not been eligible for some of those grants, and that is something that we will continue to raise with the commonwealth.

We need to, through our rates system, through our other own source revenue, including payroll tax, which is our largest own source revenue line, make sure that we have a sustainable revenue base with which to fund our local services, our municipal services but also our health services. We have done that through the budget through the revenue measures that we have taken, particularly through the health levy but also broadening the base of payroll tax in particular and reducing the rate for businesses with national wages of under $20 million to be able to provide that sustainable revenue base with which to fund all of the services, both local functions and state functions.

MS TOUGH: Thank you.

THE CHAIR: Are there other members who have questions for the Chief Minister?

MR CAIN: Yes, I do.

MS CARRICK: Probably; we will see.

THE CHAIR: Okay. Mr Cain?

MR CAIN: Chief Minister, my questions relate to whether inappropriate government procurements have impacted the budget bottom line. In particular, since 2012, has any ACT government agency or entity contracted, subcontracted or procured goods and services from any of the companies named in the New South Wales ICAC Operation Wyvern investigation, including but not limited to Lack Group Traffic Pty Ltd, Protection Barriers Pty Ltd or Capital Lines & Signs Pty Ltd?

Mr Barr: I will need to take that on notice, Mr Cain. That is going back to 2012.

THE CHAIR: Mr Cain, I also note there is a session dedicated to procurement.

MR CAIN: Thank you. Are any individuals named as directors in the Operation Wyvern link chart currently directors or office holders of any companies that hold or held contracts or are prequalified under the ACT government's Secure Local Jobs code?

Mr Barr: I will need to take that on notice. I am not sure it is relevant to this section, as the Chair has indicated, but I will take it on notice for you anyway.

MR CAIN: I have a final supplementary, Chair.

THE CHAIR: If you can make sure it is on the subject of today's session.

MR CAIN: Thank you. Given the New South Wales ICAC's findings of systematic kickback payments and improper financial benefits involving those entities and individuals, will the ACT government initiate a review of all current and recent contracts or supply relationships with implicated parties and reassess their eligibility under the Secure Local Jobs code and other procurement integrity frameworks?

Mr Barr: Without having seen the findings of the New South Wales ICAC, it is difficult to make a commitment as broadly as you would like or as the question implies. But, if there are serious concerns that have been raised in relation to particular entities in another jurisdiction, that would be relevant to the ACT's procurement practices and so we would certainly seek information. I am not sure the extent to which the New South Wales ICAC has made public the nature of those particular matters and whether any of it would be pertinent to the ACT. But, if there is a suggestion that there is, then it is not an unreasonable proposition that we would seek further information and take any further action if it was necessary.

MR CAIN: And obviously I refer you to the Operation Wyvern link chart, which is publicly available.

Mr Barr: I am not familiar with that chart, I will confess.

MR CAIN: It does outline companies that are implicated.

Mr Barr: I do not spend a lot of time on the New South Wales ICAC website. But, nevertheless, thank you for raising the matters.

MR CAIN: Sounds like you and many officials ought to.

Mr Barr: I am apparently too busy having dinner, Peter. You are tracking me all over the city—everywhere I go for dinner.

THE CHAIR: Ms Carrick, did you have a supplementary?

MS CARRICK: It is a question to the Chief Minister about the Wellbeing Framework. It is one of your responsibilities.

Mr Barr: Sure. I am appearing with that matter specifically in another hearing later. So it is not like this is a once-only opportunity to ask questions on that.

MS CARRICK: All right.

MS TOUGH: I have some actual Treasury questions, if that is helpful.

THE CHAIR: That is all right. I think, Ms Clay, you had a question to the Chief Minister.

MS CLAY: I have a question that is for the Treasurer or the Chief Minister. I do not knowledge which. It is definitely Treasury, though.

Mr Barr: Fantastic. That is a great start.

MS CLAY: It is about the budget. I would like to talk about commonwealth funding. I am looking at page 169 of the *Budget outlook*. Commonwealth grants are budgeted for $1.7 billion in 2025-26 and that is estimated to drop to $1.58 billion by 2028-29. Can you tell me, in a growing city with a growing population and a lot of needs, why that funding line is dropping?

Mr Barr: I can offer some insight there. Obviously, the commonwealth will make further funding announcements in each budget year. There are some that have five-year agreements that have a baseline and generally a growing level of funding. There are other elements of commonwealth funding that are either for one-off projects or are infrastructure related, and they will update their funding and that will be then updated in our budget each year. The forward estimates do not reflect the totality of commonwealth grant funding we might receive in four years time because they will have had four budgets to have added to it.

MS CLAY: Are you actively negotiating? Are you expecting us to get much more than is budgeted in these papers?

Mr Barr: Aside from the lumpiness of large infrastructure projects, the history would show that commonwealth grant funding does increase generally from one year to the next, unless a particular project or program is scrapped. I can think of some examples back under the former federal Liberal government where they just ended programs.

MS CLAY: We have had a Labor government at both levels for a few years now. So I would imagine you are operating in an environment of greater certainty, or I would hope you are operating in an environment of greater certainty.

Mr Barr: Yes; that is correct.

MS CLAY: Are you liaising regularly about these funding lines?

Mr Barr: Yes; all the time.

MS CLAY: That is great. GST revenue is rising a little bit. It is rising from $2.2 billion in 2025-26, in these papers, up to $2.5 billion in 2028-29. Do you think that is a fair and adequate share of GST for the ACT?

Mr Steel: I think the important point to make about this—and the Australia Institute has done a recent look at GST revenue—is that it is not growing as much as everyone thought it was when it was originally introduced as a tax on consumption. As a result, the overall pool is not growing to the same extent that it was assumed right at the beginning of the introduction of the tax. That is something that I think is an issue that will come up in the discussion around taxation reform nationally that will be had over the coming months and the need for the commonwealth to look at other sources of revenue as well, although this one is of course provided through to the states and territories. There has been a lot of discussion about how it is shared, but I think the real focus needs to be on the actual size of the pool itself, which has not grown as much as people anticipated.

MS CLAY: I am delighted to hear that the states are unified in wanting that whole pie to grow. I think that is excellent. I am also pleased that—

Mr Steel: I would not say that, but I think there may be a shared position; that is subject to further discussion. From the ACT's perspective, though, which relates to the sharing relativities, the population of the ACT has been consistently undercounted by the commonwealth, and that is a problem. It is a problem that is identified on page 189 of the budget papers. The ACT cumulatively has lost around $550 million in GST revenue grants due to population undercounts between 2016-17 and 2022-23. It is something that is under active discussion with the commonwealth around changes to the methodology, particularly for net interstate migration figures. At the moment the population of the ACT is judged based on where someone's Medicare address is. Over time, as people receive less hard-copy mail from Medicare, they are not updating their address when they transfer their residence to the ACT.

We have been talking to the commonwealth about whether there are some data inputs that the ACT government could provide that are more accurate, to help update the Medicare address data in particular, or directly inform an ABS adjustment to our population figures in between censuses. The censuses are correct, but it is what happens in between those, every five years, that is the problem with the estimates that are provided.

MS CLAY: Treasurer, I might bring you back a little bit. That is very useful. I am pleased that you brought in commentary about the Australia Institute. The Greens were very happy to ask Labor to work more closely with the Australia Institute. Matt Grudnoff has pointed out that, in most states and territories, two per cent of the workforce works for the public service, whereas here 25 per cent of our workforce works for the public service.

That means, because we cannot tax commonwealth public servants, we are losing one-quarter of the payroll tax for our workforce. The Greens have been looking at payroll tax. We are quite pleased to see that it is generating quite a lot of income. Have you specifically discussed that issue of underfunding with the commonwealth?

Mr Steel: The Chief Minister is responsible for federal financial relations.

Mr Barr: The current GST distribution formula does take into account the ACT's inability to tax a significant proportion of employment in the jurisdiction. To the extent that the Australia Institute's analysis suggests that, if we were able to apply payroll tax to the commonwealth, that would generate more revenue as payroll tax, yes, it would, but then there would be a commensurate reduction in our proportion or our share of the GST.

The system does reflect that. There will always be arguments in relation to whether the Commonwealth Grants Commission process absolutely, to the final dollar, accounts for the lost revenue from not being able to tax that section of employment. Frankly, there are bigger issues at play in the GST distribution than how the Grants Commission treats our capacity to collect payroll tax revenue. That bigger issue is the arrangements that are in place to provide a minimum floor of GST revenue for Western Australia. The cost of that and the implications for the other seven states and territories, and, indeed, for the commonwealth, are very stark.

One need only look at the bottom lines of every other jurisdiction, commonwealth and the other seven states and territories, as opposed to WA, to see how unfair that distribution is becoming. That is a matter on which there is quite a lot of agreement amongst the other seven states and territories. I should note, though, that the proposed solutions are where, unfortunately, there is a parting of ways between the other seven states and territories.

Formally, for the record, the ACT does not support the current GST distribution arrangements; equally, we would not and will never support an arrangement that allocates the GST on a purely per capita basis, as New South Wales and sometimes Victoria have been arguing for. We believe in horizontal fiscal equalisation; that is, there should be adjustments made to the GST distribution for smaller states and territories to reflect diseconomies of scale and to reflect the fact that remote service provision, for example, costs a lot more for other jurisdictions.

The answer, unfortunately, is not in payroll tax collection on the commonwealth. That is not a silver bullet.

THE CHAIR: Mr Barr, bringing you back to the payroll tax question, can you tell me how much compensation, essentially, the ACT gets through that equalisation? At the same time, how much is the ACT missing out on compared to what would happen if it could apply payroll tax to the public service?

Mr Barr: That is an annual calculation that the Commonwealth Grants Commission undertake when they set the annual GST relativity, so it varies from year to year. Those reports are publicly available. The point to make is that there is, effectively, a lag in the data collection that the Grants Commission utilise to determine, if you like, your level of taxation effort and your capacity—what portion of your labour market you can tax. What has happened—

THE CHAIR: Bringing it back to the question rather than how they calculate it, because I have spent a bit of time looking at those methodologies, can you tell us what is the most recent number you have in terms of the adjustment, in a dollar figure, that is made to the GST because we cannot charge payroll tax?

Mr Barr: It varies from year to year.

THE CHAIR: Yes. That is why I said “most recent”.

Mr Barr: It would be a contributing factor to our GST relativity being greater than one.

Our GST relativity has generally hovered between about 1.11 and 1.26, so payroll tax and the payroll tax base are a factor there. The exact number will be in the Grants Commission report. I do not have that in front of me, but it is a publicly available document on the Grants Commission's website.

THE CHAIR: One would assume that, at some point, you would have looked at how much the GST relativities get adjusted by, compared with on a tangible basis. If we applied payroll tax in the ACT, under the ACT scheme, to the public service, what would we be getting? What is the difference?

Mr Barr: Constitutionally, we cannot, so there is no point—

THE CHAIR: You have undertaken no analysis?

Mr Barr: I do not believe we have ever undertaken the exercise of looking at all 67 factors. Obviously, the number of commonwealth public servants varies, and the question of their location in the ACT or otherwise. I do not think we would have wasted anyone's time and effort trying to track down, to the last dollar, something that is constitutionally impossible. But we do know that the Grants Commission does undertake that assessment annually. As to whether their data is publicly available, we are not duplicating the role of the Grants Commission.

MS CLAY: Can I recap? When our ACT Labor government is negotiating with our federal Labor government for the ACT share of commonwealth funding from lots of different buckets, do you not have to hand the amount that we are losing on payroll tax on commonwealth public servants? Is that not a figure that you have, so that you can say, "This year we lost this much"? Is that not information that you use in those negotiations?

Mr Barr: Not to the last dollar, no.

MS CLAY: What about a ballpark figure? We would be happy to have—

Mr Barr: I cannot say it was $847.653217 million, but I do know, because we cannot collect it, that we are never going to seek to model it to that level of detail. This is possibly the most absurd academic exercise, because we have an adjustment through the GST process. It varies from year to year, and it does, of course, depend on the level of commonwealth public sector employment.

What we can say is that the shift of insourcing public sector work that was undertaken by consultancy firms to work that is now being undertaken internal to the commonwealth government has seen a reduction of around 10 per cent in our payroll tax revenue. However, offsetting that over time is a commensurate adjustment to our share of GST. The point I was making, before the chair cut me off, is that there is a lag in that. It is not a real-time adjustment. We will start to see, in the next few years of GST allocation, the positive effect in our GST numbers of our reduced capacity to collect the payroll tax.

THE CHAIR: I want to clarify something. Perhaps you will have to take it on notice. Could you please provide any number, whether it is on notice, around how much the government—

Mr Barr: Yes, we can. We will look at the Grants Commission. Can I please tell the committee that it is constitutionally impossible, so this is such an abstract debate.

THE CHAIR: We are trying to work out whether there is a commensurate adjustment in those GST relativities.

Mr Barr: Sure.

MR RATTENBURY: On the subject of commonwealth funding, it is a well-known fact that health is about 33 per cent of our budget and education is around 22 per cent—so over half of the budget. These are both areas that are under significant financial pressure. We have seen a $337 million adjustment issue this year for health. We know that the education system is under pressure. These are both areas that have had a lot of federal funding coming into them. Are we getting a fair deal on our funding of health and education from the commonwealth?

Mr Barr: "We" as in the ACT or "we" as in the states and territories?

MR RATTENBURY: I meant "we" as in the ACT.

Mr Barr: In large part, yes, within the available commonwealth pool. Should the commonwealth pool be greater, so that everyone should get more? Yes. I would argue that the commonwealth can and should do more in the hospitals agreement. But they do not need to do that just for us; they need to do that for every state and territory. You would be very lonely in the Federation if you went into an argument or a discussion with the other states and territories, and with the Commonwealth, and said, "Only the ACT should get more funding." That is a losing argument.

The argument that is there, clearly, and that is being had around the next five-year health agreement is that this is the largest area of expenditure in every state and territory budget. The jurisdiction that is most comparable to us in population size and budget size had to make an almost identical injection, just over a billion dollars, into their health system.

MR RATTENBURY: The answer to my question is that, yes, we are getting our fair share, and we need more?

Mr Barr: Yes, we are getting our fair share relative to the other states and territories, but the overall pool of funding should be greater. The obvious retort to that is: where will the commonwealth get the money from? The bigger picture here is that, in the end, if we want the level of services that we have in this country—

MR RATTENBURY: I have a few suggestions, Chief Minister, but it is probably not helpful to you.

Mr Barr: If we want the level of services that we have in this country, they have to be paid for.

MR RATTENBURY: Agreed.

Mr Barr: So the revenue side of the budget is a reality. But we cannot even collect more revenue here, can we?

MR RATTENBURY: I dispute that. We just got a letter from the Treasurer showing you will end up with an extra $30 million as a result of the changes we negotiated over the forward estimates, so we can. The feds could easily remove a series of subsidies to the fossil fuel industry. There is a range of things.

Mr Barr: Of course, there are. These are all policy choices that can and will be made. But we have to live with the reality of the situation that we have.

MR RATTENBURY: Sure. You have answered my question. That is a fair answer; thank you.

MS CARRICK: I have a supplementary on the GST horizontal fiscal equalisation. I draw your attention to page 190 of the budget outlook. It talks about ACT municipal services. It says:

> The Commonwealth … provides General Revenue Assistance to the ACT … These costs arise from a range of factors, including additional costs incurred from the design of Canberra and our inability to levy general rates and payroll tax on the Commonwealth.
>
> The level of funding was agreed at the time the ACT was granted self-government and is indexed annually by a growth factor comprising indicators for wage growth and inflation.

It sits currently at about $46 million. I was wondering how that relates to the GST fiscal equalisation when this paragraph says that we are getting around $40 million a year for the lack of rates and payroll tax from the commonwealth.

Mr Barr: This relates to our local government responsibilities. The GST distribution relates to our state government responsibilities. That would be the simplest short answer to that question.

MS CARRICK: This is the commonwealth providing payroll tax, providing us with money for general rates and payroll tax that they cannot pay. What is the difference, when they are the commonwealth and they are not paying it, between state and local?

Mr Barr: I am not sure about the inclusion of payroll tax in that sentence. General rates, obviously, are levied by local government in jurisdictions that have three levels of government. We would be the jurisdiction that would have the most commonwealth assets or land that we cannot apply general rates to—more than any other local government area. This payment principally relates to that. Treasury officials may be able to assist with the reference to payroll tax here, as it relates to municipal services, but it is principally around our local government responsibilities.

The distinction here is that local government does not receive GST revenue. State government does, and the Northern Territory. Because we are both, we receive two funding streams—one in relation to our municipal responsibilities, which is this payment, and GST, which relates to our role as a state government equivalent.

MS CARRICK: Could you take on notice why payroll tax is in that?

Mr Barr: Yes, we certainly can.

MS CARRICK: I have one other question about the GST horizontal fiscal equalisation.

THE CHAIR: Before you go to that, I have a very quick supplementary on that same question. You have just been saying that we are delving into unconstitutional matters in respect of payroll tax and that it is an academic exercise. With that municipal payment, what is different about having a special payment that compensates the ACT on that basis compared with a special payment that compensates the ACT on the basis of not being able to levy payroll tax?

Mr Barr: We do receive a special payment as part of our GST distribution.

THE CHAIR: It is certainly something on which there could be negotiations?

Mr Barr: It is not negotiated; it is determined under federal legislation by the Grants Commission and a recommendation is made to the commonwealth Treasurer, who approves the relativities. He presents those figures to the states and territories. There is much gnashing of teeth every year about that, unless you happen to be a jurisdiction that has your relativity increased in that year; then you shut up and you do not tease the other jurisdictions. The point is that, yes, there are adjustments made in both circumstances for the ACT's unique situation, but they are just two different mechanisms to do so.

MS CARRICK: I have another question about the GST fiscal equalisation—the ons and offs from the Grants Commission. Are there ons and offs for the commonwealth payments for infrastructure, our roads and the payments for light rail that we get from the commonwealth?

Mr Barr: Yes. There is a process of what is called GST equalisation. Broadly speaking, the commonwealth makes infrastructure contributions to every state and territory. Roughly, they are in proportion to that state and territory's national population share. Occasionally, there are times when a jurisdiction will receive more than its population share of commonwealth funding. That can lead to something on which there have been a few letters in the paper—what is called an equalisation process.

The Grants Commission process seeks to adjust where there are disproportionate levels of commonwealth financial support for one jurisdiction over another. The commonwealth also has the capacity, which it does from time to time, to remove a particular payment from the GST equalisation process. It has done that before in relation, for example, to funding for social housing, where we did receive well above our population share of a program, and we made sure that that was not included in the GST formula. It was excluded so that we were not being given it with one hand and having it taken away subsequently.

I can make the observation over nearly 20 years now that the ACT has rarely received significantly more than its population share of national infrastructure funding, so the grand concern about money being equalised away from us rarely occurs. In fact, more often money is equalised to us because other jurisdictions receive more.

MS CARRICK: I am just talking about road and rail. My understanding is that the federal government has a national network. If it is a project on the national network, only 50 per cent is taken off. If it is not on the national network, 100 per cent is taken off. Our area is not on the national network—the national trade, trade between cities. Could you take on notice how much—ons and offs—there is for our road and rail project funding that we get from the commonwealth?

Mr Steel: That is not quite true, around the national network. We do have national network roads in the ACT, the Federal Highway being one of those, and the Barton Highway.

MS CARRICK: There is not much of them in the ACT.

Mr Steel: There is an argument to be made about whether other roads should be included in the national network. The commonwealth have been pretty clear that they will only provide 50 per cent funding for infrastructure. That has been very consistent. There was previously the possibility in regional areas, and we were not counted as being within a regional area, which is an example of one of the issues that we face in having both a regional centre and being an urban centre. Those areas that were considered regional previously did attract an 80 per cent funding contribution from the commonwealth. I understand that that is no longer the case, and only 50 per cent will be provided by way of a contribution to projects under the FFA for land transport.

MS CARRICK: I agree—fifty-fifty funding to contribute to the costs of the project. I am talking about the GST equalisation and how much is equalised off where, when you are on the network, it is a project on the network, or where it is a project that is not on the network. While our part of the Barton Highway in the ACT may be on the network, I do not think the light rail corridor is on the network. But it may have changed.

Mr Steel: Sure, yes.

THE CHAIR: Where you are trying to get to is: have any of the light rail stages where we have received funding from the commonwealth been excluded from those GST relativities or the equalisation process?

Mr Barr: We will take that one on notice. I need to give the committee the context. The GST pool is $95 billion, so $100 million a year or $200 million to the ACT will not substantially impact the GST distribution. It is such a small—

THE CHAIR: Across the spectrum of it, for the ACT, which receives a relatively small amount in the national pool—

Mr Barr: Again, we receive about two per cent to 2.1 per cent of the national pool—

THE CHAIR: Yes, that is right.

Mr Barr: so if our commonwealth infrastructure allocation is around two per cent to 2.1 per cent, it will not have any material impact in terms of equalisation away. In a commonwealth infrastructure program that is in the hundreds of billions of dollars, a $200 million or $300 million commonwealth contribution is not so significant. If they were to drop $5 billion on a project in the ACT, that would impact our GST relativity, but things that are in the hundreds of millions are unlikely to do so.

THE CHAIR: The simple question was: has it been excluded or what projects have been excluded from those relativities? I am happy for you to take that on notice.

Mr Barr: Yes. Definitely, the types of projects that would be excluded are ones that are commonwealth spending on commonwealth assets in the territory. The AIS precinct, the Commonwealth Avenue Bridge, the new National Security Precinct, upgrades to the War Memorial or to the National Gallery—all those sorts of things are not part of the GST distribution process.

MS CARRICK: With light rail, do they give it to us in one hand and take it with the other GST hand? That is what I want to know.

Mr Barr: The short answer to that is no.

MS CARRICK: Good.

THE CHAIR: But it has not been excluded from the equalisation process?

Mr Barr: The quantum of commonwealth grant is not such that it would trigger—

MS CARRICK: I want to know if it is—

THE CHAIR: I will ask very specifically: has it been excluded?

Mr Barr: We understand the question, and the answer most likely is no, but I will double-check that.

THE CHAIR: Thank you.

Mr Barr: Because the quantum is so small, it will not have had that impact.

THE CHAIR: I hear what you are saying, but the question still stands.

Mr Steel: The other important point to make, which goes to the Chief Minister's earlier point around the lag effect that has an impact, is when that equalisation process happens for infrastructure, if more funding is being provided to other states and territories relative to our share then we do get compensated for that, but there can be a lag effect, so we do not see the benefit of that equalisation when we should, which does have an effect on our budget.

MS CASTLEY: I am keen to talk about the lease variation charge. In last year's budget outlook, the lease variation charge was forecast to bring in $42 million, but it only brought in $20.6 million; then it rebounds again to $38 million this year. Can you explain why LVC receipts came in so much lower than the forecast? What is driving the uptick this year?

Mr Steel: LVC is well known to be quite a volatile revenue line. It is subject to conditions in the market and we have seen consistently high interest rates. They are now coming down, but they were quite high, and that did have an impact on the construction market, and people then varying their leases to undertake construction work. We expect that, over time, as we see interest rates continuing to fall, we will see more demand. The cost of financing for construction projects will be lower, and we will see an increase in activity. Obviously, the current market conditions have affected the LVC for the past financial year.

MS CASTLEY: You are confident?

Mr Pirie: I can add a little bit more on that. I have read and acknowledge the privilege statement. As the Treasurer said, LVC is a really volatile revenue line, with very large fluctuations in annual growth. If you go back in history, you will see wild swings in growth rates. That reflects the nature of development in the commercial and residential market. It also reflects price movements. There was a large-level shift in LVC collections around the time of COVID. That reflected a big rise in land prices and an increase in mixed-use developments at that time as well.

We have updated the estimates in this budget to reflect some more contemporary information, as has been mentioned. We now think that LVC will stabilise at that new higher level, but we will only have modest growth rates across the forward estimates, instead of some of those stronger growth rates that we saw post COVID, when we had that big structural change that I mentioned.

As the Treasurer said, there are possible upside risks to the estimates in the outyears. We always look at updating those estimates as we move through successive budgets. For example, if land values were to tick up more than what is currently expected or there was an uptick in large mixed-use developments, we might expect to see some upside risk on those estimates. As I mentioned, we hit that new structurally higher level and, through this process, we decided to shave a little bit off those outyear numbers.

MS CASTLEY: You are confident that this forecast is more reliable than last year's. From what you just said, does that mean that, with the decline we see from $38 million down to $26 million, you are just shaving a little off, to hedge your bets? Am I understanding that correctly?

Mr Steel: By way of a correction, on page 170, the estimated outcome for this financial year is $20 million, as opposed to the $41 million that was in last year's budget.

MS CASTLEY: In the 2024-25 budget it was $41 million.

Mr Steel: Yes.

MS CARRICK: You are not forecasting more housing starts?

MS CASTLEY: I have a couple more questions. Going to that point, you have committed to 30,000 new houses. Stakeholders are already raising concerns that the number of these approvals getting through will not reach the goal. If the revenue from LVC is down, we will see fewer developments. Does that mean we will see more greenfield sites?

Mr Steel: I do not agree with the premise of your question. In June, 81 per cent of development applications were approved by the Territory Planning Authority within the statutory timeframe. In the previous month, it was 87 per cent. The median time in June was 31 days for a development application to go through. We are seeing approvals going through and the TPA being adequately resourced to manage those approvals.

As the budget papers mention, over the last few years, particularly during COVID and coming out of COVID, quite an elevated number of approvals went through the system. Many of those have commenced and have been built, but there are some that still have not been commenced. We expect that, as market conditions improve, particularly with interest rates coming down, we will start to see some of those projects which have already been approved getting under construction.

Of course, we also have some major planning reforms on the table to enable more housing to be built, but those have not been passed by the Assembly yet. There is a process that we need to follow to be able to do that. We expect that would be considered in future budgets and economic forecasting.

MS CASTLEY: That is different information from what I understood from the Property Council, when they were here on the community day. They said that the industry has stalled, basically, and that there is the way LVC is tracked—at the beginning, rather than when the benefit is realised. I am a little confused by the two different types of messaging.

Mr Steel: That is also not quite true. There is the option to apply for LVC deferral. That is an option to bring it further in line with the cashflow that might be associated with a construction project. There are mechanisms available to be able to manage those sorts of issues. Having said that, we have engaged in a piece of work consulting with the construction industry in the development of a construction productivity agenda for the ACT. This is very much aligned with the national competition policy that is being led federally that looks at barriers to the streamlining of both planning and building approvals. We are actively in discussion with the construction industry about the issues they are facing.

We know that, in large part, the major issues are around market conditions at the moment. Of course, that has an effect on the ability of construction firms to commence housing. We expect that those conditions will improve, and the economic outlook in the budget is very positive in that regard. Inflation is down and the Treasury expects it will remain down over the forward estimates. That is good news for interest rates and we expect that there will be further interest rate cuts. That was certainly indicated in the minutes of the last RBA meeting.

MS CASTLEY: You are talking about reforms. What is the additional revenue that you are talking about?

Mr Steel: Those reforms have not gone through yet. I hope you will support them, Ms Castley, when they come forward to the Assembly.

MS CASTLEY: I will let you know, Mr Steel.

Mr Steel: We have been engaging in a lot of community consultation on that, but there is a process to follow, particularly with major plan amendments.

MS CASTLEY: Has the government undertaken any work on estimating the deadweight loss or the marginal excess burden from the current LVC design or any other work to quantify the distortions that it may be causing in the housing market?

Mr Steel: This is probably a conversation to have with the CD officials, but the Treasury can certainly chime in here. The major factors that are affecting the cost of development are those which go to the cost of the materials themselves and labour costs. We have a skill shortage at the moment in the construction sector which we have addressed through the budget with further investments in apprenticeships. And there are other costs associated with the financing of projects which are obviously heavily influenced by interest rates and monetary policy. Those are the major factors. LVC is part of the cost of a development, but it is not necessarily the determinative cost. In fact, when we have looked at return on investment for missing middle housing developments, a strong return on investment is still expected for those, if it is permitted following the changes, even with those taxes included.

MS CASTLEY: I am not just talking about massive developers; I am talking about mum and dad who want to put something in their backyard. The way the LVC is charged and the slow rate of development approval is making their projects unviable and not feasible to continue?

Mr Steel: That is a different issue to the LVC. I appreciate why—

MS CASTLEY: You just mentioned a number of things. You mentioned the cost of materials. We are hearing it is the other way around. It is the delay by government to get things off the ground that is making these projects not viable.

Mr Steel: Thirty-one days is the current median time to get an approval through. If the issue is around building approvals as opposed to development applications, we are interested in hearing feedback about that. That is part of the process that we got underway with through the PACICERG, where industry stakeholders are represented and are bringing forward some of the sometimes very minor barriers that they are experiencing. But, in terms of the LVC, I can understand why developers want to get a tax break and I can understand why the Liberal Party is pushing for a tax break for developers, but it—

MS CASTLEY: That is not the line of questioning, Minister. If you could just give me a moment to—

THE CHAIR: Mr Steel, could you keep it away from a partisan—

Mr Steel: But the important point—

MS CASTLEY: The question is: have you heard from developers, small or large, that the LVC is a barrier? I am not asking whether it should be scrapped; I am just asking whether you have looked at ways to talk to the community. And are there other ways that this charge could be applied? Have you looked at any other reforms?

Mr Steel: A lot of people in the industry did not know that LVC deferral was available, so we have been talking to them about that. We have had specific proposals brought forward around decoupling the lease variation process from a development needing a development application. That is a proposal that was put to us by the Planning Institute of Australia. It is being considered as part of the productivity agenda. It is not something the government has agreed to yet, but we are currently considering the proposals that have been brought forward. That is not to say a LVC would not be charged, but the process of changing a lease would be potentially looked at as a streamlined pathway for development and doing more under an existing lease, whether it is an additional home or homes.

We are looking at all of these things. There is a range of issues, but the LVC plays an important role as we see more homes being built, including through the planning reforms that we are putting forward, to help fund the infrastructure to support the new residents and to also make it socially acceptable for the existing residents in the communities. This is a tax that has been around since the 1970s in various forms. It is one that has been introduced by the Victorian government. It is a familiar tax that has been around for a long time. I appreciate—

MS CASTLEY: Minister, I am not disputing the reason for the LVC. That is not it. I am saying that—and this goes to your skills shortage argument that we heard earlier today—tradies are lining up for work. There is a bunch of people willing to work. I am just asking whether you have considered other ways to go about it in order to get more homes built, because we are hearing from people that the LVC is a barrier. I am not disputing whatever you think I am.

Mr Steel: We have a current partial LVC waiver in place until mid-2026. That was put in place to support some of the missing middle housing under the current planning system settings. The opportunities beyond that point will obviously need to be considered as part of the next budget process. That is in place now, and it gives people who are proposing a development—that missing middle style development; dual occupancies under the current provisions—the opportunity to seek a partial waiver and determine whether they want to pursue a codified pathway or a pathway under 75 per cent of market value uplift based on market valuations.

THE CHAIR: Treasurer, I will jump in quickly, and then I am happy to go to you, Mr Barr, as well. Could I check: did you watch the community day session that we had?

Mr Steel: I have not had the opportunity, but I will look at the transcript.

THE CHAIR: I think it is very important because what we heard very, very clearly in that session, and not just from developers but from people who want to see more homes built, is that they are willing to accept some return to the government in terms of the value that they are uplifting for the community, but, in terms of the way that the lease variation charge works, it is providing a tangible barrier to projects going forward at this stage. There were concerns about the amount as well, but the actual mechanism seems to be a problem. I would suggest that, if you would look at that session, it would be well worthwhile.

Mr Steel: I will certainly do that, but this is not a new debate. I want to be clear: this has been going on for years and years, and developers have had the same consistent view that they do not support the LVC. It is not new and it is—

THE CHAIR: It is not just developers, Mr Steel.

MS CASTLEY: It is not just developers, and we are trying to get to 30,000 homes and these people want to jump in and get it done. What we hear from the Training Fund Authority and the community groups is that this is a barrier, and we want more homes, Minister. We are not disputing the tax.

Mr Steel: It also plays an important role in funding the infrastructure to support new homes. Let's be clear on what this is about. It is about capturing the windfall gain that occurs when the government rezones a block through the stroke of a pen and through a parliamentary process. That is what we are talking about here.

THE CHAIR: I understand. Again, I would suggest strongly that you look at that discussion because it touches on when that windfall gain occurs. Mr Barr, you had some comments to make?

Mr Barr: Not on this topic. They go back to the previous one. I have a couple of pieces of information at an appropriate time.

THE CHAIR: Okay. Ms Castley, do you have more on this one?

MS CASTLEY: I think I am done on this one. Thanks, Chair.

THE CHAIR: Mr Barr.

Mr Barr: I have just pulled up the Commonwealth Grants Commission report in relation to GST distribution and can advise the committee that, in relation to payroll tax, there are two factors driving a $51 million payment to the territory on top of our per capita share. Those two factors are: the inability to tax the commonwealth, offset by the fact that we have higher wages and salaries in the ACT for that section of the private sector that we can apply payroll tax to. The Grants Commission looks at the per capita capacity to raise payroll tax. In other states and territories, wages and salaries are considerably lower than in the ACT. Although they can tax the private sector and there is more of it, the wages are lower and so the level of revenue generated from private sector payroll tax on a per capita basis is higher in the ACT. Nevertheless, because of the inability to tax the commonwealth, it means that, in 2025-26, the Grants Commission made a determination to provide the ACT with an additional $51 million in lieu of our capacity to raise that extra payroll tax.

Just out of interest in relation to the debate on rail and GST payments, the

Commonwealth Grants Commission has, in fact, provided the ACT with an additional $10 million in lieu of the fact that they made major rail investments in WA and New South Wales. The ACT, in fact, had less than its per capita share of commonwealth investment in rail. That would reflect the fact that we do not have much heavy rail. Light rail is the only rail that the commonwealth invests in in the ACT. Even with the investment that they provided to us, we still did not reach our national per capita share, so they gave us another $10 million in the GST process as a result.

THE CHAIR: Going back to the relativities question, we were compensated $51 million in terms of payroll tax.

Mr Barr: The totality of our payroll tax, which includes both the private and the public sector.

THE CHAIR: And, of course, that is based on Grants Commission modelling. Will you still come back to us on any modelling that the government has done around what would happen if the ACT's payroll tax system—

Mr Barr: We have done no modelling to that effect.

THE CHAIR: Okay. Thank you. It took us a while, but we got there.

Mr Barr: The Grants Commission does that modelling, and I have just given you the answer.

MR EMERSON: It does not provide a breakdown. You said that, because they cannot levy it, some of it is—

Mr Barr: Not in public reporting. It would be inside the Grants Commission black box. Whether they release that is another matter. I do not think they have.

MR EMERSON: Thank you.

THE CHAIR: We will move on to a new question at this stage.

Mr Barr: Chair, could I check whether there are any more questions for me. You did indicate—

THE CHAIR: I have one for you. Mr Emerson, do you have one for the Chief Minister specifically?

MR EMERSON: Yes. I want to ask about the National Capital Investment Framework and how that has substantively changed your engagement with the federal government prior to federal budgets since its introduction.

Mr Barr: It certainly has provided a central coordinating point within the commonwealth to assist us with both a better and an earlier understanding of their proposed investments in the territory—things that would be co-investments between the territory and the commonwealth and things that are commonwealth investments that benefits the territory. An example of that, I would argue, is the AIS precinct. There are some tangential benefits for us in terms of the precinct work that is being undertaken. It is, in effect, a framework not dissimilar to the previous commonwealth government's City Deals process. They honoured the ones that were in place with other jurisdictions and ended that program per se but have established, through the National Capital Framework, an arrangement that reflects the unique circumstances of their landholdings, their impact on our economy and all of the national institutions that are here for a national purpose but obviously bring a local benefit.

MR EMERSON: I acknowledge there were two federal budgets before that was announced after the May 2022 federal election. Was there a change in what was seen in those two budgets, in the ensuing budgets? I am trying to get to the bottom of whether it has increased investment in the ACT, in which ways and why—whether it was because of the introduction of the framework or it has put a framing around things that were already happening.

Mr Barr: To some extent, given the nature of big infrastructure projects, there is a pipeline, but, to the extent that it has given imprimatur within the Department of the Prime Minister and Cabinet and for the federal finance minister, they seem able to have an existing bilateral funding pathway. Once you have established that, slipping new projects into it and slotting them in over time is a more straightforward exercise than was the case previously. Much of the discussion in the end is around the degree of precedent there is for a commonwealth co-investment in a particular infrastructure asset. They may not have a strong history of investment in public hospitals, much to the lament of the health minister, but they do a lot in transport infrastructure, for example. And we see through the framework that the ACT was not the first to have a 50-50 funding arrangement over a new swimming facility. There are plenty of examples of them in City Deals and other commonwealth arrangements with states and territories.

Probably the interesting ones in terms of a precedent that has been set include the commonwealth making a contribution—not a 50-50 contribution—towards the notorious Tasmanian stadium. They have also contributed an amount to the Geelong convention centre. So there are examples of projects in our infrastructure mix where there is an existing commonwealth precedent. Having the National Capital Investment Framework will allow us to both draw on precedents set in other City Deals and slot that into our framework. It is not like we have to reinvent the wheel every time for a national partnership on an infrastructure project.

MR EMERSON: Very quickly on that, are there any constraints or have you given consideration to establishing constraints around that framework? I note that a lot of the announcements in relation to it have been for road funding. You mentioned things like the AIS—other national projects—to say, "Those don't really count as part of what we really want in terms of city-building infrastructure." Perhaps you see my point. Are there any constraints?

Mr Barr: In an environment where the commonwealth is making decisions to invest in pieces of infrastructure that they are likely to only have one of in Australia, the more of those we can get in Canberra the better. Examples of that include national cultural institutions, institutes of sport, centres for disease control—the sorts of things where Australia is going to have one such facility. The more of those we can get in Canberra the more this framework enables them, which is fantastic because that is better than the alternative where you see things that you might think, on face value, really should be in the national capital but are, in fact, located somewhere else, for what you might say are overtly political reasons.

On the other side of the equation, the commonwealth have to apportion the national infrastructure program roughly in line with our population share. As we were discussing earlier, if, for example, they were to go way above that, we would have an issue of our assessed share of commonwealth grants by the commonwealth government being way higher than our population share, and it would have an impact on our GST over time. The sweet spot is that the ACT gets somewhere between about two per cent and 2½ per cent of the national infrastructure spend. Then we get our fair share and we are unlikely to be significantly penalised, if at all, in relation to our share of the GST. That gives you a sense of the ballpark annual spend that we are looking for in order to deliver the projects in our infrastructure pipeline but not do so at the expense of our future GST allocations.

MS CARRICK: It is great to get 50-50 funding from the commonwealth and have projects in the pipeline that they are helping to fund. They are big projects. They cost hundreds of millions of dollars on both sides—on our side as well. Do you discuss with them the staging of projects and when the ACT can actually afford to borrow the money because of the impact on interest?

Mr Barr: Yes; absolutely. That is a very fundamental question for us. I note a few things: the timing of the approach to market and what else is happening in that infrastructure stream. Let me give you an example. Right now, Queensland needs to build a $4 billion stadium in time for the 2032 Olympics. Tasmania is also trying to build a stadium in that same timeframe. So, if we were trying to jam in a stadium right now in that market, we would be paying over the odds for it. There are not a lot of projects such as, for example, big new hospitals. There has been a big build, but the market is looking like opening up a little. It is similar for rail projects. There has been a massive spend—the Brisbane cross-river rail, the Sydney Metro and the Melbourne one—but the spend on that infrastructure is starting to come down a little. You can hit the market at a sweet spot. Another factor is that it is rare in the world of infrastructure that projects become significantly cheaper over time. Building them now is invariably cheaper than building them in the future—not always—and you need to weigh up those competing priorities.

MS CARRICK: I understand that. The question was more about our budget and the impact of borrowing hundreds of billions of dollars and the interest.

Mr Barr: Yes. We cannot build everything at once. That is why we have a 20-year infrastructure pipeline and why we are staging projects. It is really helpful when the commonwealth provides 50 per cent. We can hit the market at the right time and get the project at the lowest possible cost. Part of that is about good industry sounding, good market sounding, good early contractor involvement—all of the things that we are doing at the moment to try to maximise value for money.

MS CLAY: Chief, it is good to hear that you are weighing this up carefully. We are looking at a lot of major projects—infrastructure over $50 million. The ones I have on my list include light rail, CIT Woden, roads, new schools, public housing, electrification, the new aquatic centre, the Lyric Theatre, the convention centre, and a few other things. On our spreadsheet, that is looking like about $5 billion. You do not need to confirm or deny—

Mr Barr: Largely. That is what the budget papers would show, I think.

MS CLAY: It is interesting to hear that we kind of have a fixed pool of commonwealth funding. If we get more for something, we get less somewhere else. That is how I understand it works. Why are we going for a new billion-dollar stadium here? I understand why you are timing it for later. You have explained that, but why, when we have a $5 billion pipeline already for things that deal with the climate crisis and deal with the public housing crisis, did you add an extra, I think, billion dollars—we have not seen the business case details yet—for a sports stadium?

Mr Barr: That is not for this decade; that is for the next decade.

MS CLAY: I understand that, but what I am saying is that, in five years, $5 billion is about the amount of play money the ACT will have to spend on infrastructure. A fifth of that on one facility is quite a lot.

Mr Barr: It would not be in one year and we are not proposing to fund it all ourselves, and it is not in this decade. For the reasons that you are getting to in your question, that is why it is not a project in this decade.

MS CLAY: Sure. If I lodged a question on notice for the details of the commonwealth funding for all of these projects, would you be able to provide them?

Mr Barr: They are in the budget papers, but I cannot provide information on commonwealth funding that they are yet to announce.

MS CLAY: But you could for the ones we know about already?

Mr Barr: For the ones that we are procuring—yes. Those are in the budget papers.

MS CLAY: That is great. The other thing we have heard pretty strongly from the business and property development community—and I feel awkward saying this, because I am sure Leanne would have asked; it is very strange when the Greens and Libs are on a unity ticket—

Mr Barr: Well, not so much it seems, but anyway—

THE CHAIR: It is still strange.

MS CLAY: People are quite frustrated, not only with the fact that we need some of these facilities. We need them quite badly and it is good to have a good government pipeline. Everybody has agreed on that. But a lot of these projects seem to run over budget and they run over time. People do not know when they are going to be finished. The business and property development sector has said it would be better if we had clearer priorities and real milestones. Do we have clear timelines for all this? If I lodged a question on notice and asked, "When will all these projects be finished?" would we get a timeline?

Mr Barr: We get greater certainty once we have gone through a procurement process, and at that point we will have a construction timetable, but, for a variety of reasons, sometimes the initial procurement will come back with no tenderer within the available budget for a project, so you then have to re-scope the project or put it back out to market. We aim to provide that certainty once the project is under procurement, but, when you are in the development phase and you are yet to finalise the detailed design and procurement documentation, you are not yet in a position to provide certainty down to a particular month in a particular year. But what we did seek to do in the long-term Infrastructure Plan was to give an indicative sense over the short, medium and longer term. You see that across seven different infrastructure asset types in the Infrastructure Plan update from 2024. It outlined, across the totality of the government's infrastructure program, whether a project was in consideration in the next five-year period, the balance of this decade, or whether it was in the 2030s or even beyond that.

MS CLAY: Thank you.

MS CARRICK: I have been wondering about this for a while. With road and rail projects, if you are seeking more than $250 million from the commonwealth, the process is that it goes to Infrastructure Australia with the business case for assessment of the merits of the project, so why don't we do that?

Mr Barr: Why don't we?

MS CARRICK: Yes—follow that process.

Mr Barr: We do.

MS CARRICK: Have we sent our business cases to Infrastructure Australia recently?

Mr Barr: Yes; we have.

MS CARRICK: Have they assessed them and then given a public—

Mr Barr: I—

MS CARRICK: I can look it up. I did not realise that they had assessed the project recently.

Mr Barr: Yes. They have an infrastructure priority list. They describe them as either an early-stage proposal, a potential investment option or an investment-ready proposal, and then they have another category that is nationally significant infrastructure, and they provide updates, evaluations and a priority list for those projects.

MS CARRICK: For our stages. All right. I will look them up. Thank you.

MR EMERSON: I have a quick supplementary on the back of Ms Clay's question on the construction pipeline. The Commonwealth Park Aquatic Centre and Convention Centre have been announced by everyone multiple times. What is the realistic timeline for delivering those two projects? What is the current estimate?

Mr Barr: Obviously, we have a dedicated session to this in a couple of weeks. The commitment the government has made in terms of staging is that we will not close the current Canberra pool—the Canberra Olympic Pool—until the new facility is built. Subject to the National Capital Authority planning approval process, which is not within our control, we would be seeking to commence construction on the new aquatic centre in this term of government. The earlier in this term of government we get those planning approvals and can get a successful tender process concluded, you then have a build time, I understand, of at least a couple of years. So, from where we are now in 2025, it is several years away before that facility will be complete.

But running in parallel with the design, procurement and approval of the aquatic centre is the process of detailed design and procurement ready, shovel ready, status for the convention and entertainment facility. You would want to align the commencement of construction of that facility with the opening of the new pool so that there is a pretty seamless move onto the site. But we cannot commence construction on the convention centre until completion of construction of the new pool, because of continuity of—

MR EMERSON: So it is probably like the 2030s for starting a build on the convention centre.

Mr Barr: If everything went well, 2029-30, and then a convention centre build is going to be a couple of years if not three. The timeframe we are targeting is early 2030s for the convention centre and, hopefully, 2028-29ish for the pool. But, for the reasons that I gave to Ms Clay earlier, I will not be able to give an exact date and month until we are further progressed in the approvals and tender process. Once we have done that, we will have a contract with a builder and they will have a completion date. Then we will be able to have a much greater level of certainty. But, just in thinking aloud as I have just done about the time frames necessary, then yes, we are talking towards the end of this decade for the new pool and early in the next decade for the convention and entertainment facility.

MR EMERSON: Thank you.

THE CHAIR: Before I go into my question, I just want to make sure it is in your area of responsibility, specifically, Chief Minister. It is on infrastructure funding and, in particular, related to public-private partnerships.

Mr Barr: I would have a role. The Treasurer would also be involved. So fire away and, between us, we will—

THE CHAIR: That is great. There are clearly a range of fairly significant projects in the budget that have been implemented through public-private partnerships. I am interested in finding out whether all of those projects carry debt as part of the partnership arrangement?

Mr Barr: There are only two PPPs, light rail stage 1 and the courts Juris Partnership. I believe both do still have a debt component, although we did make a very significant $350 million contribution on completion of light rail stage 1 to pay down debt there. I will take on notice whether there is a debt component still with the law courts, and we can provide that for you.

THE CHAIR: That is great. Does stage 2A now come into those arrangements as well or—

Mr Barr: It is an augmentation of the existing PPP.

THE CHAIR: Okay; so it is still in there. I would assume that that carries debt. Could you provide for both of those projects how much debt is held by the PPP?

Mr Barr: Sure, we can do that. Yes, we will take that on notice.

THE CHAIR: Thank you. Could you also tell me what sort of interest rate has been applied to that debt for each project?

Mr Barr: I think we should be able to do that, yes.

THE CHAIR: I am happy for that to come back. Are there any other questions for the Chief Minister specifically? Can we release the Chief Minister?

MS CARRICK: I have more, but we will wait until the other sessions around—

Mr Barr: I will be back. I don't want to sound like Arnold Schwarzenegger, but I will be back.

THE CHAIR: Thank you. Mr Rattenbury?

MR RATTENBURY: My question is for the Minister for Finance. Minister, I want to ask you about—

Ms Stephen-Smith: Excitement! I have been here an hour and a half and now I have something to do.

MR RATTENBURY: Exactly. I know you had quiet time there, so I thought I would start. I wanted to ask you about this disallowable instrument No 152 of 2025. I do not expect you to remember off the top of your head, but this is the one that relates to the payment of stamp duty when buying a car.

Ms Stephen-Smith: I do not off the top of my head remember that, but I am happy to look it up for you.

MR RATTENBURY: I have a copy here if you need it.

Ms Stephen-Smith: Okay.

MR RATTENBURY: This identifies that somebody buying a used, eligible hybrid vehicle or a used eligible petrol hybrid electric vehicle will pay more in stamp duty than someone buying a category B ICE or petrol motor vehicle. Examples would be a 2023 RAV4 or a 2023 Mitsubishi Outlander. Those people buying a second-hand version will pay more stamp duty than someone buying the brand-new Mazda CX-5, which has a much higher consumption of petrol. Why has the government adopted a position that sees the lower-emitting vehicles paying more stamp duty?

Ms Stephen-Smith: While I am the person who signs the disallowable instrument to give effect to the decisions of government about stamp duty, sorry to do this, but I am not the minister with responsibility for the decision-making about the amount of stamp duty, which is a part of the budget process. I am happy to take that away and have a look at it, but I suspect it is a combination of factors around emissions, weight and value.

THE CHAIR: Do we have the relevant minister in the room, by any chance?

MR RATTENBURY: I think it is the Treasurer.

Mr Steel: Yes. We will take that on notice and check the instrument. But, at a higher level, the dutiable value is also a factor.

MR RATTENBURY: Sure.

Mr Steel: So it is not just the emissions from the vehicle; it is also the value of the vehicle. There are now three tiers of dutiable value. If a vehicle is under $45,000, they have a lower rate and so forth.

MR RATTENBURY: I understand that. Just to clarify the question: I have chosen vehicles that are all, according to the Redbook, the same price. That is why I have specifically chosen those examples. So all these vehicles are more or less the same price.

Mr Steel: I will deal with a RAV4 example, because I have got it in front of me.

Mr Steel: I had a look on the Green Vehicle Guide. It is 107 grams of CO2 per kilometre. It depends on exactly what type of RAV4 you get as to whether it is over $45,000 or under, but their base model can be under $45,000 dutiable value, and it would therefore attract a rate of 2.84 per cent.

MR RATTENBURY: As I said, with the examples I provided and the years I gave, all those vehicles would have roughly the same price according to the Redbook. Even if you go to the actual table, the rating for a category B motor vehicle, which is a pure ICE vehicle, is $1,350 plus $5.22 for every hundred dollars. The next category down is a used, eligible hybrid or PHEV. That is $1,426 plus $5.62. So both the flat fee and the rate per hundred dollars are higher for the hybrid vehicles.

Mr Steel: You are talking about motor vehicles stamp duty.

MR RATTENBURY: Yes.

Mr Steel: Not registration.

Ms Stephen-Smith: Sorry, Mr Rattenbury, can you just give me the number of the instrument?

MR RATTENBURY: Sure, it is 2025, 152. I have a hard copy, if that is of assistance.

Ms Stephen-Smith: I have it online. So it is fine; thank you.

MR RATTENBURY: I am interested in what message the government is trying to send Canberrans.

Mr Steel: Again, at a higher level—and, on notice, we will look at the specific examples that you have given—for a vehicle that is under $80,000, and in categories AAA, AA and A, which includes the hybrid vehicles that you are talking about, they will be paying less than New South Wales in terms of motor vehicle stamp duty. For a AA vehicle—there are not many vehicles in the AA category; it is a very low-emission hybrid, of $45,000, $1,202 is what would be expected. For an A vehicle, it would be $1,278.

MR RATTENBURY: I am interested in the message we are sending to Canberrans that, with the ACT's plan to phase out internal combustion engine vehicles, they will pay a higher duty for a petrol combustion vehicle than a hybrid.

Mr Steel: It depends on how much CO2 they are emitting as to what category they are falling into—not necessarily the type of engine of the vehicle.

MR RATTENBURY: That is not what the statement says.

Mr Steel: Just to be clear what the rates are: for a AAA vehicle, which is under $45,000, which is typically your pure electric vehicle, it is 2.5 per cent. Then, for your category B vehicles, it is three per cent. It goes up depending on the amount of CO2 emitted, but it also jumps up in terms of price when it hits $45,000.

MR RATTENBURY: Sure. I understand that, yes.

Mr Steel: And there is there is a similar gradation for each emissions category.

Ms Stephen-Smith: I think we would all be very happy to take this away and have a look at it, Mr Rattenbury. What I am seeing on the instrument itself is they used eligible hybrid and used eligible PHEV, effectively currently have nil but they moved to the same level of duty as a non-rated vehicle and a new category C motor vehicle. That is what you are referring to.

MR RATTENBURY: Yes.

Ms Stephen-Smith: I am assuming that the ones that you were citing are something in category C, which would be exactly the same.

MR RATTENBURY: No. For example, a Mazda CX-5 2025 model is a category B vehicle.

Ms Stephen-Smith: Okay.

MR RATTENBURY: It has a lower—

Ms Stephen-Smith: The amount is set at exactly the same as a non-rated vehicle or a new category C vehicle. So that is exactly the same calculation for a used eligible hybrid as a used eligible PHEV. I assume that some decision was made along the way in the process that this would be the same. I am not sure at what point that decision was made. I think we are all happy to go back and revisit that decision. It may also be the fact that the closest similarity that was identified was determined to be for a non-rated vehicle, because, ultimately, with a used hybrid, you actually have no idea how much fuel it is using, if people are buying a used hybrid and using fuel. But, obviously, we will take that away and have a look at it.

MR RATTENBURY: Those vehicles do have a gram per kilometre rating.

Ms Stephen-Smith: Yes.

MR RATTENBURY: That is all right. Well take that on notice then.

Ms Stephen-Smith: Yes.

MR RATTENBURY: The ACT's Zero Emissions Vehicle Strategy, which outlines the government's plans from 2022 until 2030, stipulates:

> To help reduce the upfront cost of purchasing a ZEV, the ACT offers a full stamp duty exemption to new ZEVs. This means no stamp duty is payable on new ZEVs sold in the ACT, saving around $2,100 when compared with an equivalent fuel vehicle with average emissions performance.

It goes on to specify the types of vehicles. Why has the government reneged on this commitment only three years into the strategy?

Mr Steel: I do not think we have reneged on the commitment. We provided that concession for a period of years, and now we have made the decision, given the state of the electric vehicle market, with a larger number of models available and a larger number of more affordable models being available. That concession is still going to be provided, but just not at a 100 per cent remission of a motor vehicle duty. A 2.5 per cent rate for stamp duty for electric vehicles is still a fairly significant incentive compared to what could be up to eight per cent, depending on the price of the vehicle, or 5.62 per cent for some of the vehicles that are unrated or for a D class 7.81 per cent rate. So it is quite a significant incentive for people to still purchase an electric vehicle.

I note the Australian Electric Vehicle Association has come out following the budget actually supportive, in principle, of what we were trying to achieve and recognising that that level of concession could not be provided forever, that was not going to be sustainable, and would not provide, as we see the over 20 per cent of the new vehicle market being electric, the ACT government with revenue to be able to fund investment in road infrastructure and the like that supports people on our roads.

Ms Stephen-Smith: Your first question today, Mr Rattenbury, was on what difficult decisions had the government made through this budget to balance the budget to the best that we can and get it back to a sustainable level. This is a tax concession that largely went to the wealthiest households that could afford to buy a new EV. This is not a progressive tax concession. As the Treasurer has said, we now have a more balanced system where we are still providing an incentive but we are moving away from what was actually a pretty regressive tax concession, which was there for a reason, to bolster the EV market. It succeeded in doing that, and now we are providing a lesser incentive but still an incentive to move in that direction of electric vehicles.

MR RATTENBURY: I will go to my last question on this one for now. I believe in the ACT we apply stamp duty to second-hand vehicle sales. The instrument does not seem to apply to second-hand vehicles, that I can see. Other than used eligible hybrids and used eligible PHEVs, there is no other reference to used vehicles in the table. Am I correct in understanding that?

Mr Steel: Yes, that is correct.

MR RATTENBURY: Why is it not set out in the table?

Mr Steel: We will check that, but—

Ms Stephen-Smith: Yes, we will check that, but it definitely does.

Mr Steel: Yes; because it is based on the price of the vehicle. The rate applies to the price and, obviously, for second-hand vehicles, the price will typically be lower than for a new vehicle. So they will be paying less.

MR RATTENBURY: But this table explicitly says "new and used category AAA and new category AA". The only reference to used vehicles is PHEVs and hybrids. Where are the rest of the used vehicles? Have they been left out by mistake?

Mr Steel: Do you want to take that one?

Mr Pirie: They are picked up in the non-rated category.

Ms Stephen-Smith: I was just looking to see if that was the case.

MR RATTENBURY: Right; so a second-hand vehicle is considered a non-rated vehicle?

Mr Pirie: Yes.

MR RATTENBURY: Thank you. That is helpful to understand.

MS CARRICK: I have a couple of questions around transparency. The first one is about showing the interest in the rates ring and where our money goes—or something like that.

Ms Stephen-Smith: I know what you mean, Ms Carrick.

MS CARRICK: Where does our money go? It does not include the interest. Could you please explain why it does not include the interest? It is becoming a substantial part of the budget.

Mr Steel: It is presented in the budget papers, the interest—

MS CARRICK: But it is not clear to the public when they get their rates rings. It is six per cent currently and is rising. It is the fastest-growing item in the budget. It is rising to nine per cent, by the forward estimates 2028-29, and it is not made clear to the people through their visual of the rates ring. It is not there. Most people do not read the budget papers—not like me.

Mr Austin: I suspect that is included in the category of government services. I will get someone online just to check that, but it is included in that category.

MS CARRICK: It is a significant thing. It is the pub test. It is a significant item and it is buried in another category.

Mr Austin: As the Treasurer said, the budget papers themselves are quite transparent about that. That is one representation of funding. I think there is only so much you can represent in a circular diagram.

MS CARRICK: I have done it, and you can have a look at mine. Mine comes—the functions.

Mr Austin: I am happy to have a look.

Mr Steel: Pegasus presented that in their report. There are a range of ways to present the budget figures and the *Budget outlook* does that.

MS CARRICK: Yes, but most people do not read the budget papers.

Mr Austin: Sorry, Ms Carrick, just to clarify: I have just been told it is not included in the ring at all. Interest expenses are attributed to borrowings and the ring represents all recurrent expenses, essentially. So it is not included in it.

MS CARRICK: Interest is a recurrent expense. I am not talking about the borrowings; I am talking about the interest on the borrowings. It is an expense.

Mr Austin: As I said before, it is included in the budget papers. So people can read it there.

Ms Stephen-Smith: When you say it is a recurrent expense, it is not in the same way that spending on health, education et cetera is a recurrent expense. It is a cost of delivering infrastructure that we borrow to deliver infrastructure, which is generational and is paid for over time through that cost on borrowing. My understanding—and I may not be correct about this—is that the ring also does not include infrastructure expenditure.

Mr Austin: That is right, Minister.

MS CARRICK: That is an asset; this is an expense. It is a cost of borrowing money.

Ms Stephen-Smith: I said expenses associated with borrowing money to deliver infrastructure.

MS CARRICK: Like you spend money to deliver health services and like you spend money to deliver education services, it is an expense in the budget.

Ms Stephen-Smith: It is not a recurrent expense in the way that that is considered in the—

MS CARRICK: It is a recurrent expense. It is there every year and it is growing.

Ms Stephen-Smith: From a classification perspective.

Mr Austin: I guess the intention of the ring is to show people what funds are dedicated to service delivery. In that sense, interest expenses would be included. But I agree that they are part of the broader budget and, in that sense, they are in the budget papers.

MS CARRICK: It does not say anything about service delivery; it just says "Where your money goes". So maybe you need to retitle your rates ring so that it is a bit more accurate. My view is that, if you want to provide transparency to the public, it should be included.

Mr Steel: It is included in the budget papers, and we have been more transparent, I think, than many other jurisdictions in the way that we present our budget.

THE CHAIR: Mr Steel, I think it is fairly clear that Ms Carrick was talking about the rate ring specifically—sorry, I am using the same phraseology. It was about what is included on rates notices, rather than what is in—

Ms Stephen-Smith: That point is taken. It is just that what is included on the rates notice is about service delivery.

THE CHAIR: My supplementary question is: how do you make a decision about what the criteria is that defines what goes into that expenditure imagery on rates notices? How do you decide what actually makes up that rates ring, for lack of a better term?

Mr Steel: That table was presented in *Budget at a glance*. It is effectively replicating that table in the rates notice. It is not a different table, is what I am saying. It is not a different—

THE CHAIR: No, I am asking: what are the criteria for inclusion in that? We have said that interest is not part of that—although there seems to be a bit of confusion, and I would be very concerned—

Mr Austin: No, it is definitely not. I was mistaken in the first place.

THE CHAIR: I would be very concerned if it was included as part of services. What else is excluded and what is the criteria that decides what is in the information that you present to everyone in their letterboxes?

Mr Steel: Well, it is the same. What I am saying is it is the same one that—

THE CHAIR: Perhaps I can rephrase.

Mr Steel: —is presented in the budget that is presented in people's rates notices, just as a way of showing where the money that they are contributing to the government is going.

Mr Austin: There is some discussion of the "where our money" goes funding in the *Budget outlook*. Sorry, I have just lot the page. There is a bit of discussion there, but basically it comes from agency budget statements for service delivery agencies.

THE CHAIR: So you have said it is just service delivery money?

Mr Austin: Effectively, that is right. I have the page number. It is page 164 of the *Budget outlook*. There is some discussion there. If you require more information, we could enhance that.

THE CHAIR: That would be good. Can you see how everyday people looking at that would assume that that includes everything that their money is going to—and not just the services? It is certainly presented as, "Here is where your money is going." It does not seem to me that there is something that carves rates funding out just for services. The interest payments still have to be made. Do you see how that could seem somewhat misleading?

Mr Steel: I do not think so. It is been a feature of the budget for a long time. There is further information in the budget papers if people want to get more information about where their money is going and presented in a range of different ways, including interest payments and borrowing.

THE CHAIR: I think it is completely obvious that it excludes a whole raft of different expenses.

Mr Steel: I think you are making a comment about it. The committee is welcome to make a recommendation in this regard for us to consider. But this has been a standard part of the budget and the standard part of rates notices for a long time. There is further information in the budget papers where people can get more detail about them. I think that is pretty clear for everyone.

THE CHAIR: Another feature of rates notices for this year will be the inclusion of the health levy. There was commentary in, I think, in the government response to the Pegasus report about the inclusion of that levy on rates notices. Does that mean that the government intends to separately legislate for that specific levy, or is it going to stay as it is at the moment, just part of the fixed calculation of rates?

Ms Stephen-Smith: We have not expressed any intention to legislate for it, largely because it is a temporary budget measure that was determined for the purpose of addressing a short-term financial challenge and, of course, a short turnaround time as well. So it is included in the fixed charge for rates in terms of the instrument. It is then separately identified on the rates notices that the fixed charge includes $100 now, which is described as a health levy.

THE CHAIR: My concern then is that, in effect, there is no health levy; it is simply an increase to the fixed charge, which is promised to be for a limited period. There is not a separate health levy. Is that incorrect?

Ms Stephen-Smith: I think we have been very clear in the context of the budget that we consider it to be a specific, one-off, separate charge decision. The mechanism through which it is implemented—that is largely around timing—is through the fixed charge on rates. We wanted to be transparent with the community that this was temporary. If we just increased the fixed charge—say we said, "We are going to increase the fixed charge by $250"—then the expectation would be that that would be an ongoing increase in the fixed charge, rather than a temporary increase.

We were trying to send the message that we have a significant budget challenge at the moment. Over these four years, we will increase rates by the $250. We will describe that as a health levy because we want to be clear with the community about the financial pressure that we are trying to address. That is significant financial pressure on the health system from both growth in costs and growth in demand, and the gap cannot be closed through Commonwealth funding. Even if we successfully renegotiate a new National Health Reform Agreement, that is not going to help us close the gap over the last couple of years. So we are asking Canberrans to do a little bit of the lifting for us to help close that gap through rates, which is one of the few revenue sources that we have.

It was really about being transparent about what this increase is for.

THE CHAIR: I remain somewhat concerned. You are still calling it a separate levy, but it is part of the fixed charge. By choosing to not legislate this, there is no capacity for the Legislative Assembly to incorporate a sunset clause into this levy to guarantee that it only lasts the four years that you promised.

I remain concerned that, in effect, it is a misleading statement to say there is a levy when there is not a separate levy—it is part of the fixed charge. Is there any way—using the mechanism that you have chosen for this increase in the fixed element of the rates charge—for the Assembly to incorporate a sunset clause there?

Ms Stephen-Smith: Not in the instrument at the moment. I might get the Treasurer to talk about the length, but I think it is probably a bit of a misrepresentation to say we have promised anything about it. But we have committed, within our conversation with the Greens, that it will be reviewed.

Mr Steel: Yes. We will review all of the revenue lines, particularly the health levy, in each budget—certainly in the context of national discussions and agreements that we are having, particularly on the NHRA. We will address this in each budget, and it is not quite true to say that it has not been legislated. There is a legislative instrument that has been adopted to introduce the levy.

THE CHAIR: But it is not an act; there is no bill before parliament that we can amend to ensure that it sunsets after a period. In effect, it is there until you to choose to—

Mr Steel: Well, we are subject to our constitution, the self-government act and parliamentary practices in that regard.

MS CLAY: My question is on the rates notice. It is probably a yes or no question. Have you ever taken advice or given consideration as to whether you would put the $40 that every Canberra household is paying for the service to run the horseracing track? Have you ever considered putting that on the rates notice, as one of the services we get?

Ms Stephen-Smith: Well—sorry, I am not going to answer for you, Mr Steel!

Mr Steel: Given you are responsible for the rates notices, but—

Ms Stephen-Smith: Yes. I guess the bottom line is that is something that is not funded from rates. We get betting operations tax. It is part of the broader process, which the Treasurer is much more familiar with than I am, having been the Minister for Racing previously. As you well know, Ms Clay, it is part of a previous agreement in relation to—

Mr Steel: the memorandum of understanding with the horseracing industry. Obviously, it is only a small part of what comes in in terms of revenue with the betting operations tax. So, no, not every single item of expenditure will be identified in the rates notice. Although, we do try to provide some general information to the community through the chart that we were discussing earlier in the estimates hearing.

To address one particular issue which we were discussing in relation to the interests, I think there is more detail on page 163 and 164 of the budget outlook. The point is that interest expenses can reasonably be distributed across all areas of the budget. To separately identify it as one particular expense when it is actually going towards a range of different things in other areas of the budget is not necessarily the best way to present that information.

So the answer is no. It is not something we are considering in relation to that particular expense. But, given the significant measures that we have had to undertake in the budget to support the investment in health expenditure, we have been very transparent about wanting to identify this extra levy as being directly related to that investment. We have been as transparent as we possibly can through this process, and we will continue to provide that information in the best way we can to people when they need it.

MR CAIN: My question is to either the Treasurer or the finance minister. Is the health levy a breach of the commonwealth-state Medicare agreement?

Ms Stephen-Smith: No, but I am glad you asked that question, Mr Cain.

MR CAIN: That is unusual—I have never heard that one before!

Ms Stephen-Smith: There has been a surprising level of commentary on this from people who, absolutely, should know better.

MR CAIN: That is why I am asking the question!

Ms Stephen-Smith: In terms of the Medicare principle that I think people are referring to, as Minister Butler explicitly pointed out the commonwealth funds Medicare—in part, but not in whole—through a Medicare levy. He also said it is up to the states and territories how they generate revenue to fund the costs that they bear for the public health system.

The Medicare principle, in terms of public hospitals, is really about: we generate funding revenue from the whole community through a range of mechanisms, including: the Medicare levy; our rates, payroll tax, etcetera; and income tax from the commonwealth. We generate all that revenue and people pay according to their capacity. When you need to go to hospital, you do not pay and you get care according to your need. None of us know whether we are going to be the person who needs major trauma surgery, hundreds of thousands of dollars' worth of cancer care or stem cell treatment—

MR CAIN: That is a long answer. I just asked a simple question.

Ms Stephen-Smith: The answer, Mr Cain, is no, it does not. The principle is that people get access to public hospitals according to their need, and we all contribute through a wide range of tax and revenue measures.

MR CAIN: Thank you. Could you provide this committee with a copy of the relevant agreement between the ACT and the commonwealth regarding health funding and raising finances for health funding?

Ms Stephen-Smith: I do not believe that there is actually anything in the National Health Reform Agreement that says anything about how states and territories raise money—just as there would not be anything in the National Health Reform Agreement that says anything about how the Commonwealth raises money to pay its share.

It has been a very interesting lesson for me to realise the extent to which people believe that the Medicare levy funds the entirety of the public health system, primary care and public hospitals.

MR CAIN: I was not suggesting that.

Ms Stephen-Smith: I am sure you were not believing that. Health is just under 10 per cent of GDP. Seventy per cent of health care in Australia is publicly funded, and the Medicare levy is two per cent for most people who pay income tax. So there is no way it could fund the entire public health system.

Mr Steel: The details of the agreements are on federalfinancialrelations.gov.au, if you want to have a look.

Ms Stephen-Smith: Thank you for googling!

THE CHAIR: At this point we might suspend for a short break. The committee will now suspend proceedings for a break and reconvene at 3.15 pm. We will come back to the same session.

Hearing suspended from 3.06 pm to 3.21 pm.

THE CHAIR: We welcome back the Treasurer, Mr Chris Steel MLA, the Minister for Finance and officials to continue the session.

MS CARRICK: My line is around transparency. Could you take on notice and provide what expenditure, expenses, are not in the rates ring?

Mr Steel: Yes, we can do that.

MS CARRICK: Thank you. I also want to ask about the superannuation return adjustment in the headline operating figure, which influences the surplus and deficit. Where is it in the consolidated financial statements? We are tracking through from budget to actuals.

Mr Austin: Ms Carrick, it appears in the HNOB. You will follow it in the operating statement. It will be in that, as you follow it through. We also report the net operating balance, and the difference between the two is that adjustment.

MS CARRICK: In the budget, it is in the revenue line as expenses. It is there. Is it in that section?

Mr Austin: It is in, I think, chapter 4, where we talk about the general government sector financial statements. There is also a text box that explains how we use it, and it is early in the fiscal strategy chapter as well.

MS CARRICK: I do not mean in the budgeted financial statements; I mean in the consolidated financial result, at the end—the annual report. With the territory's equivalent of a directorate's annual report, where is it in the consolidated financial statements?

Mr Austin: It should appear at the back, I think, with the consolidated financial statements. Let me check that.

MS CARRICK: Perhaps you could take it on notice, because presumably you followed through from—

Mr Austin: It follows through, yes.

MS CARRICK: the budget to the actuals, and that should—

Mr Austin: Are you talking about the annual financial statements that we produce every year?

MS CARRICK: Yes.

Mr Austin: It is not included in that. I am sorry; I thought you were talking about the budget documents.

MS CARRICK: No, I am talking about transparency, following through from the budget to the actuals. You do the budget at the beginning; you do the actuals at the end. It is about how you went in the budget. You guys do the actuals, consolidated financial statements, for the territory, but it does not follow the same—

Mr Austin: I see what you mean.

MS CARRICK: It is different from the budget. You do not track through.

Mr Austin: We do put the actuals in the budget review. They are in the budget documents because that is how we present our budget papers. Essentially, it is the innovation that deals with the fact that the ACT is different from all other jurisdictions. But the financial statements are presented on an audited basis—the annual financial statements. Through our budget documents, that is how we track it.

MS CARRICK: My point here is that, for the sake of transparency, your budget documents are different from your actuals, at the end, and how this line item is presented, because you do not have it in your operating balance, in the revenue line, as expenses.

Mr Austin: In the audited statements. That is the only place it does not appear, but we do track it through our budget documents.

MS CARRICK: There is a table here. I do not have it highlighted, but it has the debt and the net worth. Where do those figures come from?

Mr Austin: It depends on what category of government you are looking at. If it is for general government, that is based on estimates.

MS CARRICK: It is based on your estimates. It goes back to 2010-11, I think. We do not use actuals?

Mr Austin: I am sorry; that is the historical record. Yes, that is right; they will be based on actuals.

MS CARRICK: When I try and track that back to the consolidated financial statements, it does not match.

Mr Austin: I can check that.

MS CARRICK: Can you please check that table? It has the net debt back to 2010-11.

Mr Austin: I imagine it is actuals. We can check that, yes.

Mr Campbell: Can we check something? What are you saying is not matching, so that we know what we are coming back with?

MS CARRICK: There is a table in here—if I was clever, I would have marked it—that has net debt, and it goes back to—

Mr Austin: The historical table, at the back?

MS CARRICK: Yes, it goes back to about 2010-11. It has net worth, net financial liabilities.

Mr Austin: You are talking about tracking those through the audited statements; is that right?

MS CARRICK: Yes. It is historical data, so I would assume it would be actuals.

Mr Austin: Yes, we can check that. It is about reconciling that table at the back of the historical data with the audited statements. Is that your question?

MS CARRICK: Yes.

Mr Campbell: Yes, we can come back with anything that is—

MS CARRICK: Can you check that, please? Obviously, I have gone back looking for surpluses and deficits, as you do, and I cannot track it to that table.

Mr Campbell: It should be in the balance sheet.

MS CARRICK: Not all of us look at these like I do, and that is why we should show—

THE CHAIR: Some of us are budget nerds and we should be proud of it!

Mr Austin: I am sure there is a good reason. We will have a look at that.

Mr Steel: To answer your earlier question, in relation to what is not included in where our money goes, page 164 has an explanation of that.

MS CARRICK: Okay. I have read that. I do not think that it outlined, item by item, what is not included, on page 164. It was very generic.

Mr Steel: Without reading the entire thing to you, have a look, and you will have the opportunity to provide—

MS CARRICK: I have read it. It was very generic. I would like to know what items are not in there.

Mr Steel: It mentions some specific items in there, on page 164.

MS CARRICK: I will move on, in the interests of time. Given that you have the superannuation return adjustment in there, which is a book entry, basically—it is not a realised number—

Mr Austin: It is an estimate of what we are expecting to realise from our investments to pay off the superannuation liability.

MS CARRICK: It is an estimate of the increase in the value of the asset. Why don't you have other estimates of increases in assets there? It is not the only non-financial asset that you hold.

Mr Campbell: This is the only one that is being offset against the super liability. That is the only reason we are including those ones, to quarantine it to the liability that we are matching it against. Everywhere else in our budget statements, you will have the actual estimates of the liability that we have, and that will change from year to year. As that liability changes, we will compare our assumptions against that liability and match that, specifically for the purposes of the super liability.

MS CARRICK: If you were putting in increases in asset values, there are other asset values—and, similarly, with increases in liabilities, if you have an actuarial review of the super liability and it goes up, why isn't that in there?

Mr Austin: I think they are included in there. All the financial statements are based on Australian accounting standards, except for the superannuation return adjustment, which is unique to the ACT. I think that, as a general proposition, they are all included in there.

MS CARRICK: Okay; can you take on notice and show me where, in this expense line, because it is broken out, an actuarial adjustment to a liability would be, in the expenses?

Mr Austin: Yes, we can do that. Is it your intent to understand how these relate to a standard set of accounting reports that would be consistent with the Australian accounting standards? Is that what you are trying to get to?

MS CARRICK: We all know that it is not.

Mr Austin: No, I think it is. The audited statements are based on the—

MS CARRICK: The audited statements at the end, but they do not include this; so the budget is different from what the audited—

Mr Austin: I think that the only difference with the budget is a superannuation return adjustment. That is the only difference, as I understand it.

MS CARRICK: Yes, I know. What we do is that we take that out, when we look at it.

Mr Austin: I think we are quite transparent in how we do that, because we have the net operating balance, and the difference is only that adjustment. We mark out what that is.

MS CARRICK: But the thing is, you put it in, and it gives you the narrative that, by 2027-28, we will be back in surplus. But without it, you are not. It lends itself to being a very nice narrative for you that is never realised, because there have been 10 years of deficits. The actual outcome has been deficits for 10 years, but every year you show in the outyears that you have a surplus, and it never comes to fruition.

Mr Steel: I think that is a different issue from the way that the budget financial statements are presented.

MS CARRICK: It is the result of having it in there. My question is: why do you have something in there that is not in your audited financial statements?

Mr Steel: We present it against the UPF framework and the net operating balance, as well as the headline net operating balance. We are being transparent by presenting the financial statements in a range of ways, so that you can see the true state of the ACT's finances.

MS CARRICK: How many people get in there and have a look at it? You run the narrative that you are coming back to surplus and—

Mr Steel: Where else would it be presented—if not in the budget papers, within the budget outlook?

MS CARRICK: I am sure it can fit in there somewhere, but whether it fits in the surplus and deficit, that is—

Mr Steel: It is presented on both a NOB basis and an HNOB basis, with both deficit and surplus occurring in different years, depending on which of those particular methodologies you choose.

MS CARRICK: Do the other jurisdictions do this, too, and have a different budget—

Mr Steel: They do not have the same unique circumstances that we do, in relation to the superannuation liability that we inherited, coming on to self-government.

MS CARRICK: But they still have to pay for their superannuation liability. Presumably, they have assets, just as you are trying to do—to build up your assets to pay the liability as it falls due. Presumably, the states are doing that, too.

Mr Steel: It is the scale of the liability that we inherited that is significant.

MS CARRICK: I know it is significant; it is huge.

Mr Steel: In order to make sure that the budget presents the true state of where it is at, so that we can make proper decisions in the budget process about expenditure, we have made that adjustment to reflect through the capital returns.

MS CARRICK: Okay; I will leave it at that.

THE CHAIR: Ms Clay?

MS CLAY: We have talked about a lot of our expenses going up. I am concerned about some of our expenses going down in the forward estimates. It is on page 163 of the budget outlook. This is probably pretty familiar content. The environment protection funding will drop from $301 million in 2025-26 to $279 million in 2028-29. Is there a reason that we think our environmental funding should decrease in outyears?

Mr Steel: That probably reflects a range of non-ongoing programs. I do not know whether Treasury wants to provide any further—

Mr Pirie: We would probably have to look at the details and provide what is driving that.

MS CLAY: I will tell you more about my concerns. Most of our expenses are going up, which we understand; we are a growing city, with a growing population and a lot of infrastructure needs. The *Close to the edge* environment report told us that our environmental and climate funding is meagre and grossly inadequate. I think those were the words that the environment commissioner used, and that we are getting year-on-year environmental degradation.

I am concerned that, when I look ahead, in four years time we will be putting even less funding into environment and climate change, when we are in a biodiversity and climate crisis. I would have expected that that would be going up, just like the health budget is.

Mr Steel: I do not necessarily think that the quantum of funding is the only thing that would go into environmental protections—where that funding is going. The table on page 163 bundles up everything that is related to environment protection. There is a huge range of things included within that. Without breaking it down further, it is not really possible to provide a detailed analysis of exactly which areas should be funded as opposed to areas that should not, and so forth.

Ms Stephen-Smith: It is not the only line that sees a reduction from 2026-27 to 2027-28, which reflects what the Treasurer said earlier—that there are ceasing programs across a range of different areas. Programs whose funding is due to come to an end are considered in every budget.

MS CLAY: It looks to me a little bit structural, though. We spend a really small proportion of our budget on all of environment, climate change and sustainable development. Last year, it was three per cent of the budget. That has now dropped to two per cent of the budget. When I am looking ahead to the forward estimates, it looks like that is dropping again. We have a report from the commissioner for the environment; the *State of the environment* reports are pretty bad, but she is telling us that we are not spending enough on environment and climate.

Mr Steel: The reason is that health investment has increased significantly; so, as a proportion of the rest of expenditure in the budget, of course, that is measured in relation to that extra investment in health. But when you look at the numbers in the budget, on page 163, the extra investment is around $30 million, from last financial year to this financial year. It is growing, and it will grow again next financial year as well.

As the Minister for Finance said, we will make decisions about future programs in the context of environmental agreements that we have with the commonwealth that may affect future years. But those decisions have not yet been made, so they are not reflected in the budget papers. Again, it will be about the quality of funding, not just the quantum, in relation to environmental matters. I think that looking at the quantum alone provides only a certain view.

Ms Stephen-Smith: It is an 11 per cent increase in funding from the 2024-25 estimated outcome to the 2025-26 budget. It is a pretty big increase in funding in one year.

MS CLAY: I want to check whether this has been taken on notice. Where the numbers are dropping, which is 2027-28 and 2028-29, it sounds like Treasury might come back with some details, or might come back and say, "There's no intention to reduce environmental funding; we simply haven't had the business cases for the programs." That would be very useful information to get on the record. Where we have budgets that balance in the forward years, and we are told that the reason that the numbers are lower is that the programs have not gone in, it is really hard to read and understand whether we are getting back to a balance or not.

Mr Steel: We have not made decisions to fund additional programs in those years at this point. It is not to say that we would not in the future, but we have not in this budget.

MS CLAY: I do get the annual budget cycle.

Ms Stephen-Smith: The other part is that some environmental funding does come from the commonwealth. It is not just about the ACT government making decisions about funding; it is, in fact, as in so many other areas, about negotiating with the commonwealth. With Healthy Waterways funding, for example—I think I am right about this—

MR RATTENBURY: No.

Ms Stephen-Smith: Not Healthy Waterways?

MR RATTENBURY: We have not had commonwealth funding since 2016.

Ms Stephen-Smith: It is a historic example; I think we have been spending it for a while. That is part of the reason that you look at future years; otherwise you might as well have a budget every four years, and set it for the four years ahead. But we do not have that level of certainty, and we do not know where our funding is coming from.

THE CHAIR: I will jump in quickly, so that the question taken on notice does not get missed. Do you want to restate the question that has been taken on notice?

MS CLAY: The question on notice is that Treasury will go back and check the 2027-28 and 2028-29 figures and let us know if that reflects an intention to reduce environment and climate funding or if it is simply a case of saying, "We don't yet have the information at this point and there has been no decision made." Also, any details you can provide about what goes into those components.

Mr Steel: That question is not particularly clear. I just wonder whether a rephrasing of that, which is to come back with details of any ceasing programs in that period, might be a bit clearer.

MS CLAY: Yes, thank you. I have a similar question. We do not need to go into the detail. Similarly, I looked at recreation, culture and religion, which is where our arts funding is. This one, again, is quite small to start with, but it is dropping in future years. This one dropped from 2024-25 to 2025-26. It is a small number, and it gets smaller in future years. Treasurer, could you take a similar question on notice specifically for the arts sector, as well as that category of recreation, culture and religion?

Mr Steel: Yes.

MS CLAY: Also, why did it drop from 2024-25 to 2025-26? What were the components in that, and which bits got cut or finished?

Mr Steel: Yes.

THE CHAIR: I might jump in and add an extra layer on top of that. I am particularly interested in any ceasing programs related to the community sector over the budget period, and whether there are any that ceased, were terminated or lapsed.

MS CARRICK: You can get a table for arts funding or sports funding, but can we get a table for community sector funding?

Ms Stephen-Smith: I think we have already committed to—

Mr Campbell: There is work being done on funding going to specific entities, but because we do not do it by program category, we cannot do that at the moment.

MS CARRICK: By organisation.

Mr Campbell: But with the CS work that is undertaken at the moment, we will get it to—

Mr Steel: But it may not be available within the timeframe for questions taken on notice. I just want to be clear about that. We intend to provide it, but it is quite a significant piece of work. We are intending to provide that, hopefully in response to the Assembly resolution request that was made.

MS CARRICK: Why is it a significant piece of work? Can't you just run it through your system for all community organisations?

Ms Stephen-Smith: We fund community organisations in different ways, through contracts, grants, one-off grants, longer term grants, service funding agreements, and contracts. That is all detailed in agencies' annual reports. Any actual contract under a procurement arrangement will be available on the contracts website, Tenders ACT.

Grants are all detailed in annual reports. If you go to the back of the Community Services Directorate or Health Directorate annual report, you will be able to see all of the grants that go to all of our community organisations for a range of activities. It is all there in black and white. But that information sits with each different directorate, so trying to pull that together and be consistent about what category you put it into, especially when a number of organisations deliver services across a range of sectors, will be the complicating thing. How do you present that information in a way that is actually useful to people?

What is the question that you are asking? Is the question: how much money do we give to Marymead CatholicCare, for example; or is the question: how much money do we give to non-government organisations that operate in the homelessness sector, the alcohol and other drugs sector and the early childhood sector? What question are we trying to answer? Depending on the answer to that, you are going to cut up the information in different ways. That is one of the things we will be grappling with in trying to present that information.

MS CARRICK: Start with by organisation.

THE CHAIR: We might wind up that line there. It has been pointed out to me that all witnesses are continuing into the next session, so we might formally wind up the session, so that we can move into the session with Minister Berry. In relation to this one, if you have taken any questions on notice, please provide your answers to the committee secretary within five business days of receiving the uncorrected proof *Hansard*.

Appearances:

Berry, Ms Yvette, Deputy Chief Minister, Minister for Education and Early Childhood, Minister for Homes and New Suburbs and Minister for Sport and Recreation
Steel, Mr Chris, Treasurer, Minister for Planning and Sustainable Development, Minister for Heritage and Minister for Transport
Stephen-Smith, Ms Rachel, Minister for Health, Minister for Mental Health, Minister for Finance and Minister for the Public Service

Chief Minister, Treasury and Economic Development Directorate
Campbell, Mr Russ, Under Treasurer
Austin, Mr Scott, Acting Deputy Under Treasurer; Budget, Procurement, Investment and Finance; Treasury
Pirie, Mr Mitch, Acting Deputy Under Treasurer; Economic, Revenue and Insurance; Treasury; and Coordinator-General for Housing; Treasury
Maclachlan, Mr Hugh, Acting Executive Group Manager; Economic and Financial Group; Treasury
Salisbury, Mr Kim, Executive Group Manager; Revenue Management Group; Treasury and Commissioner of ACT Revenue

THE CHAIR: We formally welcome back the Treasurer, Mr Chris Steel MLA, and the Minister for Finance, Ms Rachel Stephen-Smith MLA, and officials, and we formally welcome the Minister for Homes, Homelessness and New Suburbs, Ms Yvette Berry MLA. We have many witnesses for this session. For officials, please note that as witnesses you are protected by parliamentary privilege and bound by its obligations. You must tell the truth. Giving false or misleading evidence will be treated as a serious matter and may be considered contempt of the Assembly. We are not inviting opening statements. Mr Emerson?

MR EMERSON: On payroll tax and the expected $172 million increase in revenue from the original changes that were in the budget papers over the next four years—does that account for behavioural change on the part of employers?

Mr Steel: I will ask Mitch Pirie to provide some information there.

Mr Pirie: No. Our estimates do not assume any behavioural responses.

MR EMERSON: No behavioural response. In previous changes to payroll taxes have you included any kind of behavioural change in your estimates?

Mr Pirie: No.

MR EMERSON: So it is just based on the current climate?

Mr Pirie: Yes, we look at the current labour figures.

MR EMERSON: That is interesting. When South Australia changed their payroll tax settings in 2019 to introduce a new threshold of $1.5 million, the number of firms found to cluster just below the new threshold increased by 21 per cent, and the number just above the threshold decreased by 18 per cent. Is this something that might be part of consideration in future budget estimates? Obviously, it is quite a significant anticipated revenue stream. We have already spoken today about anticipated revenue from things like payroll tax fluctuating and actual outcomes not meeting what we have anticipated. To me, that jumps out as a bit of a concern. Is this something that has been discussed and decided against?

Mr Steel: There has been a lot of analysis over the years about payroll tax. The Henry tax review provided some commentary about the short-run impacts of payroll taxes and payroll tax thresholds, and the potential for movement of capital and so forth. The changes that we have made are broadly in line with where the Henry tax review was heading in relation to value-added taxes for wages and employees, and we have done that by decreasing the tax-free threshold, which improves the efficiency of the system. It catches more businesses but also asks existing businesses to pay a little bit more through the reduction of the threshold, and at the same time we have reduced the rate of tax being applied for those businesses with national wages of under $20 million.

It is also broadly in line, I understand, with the 2012 taxation review undertaken by Ted Quinlan, and there was a review of the Tasmanian government's finances that was undertaken by Saul Eslake relatively recently that also pointed towards a similar direction, so we think it is a reasonable measure to take. We will still have one of the highest payroll tax thresholds in the country. Indeed, businesses with payrolls up to $4 million will still be better off in the ACT than in New South Wales.

Mr Pirie: I will add, if it is okay, Treasurer, to my response. While we do not do specific modelling—going to the question raised—we do analyse the labour market in quite a bit of detail whenever we update our economic forecasts, and we do look at the payroll tax base as part of updating our payroll tax estimates and monitoring collections as they come in. For that specific question around clustering around the threshold, we have not done any modelling on, but we certainly analyse the payroll tax base in quite a bit of detail.

I would note that the commonwealth Treasury did quite a bit of work on that question a few years back now, and they did not find any strong evidence, in the work they did, of clustering around the threshold.

MR EMERSON: In the shift of the threshold from $2 million in national wages down to $1.75 million—and this is going to betray some ignorance about how payroll tax works—is the entire revenue increase courtesy of businesses that will now fall within that gap between $1.75 million to $2 million? I am thinking about the breakdown. Does most of it come from larger businesses that now have to pay payroll tax on the portion of wages from $1.75 million to $2 million?

Mr Steel: Yes; it is a mixture. They will be paying more tax because more of their taxable payroll will be included, but there will also be businesses that have not been paying payroll tax at all that have been getting that concession that will now pay some payroll tax if their wages are over $1.75 million. I do not know whether you have any sort of commentary on that, Mr Pirie?

Mr Pirie: I am seeing what the team are sending through. They have just confirmed what you are saying, Treasurer, that it is in part coming from the new firms coming into the base and then part coming from the existing firms—

MR EMERSON: Do you have a dollar breakdown or a percentage breakdown, or is that something you might need to provide on notice or perhaps later in the session?

Mr Pirie: I will take it on notice for the moment and see what the team comes back to me with.

Mr Steel: But we also have offset that with reducing the rate as well.

MR EMERSON: I noticed that, sure.

Mr Steel: That is important, particularly for the existing businesses as well.

MR EMERSON: Okay. Also, on the additional change to payroll tax that has been negotiated, do you have a list of the organisations that currently have a payroll of over $150 million that are operating in the ACT?

Mr Campbell: The tax commissioner would, but we do not.

MR RATTENBURY: The federal tax commissioner—the Commonwealth one?

Ms Stephen-Smith: No, the Revenue Commissioner.

Mr Campbell: No, it is the ACT Revenue Commissioner. For tax secrecy, we cannot see that.

MR EMERSON: Do we have a number of how many organisations?

Mr Campbell: We would have a rough number.

Mr Steel: Three hundred and forty is what has been the advice that has been provided to me by Treasury—

MR EMERSON: Okay, and then—

Mr Steel: with a national payroll of over $150 million.

MR EMERSON: Has that been broken down—

Mr Pirie: Sorry to jump in, but the team has just come back to me on just that previous question. They have said it is approximately fifty-fifty between the new and the existing, but we can provide some more detail on that. But that is the advice there.

MR EMERSON: That is interesting. That seems like a bit of a risk to me. If I were in that gap, and I have just got to drop $250,000 in employees to not be part of the scheme at all—given what we have seen in South Australia, there is behavioural change there. I understand you are pointing to evidence that indicates that might not be the case but—

Mr Pirie: I imagine there would be a risk of some short-term behaviour to that effect, but if businesses are seeking to grow and their wages are growing not employees but just wage growth. It is likely that over time they move up.

MR EMERSON: That is really helpful, thank you. Of those 340 organisations, is there any breakdown of which are headquartered in the ACT? I know the rhetoric has been about these multinationals—big banks. They are everywhere. Or are there any, at least, national organisations as well? Are there any that are homegrown, ACT-based organisations?

Mr Steel: There would be, but I do not have the detail.

Mr Campbell: I am not entirely sure that is how the data would be collected, either.

MR EMERSON: I do not think it is relevant to the collection of the tax, but I think it is relevant to the public's understanding, and part of what we are trying to do here is to inform people about the taxes.

Mr Campbell: Again, because of the tax secrecy, the only person that can actually do that matching would be the commissioner.

MR EMERSON: Yes, it is hard for you—

Mr Campbell: Then again, I am not entirely sure that specific data would be part of the data capture he would get.

MR EMERSON: I see what you mean, yes.

Mr Campbell: We can check that, though. I will take that on notice.

THE CHAIR: You will take that on notice?

Mr Campbell: We will take that on notice.

MR EMERSON: That would be great, thank you.

Ms Stephen-Smith: I will make a point, because I think this does come up sometimes, Mr Emerson, in relation to behavioural change. I do not know if we have got a number; but even following the changes that will come into effect next year with payroll tax, smaller businesses in the ACT will still be paying less payroll tax than they would if they were over the border in New South Wales. We sometimes hear the ACT and New South Wales comparison, so in terms of behaviour change, I think it is important to continue to remember that.

MR EMERSON: Sure. I am asking because of what it means for the budget as much as—

Ms Stephen-Smith: I appreciate that, but I just wanted to clarify because that is sometimes the rhetoric that comes out.

MR EMERSON: I think that is a good point, thank you.

Mr Steel: There is a range of other important things; for example, that 30 per cent of the cost to businesses, by being brought into the payroll tax net, will be covered by the commonwealth through company tax as well so—

THE CHAIR: Could you repeat that?

Mr Steel: Up to 30 per cent of the cost to businesses being brought within the payroll tax net would, in effect, be borne by the federal government via reductions in company tax payments.

MR EMERSON: Assuming you are making a profit.

Ms Stephen-Smith: Yes.

THE CHAIR: You said you have not modelled behavioural effects. Can I ask: is that because we are talking about second-round effects in budgetary terms, or is it because you do not think there are going to be any?

Mr Pirie: I will answer twofold. Our payroll tax base—notwithstanding some of the measures the commonwealth has made recently in terms of their insourcing, which has impacted the base—tends to be pretty stable; the labour force grows, wages grow. So in terms of the efficiency of our forecasts, it tends to be the better of our forecasts on that metric. For the accuracy of our forecasts, I do not think we would feel a need to do the type of modelling that was asked about. I think, given some of the changes that have happened recently, we will be looking at the labour market closely for the next little while as we update our forecasts. But our view would be that it is likely to be a modest risk, a low risk to the overall forecast, for the payroll tax base and collections.

THE CHAIR: The behavioural changes would not be second-round effects and excluded from it, but it is just that you, at this stage, have not formed a view that there are going to be significant behavioural changes.

Mr Campbell: We would not ordinarily do second-round forecasting anyway.

THE CHAIR: No, that is right, and that is what I am trying to work out.

Mr Campbell: Yes.

THE CHAIR: Do you categorise this as second round?

Mr Campbell: No; it is just more that it is not material to our central estimate—the way we forecast.

THE CHAIR: Thank you. And to confirm: when you are talking about broadening the base, essentially that is about bringing more businesses into the pool so that the number of businesses increases because you have lowered the threshold, and there is a cohort of businesses that were not paying payroll tax that now will be. When you are looking at that breakdown of where the additional money is coming from, I wonder if you could provide a breakdown by threshold of how much is coming from new businesses, how much at the top end and in between?

Mr Steel: We will take that on notice.

THE CHAIR: Thank you. Mr Cain?

MR CAIN: Treasurer, you will probably take this on notice: could you provide for each of the last financial years the value of abandoned procurements? Obviously, something like HRIMS stands out as a glaring example. Could you also take on notice the dollar value of procurements—the extra cost from originally quoted? Or the finance minister—

Ms Stephen-Smith: Yes, I think that is me as finance minister, with responsibility for procurement.

MR CAIN: I am happy if you take those on notice.

Ms Stephen-Smith: Yes, I am happy to take that on notice, Mr Cain. I am not sure that we are going to be able to get you a complete answer to that question.

MR CAIN: Certainly, the abandoned ones should be fairly easy to locate.

Ms Stephen-Smith: That would depend on your definition of abandoned, because we can commence—

MR CAIN: As an example, HRIMS is a classic.

Ms Stephen-Smith: But sometimes a procurement process will commence, and the procurement process itself will be ceased because—

MR CAIN: Feel free to be broad in your answer and to qualify your explanation if you wish.

Ms Stephen-Smith: I am trying to get an understanding of what you mean by abandoned, because the procurement process for HRIMS was not abandoned; the project was cancelled.

MR CAIN: I think you take my meaning—

Ms Stephen-Smith: In other cases, procurement is actually abandoned because the quotes come in above—

MR CAIN: Yes—

Ms Stephen-Smith: Are you looking for a procurement process—

MR CAIN: Cancelling a project would qualify as an abandoned procurement.

Mr Steel: No, the procurement had been completed on that—

MR CAIN: Sorry, there is no need to play with words. Feel free to give me a variety of answers—

Ms Stephen-Smith: I am not playing with words, Mr Cain. I am trying to understand what question you are asking so that we can take it on notice.

MR CAIN: It is a very clear question, in my opinion.

Ms Stephen-Smith: In that case, we will take on notice the question of how many procurements have been abandoned before the procurement itself was completed—

MR CAIN: Or cancelled—

Ms Stephen-Smith: or cancelled before the procurement itself was completed, because that is the implication of your question—

MR CAIN: And delivered above their original quote.

Ms Stephen-Smith: Sorry?

MR CAIN: Delivered at a price above the original quoted amount.

Ms Stephen-Smith: That will not—

Mr Steel: Why would it have been delivered at a higher price, if the procurement had already been abandoned? Sorry, it is just that there are some rational issues with the question.

MR CAIN: Obviously, it has either been approved as a variation or just turned out to be more costly than you expected.

THE CHAIR: Mr Cain, just to clarify so that officials and ministers can take it on notice: is this a separate question asking how many projects have exceeded the value of the original procurement quote?

MR CAIN: That is the second part of my question, yes.

Ms Stephen-Smith: To deliver the original specifications of the procurement?

MR CAIN: Feel free to explain how these dollar changes are tracked for each of the last financial years, but my first question I think is fairly obvious—for abandoned or cancelled procurements, what were the dollars that were involved in that expenditure? HRIMS is obviously an example, which has already been well-advertised.

Ms Stephen-Smith: Well, it is a cancelled project, not a cancelled procurement. So that is the problem that I am having with the words you are using, Mr Cain.

MR CAIN: So projects or procurements.

Ms Stephen-Smith: It is a cancelled project, not a cancelled procurement.

MR CAIN: Projects or procurement, either.

Ms Stephen-Smith: And it did, in fact, deliver something.

MR CAIN: Feel free to be broad in your interpretation as to how you answer it.

MR RATTENBURY: Is it the cost of running the procurement or the value of the proposed procurement you are asking?

MR CAIN: I am happy to get the broadest coverage.

THE CHAIR: We will leave it to the minister to come back on what you can.

Ms Stephen-Smith: Okay, I will take the question on notice and answer it in the best way we possibly can.

MR CAIN: I think you are getting the intent of what I am getting at. I think you are getting what I am getting at.

Ms Stephen-Smith: which will probably be a reference to Tenders ACT and the contracts register.

MS TOUGH: My question is for the Treasurer. The budget provides a lot of information about the relative economic position of the territory, including updated figures on employment, inflation and growth. How does this economic input shape the government's decision-making in relation to the budget and the decisions it has made?

Mr Steel: Well, a strong economic outlook underpins a strong budget, perhaps less so in the ACT than the commonwealth. The commonwealth budget is significantly affected by the broader economic context—that flows into their finances in a stronger way than it does the ACT, particularly because we have such a stable base of revenue through land-based taxes, but the decisions in particular that we have made in the budget have supported economic growth.

We have made major investments, particularly around housing and particularly supporting the growing population that we have in Canberra—the revised population estimate was ticked up to two per cent in the last financial year—through $145 million of investment in housing and particularly in skills, noting that there is a skills shortage in the economy we needed to address particularly to construct new homes. So those extra subsidies for apprenticeships have been a key decision that we made in the budget to support economic growth, housing and population.

The infrastructure investments that we have made in the budget, and in previous budgets that we are continuing funding for in the current budget, are targeting those areas that support economic growth. An example is the National Convention Centre project and work that we are undertaking with the commonwealth there, but we are also, of course, investing in tourism and events which drive activity in the economy and bring visitors into the ACT to contribute as well. So that is part of the government's broader diversification agenda which will be coming online.

I think it is important to note that state final demand in recent times has largely been driven by government activity, both activity from the ACT government and also the commonwealth, but as noted in the budget papers we do expect over the forward estimates for there to be a larger share of private activity in the economy which will certainly be welcome as we see economic conditions improve and start to see some of those sectors, particularly like housing, pick up over time as well. So the economy has been an important context for the decisions that we have made and we will continue to make investments in driving economic growth in future budgets as well.

MS TOUGH: It is put regularly in the media, and in discussions with the community, that a pathway to handle the fiscal pressures facing the ACT is to reduce spending on projects like light rail and other big infrastructure projects. Do you consider this a realistic pathway to address fiscal pressures and what would the adverse effects be of decisions like that?

Mr Steel: No, I do not. I think often that commentary is based on the state of debt in the budget, and a view which some people have—I do not have—that we should only invest in economic-driving infrastructure when we have cash to fund the cost of that infrastructure upfront. But like all states and territories, we are investing in generational infrastructure and using our borrowing capacity to support that infrastructure so that we get the benefit of it now but that it lasts a generation—for a generation of people, 50 plus years—whether it is new hospitals or investment in light rail.

That is a reasonable investment to make in the context of significant population growth and the need to support infrastructure to deliver new homes and provide all the supporting infrastructure that is required, including new road connections to new communities, those sorts of things. They have to be built now. The community's expectation is that they are funded and delivered now, not ten years down the track. So we are using the borrowing capacity of the ACT government to support that generational infrastructure, which will provide that long-term benefit for the community at a time when our population growth is significant.

Of course, we need to make sure that that program is manageable and deliverable. We do that in every budget, making sure that projects are profiled in a way which matches the expected delivery timeframes, discuss the role for the commonwealth in providing a contribution to that infrastructure as well and the timing of those payments, which greatly contributes to our ability to be able to continue to invest in the infrastructure pipeline.

The alternative that we had in the budget with the extra investment that we had to put into health care was to make deep cuts to the infrastructure program, and indeed other services. We decided against that. That is out of line with community expectations. There is a strong will in the community for us to get on and deliver the infrastructure program that we have committed to, and that is what we are doing in the budget, and that will support economic growth, not just when the infrastructure is delivered, when it connects communities and people and delivers new events and opportunity and tourism and so forth, but also in the jobs that it creates during construction, thousands of jobs. These are people who often are moving interstate to work on those projects, and, of course, that supports local businesses as well.

MS TOUGH: Is it fair to say that, without these investments, the ACT's economy would be weaker and would attract less people and investment to the ACT?

Mr Steel: Absolutely. It would have a significant effect on the economy if we decided to stop the infrastructure pipeline overnight, and that is why we continued the strong level of investment in infrastructure in the budget. The impact of cutting those programs is that we will not be able to deliver on important government priorities, particularly housing. It is not just about building the new homes themselves; it is about preparing land for release, particularly through the Suburban Land Agency, and it is becoming more difficult and more high risk to release. It requires more infrastructure work than it previously did over time, so there is more capital investment that is required in that, and whether it is bridges or roads, all of those things need to be funded, and that is certainly part of the budget.

Growing communities need that social infrastructure to support wellbeing, which is a key part of our budget as well, for example, new playing fields at Stromlo and new playing fields in Throsby. So it is not just the economic impact; there would be a wellbeing impact as well from a reduction in the infrastructure program. These are pieces of infrastructure that the community expects us to deliver, and so we are not stepping away from that in this budget.

MS CARRICK: The infrastructure pipeline is important. Homes, bridges, roads are all important for our new districts. They have got to be done. Infrastructure has to be built, but I guess it is the type of infrastructure and the impact that it has on the budget, given that the interest is increasing at 25 per cent a year at the moment, and by the end of the forward estimates it will have doubled to a billion dollars out of our own source revenue which is $3.6 billion by 2028-29. So let us round it up to four to make it easy. That is 25 per cent of our own source revenue on interest. So that trajectory is exponential. It is going like this. So with all this infrastructure pipeline of $8.1 billion to 2029-30, what is the impact past the forward estimates? Does that trajectory continue?

Mr Steel: Well, that will depend on future decisions that are made by future governments.

MS CARRICK: But you have already committed to hundreds of millions of dollars that are not in there; the convention centre, the Lyric Theatre, the upgrade of EPIC and the new health and education sports precinct at Bruce. There is a lot of commitments where you cannot see the construction money in the budget. So what is the impact when you add the construction funding in to the borrowings and to the interest past the point of estimates? Like, does that trajectory continue?

Mr Steel: Well, that would depend on, for each project, what the financing arrangements are. Obviously, the commonwealth is making a contribution. There will be business cases that need to be considered in the future for things like the National Convention Centre. For example, part of the funding that is being provided in the budget is to develop a business case for government consideration and to make an investment decision. We are certainly of the view that we need to continue to invest in infrastructure. I know that particular project is very much supported by the business community and is a key economic-driving piece of infrastructure.

So budgets are about choices. We have decided that we want to continue to invest in infrastructure. We need to make sure that is manageable. If you have views on infrastructure projects that should be cut, you should make the public aware of that, but we are committed to the program that we have in the budget. We think it is manageable, and we will continue to get on with that piece of work.

MS CARRICK: Well, it would be good if you could provide some analysis of—give it out 10 years, with this pipeline of projects that you have, what will be the impact on the borrowings, or the forecast borrowings and the forecast interest, as—

Mr Steel: Well the government has not made a decision, an investment decision, on a range of projects—

MS CARRICK: But you have committed to them. You will want to—

Mr Steel: —that is the purpose of the budget. We have budgeted for the infrastructure where we have made those decisions and that is reflected in the forward estimates.

MS CARRICK: So the issue is that you have committed to these projects, but you have no analysis of what the impact will be on the budget.

Mr Steel: That is the purpose of—we develop a business case—it is what you do with infrastructure projects, right?

MS CARRICK: Yes.

Mr Steel: You undertake sort of preliminary work—feasibility—you look at what the potential scope is, you develop a business case, you do design work—

MS CARRICK: Yes, I get all that.

Mr Steel: Sometimes you do a bit of design work before the business case to understand broadly the scope and costs. Then you seek funding from the commonwealth, go through—

MS CARRICK: I get all that.

Mr Steel: You go into procurement—

MS CARRICK: I understand that. I worked in infrastructure.

Mr Steel: Yes—

MS CARRICK: But you cannot—if you are committing to a project, you must have some indicative costs and some indicative idea of the impact on the budget, and the credit rating has gone to negative—

Mr Steel: Well, that is the purpose of the business case process.

MS CARRICK: What happens if the credit rating is further reduced and the interest rates go up and the interest—it is a major impact, a big opportunity cost on health and education and everything—

Mr Steel: It is a reasonable question to ask. If you look at page 45 of the budget, you will see that our net debt—which is how we are funding a lot of our infrastructure, through borrowings—our net debt to gross state product is 17.7 per cent, which is generally on average with the rest of the other states and territories.

MS CARRICK: Smoke and mirrors.

Mr Steel: They are also investing in infrastructure as well. It also, of course, reflects the fact that we made a significant investment during COVID-19 to support the community and businesses during that time, and that did result in extra expenditure, some of which had to be funded through borrowings as well. So that—

MS CARRICK: All right. Well, maybe you should just be a bit clearer about when these things can be delivered.

Mr Steel: But the infrastructure program is important and we think it is a community expectation that it gets delivered. If you have a different view, that is absolutely fine for you to articulate.

MS CARRICK: No, I just want to know the impact on the interest and the opportunity cost of the interest as it reaches a billion dollars—

THE CHAIR: I think we are not getting much further—

Mr Steel: Well, the opportunity cost is we do not get a new hospital on the north side because we do not fund any hospital to meet the needs of our growing population and the region—

MS CARRICK: No, there is critical infrastructure that is needed—

Mr Steel: That is the implication.

THE CHAIR: I am going to call that at this point. I think we are not getting any further with that discussion. I know there is some more interest.

MS TOUGH: Is borrowing to finance infrastructure projects like these ones common across all jurisdictions? How are we, compared to other jurisdictions in this way?

Mr Steel: Yes, it is very common. Other than paying for the infrastructure projects in cash, which maybe only Western Australia could really do at the present time because of what are very fortunate GST arrangements for them and also their mining royalties, the main way to finance infrastructure is through borrowing.

MS CARRICK: Can I just add—I have to add this. We are borrowing for our operating cost. That is a deficit. We are borrowing to pay our interest too.

Mr Steel: Well, only in the short term. The adjustments we made to the fiscal strategy are very clear about how we will manage that, and also manage the capital program as well, and the consolidation of debt over time. But the main way that we fund infrastructure projects is through borrowing because those infrastructure projects are needed now, not in 20 years' time. They will also be used in 20 years' time, but they are needed now to actually provide that generational benefit.

So whether it is a new hospital on the north side, we are going to need that infrastructure capacity in our healthcare system to be able to continue to deliver healthcare services to the high expectations of the community. And that is why we are investing in that project. Similarly, with mass transit; we cannot be in a situation where in 20 years' time we are locked in congestion. We are trying to invest in congestion-busting infrastructure now to make sure we can manage the growth of the city and also support improved land use around those mass transit investments that will help to address some of the housing pressures that the ACT faces.

Investment in renewal of existing infrastructure is also important as the city ages. There is a big infrastructure investment in the budget around the renewal of existing assets, whether that is existing public spaces, playgrounds, shopping centres, all of those sorts of things. On self-government we did take on a very large asset base from the commonwealth that we have to manage in our infrastructure program going forward, so that renewal element is going to be critical.

But the main reason that we are going into net debt is to fund the generational infrastructure that our community expects us to deliver, and we have to be targeted in the way that we do that. It has to be deliverable and achievable. It is the expectation of everyone. The business community wants us to get on with these infrastructure projects, as well as the broader Canberra community. So that is what we are doing in the budget, and that is why we have not made deep cuts to the budget, to be able to fund that. Now that does mean there is an interest cost, absolutely, that is part of the cost of financing these infrastructure projects. There will be an interest cost, but in many cases, the infrastructure also comes onto the books as an asset, so it contributes to the ACT's asset base. Light rail will be in that category when the PPP comes to completion for Stage 1 and the future stages as well.

THE CHAIR: You made mention—you said, I think it was, "That is why we have the business case process," in terms of working out what the costs of different projects is going to be. Do you consider business cases before you commit to all infrastructure, or any infrastructure project?

Mr Steel: Before an investment decision is made in the budget—so all the decisions that we make on initiatives in the budget contain a business case, and so that business goes—

THE CHAIR: So, to be clear I am not talking about when it is ending up in the budget. Say you brought a range of promises to an election, for example, do you consider costs before it ends up in the budget?

Mr Steel: Yes, we submit our costs through the PBO process.

THE CHAIR: That is okay. Are there business cases that you have for things which have not landed in the budget yet, which there is still a plan to deliver?

Mr Steel: We have been very clear that the election commitments that we made were never all going to be delivered in one budget.

THE CHAIR: I am not sure that the community was clear on that.

Mr Steel: There are four budgets over the term. So the intention of delivering the election commitments is to deliver them over the term. We have done a lot in this budget to get on and deliver the election commitments that we have made, but there will be future consideration of the delivery of other commitments that we have made in other budget processes. They will involve consideration of business cases that will be developed to be able to make those decisions.

But it is part of the rigour of the budget process that we have: business case process; agency input; treasury advice; make decisions also on wellbeing; and understanding the full context of each decision that we make. There will often be a business case associated with a preliminary phase of a project, such as a feasibility study—

THE CHAIR: I understand, and we have had that discussion—

Mr Steel: —or those sorts of things, that then enable you to then make another set of decisions in relation to that.

THE CHAIR: In the interest of time, what I am trying to get to, and what I really want to understand is, do you have a list of things that you have promised, including election commitments, that are infrastructure projects that are not in this budget, and the costs that are associated with those?

Mr Steel: The infrastructure commitments we have made are in our election policies. They are still up online, unlike those of the Liberal party. We are being very transparent about that. You can go onto the Labor website and have a look at all of those commitments, and of course, they were submitted—the relevant ones were submitted for costing as well.

THE CHAIR: Okay. The question remains: projects that are not in this budget—what have you promised, through those election commitments, that is not in this budget? I cannot make it any simpler.

Mr Steel: Yes, well, you can have a look for yourself. If you would like to have a look—

THE CHAIR: No, that is not—

Mr Steel: —on the ACT Labor website and have a look at those things. But we will—the promise is to deliver those over the term.

THE CHAIR: Treasurer, are you refusing to answer the question?

Mr Steel: No, no. I am saying the information is on the website.

THE CHAIR: The fact that it is available on the website is not an answer to this committee. Will you please provide a list of projects which have been promised—

Mr Steel: They are not yet government—they are not yet going through—some of those may not have gone through a government process. Whilst I do not have direct responsibility for infrastructure, that was probably a question for the Chief Minister. I think he will be appearing on infrastructure later, and that might be something you could direct to him. The information about decisions that we have made, about government infrastructure projects, are contained in the budget.

THE CHAIR: Yes, what I am asking for—

Mr Steel: —is about non-government things. That is what you are asking about. Is that what you are asking about?

THE CHAIR: So the list of promises that you brought to the election is non-government?

Mr Steel: Well it is Labor Party policy, and that will then feed into government decision-making.

THE CHAIR: Excellent—

Mr Steel: Yes.

THE CHAIR: —because that has an impact on the bottom line of the budget over forwards estimates and the reliability of the projections that you have provided through this budget, which is very clearly a treasury matter. What I am trying to get to the bottom of is, can we actually expect the government to deliver the projected surplus that it promises in this budget?

Mr Steel: That is what we are certainly forecasting—

THE CHAIR: I know that is what you are forecasting—

Mr Steel: —and our entire fiscal strategy, which is outlined in the budget, is to return to surplus over the forward estimates. We are expecting that in 2027-28.

THE CHAIR: Okay. And you can do that even if you fund every promise that Labor made at the last election that is not in this budget?

Mr Steel: It is clearly outlined that our expectation in this budget is that we will turn to surplus over the forward estimates.

THE CHAIR: So you believe that you can?

Mr Steel: That is our expectation in the budget.

MS CARRICK: When it says NFP in the budget tables, is there an amount behind that that is actually in the budget?

Mr Steel: I do not know whether you want to—usually yes, there is, and I think you understand the reason for that.

MS CARRICK: Yes.

Mr Steel: It may be a sensitive commercial negotiation that—

MS CARRICK: I was just wondering if it hits the budget or not though?

Mr Steel: Yes.

MS CARRICK: The $8.1 billion that is for infrastructure by 2029-30, how much of that is recognised in the budget? And how much is not recognised in the budget?

Mr Steel: Are you referring to $8.1 billion across both GGS and PTE sectors?

Mr Campbell: Here is the budget line here. So it is all reflected in the budget but over five years though—

MS CARRICK: All of it?

Mr Campbell: There is a table in the infrastructure chapter that talks to that.

MS CARRICK: Yes, I can see that, but is it in the financial statements?

Mr Campbell: Yes.

MS CARRICK: Like, is it in that part of that? So it is in the cashflows and all that?

Mr Campbell: Yes, that is right. That is right.

MS CARRICK: So you have indicative costs for them all? All the $8.1 billion or—well, I guess you do because you have $8.1 billion?

Mr Campbell: That is in there, yes.

MS CARRICK: Okay.

THE CHAIR: We were just discussing the fiscal strategy. Section 3.9 of the Pegasus report notes that the 2025-26 fiscal strategy comprises six broad tenants, a mix of medium-term targets and general intent. They say there is little evidence of concrete year-by-year benchmarks to restore sustainability.

I am genuinely pleased to see there is at least an attempt at a fiscal strategy—it has been missing for a long time from the budget—but there is a beneficial comparison with the 2012-13 budget, which I think was the last time there was a discrete fiscal strategy section. That budget had immediate, measurable objectives: achieve a general government net operating surplus; maintain operating cash surpluses; retain the ACT's AAA—as it was then—credit rating; maintain a strong balance sheet; and fully fund unfunded defined benefits superannuation liabilities by 2030.

In contrast, this year's fiscal strategy is fairly vague and a bit difficult to measure. Was there a deliberate decision to not include measurable objectives as part of the fiscal strategy?

Mr Steel: I think it does have some measurable objectives: extinguish the territory's unfunded defined benefits superannuation liability over the next decade and return the budget to operating cash surpluses over the forward estimates period. It is a very defined period of time.

MS CARRICK: Yes, but by the time you get—

Mr Steel: There is returning the HNOB to surplus over the forward estimates period, which is what we are showing in the numbers as well.

THE CHAIR: What I am interested in as well are those year-by-year benchmarks. In the absence of measurable benchmarks that are comparable to that previous fiscal strategy area, what form of mechanisms will the Assembly have to hold the executive to account on each tenant? This is particularly important given S&P has already flagged a credit rating risk if the fiscal position is not repaired.

Mr Steel: It is up to the Assembly to determine how it wants to hold the government to account. We are currently in an estimates hearing where I believe that is happening, and you will have another opportunity in a years' time to look at the estimated actuals again. Then there is budget review as well, and any process that come out of that to enable examination of the territory's finances against the fiscal strategy that we have set out.

THE CHAIR: Did you have a look at the 2012-13 fiscal strategy in developing the current fiscal strategy? If so, was there a reason that there is this deviation from the approach in the 2012-13 period?

Ms Stephen-Smith: The starting point is different.

Mr Steel: Yes. Every budget—and a budget that long ago—

THE CHAIR: Certainly. We no longer have a AAA credit rating.

Mr Steel: Yes, sure, but not many states and territories do; let's be clear about that. Treasury might be able to talk about previous budgets and the approach to the fiscal strategy chapter. That has been a part of immediately previous budgets, by the way. It is not a new thing that has re-emerged in this budget, although we have been a little bit more specific, and we have adjusted the fiscal strategy in the context in which this budget was delivered—which was a significant increase in costs in the healthcare system that had to be managed while at the same time wanting to put the budget on a sustainable footing.

We have done so through expenditure measures and savings and through specific revenue measures that have been captured specifically in the fiscal strategy. The last dot point is to deliver 'sustainable public finances through efficient expenditure alongside revenue measures to support critical services and the needs of the community'.

So we have been more specific there and have demonstrated in the budget that we have taken concrete action against the strategy in order to put the budget in a more sustainable position with the significant challenges that we face, particularly in health care.

That is a very different context to some of the other budgets that have been delivered in the past, recognising that we also inherit—from previous budgets and decisions—the impact of the COVID era and the decisions that had to be made to support community and business, which continued to flow into the territory's finances.

I will hand over to Treasury to provide a little bit of historical information on the fiscal position and the strategy.

Mr Campbell: I think the main point here is that, potentially, as soon as you put in a year-by-year metric you have taken away an element of flexibility. If you have a particular debt target on a particular year, that will change all the behaviour to meet the target rather than the needs of the economy at the budgeted point in time.

The art of designing a fiscal strategy is to try to make sure that there are enough time-bound commitments—there is a mixture here of those—but also sufficient flexibility. For example, there have been budgets across the country where people might choose a particular growth rate—in expenditure, for instance—and all that tends to do is encourage behaviour to shift funds between financial years to achieve the metric outcome, rather than what is the right outcome for community. That might be, say, an increase in health expenditure.

If there is a need—if you have a demand-driven program, like people presenting at a hospital—you do not want to artificially achieve a hard two per cent target, or whatever number you are picking, just because of that target alone. You actually want to look at the budget as a whole.

So, yes, these are judgements and options for the government to choose particular metrics, but the more you go down that path the more constraints you place on your budgeting year to year. What really matters is how you go through the ERC decision-making process. The thought that goes into that and the decisions that are taken through that process are probably the more important element.

The fiscal strategy is sort of an overarching guidance document. But, year to year, you have to make decisions through an ERC process about what you are prepared to spend money on and when.

THE CHAIR: It sounds like what you are saying is that the fiscal strategy ends up being somewhat subservient to other priorities as they emerge.

Mr Campbell: It is just that it is not well targeted to the needs of a budget in a particular year. That is more the concern.

MS CARRICK: If we cannot hold you to account by measurables, and more measurables, then I guess we just look at what has happened. The 2024-25 deficit increased by 78 per cent to over a billion—to $1.1 billion. How do we hold you to account for the fact that we have an estimated outcome—that is not the result yet, it could be even worse—

Mr Steel: Because we presented that information transparently in the budget review and in the budget, and we will continue to update that and provide the actuals when we can and in the budget review. But the context of this budget was a massive structural change to the cost of health care.

That is what we have had to face in making the decisions around expenditure and also on the revenue side of the budget. And we have made some difficult decisions around, particularly, revenue and savings measures. So, yes, there has been that deficit. We have reported that transparently here. But we have also shown and taken concrete action to address that and put the budget on a sustainable footing, which has meant that we can show a return to surplus over the forward estimates and a cash surplus over the forward estimates as well.

So you can hold us accountable to that, and we are showing that information in the budget—

MS CARRICK: I know. It is not a great outcome.

Mr Steel: It is important, when you are holding the government to account, that you understand the context of the decisions that we are making. That context is the massive structural change, compared to previous budgets, that we have seen in health care.

MS CARRICK: Exactly, and we have been saying for some time that the estimates were increasing—

Ms Stephen-Smith: And we are not alone.

THE CHAIR: It is a trend.

MS CARRICK: We have been pointing out that trend for some time. This is not unexpected.

Mr Steel: No. The extent of the increase is unexpected—

Ms Stephen-Smith: And it has been reflected in every jurisdiction.

Mr Steel: It is 11.7 per cent. You can look at every other jurisdiction, apart from New South Wales, which is a bit of an outliner, and there is a very similar increase in the level of expenditure in health care between the last budget and this budget. It is one year. It is not a one-off shock. We have recognised in the budget that this will now be a permanent structural change to healthcare expenditure that we need to manage. We made the decision—

MS CARRICK: If we get another supplementary bill at budget review—we held you to account then and said you have forecast the health expenditure, so we should not have a supplementary bill this time. If the population is growing here, have you embedded the structural change? You have added a lot to health expenditure, but then it sort of plateaus; it has not got the increase.

Ms Stephen-Smith: We have been very clear, Ms Carrick, with the health hat on but also with the finance minister hat on, that we will have to do work across government, including in Canberra Health Services, to look at efficiency measures and productivity improvements in our health system if we are going to have a sustainable budget position going forward. Among the range of tough decisions are some decisions around transforming Canberra Health Services to be a more efficient deliverer of public hospital and health services. Again, that is reflected in every other jurisdiction as well.

The Independent Health and Aged Care Pricing Authority has identified a more than 12 per cent increase in the national efficient price of delivering health care, and that is reflected across everybody's budget increases in health funding from 2024-25 to 2025-26, between nine per cent and more than 14 per cent. Ours is below 12 per cent. But we will have more to do to meet that trajectory. We have seen a real step change in the cost of delivering health services and demand on our system, and we will have some difficult conversations with the health service and with consumers about how we manage that into the future.

THE CHAIR: I want to ask one hopefully quick final question around how we track progress against the fiscal strategy. Is there a way that the government could provide a dashboard of metrics, similar to what we had in 2012-13, so that, as we move through budgets, they can be assessed against, for example, the net operating balance, the operating cash surplus, net debt and the GST ratio by way of, I guess, a fiscal strategy scorecard that could sit alongside the budget papers? Is that infeasible?

Mr Steel: That is the budget papers. We are presenting that information year on year and we present the actuals against the forecast. I do not understand what additional information you are looking for. The purpose of the budget is to report on what has happened in the previous financial year. You can go to each budget in the past and look at what the actuals were in the budget review and look at what actually occurred in relation to expenditure compared to what was budgeted.

THE CHAIR: Yes. I guess what I am looking at—

Mr Steel: What are you after that is not being provided in the budget papers?

THE CHAIR: What I am looking at is—and it is probably somewhat covered by the discussion we had—not just adjusting things year by year but forecasting when we are going to get to a particular stage, and trying to stick with it over time.

Mr Steel: Also, there is—

THE CHAIR: I take your point.

Mr Steel: This is an important point to make. Each budget is made in a different context. There are things that come up between budgets that need to be addressed in the budget. The COVID-19 pandemic is a fantastic example. Unexpected things come up and need to be addressed. Sometimes there is a need to update the forecast as a result. That is what the Treasury does at every budget. There is a statement of risk in the budget that goes into a lot of detail about the associated risks with the projections and forecasts that have been made in the budget. Some of those risks may manifest and then may result in a different outcome, and that will be updated in the following budget. It is the art of budgeting, and that is what the Treasury does. We can only do so much of the work for you, Chair.

THE CHAIR: Treasurer, that is not—

Mr Steel: It is a pretty detailed piece of work. I do not know whether providing additional summaries is the best use of the Treasury's time when you are well resourced to do that work through your office.

THE CHAIR: If you say so. We will move on. Mr Rattenbury.

MR RATTENBURY: Thank you. Minister Berry, welcome to the table. I thought I would bring you into the discussion and give you warning that I will ask you a question.

Ms Berry: Thank you.

MR RATTENBURY: Yesterday we heard from the community sector that the government's target of 5,000 new affordable homes includes that 1,000 will come from the land tax concession scheme. Is the community correct in understanding that?

Ms Berry: No. That will be part of the response and part of the government's commitment on the 5,000, but it will not be all of them.

MR RATTENBURY: Sorry—of the 5,000, 1,000 will come from that scheme?

Ms Berry: No.

THE CHAIR: Would it be 750 because of the increase from 250?

Ms Berry: No. But it will be part of the—

MR RATTENBURY: How many of the 5,000 are expected to come from the scheme?

Ms Berry: I could not tell you that much.

MR RATTENBURY: Why not?

Ms Berry: Because I do not know how many people are going to sign up to that scheme.

MR RATTENBURY: Okay. Say only 100 more people sign up to the scheme. Does that mean you will make up the numbers some other way?

Ms Berry: They are part of the whole suite of things. We have made a commitment to do the 5,000 by 2030, which includes the affordable home parts of that commitment, and part of that is through land tax relief. That will make up part of the number in delivering the 5,000, but not all of them.

MR RATTENBURY: That is terrific. That is a good scheme, and we welcome the generosity of Canberrans who participate in it. Does that mean that, at this point, there is no clear breakdown of where those 5,000 new affordable homes will come from? You do not have them categorised, and you expect to deliver X number from community housing funds? Is there actually a target and a set of programs?

Ms Berry: Within each amount, no, and nor is there for public housing. Regarding the thousand that will be delivered under public housing, 300 will complete Growing and Renewing, and then we will begin the 1,000 public housing part. Part of the public housing delivery that we have made comes out of funding through the commonwealth government's housing initiative. Some of those homes will be public housing but will be head leased to community housing providers as social housing.

Mr Steel: Land release is an important part of this.

MR RATTENBURY: Of course.

Mr Steel: And we have the existing affordable housing target of 15 per cent. We have actually exceeded that in the proposed Housing Supply and Land Release Program for this financial year. So 20 per cent of the land release will be dedicated to affordable social and public homes, and 26,000 homes have been identified through the Land Release Program over five years. Fifteen per cent of that is about 3,900, so that is getting pretty close to the 5,000 target. We have further work to do to identify more land for release, plus we have all of the other housing programs. In addition to the land tax exemption program, we have the HAFF program, the extra $20 million that we have tipped into the Affordable Housing Project Fund, the work that we are doing on build to rent, and there is a range of specific initiatives that we are funding to support affordable build to rent projects as well. It is all part of the $145 million invested in the budget. Again, this is the first budget of the term. We hope there will be four budgets in the term, and we hope that we can deliver even more—identify more land—to meet the target of 5,000.

MR RATTENBURY: But, with just five years for the government to try to achieve that target, is there or is there not a road map of what is going to help get to 5,000?

Mr Steel: Missing middle reform and planning reform will be part of that discussion—not just in missing middle but also transit-oriented development and more housing around shopping centres. We have a bill before the Assembly to provide a streamlined pathway for public homes at the moment.

MR RATTENBURY: How many houses will come from the missing middle, then, of that 5,000?

Mr Steel: We cannot absolutely know until we introduce it and monitor the take-up of the new proposal. We had this discussion earlier in the session. Whether the construction industry takes up the opportunity for more homes will largely depend on market factors, but, as Pegasus have noted, based on historic trends, they believe that we will reach the target of 30,000.

MR RATTENBURY: In this vein, Treasurer, you have spoken publicly about the decision to end the Rent Relief Fund, which provided vital financial assistance to Canberrans and made sure they did not lose their lease or their home. You said that this will be replaced. You have used phrases—and I do not mean to misquote you—such as "more targeted measures". You have made similar comments. What exactly are those more targeted or alternative measures?

Mr Steel: Minister Cheyne is responsible for that program. She will be available later in the hearings to talk about that, particularly renting.

MR RATTENBURY: You have said there are cost-of-living measures in the budget that offset the loss of that program. What did you have in mind when you made that public statement?

Mr Steel: There is a range of existing programs which Minister Chayne can talk to, but obviously we have made cost-of-living decisions in the budget. That is outlined in the cost-of-living chapter of the budget, on page 151. That includes the investment that we have made in concessions. I have also acknowledged the role of the commonwealth as well in this space. There has already been quite a bit of discussion and debate in the lead-up to the productivity summit and taxation reform, rental assistance, and so forth. The commonwealth has responsibility for tax and transfer payments in this country. We have talked a bit about vertical fiscal imbalance. The ability for the territory to be able to provide transfer payments is limited and may have a role in that space. What we have tried to do in the budget is tackle housing affordability, including for renters, by tackling housing supply, and that is where we have more levers to make a real difference. That $145 million in housing support through the various community, social and affordable housing programs is directly about supporting the most vulnerable people in our community with the cost of living, with the largest cost that they face in their household budget, which is the cost of their home.

MR RATTENBURY: But, in defending the end of the program, you have specifically publicly said, "We have alternative cost-of-living measures which will offset the ending of this program." Can you name a—

Mr Steel: I do not think that was the exact phraseology. I do not accept that. What I have said is we have invested in a whole range of programs that will support the cost of living, and we have particularly invested in housing affordability—

MR RATTENBURY: I will check the record.

Mr Steel: through the supply of new housing.

MR RATTENBURY: One of the measures you have pointed to in those broad comments is the utilities concession for electricity, gas and water. You have talked about the fact that it has increased. When one looks at the records, it suggests that, in the 2021-22 ACT budget, the utilities concession was $750 plus a $50 one-off rebate, making it $800. There was, in fact, also a COVID supplement, but I will leave that to one side. That was a—

Mr Steel: Yes. As was the program that you are talking about. It was a temporary COVID measure as well.

MR RATTENBURY: We can come back to that. I do not agree with you. Then, in 2022-23, the ACT utilities concession was also $800: a $750 base rate, plus a $50 one-off rebate. In 2023-24, it was also $800 and, in 2024-25, it was also $800, yet this year, you have announced the $800 is an increase.

Mr Steel: It is a permanent increase.

MR RATTENBURY: You have now made it a permanent increase, but it is kind of cute to, after four years of it being $800, to describe it this year as an increase.

Mr Steel: I think that ignores the fact that we changed the eligibility to widen the net substantially so that it allows—

MR RATTENBURY: Not this year; that was last year.

Mr Steel: And that is what we have addressed in the budget, to make that increase permanent to not only support the extra $50 but also make sure that all of the people who have a Service Australia healthcare card can get the benefit of that. We made it very clear that it was our commitment at the election about targeted cost-of-living relief for the most vulnerable.

MR RATTENBURY: So are you saying that last year, when it was announced—

Mr Steel: I think it is important to note that this is the main mechanism by which the ACT government can provide cost-of-living relief in a targeted way. Other mechanisms are not as targeted. We do not have the same level of data that the commonwealth has through the ATO, Services Australia and so forth to be able to make payments. This is the main way that we do that. The only other way, which is the program that you are talking about, is through a grants program where merits applications are made and assessed case by case. That is a very administratively burdensome program. It was obviously there to support a particular set of measures during the COVID-19 pandemic.

MR RATTENBURY: It was introduced during COVID-19 and it was—

Mr Steel: That is right—to support the moratorium that was on evictions.

MR RATTENBURY: Then it was brought back after the end of the pandemic.

Mr Steel: That is right, for a temporary period, and it was always intended that it would be for a temporary period of time, but we are being scrutinised heavily by the ratings agencies—

MR RATTENBURY: Sure.

Mr Steel: who are explicitly saying at the moment that they want to see, in state and territory budgets—it is not specific to the ACT—what action the government is taking on those temporary measures.

MR RATTENBURY: In a $9 billion budget, $1.7 million—

Mr Steel: We have made difficult decisions in the budget because it was not sustainable.

MR RATTENBURY: By targeting some of the most vulnerable in our community.

Mr Steel: It was not sustainable. We are working on the things that do make a difference and that the ACT government has direct control over, like housing affordability and supply. That is where our investment is, because it will deliver the outcome in combination with the tax and transfer system that the commonwealth has responsibility for, including commonwealth Rent Assistance.

MR RATTENBURY: So we are going to appease the rating agency—

Mr Steel: We cannot do the work of the commonwealth for them. We do not have the sustainable revenue base to do it, so we have to target the way that we support people.

MR RATTENBURY: Just to confirm—

MS CARRICK: You do not have a sustainable revenue base.

MR RATTENBURY: the widening of eligibility for concession came through in last year's budget—not this year's budget but last year's budget—but you have just made the observation that it has been made permanent this year.

Mr Steel: The intention is that it will be delivered for two years, and then we will make it permanent. That is what I understand from the budget.

MR RATTENBURY: There are two questions. There is the extra $50, which has existed for years, and you said you have made it permanent this year, so you are calling that an increase. That is—

Mr Steel: That is a commitment that we made, to make it permanent, but it is in place in the budget. I do not know whether officials want to add anything about the concessions.

MR RATTENBURY: But then you said that the other thing you have done is widen the eligibility. That occurred in last year's budget, not this year's budget.

Mr Steel: Yes; that is right. We have continued that widened eligibility with a permanent increase.

MR RATTENBURY: Were you planning to take it away?

Mr Steel: No, but we had to make a decision as to whether we wanted to make it permanent, because it would have dropped off.

MR RATTENBURY: Really? Was it announced as a one-year initiative last year? I do not think it was.

Mr Steel: The permanent increase? The $50 increase?

Ms Berry: No—the eligibility.

MR RATTENBURY: No—the widening.

Mr Steel: The eligibility?

MR RATTENBURY: Yes.

Mr Steel: Obviously, when you increase something by $50 and make it permanent, you have to make a decision about the eligibility associated with that, and we have made that permanent.

MR RATTENBURY: Okay. Thanks, Chair.

THE CHAIR: I want to check. It looked like some officials had something to add, or was I misreading things?

Mr Campbell: I was going to confirm that the expansion was permanent.

MR RATTENBURY: Last year or this year?

Mr Campbell: We might take that on notice.

MR RATTENBURY: Sure. Thank you.

Mr Campbell: I am pretty sure it was in last year's budget.

MS CARRICK: I have a supp on housing. Mr Rattenbury asked about the different groups of housing. I was wondering whether you had a plan about how many you need to deliver each year. If you do not make that target each year, it starts putting pressure on the outer years and it will trigger risks emerging in the delivery. So do you have any targets that will trigger risks should those targets not be met?

Ms Berry: I do not think it is as easy as announcing numbers for each year in different projects. Building homes has a range of different complexities around it, including development applications, land availability, the building and construction of the home itself, and whether they are multi-units or single-home dwellings. Putting a number for each year is probably not the best way to complete the project, but we have made a commitment to deliver 5,000 in the housing affordability and community and public housing space. We have put the numbers that we will be delivering over the next five years, and that number is tracked on the Housing ACT website. You can see on the Housing ACT website the number of homes that are available and see that number tracking up. You will see when we achieve the target of 13,200 homes in 2030, which is the additional 1,000 homes on top of the 11,873 that we have now. That will be the track. But putting a number for each year is not that linear, because we will purchase homes, we will build homes, and we will—

MS CARRICK: It does not have to be linear; it might be a bit lumpy. Do you have to update the Growing and Renewing program? I think that is what it is called. That will come to an end, because it is sort of at peak construction at the moment, so it will—

Ms Berry: In 2026-27.

MS CARRICK: Do you have to renew that program to keep construction going at an even keel?

Ms Berry: No. There were two parts to that Growing and Renewing program: renewing homes but also building new homes. One thousand homes were renewed or sold or redeveloped or purchased off the market, and we have reached that number. Now we are in the growth phase. We started at 11,704. We are now at 11,873. We committed to deliver 400 to that. There was a range of complex issues around building and construction, weather, supplies and the construction industry that meant that the end of that program was delayed. The end of that program is 2026-27, and that is when we begin the further growth of the 1,000 public housing homes that were committed to during the election.

Mr Steel: The budget initiative is on page 134, which is planning for more public housing—the 30,000 homes by 2030 initiative.

MR EMERSON: I just have some supplementaries to Shane's earlier questions. Going back to the affordable housing and land tax exemption scheme, and this might be a question for the Treasurer, but I am not sure: what does the budget assume will be the uptake over the next four years, per year, and the number of properties?

Ms Berry: I can probably answer a bit of that, and, if Chris has something to supplement the answer, he can. When we initiated this program, there was a pretty slow uptake in the ACT initially, so we put a cap on the number that would be part of the program. Now we have kind of reached that cap. We received some correspondence from CHC and YWCA asking us to increase the number of homes that would be part of that program. We did that, but I do not think we will get a massive uptake very quickly, because it took a long time to get to the 248. Obviously, we will promote it. We ask anybody who has a spare home and wants to be a good social landlord to be part of this program through the YWCA or CHC. I am not expecting it to grow any faster than it did with the 248 that we have now.

MR EMERSON: Would it be possible to take on notice what the budget assumes, because there are figures in here in terms of lost revenue because of the scheme, and they do go up.

Mr Steel: We will take that on notice.

MR EMERSON: Thank you. Mr Rattenbury already mentioned that the YWCA indicated yesterday. I think they manage 150 of the existing properties. They said they would not be willing to manage more than another 100, so they have about 60 per cent of the existing scheme, but that would take them to just 250, which would only be 25 per cent of the new amount. Is that something that you were aware of and engaged with them about prior? Does that bring into question any—

Ms Berry: I did not, but they may have included that in conversations with my office. It does not surprise me with the size of an organisation like the YWCA. Mitch, did you have anything to add to that?

Mr Pirie: Not to that point, Minister, but I might jump in on the previous point, if that is okay. The information in the budget for foregone revenue is based on an estimated take-up of around 400 additional dwellings by 2028-29.

MR EMERSON: Okay. So the cap increases to 750 properties, but the assumption is there will be a property increase of 400 over the forwards.

Mr Pirie: That is right. We are not expecting to hit 1,000, as the minister said, by the end of 2030. It is going to be part of helping to achieve the overall goal.

MR RATTENBURY: Just for clarification: is that 400 more or 400 in total?

Mr Pirie: It is 400 additional dwellings, so that is—

MR RATTENBURY: On top of the 250.

Mr Pirie: On top of the 250—yes.

MR RATTENBURY: Thank you.

Mr Pirie: While I have the floor, if it is okay, I will clarify the answer to the previous question about the concession. The eligibility was expanded in the 2023-24 budget and made permanent, and the $800 is now permanent.

MR RATTENBURY: Thank you.

Mr Pirie: There is another clarification on vehicle stamp duty. Going to your earlier question, Mr Rattenbury, previously, there was a special exemption for second-hand HEMs and HEVs—that they needed to demonstrate their equivalent to cat AA or cat A. It reflected the fact that HEVs and PEVs tend to have relatively high emission. That was in place temporarily alongside the introduction of the emissions based registration scheme. That special exemption has now ended. They are now treated like all other second-hand ICE vehicles. As we discussed earlier, they are in the non-rated category. The advice is that it can be quite challenging to reliably determine emissions of second-hand vehicles, and that is why they have been put there.

MR RATTENBURY: Any vehicles sold in Australia since, I think, 2004 have had a rating, so why is it difficult to determine emissions? I can go online and find out that a 2010 Prius had a rating of 137 grams a kilometre, or whatever. Why are they unrated?

Mr Campbell: We might come back to you on that one.

MR RATTENBURY: Fair enough; it is a quite a detailed question.

Mr Steel: It could be because their performance gets worse over time, but we will check that out.

MS CARRICK: I want to ask about the ACT land rent policy. It is still in place. There was a revaluation of land a couple of years ago that increased so much that the person who lived there had to pay an extra $162,000 for the land. What have you done to ensure people are not adversely impacted in the future by such massive increases, when we are trying to get people into their homes?

Mr Pirie: That is the design of the scheme. The rental rate is determined based on the value of a property.

MS CARRICK: The unimproved land value went up by so much that, when they went to buy the land, it was $162,000 more. When you are trying to have affordable housing and get people into their homes, it is a shock, and it really defeats the purpose of the scheme, in a way, if they cannot afford it. How do we design a scheme that does not have those shocks in it?

THE CHAIR: Is someone going to take it on notice?

MS CARRICK: Take it on notice.

Mr Steel: You are asking for a hypothetical, which is, "How do we change the scheme?" I do not think any changes are planned to the scheme at the moment. I appreciate the issue that you have raised. The point has been made, but there are no planned changes to the system at this point. I think part of the reason that the revenue commissioner cannot comment is that you have raised a specific matter. If there is a specific issue that that person wants to raise, they can get in touch with the revenue commissioner and raise it. It sounds like it is more of a system design issue that you are going to, rather than a specific matter.

MS CARRICK: It is system design, in that this can happen.

Mr Steel: Yes.

THE CHAIR: What guardrails are built into the system to stop people who are at the bottom end of being able to afford a home being hit by really significant increases over time?

Mr Pirie: The policy is that, if an individual wants to buy the land, they pay the current UV. However, the land rent increases that they pay under the scheme are capped in line with wage growth. There is a guardrail there to ensure that their land rent payments do not go up significantly as a result of UV increases. If they want to buy the land and exit the Land Rent Scheme, they have to pay the unimproved value of—

MS CARRICK: It is a tough one, isn't it? It is a shock to have to pay an additional $162,000. I have a Mr Fluffy question. There are still people out there in their Mr Fluffy homes.

Mr Steel: Is it possible to raise that in the right section?

MS CARRICK: Is that not this one?

Mr Steel: No, it is not.

MS CARRICK: It is about the compulsory acquisition, which is money.

Mr Steel: Yes, but it sits with CED.

MS CARRICK: All right; I will ask it then. With rates, you have an average increase of 3.75 per cent. It impacts different properties differently, with their unimproved land value being different or the size of the block being different. How do you get large increases like 10 or 18 per cent?

Mr Steel: That is part of it. It is important to explain that 3.75 per cent is the average increase in general rates, but it was acknowledged in the budget papers, and as we have explained, we have made a decision in the budget also to charge higher rates on properties worth over $1 million. That also contributes to higher increases.

For particular suburbs, about 9,000 or 10,000 blocks of land would be affected. It is important to understand that decision context. We already have a very progressive rates system, but we have made decisions in the budget to further increase the progressivity of the rates system through that further increase for blocks over $1 million. But the variable rate component of rates is what drives higher rate increases in areas where the value of that land has gone up higher in relative proportion to other blocks of land in the territory.

Ms Stephen-Smith: It might be useful, if there is time, for a quick explanation of the relationship between that 3.75 per cent average increase and the actual increase that people see in their rates notices, because it is confusing. I recognise that. Perhaps we can talk about how that 3.75 per cent is spread across all households.

Mr Pirie: That is the revenue growth target for the rates base. Every rateable property will have a fixed charge. The variable component is then determined by your UV, or your AUV, so there is a five-year smoothing of UVs. I am oversimplifying it a little bit here, but where you have growth in your AUV that is above, let us say, the average across the territory, you will see your rates growing by more than 3.75 per cent. How far it goes above that will depend on how far above the average AUV you are. Similarly, if you are below it, you will have a lower growth rate for your rates bill.

Ms Stephen-Smith: What you will hear about in the media is the people who have an above-average increase in their AUV; therefore, their percentage increase is higher. What you will not ever hear about in the media is those people who have a zero per cent increase in the variable bit of their rates—or, occasionally, values go backwards. It is quite unusual, in the current environment, for values to go backwards. There are people on both ends of that bell curve.

MS CARRICK: Eighteen per cent is a very high increase.

Ms Stephen-Smith: That is about—

Mr Steel: Yes, but this is the point, though: there was an additional measure in the budget specifically to increase rates for land with a value of over $1 million.

THE CHAIR: With that increase for blocks over $1 million AUV, does that apply for unit-titled properties as well?

Mr Steel: It is non unit titled. Some of those blocks may be unit titled in the future. They may be waiting to be unit titled, but they will be caught by this.

THE CHAIR: I was concerned about the potential distortionary effect that would have, where you already have a lot of units on a property. On that subject, there is certainly some concern about the approach that is used to rate apartments as well. Can you explain to me why it looks like there is a higher fixed charge for units than there is for separately titled properties? I think it is about $50 higher in the fixed charge.

Mr Steel: There have been some adjustments in recent budgets around unit-titled properties.

Mr Campbell: There have been some adjustments online. We will take that one on notice, in order to get the correct answer for you on that one.

THE CHAIR: Yes, please.

Mr Campbell: I would prefer to get that to you in writing .

THE CHAIR: That would be very useful; thank you.

MS CARRICK: Are we able to get, for those who would like it, a briefing on how these things are calculated, to understand it?

Ms Stephen-Smith: Yes.

Mr Steel: Yes.

MS TOUGH: I want to go back to what we talked about just after lunch—population. Population is captured in the Pegasus report, and I know it was canvassed after lunch. It has been talked about in annual reports—it comes up a lot—about how the ACT calculates its population. Can you talk me through how the ACT creates its population projections in the budget papers and why Pegasus and others might disagree with those calculations?

Mr Steel: I will invite Hugh Maclachlan to come to the table.

MS CARRICK: And maybe tell us why Tuggeranong is going backwards.

Mr Steel: Sorry, what was that?

MS CARRICK: Maybe tell us when our new population forecast will come out.

Mr Steel: In due time, in due season. Treasury is working on some updated population figures for the ACT. It is a detailed piece of work and there is a little bit more work to do to finalise that. There has been an ongoing discussion with the commonwealth about the ACT's population for some time, and particularly how they estimate the population in between censuses, which is then an input into the various different federal financial grants that are provided to the territory.

I think our population share has just ticked over to 1.8 per cent of Australia's population, based on the current ABS statistics, but we have had to adjust some of the ABS data rather than simply taking it verbatim from the Centre for Population, because it does not truly reflect the actual population that we have in the territory. There have been some recent positive updates, and I will ask Hugh to explain how we have factored that in.

Mr Maclachlan: I will pass it over to Mitch.

Mr Pirie: I might talk to that, Treasurer. We did receive, very late in the budget process, updated population data released for the December quarter 2024. That included what the ABS calls the intercensal review of their net interstate migration methodology. That partly reflects the outcome of the lobbying that we have been doing and work we have been doing with the ABS, and we have talked about it here previously. That work looked at three main components, looking at impacts of COVID on Medicare data that was used to estimate interstate migration in the early part of the current intercensal period.

They did some work around expansion factors, which means they adjust what the Medicare data suggests interstate migration is, to account for the fact that younger people tend not to update their addresses quickly. They are also using some new administrative data—tax administration data as well. The outcome was that they identified an additional 4½ thousand people in the ACT through that process that had accumulated post the previous census. As a result, there was an update to our population. We anticipated that, and that was reflected in our population growth rates published in the budget. They are slightly higher than what the commonwealth published in their budget, and that reflects that additional information that has been released recently.

Mr Steel: There is further work to do. I think the undercount at one point had been 22,000. I think the number addressed the 5,000 that had been undercounted who lived around the Australian Defence Force Academy. They recognised that cohort, but there is still a further cohort that they have not recognised. That has a significant impact on revenue from the commonwealth, so it is a priority for me, as Treasurer, and Treasury, to engage with the commonwealth on this and see whether we can provide some input through the data that we have which we think better reflects residency, particularly drivers licence data, and the opportunity potentially to provide that data feed to the commonwealth.

We are exploring those avenues to be able to update and better reflect where the population lives. Not everyone has a drivers licence, but it is one input that might assist them to be able to better reflect our population and be able to fund us to service the actual community that we have.

MS CARRICK: I note that it is a priority for you, as Treasurer, to get the population forecast right for Canberra, because it impacts funding. I ask you, in your role as a member for Murrumbidgee, about the population forecast because the decision to downgrade the Phillip pool from a 50-metre to a 25-metre pool was based on population; we were under the 70,000 required for a 50-metre district pool. That is what came back from my motion as the justification for downgrading it. Weston Creek was cut out. It is their town centre and their buses' hub is there, but they were not included in the numbers. With respect to the growing population and the additional 20,000 dwellings, none of that was included. A decision was made to get rid of our 50-metre pool on dodgy population forecasts. Is that not a priority for our electorate so that we can get the social infrastructure that we need?

Mr Steel: You are nothing but consistent, Ms Carrick.

MS CARRICK: Yes.

Mr Steel: A whole range of different things went into that decision, not just population. I think there are different views on the future of the pool. Obviously, it is under assessment at the moment. As planning minister, given it is being assessed by the independent Planning Authority, I will not speak further on that. I will hand over to Treasury to give an update on what they are doing on the updated population by region work which, as I said, is not yet ready, but it will be in the next few months.

Mr Maclachlan: I have read and understand the privilege statement. In a general sense, ACT Treasury undertakes population projections. We look at a 40-year time horizon. As part of that, we go into a fair bit of detail around data analysis. We talk across government. In the most recent process, we have engaged quite intensively with the City and Environment Directorate, and the Health and Education directorates.

The last population projection report was released in 2022, and we have been working on the next one over the last several months. It has been consulted on internally within government for feedback, and it has incorporated some of those suggested changes that I alluded to from those directorates who are heavily involved in population projection work.

We look at planned land release, known dwelling developments, district strategies and other planning documents to guide the geographic distribution of those projections, which is where I think your question goes to most directly, Ms Carrick. As part of the most recent process, and every process, we look at our methodology, and we try and make sure that we are incorporating best practice methodology wherever we can. We will be looking to release the updated projection report later this year, following consultation with the Treasurer's office.

MS CLAY: With respect to build to rent, I am looking at page 54; then I will go to another one, on page 266. We have $2.375 million to support more build to rent. Is that for a particular project? What is that one for?

Mr Pirie: Which line are you referring to?

MS CLAY: There is $2.375 million in 2028-29—supporting more build to rent, on page 54.

Mr Pirie: I might take that particular item on notice, but my understanding is that it relates to potential assistance for build to rents that are released through our land program that may have an affordable component.

MS CLAY: That is what I was wondering about. Is that maybe for the affordable component of the Turner build to rent?

Mr Pirie: I do not believe that it is, but I will take the detail on notice.

MS CLAY: Yes; if it is for the affordable component. For how long does that subsidy apply? Is that just in the 2028-29 year? Is it a one-off or is it a long-running thing?

Mr Pirie: We provide a subsidy for the Turner build to rent, the affordable component, to cover the gap between market rent—the 75 per cent.

MS CLAY: You would not provide it for one year.

Mr Pirie: I have some advice from my team. It is not Turner; it is Molonglo town centre, and it provides funding for ongoing rental subsidies to allow 75 dwellings to be delivered as affordable rental dwellings in Molonglo town centre.

MS CLAY: That is great. That is a subsidy for 75 dwellings. For how long would you provide that subsidy? Is it for a year, 10 years or 20 years?

Mr Pirie: Typically, it is for 15 years.

MS CLAY: How did you determine the amount of the subsidy? It must be quite complicated to work out by how much you subsidise. Is there a formula? Is there some methodology for working it out?

Mr Pirie: We could take on notice—

MS CLAY: That would be great.

Mr Pirie: the precise details. Essentially, it is an estimate, and it requires us—

MS CARRICK: Look at page 75; it is actually $12½ million.

MS CLAY: I am interested in this particular one.

MS CARRICK: It is the measure. It has a big offset to it. Its net cost is $2.375 million. The actual expense is $12½ million.

MS CLAY: I am wondering how you work out what subsidy you—

MS CARRICK: Seventy-five per cent—

Mr Steel: We can take that on notice.

Mr Pirie: We can take it on notice. Essentially, it is an assessment or an estimate of the difference between what market rent is estimated to be at that time, and it is 75 per cent—

MS CLAY: Yes, and it is for 15 years. What happens after the 15 years? Does that property then return to the private market?

Mr Pirie: It depends. Where it is held by a community housing provider, it stays in the community housing system. In the event that it is in a private development that has a component that the government is subsidising, once that ends, it would return to the private rental market.

MS CLAY: There is another one on page 266. You have $0.391 million for the Gungahlin Common Ground build to rent.

Mr Pirie: Yes.

MS CLAY: Is that a standalone affordable build to rent or is it a mix of affordable, private and community housing? What is the make-up of that?

Mr Pirie: I might take that one on notice.

MS CLAY: That is fine. I do not know whether you can take this on notice or whether we might lodge this on notice for a different session: do you have any updates on when that site will be identified? Is that something I can ask you to take on notice or should I lodge that with the SLA?

Ms Berry: It is on the land release program at Gungahlin.

Mr Pirie: Yes.

MS CLAY: Should I lodge that question with the SLA, Minister?

Ms Berry: It is on the land release program.

MS CLAY: The site is already identified?

Ms Berry: Yes.

MS CLAY: When will it be released? Is it already released?

Ms Berry: I do not think it is.

Mr Pirie: A release date is still to be determined.

MS CLAY: I apologise if I missed it: is there an overall amount for what our total funding envelope is for build to rent? Having picked out a couple of projects, is there a total line figure here that I have missed?

Ms Berry: There might not be. Some of them include funding from the commonwealth government as well.

Mr Pirie: That is right. There is the Affordable Housing Project Fund, which has $100 million earmarked against that. There are other initiatives that have been funded separately to that fund, on top of that.

MS CLAY: If I want to get an overall picture of where we are putting different bits of money into public housing, community housing, build to rent and affordable, is that information already publicly available, or is that something I need to request?

Ms Berry: It is usually on the report card that I provide to the Assembly. I provide updates.

MS CLAY: The housing report card?

Ms Berry: Yes, on anything that is happening in the housing space. Are there particular projects that you are interested in?

MS CLAY: It is probably more about all of them added together—the total amount.

Ms Berry: I will take it on notice. It might be a little bit messy because some of them are still going on, and it is part commonwealth, part community and part ACT. It will be a challenge to pull it together, but we will take it on notice and see what we can get.

MS CLAY: It would be great if you could take it on notice, and for whatever the time period is—the next four years or the next 10 years. I do not know what your time period is—

Ms Berry: Future years? Probably, for our existing projects, we could do that.

MS CLAY: Existing projects? That would be great.

Ms Berry: For future years, we do not know yet because we have not applied for commonwealth funding yet.

MS CLAY: Can you do it for a few past years as well, so that we can see where the lines are going?

Ms Berry: We will try.

MS CLAY: Maybe for the last four or five years; that would be great.

Mr Pirie: Yes, I understand what you are after, and we will do our best to pull it together.

MR EMERSON: We have spoken a bit about rates increases in the budget, including the new health levy. Housing ACT will be up for paying these increases. This is my first budget. Is that captured somewhere or somehow in the budget—the increased cost to Housing ACT for rates on their properties?

Ms Berry: I am sorry, I did not—

Ms Stephen-Smith: Is any change in rates captured, for Housing ACT. Presumably, it would be captured in their budget statement—Housing ACT's budget statement—in terms of income and expenditure.

Ms Berry: It is probably better to be asked in the housing hearing.

Mr Campbell: We will clarify it with Housing ACT.

Ms Berry: Yes, okay.

THE CHAIR: Just to be clear, you will take that on notice?

Mr Steel: We will take it on notice.

MR EMERSON: Is it under consideration for government to provide exemptions or rebates of some kind, when we see increases, for public and/or community housing dwellings?

Ms Stephen-Smith: You are probably asking for an expression of potential policy consideration. I am not sure that we are in a position to answer that question. I should not be speaking about this; it is not my portfolio.

Mr Steel: Please, go on!

Ms Stephen-Smith: Mr Emerson, it is probably worth asking Housing ACT about their financial arrangements when they appear before the committee, rather than in this hearing.

Ms Berry: Yes, and I think the question was to the Treasurer.

Mr Steel: I do not know whether Ross has anything to add.

Mr Campbell: Not at this stage. Each of these entities will work through budget decisions and measures that we have, including some of the savings measures that are in the budget. We will be working closely with each of the directorates through the year as we approach the budget review and then the next year's budget. In terms of specific additional policy change at this point, no.

MR EMERSON: That is not something that has happened in the past?

Mr Campbell: Not that I am aware of, no.

MR EMERSON: Seeking rebates or—

Mr Campbell: No.

MR EMERSON: or anything like that? In terms of the pensioner rates rebate, that is capped at $750. I think that is from a few years ago. Is that cap increased each year, like the other levies, or is $750 still the maximum?

Ms Stephen-Smith: No, it is not indexed, so it is $750. Even without indexation, it remains among the most, if not the most, generous pensioner rates rebating.

MR EMERSON: Cross jurisdictionally? Thank you.

THE CHAIR: I have a question in relation to Revenue Office operations. This goes back to a discussion I had this morning with the Work Health and Safety Commissioner around the importance of managing psychosocial risks. Clearly, the Revenue Office deals with people in high-stress, highly vulnerable situations. Because our work health and safety regime in Australia deals with clients and other people who we engage with as part of our business, what measures does the Revenue Office have to deal with psychosocial risks in dealing with its clients?

Mr Salisbury: I have read and understand the privilege statement. Can I unpack that a little bit? Do you mean for our staff or do you mean for clients?

THE CHAIR: I am interested in both.

Mr Salisbury: Okay.

THE CHAIR: I would appreciate whatever you can give me on both sides of that equation.

Mr Salisbury: For our own staff, we have training that is run regularly by Lifeline. That helps us to deal with people in a crisis situation who have difficulties with their own personal situation. We have some policies for dealing with those people that my staff can use to respond to people who are in a crisis situation. That information is being shared with other revenue offices and we are now using that as a common resource across revenue offices.

On the other side, we are going through a process now of reviewing our documentation that goes out from the Revenue Office and the way we engage with clients. We are looking at that information regarding not only its clarity and effectiveness but also the likely impact that it will have on people.

We are also in the process of redesigning our website at the moment. We hope that it will help to address some of the anxiety that people have when they get onto our system and they cannot navigate their way through to where they need to be.

THE CHAIR: Clearly, the most extreme psychosocial risk, as I discussed with the WHS commissioner this morning, is around suicide. Do you have protocols for handling when someone expresses suicidal intent?

Mr Salisbury: Yes, we do. That is part of that documentation that I described earlier. It gives my staff a series of responses that they give to an individual. There is also a protocol to then inform the police after that conversation.

THE CHAIR: The reason I am asking is because I have had correspondence from an individual who tells me that they disclosed suicidal thoughts during a phone call with the Revenue Office. But instead of receiving support or escalation of her concerns, or any acceleration of her objection reviews, she was put through to an answering machine. A few weeks later, she was issued with a letter with additional interest charges.

How do we get to a situation where someone expresses suicidal intent—my understanding is that it was a very clear indication—and ends up being put through to an answering machine and not receiving the type of escalation that you were indicating should be part of the system?

Mr Salisbury: Clearly, that is a case that is worth investigation. I am happy to take the details and carry out that investigation, or at least make a preliminary inquiry in relation to that matter. It is not what I would expect to have happened. It may have happened, but we need to address that and fix it.

THE CHAIR: Do you keep records of what I would consider would be a pretty significant WHS incident? Do you keep records of any occasion on which something like this would happen?

Mr Salisbury: Yes, I think we would. We would keep it on the file of the person. But I cannot guarantee that. I cannot speak to what the individual officer would have done.

THE CHAIR: On notice, could you provide how many occasions, in the last five years, someone has expressed suicidal intent and what actions were taken in response? Could you please make that de-identified as well?

Mr Salisbury: Yes. I am happy to take that on notice.

THE CHAIR: Thank you. I think that brings us to the end of the session.

Ms Stephen-Smith: With your indulgence, Chair, I note that this is Mr Salisbury's last estimates appearance. I want to place on record the government's thanks to him for the incredible work he has done as revenue commissioner. It has been a long stint in that role, and he has delivered a lot of really great outcomes for the ACT community. The last little while, I think, has been really tough. We all understand that. With all the work that was done through the COVID-19 pandemic to provide support to individuals and businesses, the Revenue Office went above and beyond. I want to recognise Kim's contribution to that.

Mr Salisbury: Thank you.

THE CHAIR: Thank you. On behalf of the committee, I thank you for your attendance today. If you have taken any questions on notice—and there have been a few—please provide your answers to the committee secretary within five business days of receiving the uncorrected proof *Hansard*.

On behalf of the committee, I would like to thank our witnesses, who have assisted the committee through their experience and knowledge. We also thank broadcasting and Hansard for their support. If a member wishes to ask questions on notice, please upload them to the parliamentary portal as soon as possible, and no later than five business days from today. The meeting is now adjourned.

The committee adjourned at 5.37 pm.