

**LEGISLATIVE ASSEMBLY FOR THE
AUSTRALIAN CAPITAL TERRITORY**

SELECT COMMITTEE ON ESTIMATES

(Reference: Appropriation Bill 2003-2004)

Members:

**MR B SMYTH (The Chair)
MRS H CROSS (The Deputy Chair)
MRS V DUNNE
MR J HARGREAVES
MS K MacDONALD**

TRANSCRIPT OF EVIDENCE

CANBERRA

TUESDAY, 27 MAY 2003

**Secretary to the committee:
Mr Derek Abbott (Ph: 6205 0199)**

By authority of the Legislative Assembly for the Australian Capital Territory

Submissions, answers to questions on notice and other documents relevant to this inquiry which have been authorised for publication by the committee may be obtained from the committee office of the Legislative Assembly (Ph: 6205 0127).

The committee met at 9.07 am.

Appearances:

Mr T Quinlan, Treasurer, Minister for Economic Development, Business and Tourism and
Minister for Sport, Racing and Gaming

Department of Treasury

Mr M Harris, Under Treasurer

Mr R Broughton, Director, Finance and Investment Group

Mr P Matthews, General Manager, ACT Insurance Authority

ACT Gambling and Racing Commission

Mr T Curtis, Chief Executive

Mr P Collins, Manager, Coordination and Finance

ACTTAB Ltd

Ms S Baker-Finch, Chief Executive

Ms S Wheeler, Chief Finance Officer

Australian International Hotel School

Prof M Conlin, Director

Totalcare Industries

Mr S Palywoda, Chief Executive Officer

Chief Minister's Department

Mr R Tonkin, Chief Executive

Mr G Keogh, Director, Business ACT

Sport and Recreation ACT

Ms S Marriage, Director

Mr D Harley, Chief Executive, Stadiums Authority

Canberra Tourism and Events Corporation

Mr R MacDiarmid, Chief Executive Officer

THE CHAIR: Good morning. I will get the formal part of the proceedings out of the way. You should understand that these hearings are legal proceedings of the Legislative Assembly, protected by parliamentary privilege. That gives you certain protections but also certain responsibilities. It means that you are protected from certain legal action, such as being sued for defamation for what you say at this public hearing. It also means that you have a responsibility to tell the committee the truth. Giving false or misleading evidence will be treated by the Assembly as a serious matter.

Minister and departmental witnesses, your evidence today is being recorded by Hansard to prepare the committee's transcript of proceedings. It is therefore necessary for you to speak clearly into a microphone when you answer questions. Officers who are seated at the back of the room should come to the main witness table if called on to respond to questions. Please do not speak from the back of the room. It would also assist the committee staff and departmental officers if witnesses could also state clearly when a question is being taken on notice. It would also greatly assist in the preparation of the transcript if witnesses would state their full name and the capacity in which they are appearing on the first occasion that they give evidence.

Treasurer, welcome back to day seven of the estimates hearings. I was just wondering whether you'd like to make an opening statement on the ACT Insurance Authority.

Mr Quinlan: No, we'll be right. We'll just take questions as they come, thanks.

THE CHAIR: Minister, you've stated that the likelihood of ACT Forests getting insurance is a bit slim. How slim is the likelihood of the forests being able to be insured again as an entity under the ACT government?

Mr Quinlan: Perhaps I could, through Mr Harris, relay our recent experience in meeting insurance underwriters in London.

Mr Harris: The territory, as you know, Mr Chairman, has significant insurance coverage through the ACT Insurance Authority, which is part of the Treasury. That insurance comes in two forms. One is a specific policy for forestry, and I will let the chairman of the authority and the general manager of the authority speak on that matter in particular in a minute. The other is, of course, a policy that covers our buildings and other infrastructure and assets.

Both of those policies have reinsurance arrangements attached to them through reinsurance underwriters primarily based in London and those policies are currently in the process of renewal. I would have to say, having met with those people just recently, that the territory's standing as far as reinsurance is concerned is very good. Our systems and our processes for risk management are considered to be first class—I think that would be a good way of describing it—and the standing of the authority in the way in which it handles its business is considered to be particularly good.

However, in terms of forests, there are particular risks attached to that industry which are not peculiar to the territory but are, in fact, endemic—I guess that is a reasonable word to use—across forests in general. Perhaps I can ask Mr Broughton, the chairman of the authority, to speak about forests in particular.

Mr Broughton: Actually, I might flick pass it to Peter Matthews, who is the general manager.

Mr Matthews: With forestry in particular, we face a number of problems over and above the normal market problems in that in a 13-month period we suffered three major losses; firstly, a fire; then a wind strike; and then the major fire this year. The lead reinsurer in our program had already announced before the fire this year that they were withdrawing from the market. So we face a new market with a very poor claims history and, as has previously been mentioned, there has been a general contraction in the market anyway, but we're coming into the market in a very bad shape. We've already put feelers out in the market to see if there is anything available. We will pursue those, but it's going to be a very difficult task.

THE CHAIR: The fact that we can't, as a government body, get fire insurance doesn't mean that a private firm, many of which operate round Australia, will have the same trouble, or will they have the same trouble if they want to conduct private forestry in the ACT?

Mr Matthews: Some of the other bodies have a lot more flexibility than us because they're much larger and they have a much better spread of risk. We had basically two forest areas, the major one of which we've lost, and now we have one remaining. It's those sorts of normal insurance aspects of spread of risk that make us very different from anybody else.

THE CHAIR: At the top of page 361 it is said that you're going to pay \$115 million to agencies for losses, but will only recover from the insurers \$106 million. How do you make up the other \$9 million, or do you just incur that as a loss?

Mr Matthews: On both the property and the forestry policy we carry the first \$4 million as a self-insured retention and there will be other costs over and above that which we can't recover and which are fairly normal for a process as large as this. We have employed consultants to act on behalf of the territory to make sure that we recover the maximum and most of those costs are covered under the policy itself, under either consultants' fees or claims preparation costs, but there will be some costs over and above that will fall back to the authority.

THE CHAIR: Each of the policies have a \$4 million excess, in effect.

Mr Matthews: Yes.

THE CHAIR: That's \$8 million. What does the other \$1 million cover; just the costs of implementing the claims?

Mr Matthews: The cost of preparing a claim, plus there are some minor areas that aren't reinsured. The covers that we offer to agencies and departments are somewhat broader than the reinsurance we can obtain, so there's always a little bit that isn't covered by reinsurance.

THE CHAIR: What sorts of areas can't we insure?

Mr Matthews: Some of the things that we're looking at that don't seem to be fully covered are roads, for instance, where there's some argument about whether a road that isn't physically damaged but has a tree across it is damaged. We feel it is and the reinsurers feel it isn't, so there are just slightly different interpretations in cover, which will always happen in a claim this large.

THE CHAIR: Is that why the Treasurer's favourite median strip, which I also have an emotional attachment to, on the Cotter Road is not insured, all those trees and the garden beds that the government put in on that section of the Cotter Road from the parkway through to Streeton Drive?

Mr Quinlan: They were this big.

THE CHAIR: And they were just coming good. I spent a certain Saturday night putting them all out as they burnt. Why isn't that insured if that's a piece of the infrastructure that the government has put in?

Mr Matthews: You can only insure certain assets and things like decorative trees, if we can use that, as against plantation trees are not normally insurable.

THE CHAIR: And that's standard in these contracts?

Mr Matthews: Yes. That's just one of those things we have to live with, and this is why, unfortunately, in any insurance loss there are lots of losses that fall outside the policies that you can obtain.

THE CHAIR: I noticed at the bottom of page 357 that one of your highlights is managing the collection of Comcare premiums from agencies and the payment of the premiums to Comcare. How are we going in our dealings with Comcare? Are we winning, losing, or is it a draw?

Mr Matthews: We don't actually get involved in that part of it. Chief Minister's do all the negotiations. We only act basically as a banker. We collect the premiums from agencies and then pay Comcare. That's the extent of our function.

THE CHAIR: Have our premiums gone up this financial year or are they expected to go up next financial year?

Mr Matthews: Each year they do tend to go up. Last year the increase was less than we would have expected. This year we haven't seen the figures yet.

THE CHAIR: When will we get those figures for the coming year?

Mr Matthews: We should see those numbers in the next couple of weeks, because we need to get advices out to agencies so that we can collect the premiums.

THE CHAIR: How do the agencies know what to put in their budgets if we can't tell them what the policy costs will be for next year? Do they just factor in an increase? Perhaps it's a question for the Treasurer.

Mr Quinlan: Sorry?

THE CHAIR: The Comcare premiums: we haven't got the bill from the Commonwealth yet for next financial year. How do the agencies know what to factor into their budgets? Do they just add on a percentage based on experience?

Mr Quinlan: They'd have to. Probably the most common feature of budgeting is making an estimate of what's going to happen.

Mr Harris: It would be a bit like workers compensation, where you don't know the bill until after the event in most cases.

Mr Broughton: Can I add something? I'm advised that normally they would just be allowed a CPI increase and if the increase in their premium was different from that, say due to their experience, they would either have to wear the increase in their budget or they would make some savings. The whole idea of that system is to provide incentives for agencies to properly manage their risk.

THE CHAIR: Okay. Has that worked? Did that work this year?

Mr Broughton: You'd have to ask Chief Minister's Department. As Mr Matthews said earlier, they run the policy, they actually do the premium distributions and all that. The Insurance Authority gets the advice as to what the premiums are, sends out the invoices, collects the money and then pays Comcare.

MRS DUNNE: Why is that the case? Why, if we have an insurance authority, is somebody else handling workers compensation insurance?

Mr Broughton: The Insurance Authority does not insure for workers compensation.

MRS DUNNE: But why? You just said that, Mr Broughton, but why is it that we have somebody else in another arm of the bureaucracy handling workers compensation insurance when we have an insurance authority which does, for the most part, most of the insurance for the ACT?

Mr Quinlan: If I might just interrupt to say that we have WorkCover. Largely, what the Insurance Authority does is an extension of Treasury, so it performs a Treasury function in relation to insurance. Then there's a whole human resources process which is about occupational health and safety, risk management, et cetera. Once you moved that line and said that the Insurance Authority would look after risk management processes, it would be said, "Why doesn't it look after WorkCover and why doesn't it look after human resources?" It is arbitrary, I'd have to say, at the end of the day.

MRS DUNNE: But that's where you have decided to draw the line.

Mr Quinlan: I don't think we've changed it for a number of years.

MRS DUNNE: I just wanted an explanation.

THE CHAIR: My final question is about the second paragraph of the first dot point on page 361. There are a couple of sentences about premiums. Has the 40 per cent increase in medical malpractice insurance been agreed to and accepted or have we hunted around for a better policy?

Mr Matthews: We expect a 30 per cent increase in the medical malpractice premium again this year, as there was last year. It's another class where the number of insurers working in that field is very small. In fact, there are only two lead markets working into Australia. Basically, the one that leads most of the programs in the country see that they need those sorts of increases and it's pretty much such a closed market that we're locked into that. We do do better than some of the jurisdictions. This year the average increase is more like 40 per cent and we're looking at 30 per cent.

THE CHAIR: You copped 40 per cent in 2002-03 and you expect it to be 30 per cent in 2003-04.

Mr Matthews: Sorry?

THE CHAIR: My apologies. You copped 40 per cent this year, 2002-03, and you're expecting to cop another 30 per cent in the coming year, 2003-04.

Mr Matthews: Yes. We hope it will back off after that. We've made some major changes in the structure of our program over recent years. Just to illustrate that, about two years ago our self-insured retention on medical malpractice was \$7 million. We moved that out to 15. Last year, to include the visiting medical officers, we moved it out to 17½. We think this year, even at the 30 per cent increase, we will probably move that out to 20. So at least that means that some of that money isn't paid outside government; it's just that we're wearing more of the responsibility within our own resources.

Mr Harris: I should point out, Mr Chairman, that we are currently in the process of renegotiating those premiums.

MRS DUNNE: This is insurance that covers salaried doctors and visiting medical officers when they're acting as visiting medical officers; this does not relate to doctors in private practice.

Mr Matthews: No.

Mr Harris: That's right.

Mr Matthews: What we do cover for the visiting medical officers is their work within the public system. Their private work is still covered by their various medical defence organisations. It's all their public work.

MRS DUNNE: When you're insuring here, you're not dealing with medical defence organisations; you're dealing with more mainstream insurers.

Mr Broughton: We're dealing directly with what we call reinsurers and, as Mr Matthews said earlier, there are about two worldwide who are currently interested or are involved in Australian medical malpractice insurance.

MRS DUNNE: There was some scuttlebutt in the news this morning, for instance, that private obstetricians are contemplating withdrawing their services, which means that there'll be increased pressure on the public system. If a woman is under someone privately and she's told, "I may not be able to deliver your baby on 2 July," she's going to make arrangements to go into the public hospital rather than taking the risk of not having an obstetrician. What sort of impact will that sort of thing have on your premiums, if you're going to have a shift of the patient load into the public system?

Mr Matthews: Within the public system it should have no impact on us whatsoever. I was also intrigued by the implications if there's less work in the private system and it puts more pressure on the public system, but that's only an operational issue. From an insurance point of view, I don't see an impact at all.

MRS DUNNE: You don't see an impact if you have more potential claimants. If you have more patients through the system, there are more potential claimants on your insurance rather than the private obstetricians' medical defence.

Mr Matthews: Obviously, the answer is yes, there is a greater exposure if there are more people through the system, but our incidence of bad birth claims, which are the expensive ones, we get one or two of those per year, and that's out of, I think, something like 2,000 births per year. So, even on that base, the numbers are very small. Yes, it does increase, but it will be minimal.

MRS DUNNE: What sorts of risk management issues have you, as the people responsible for the insurance, instituted in hospitals to limit that? That's a fairly low incidence and lower than it was a few years ago. What have you done to bring about that sort of reduced incidence?

Mr Matthews: There are a number of different areas here. The hospital is doing a lot of work in the clinical risk management area. We are looking at something a little bit broader, more the management of a claim and the progress of an incident to a claim and then to a litigated claim and how we can do something to cut that chain and minimise the actual dollar impact, whereas the hospital is looking more at how to prevent the incident happening aspect of it.

MRS DUNNE: That part of the risk management of that, how to decrease the number of incidents, is squarely with the hospital and you think that they're doing a good job there.

Mr Matthews: We see our role as pretty much overarching. Whilst the final responsibility for that sort of risk management lies with the hospital, it affects our results as well. So we get involved with all the work with them, but they are focusing on one area and ours is slightly different.

MRS DUNNE: I'm not sure where this question goes, but we had the Minister for Health here last Thursday and we talked about medical indemnity and there's always a bit of hospital passing, but since then, I think it was last Friday, the Commonwealth has come out with changes to medical indemnity provisions for specialists in particular. Do you have a view about where that leaves doctors in the ACT in the provision of medical services? Do you have a view as to whether we've made some progress down the path of solving the problem? This may be a question for the Minister for Health.

Mr Quinlan: Yes, I think it would be, but let me say, without denigrating ministers for health generally, that some of the work that has happened in the Health Ministers Council is now, of recent times, being passed to the council of ministers looking at insurance, effectively the treasurers or finance ministers.

Each jurisdiction inevitably has its own view as to how far to bend to accommodate the insurance industry or how far and how strongly we can hold out. The exact details in the health area I can't bring you up to date with, but there still is an arm wrestle between the states and territories and the insurance industry even though in a number of areas, I believe, larger states capitulated far too readily in order to be seen as doing something promptly and put through legislation, particularly in relation to caps, in relation to thresholds on claims, and now we've had this morning the discussion about obstetricians and the statute of limitations on claims.

Hitherto, it has been conventionally accepted that you can't actually assess the damage to somebody as a function of an accident or negligence at birth until they actually reach maturity, until we find out what their capabilities are and what their lifetime needs are. Hitherto, there has been that acceptance of a long gestation period, excuse the pun, for those sorts of insurance claims. However, there is pressure, of course, coming from both the profession and insurance companies to bring in a six-year horizon and that sort of thing.

All of those moves are in the interests of the insurer or the interests of the insured, being the professional, and not necessarily those that suffer damage. They are issues that are going to grind on. I don't want to say too much, but I'm a bit concerned as to the likely outcome in the long term just because, as Mr Broughton was saying, the number of reinsurers in the market has just contracted to the bare minimum and those now feel in a position to dictate. They are not dictating from Sydney; they are dictating from London, New York or Geneva. As we discussed in this room some days ago, there's not necessarily any direct logic in the way they're treating clients at the far end—from London to the local community organisation or the local medical profession in the ACT. There's not really a very discriminatory process; it's fairly arbitrary.

THE CHAIR: The second paragraph, first dot point, on page 361 says that the increased premiums also reflect revaluation of the territory's assets by 30 per cent. How was that process conducted and what would lead to a variation of 30 per cent?

Mr Matthews: Normally, we look at the valuations each year and just update. We ask for acquisitions, disposals, revaluations and that sort of thing. What we've found, I think as much as anything because of departments coming together and splitting apart, is that some items have slipped off the schedule entirely. One item I mentioned earlier, roads. A decision was made some years ago not to reinsure roads, because the risk was seen as minimal. I don't agree with that. I think that, seeing our purpose is to keep large losses off budget and we look at the catastrophe end of insurance, roads should be insured, if for earthquake and nothing else. Out of the 30 per cent increase, there's something like \$2.2 billion worth of roads in there.

THE CHAIR: Following the bushfires, there has been a reappraisal of what should be on the register of insured and what wasn't.

Mr Matthews: Basically, these are some of the issues that have come out since the bushfires when we've looked very closely into our asset schedule.

THE CHAIR: You say that it's a revaluation. It's not really a revaluation; it's more an inclusion, surely.

Mr Matthews: Yes.

THE CHAIR: None of the existing assets that were on the register have gone up by 30 per cent; we've actually included in that \$2.2 billion worth of roads.

Mr Matthews: It is simply a matter of adding things that weren't there previously, yes.

Mr Quinlan: But there would be a process of continual revaluation as well.

Mr Matthews: Yes. What we do each year as well as just get the physical items on the list is we do an indexation which allows for some revaluation percentage. Last year, for instance, it was 3½ per cent. This year we had 5 per cent factored in there as well as the items that need to come onto the schedule.

THE CHAIR: There being no further questions on the Insurance Authority, I thank you, gentlemen. We will move on to ACTTAB. Minister, do you want to make an opening statement in regard to ACTTAB?

Mr Quinlan: No, I don't think so.

THE CHAIR: Minister, the third dot point of the highlights on page 363 of BP 4 refers to commencing the relocation of the ACTTAB head office site to Gungahlin. Will the move to Gungahlin have any impact on the negotiations on the sale of the headquarters at Dickson and then the move to Bruce? I have a vague memory that one was linked to the other.

Mr Quinlan: Probably, but Bruce was off anyway, because the planning commissioner wouldn't accept the necessary structure, particularly the amount of parking and safe parking around the building in Bruce precinct. So, regardless of how good a deal it might have been for Dickson as a package with the developer—Sue might be able to tell it better than I—at the end of the day, Bruce was just not on, just didn't work.

THE CHAIR: No, I get that point, but my memory is that the sale of the Dickson headquarters was part of the development at Bruce?

Mr Quinlan: Probably.

THE CHAIR: Is there a flowback effect, therefore, on the sale of Dickson, or not?

Mr Quinlan: I don't know as a value, but I think we won't have any trouble here.

Ms Baker-Finch: I can answer that question. All of the negotiations that related to the Bruce development are now finished, defunct; there are no remaining obligations on any of the parties, so the new development is a fresh start.

THE CHAIR: Okay, that's fine.

MRS DUNNE: In relation to the move to Gungahlin, there was extensive discussion over a couple of years about the suitability of the telecommunications infrastructure. How have those issues been addressed? What do you need, what does Telstra currently provide and what costs, if any, will be involved in upgrading, ramping up, the telecommunications infrastructure, and who is meeting those?

Ms Baker-Finch: Ideally with a business like ACTTAB, which operates every day of the year except two, business continuity is a critical factor. Therefore, reliability of telecommunications is a critical factor. There are two ways to achieve a high level of reliability with telecommunications connections, that is, by having dual routes into a venue, two telecommunications routes to a building and, alternatively, to have those two

routes attached to two exchanges. That means that if a bulldozer goes through one of the cables you've guarded against that, but if an exchange goes down you've also guarded against that. On the Dickson site there had always been provision to easily achieve route diversity and also exchange diversity at a very minimal cost, because the existing—

MRS DUNNE: But do you have route and exchange diversity at Dickson?

Ms Baker-Finch: We don't currently but it is easy to achieve at a very low cost with putting an extra cable in. In Gungahlin, both levels of diversity are not so easy to achieve. Certainly, you can get the route diversity in place at a reasonable cost, but the exchange diversity was estimated in late 2001 to be in the vicinity of \$1.3 million. The board has had another look at the business risks involved in an exchange failure and has determined that it is not commercially sound to spend \$1.3 million effectively insuring, guarding or mitigating against that risk, so the commercial decision is to run with route diversity but not with exchange diversity in the Gungahlin environment.

MRS DUNNE: It seems that in the Dickson set-up you currently have you have neither route diversity nor exchange diversity.

Ms Baker-Finch: No, we have route diversity.

MRS DUNNE: You do have route diversity?

Ms Baker-Finch: Yes.

MRS DUNNE: Okay, so that that \$1.3 million that was touted in 2001 as the big stumbling block is no longer a stumbling block.

Ms Baker-Finch: No, in consulting with Telstra on the incidence of exchange failure, the duration of exchange failure, the board has taken the commercial view that that risk can be carried.

MRS DUNNE: How many people do you expect to move with the ACTTAB head office when it moves to Gungahlin?

Ms Baker-Finch: This is always a difficult question to answer because people get confused about our work force. We have about 34 full-time administrative staff who work in the head office and all of those staff will move to a new head office location in Gungahlin. We also have a work force which ebbs and flows in size of about 100 casual workers. For instance, in May, the number of casual workers engaged was only 67, but May is not a very high season racing period.

MRS DUNNE: Sorry, engaged by—

Ms Baker-Finch: Engaged by ACTTAB.

MRS DUNNE: Head office or the agencies?

Ms Baker-Finch: No, at multiple venues. Of course, a lot of our sales are on racecourses, so some of our casual workers work on the racecourse, some of them work in sales outlets and some of them work in a contact centre in the head office. It will be the casual workers that work in the contact centre in the head office that will relocate their work to Gungahlin, if they so choose to do. The number of people whom that relates to would be a pool of about, at any one time, 35 casual workers who are on the roster. Of course, that pool gets bigger during the spring season and it declines during January-February and June-July, at this time of the year.

MS DUNDAS: I'm looking at Budget Paper 4, page 364, and I'm wondering what's happening in the outyears and whether it is linked to the move to Gungahlin, but "other expenses" drops for 2002-03 and 2003-04, bounces back for 2004-05 and then drops again for 2005-06, so I want to know what's going on there. I also want to know what's going on with the income tax equivalent in the outyears—it drops to \$125,000 in 2004-05—and also the dividend declared in 2004-05.

Ms Baker-Finch: Shall I answer that or would you like to do that?

Mr Wheeler: I'll answer that.

Ms Baker-Finch: The big anomaly is 2004-05.

Mr Wheeler: In 2004-05, other expenses, the big hit there is our anticipated loss on the sale of the Dickson property. We anticipate a loss of about \$600,000 on that property at this stage.

Ms Baker-Finch: We should add though that it's always difficult to anticipate in advance what the market value of any property will be and we're simply saying that we have a book value of about \$2.6 million at the moment and we're budgeting conservatively to achieve a sale price of at least \$2 million on that property, but indeed the result could well be better.

MS DUNDAS: So the property is planned to be sold in the 2004-05 financial year.

Mr Wheeler: Yes.

MS DUNDAS: And it's quite possible that you could make a profit on that if the market so demands.

Mr Wheeler: That's right.

Ms Baker-Finch: Anything's possible, I guess, but, as we say, we're budgeting conservatively for a loss against the book value.

THE CHAIR: Why would you be doing that? The market is reasonably buoyant. Things are selling for crazy prices.

Ms Baker-Finch: It is, but we had valuations on that site and you've got to recognise that that site is now a development site. It would be dozed. We had valuations of about \$1.6 million or \$1.7 million on that site as a construction site, as a development site, about

two years ago. We've uplifted those, but, for the purpose of the budget statements, we're not in the process of getting revaluations every year. We've just simply made an estimate at this stage.

MR STEFANIAK: Are there significant restrictions on what can be developed on that site which causes that figure?

Ms Baker-Finch: PALM is changing what can happen on that site. At the moment, the lease purpose clause is for office and agency-type operations, as ACTTAB is. The new plans are to have retail on the ground floor of that site. I think the plans will even allow residential. Of course, that will all lift the value of the site.

MR STEFANIAK: One would think so.

Mr Quinlan: Residential does.

MS DUNDAS: What else is happening with "other expenses". It goes down for the 2002-03 outcome, stays down for the 2003-04 outcome and then goes up again for 2004-05?

Mr Wheeler: The 2004-05 increase is the \$600,000 increase, really.

MS DUNDAS: But why is it down for 2002-03 and 2003-04? The note, I must say, wasn't very helpful.

Mr Wheeler: 2002-03 is down basically due to turnover.

MS DUNDAS: You're getting less money in, so you're spending less.

Mr Wheeler: We pay a racing distribution fee to the government of 4½ per cent of turnover, so any decrease in our turnover, as you can see from the revenue number going down—

MS DUNDAS: So "other expenses" covers that 4 per cent racing fee.

Mr Wheeler: Yes, as well as our licence fee.

MS DUNDAS: The other question I had was in relation to page 363, dot point 4, continuing to provide responsible gaming products and services in line with the ACT gambling code of conduct. I just wanted to know what ACTTAB was doing in terms of problem gambling in the ACT.

Ms Baker-Finch: The code was introduced as of 1 December and, indeed, by 1 May there was a requirement under the code for a considerable number of activities to be put in place, including comprehensive training of every person that works in an ACTTAB gambling facility, and that is now complete, and the provision of information materials to customers about potential counselling services and seeking advice if they have a gambling problem.

The code also requires certain strategies to be in place in regard to advertising gambling products. One requirement, for instance, is that every advertisement for a gambling product would also carry a message about the availability of counselling. Another provision is the exclusion, where gambling facilities are required to have procedures in place for either a forced exclusion of a person whom the gambling contact officer believes may have a gambling problem, or indeed voluntarily exclusion by customers who come forward and say, "I think it would be better for me not to be here." There is a range of quite difficult and complicated issues to deal with.

MS DUNDAS: But are you confident that you are meeting all the requirements set by the code of practice?

Ms Baker-Finch: We're absolutely confident we've been meeting the requirements. Indeed, the commission has already done some auditing of gambling providers' adherence to the code.

MRS DUNNE: Following up on the code, what sort of training is provided to people? You have 20 or 30 agents and you have casual staff and things like that. What sort of training is provided? When you say it's done, what happens when you have new staff come in?

Ms Baker-Finch: Obviously, there needs to be an orientation program for all new staff, which involves training.

MRS DUNNE: Whose responsibility is that?

Ms Baker-Finch: ACTTAB is responsible for training all its own staff and its agents. The agents who are small business operators who employ their own staff take the responsibility of providing appropriate training for their own employees.

MRS DUNNE: And they understand that that's part of their agency obligations in having an ACTTAB franchise?

Ms Baker-Finch: Yes, they understand that.

MRS DUNNE: You have 20 or 30 agencies. How many of those are run by ACTTAB proper and how many are run by franchisees?

Ms Baker-Finch: We have 22 agencies. Three of them are run by ACTTAB employees, by ACTTAB, and the remainder are run by contracted agents. We also have 35 outlets in licensed venues, but, of course, the licensed venues are gambling providers in their own right and therefore adhere to the provisions of the code on our behalf, essentially.

MRS DUNNE: When you've got 22 agencies, how do you deal with banning people? If I want to go into the Kaleen ACTTAB and I am told that I cannot go in there, how do you stop me going to the next one round the corner, Jamison or whatever?

Ms Baker-Finch: It's a difficult issue and ACTTAB takes every reasonable step that it can to implement the exclusion. The process outlined in our procedures is that, if a photo identification is available of the excluded person, that will be distributed to each of the agencies. The name and some description of the excluded person are distributed.

We have asked the agents at the start of business every day to make it a process where their staff and themselves look at the register of excluded persons. Of course, the register is not a thick one just yet and I don't know that we anticipate that it'll ever be a very large register, but there may always be two or three exclusions in place. I'm only guessing, but that may well be the case. But I think that over time, if the number is small enough, the agents and our own staff will be well aware that this is a serious issue and they need to brief themselves with the information required.

MR CORNWELL: How do you get on with the privacy laws?

Ms Baker-Finch: Of course, if the exclusion is voluntary, the person is accepting that you can use information about them, like their name and perhaps their address and some possible other personal details for the purposes of the exclusion. If the exclusion is a forced exclusion, then ACTTAB must advise the person that the information, including a photograph if that has been provided, will be used for these purposes and these purposes only.

MR CORNWELL: Have they a right of appeal?

Ms Baker-Finch: The right of appeal for excluded persons is through the Gambling and Racing Commission. So, if we were to exclude a person and they wished to appeal against that exclusion, that's the avenue.

MR CORNWELL: Under whatever.

Ms Baker-Finch: Under the legislation regulations.

MS DUNDAS: Are you confident that your contract agents are meeting requirements of the gambling code?

Ms Baker-Finch: Yes, we are. We have, as I said, had a full-day training session with every one of the agents and we have indicated that adherence to the code now is a requirement under the agency agreement. We have delivered detailed procedures to the agents and the discussion of those procedures was part of the training.

MS DUNDAS: I was looking at your annual report and it talks about the ACTTAB charitable and community grants. How are decisions made—I don't know whether it's going to be commercial-in-confidence—on which groups are funded? Have you ever thought of funding organisations that support people with gambling problems?

Ms Baker-Finch: There is a set of criteria. There's a public advertisement for community and charitable organisations to apply for the grant program on an annual basis. The applications are received, they are assessed against the criteria and then the successful applicant is notified. There has not, from my recollection, been an organisation that has

applied for a grant for providing counselling services to people with gambling problems, but certainly that sort of organisation would fall within the eligibility criteria.

MS DUNDAS: Budget Paper No 3, page, 91 has the ACTTAB licence fee listed and, except for the ambulance levy, it is the only figure on that page that doesn't increase. The licence fee is set to remain the same. It's a fixed fee and is set to remain the same through until 2006-07.

Mr Quinlan: Thanks for pointing that out.

MS DUNDAS: Treasurer, do you have any plans to increase the licence fee for ACTTAB?

Mr Quinlan: Not according to my budget, I don't, but you never know.

MS DUNDAS: No, I'm serious: why is that so?

Mr Quinlan: No, we don't have a plan to increase that overnight. The statistics show that TAB betting has fallen away. It isn't showing any real growth. That, depending on your view of society, may be a good or bad thing, but the forward estimates of ACTTAB, particularly as they've got to set up a whole new headquarters over the period of the forward estimates, wouldn't argue for slipping into them with a bit of extra tax. But we'll keep it in mind.

MS DUNDAS: Even though the budget papers show that ACTTAB is hoping to have increased revenue due to increased awareness of ACTTAB's existing products and a few new products. Do you think that you'll be revisiting the need to increase the licence fee?

Mr Quinlan: No, I don't. It goes to their bottom line. If they do well, we get a dividend anyway.

MR HARGREAVES: I'll put out a press release saying Ms Dundas encourages the raising of licence fees.

MR STEFANIAK: On punter activity, on page 367, the first dot point about user charges, you note that the decrease of \$640,000 for this financial year in the estimated outcome from the original budget is due to a shortfall in premium punter activity. What exactly do you mean by "premium punter activity" and do you have an explanation as to why there has been that rather significant decrease?

Mr Quinlan: Because other states have probably got a better kickback. I had a kickback. We don't have a kickback any more.

Ms Baker-Finch: Premium punters are professional punters, either investors or bookmakers, and what we're finding is that for the mum and dad customer, the regular customer, there is some modest growth there, but the sales—

MR STEFANIAK: Do you have any idea of how modest the percentage on that is?

Ms Baker-Finch: We're estimating in the outyears about 2 per cent, but in some of the quarters this year we have had about a 3 to 4 per cent growth in the day-to-day punter activity. But the professional punter activity is very volatile. You've got to understand that professional punters can basically bet into any of the three pools and, as the Treasurer says, we don't know what incentives some of the other operators can provide to professional punters.

Mr Quinlan: Like Queensland, for example.

THE CHAIR: Going back to page 364, I noticed that the equity at the start of the period and at the end of the period, for five years, is exactly the same; it doesn't vary a dollar. If you go to page 365, the net assets do not vary a dollar and the total funds employed do not vary a dollar.

Mr Quinlan: So we take all the cream. It's a 100 per cent dividend job.

THE CHAIR: If you run through it, the total assets don't vary, the total current liabilities don't vary.

MS DUNDAS: The employee benefits don't vary.

MRS DUNNE: They did last year.

THE CHAIR: Total liabilities don't vary. Is it that the one line has been duplicated across the five years, or are you running to such a fine degree that you can bring the number home every year for five years at exactly the same?

Mr Wheeler: Our net equity won't move because we are under a 100 per cent dividend policy, so our net equity is not going to change.

MR HARGREAVES: There's a factor required for balance here; it's called the dividend.

Mr Quinlan: The varying line is the dividend line, yes.

THE CHAIR: Are you varying the dividend just to get to the total equity number?

Mr Wheeler: The dividend is a factor of our profit for the year.

Mr Quinlan: The variable line is the dividend line, not the bottom line. That is the bottom line, the dividend line.

MRS DUNNE: But if you look at budget papers for 2002-03, the bottom line varies on the outyears. Why is it suddenly in this year the same?

Mr Wheeler: The policy changed after last year's budget.

MR HARGREAVES: Is that anything to do with the 50 per cent dividend versus 100?

MRS DUNNE: Actually, it was.

Ms Baker-Finch: There was a 50 per cent of net operating profit after tax dividend policy, and now it is 100 per cent of net operating profit after tax.

MR HARGREAVES: That explains the drop from \$13 million to \$12½ million.

Ms Baker-Finch: That's exactly right.

MR STEFANIAK: Going back to page 364, employee expenses, there is a 10 per cent rise—from \$3.293 million to \$3.629 million—and then it goes up a considerably lesser amount. The explanation for that is given in the third dot point on page 367. The increase is due to the employment of branch managers in lieu of agency agreements and increases in wages. You talked earlier of agency arrangements. What are you actually proposing there? Is it that every agency will have a branch manager and there won't be any agency agreements?

Ms Baker-Finch: No, that's not the case. Of the 22 agencies, in the past there was one managed by ACTTAB staff and the remainder were under agency agreements. Our strategy now is to have a mix of branches—in other words, ACTTAB-managed outlets—and agency arrangements. We're not looking to have more at any time than maybe four to five ACTTAB-managed branches, but that means that the number of staff employed by us does increase. But that's offset by the fact that we're not paying the commission under agency arrangements. So the increases there relate to a couple of extra staff members; primarily, though, to a 4 per cent increase in wage costs as a result of the EBA.

MR STEFANIAK: Okay, I understand what the 4 per cent is about; but you have still got, on your figures, a 6 per cent increase with that changed arrangement where you're going from one only to about four to five. What's the point of that? Is it because the old arrangement wasn't working? If so, why haven't you changed the total?

Ms Baker-Finch: It's more profitable to manage agencies as ACTTAB-managed branches. When you look at the profit and loss it's more profitable, but the question is: do you get the best result in terms of business growth under that arrangement? Therefore, we're going to have the best of both worlds. We're going to maintain a capability of managing outlets, and sometimes it's necessary to do that in certain circumstances anyway where we don't have an agent available, so we're going to go for a mix of ACTTAB-managed branches and agency arrangements.

MR STEFANIAK: There was some controversy about that, I recall, in my electorate. One particular agent was not reinstated and a number of people certainly made representations to me about that, which I conveyed to the Treasurer, a quite popular agent. It's true to say that that hasn't been a universally popular decision, is it not?

Ms Baker-Finch: It was a commercial decision, ACTTAB operates commercially. First of all, you've got to understand that the agency agreements are not subject to renewal. They are one-off agreements and there is no obligation for an extension to the agreement. The discretion is entirely with ACTTAB as to whether a new agency agreement is entered into with any agent. On that particular occasion, ACTTAB decided that it would manage that outlet as a branch, rather than put an agent in it.

MR STEFANIAK: You mentioned four to five ACTTAB-managed branches. Has that all occurred now or are there still one or two to go?

Ms Baker-Finch: No, there are three and probably we'd be looking to have one in each of the key geographical areas in the future.

MR STEFANIAK: Are there any early indications as to whether there is increased profitability from those ACTTAB-managed agencies or decreased profitability, or is it too early to tell?

Ms Baker-Finch: As I said, it's more profitable to run them ourselves. It depends, of course, on the size of the agency or the outlet. Certainly, the larger outlets, it would be very profitable for ACTTAB to manage them directly itself, but that is not necessarily ACTTAB's plan. At the moment, we are operating a couple of the lower turnover outlets, but nevertheless the outcome is better than we might have achieved through an agency relationship.

MR STEFANIAK: Is it possible for you to give this committee some figure? I know it's early days, but any indicative figures that would give some comparison.

Ms Baker-Finch: We could provide a profit and loss statement for small, medium and large agencies run by ACTTAB and run by an agent, if you wish.

MR STEFANIAK: Yes, that would be helpful.

MR CORNWELL: I have a question on the move to Gungahlin. There were some problems with the union, I understand. Has that been resolved? Are all staff members now moving over there without any difficulties or problems?

Mr Quinlan: As far as I know, there certainly have been discussions with the union and you would expect those discussions to be volatile. Unless you have had no earthly experience at all, you'd know that. But at this stage I think we're travelling very well.

MRS DUNNE: They're moving to a shmicky new office.

MR CORNWELL: Having moved the office there, you would want some staff there, presumably, to man it. Has that been resolved?

Ms Baker-Finch: One of the biggest concerns of the union was that the location in Gungahlin for female casual workers working late in the evening might have been problematic. I think we have made it pretty clear that we will make sure that there is appropriate security, appropriate lighting, appropriate safe parking areas for casual staff who might be working late into the evening and therefore needing to go out to their cars and drive home.

MR CORNWELL: You mentioned in answer to an earlier question that casual staff who wished to move to Gungahlin would be doing so. Does that indicate that some won't be?

Ms Baker-Finch: We don't know exactly how many will want to pursue a casual engagement in Gungahlin, but I had an indication from one staff member only as recently as last week who lives in Kambah, who feels that she won't take the extra step, and that's understandable. People will make their choices about where they pick up their casual work.

MR CORNWELL: When is the move due to take place? Have you got any dates?

Ms Baker-Finch: We would hope that we would be looking to finalise procurement of the site and start the tendering process for a developer as soon as possible into the new financial year and we would anticipate about an 18-month construction phase. I think that 21 months would be optimistic; 24 months may be more realistic.

MRS DUNNE: Do you actually have a block of land in Gungahlin?

Ms Baker-Finch: We've identified a preferred site and at the moment the approval of that site or otherwise lies with the shareholders.

Mr Quinlan: We've asked for an assessment of the site. To let the community know, the optimum site is a site that would require to be constructed a bigger footprint than the TAB needs, so it may be that you will have a multi-use building that provides all the security and proximity to car parking and well lit areas. The shareholders have said, "Right, we want an assessment to make sure that the non-TAB area in that building that we will be involved in is a viable addition to Gungahlin." Once we've got that certification, if you like, that reassurance, then it will probably be that site.

MRS DUNNE: So what that means, Treasurer, is that ACTTAB would be actually going into the building development business; it would be building a building bigger than it needs and selling or subletting some of it to somebody else because of the planning requirements.

Mr Quinlan: Yes, that's a pretty good summary.

MRS DUNNE: Right. It's not a problem. I just wanted to clarify this.

MR STEFANIAK: What broadcasting arrangements have you made with the demise of Triple S?

Ms Baker-Finch: We've had a low-powered open narrowcast network of licences in place since August last year. However, the reception across Canberra is not ideal. We have a very, very good product, ACTTAB Radio, which is a modified version of the Sport 927 racing broadcast with local content added. Our problem is that not all of Canberra hears it all that well. We are this weekend about to announce publicly that a new frequency will be available. We have purchased an FM frequency from 2KY and I believe that right at this very moment we have some technicians up on Tuggeranong Hill making arrangements for the transfer of the program to that new frequency.

MR STEFANIAK: How much does a new frequency cost?

Ms Baker-Finch: I would need to take that on notice, Bill, because I'll need to have a look at the sale agreements on that.

MR STEFANIAK: No, if you could take that up; it's important. What are you paying at present for the not terribly effective broadcasting you're using, which doesn't reach all of Canberra?

Ms Baker-Finch: Let me put this in perspective. We were looking at an annual expenditure of \$385,000 under the Triple S arrangement. The board at the time set a maximum annual expenditure of \$200,000 on ACTTAB Radio, any alternative, and we are operating under that rate. Simon, do you recall the figure? Is it about \$180,000 per annum that we're managing to work within?

Mr Wheeler: Approximately, yes.

Ms Baker-Finch: Approximately. As I said, that's an approximate figure. We will provide a very high quality radio service at around the \$180,000 per annum mark.

MRS DUNNE: High quality, but no-one can hear it.

MR STEFANIAK: That's what you think the franchise or whatever it is you're buying will cost.

Ms Baker-Finch: No, I'm talking about annual operating expense to deliver a radio service.

MR STEFANIAK: That's what you're anticipating that service will cost for the next financial year after you have purchased this—

Ms Baker-Finch: That's what we know. Clearly, we've budgeted for it. We wouldn't be entering into the arrangement if we knew it couldn't come in within that budget figure.

MR STEFANIAK: And is the purchase price for this particular frequency a one-off price?

Ms Baker-Finch: Yes.

MR STEFANIAK: And you will get back to us on that?

Ms Baker-Finch: Yes.

MRS DUNNE: What is the frequency you're currently running on?

Ms Baker-Finch: 87.6 FM and the new one is 88.7.

MRS DUNNE: What is the problem with 87.6?

Ms Baker-Finch: It's a network of low-powered licences. You have a network of transmitters across Canberra and you're only allowed to operate them on very low power, so the difficulty is that they don't have a huge reach. The new frequency is a high-

powered frequency. It will operate from Tuggeranong Hill and it will reach all of Canberra.

MRS DUNNE: So you actually bought—

Ms Baker-Finch: A licence.

MRS DUNNE: You bought a broadband licence rather than a narrowband licence, essentially. You've upgraded your licence.

Ms Baker-Finch: Upgraded the licence to a high-powered licence, a single high-powered licence.

MR STEFANIAK: Which areas of Canberra have been missing out since the demise of Triple S in August?

Ms Baker-Finch: Some areas around Barton are not good, in the city area, and there's a bit of difficulty around the Belconnen area, around the University of Canberra, because of interference with a low-powered frequency they have there.

MR STEFANIAK: You've got a fairly substantial budget and a hell of a lot of the punters I talk to always appreciated the Triple S service, which also had the added benefit of providing a very good local sports service on top of its racing component. I note your figure of \$385,000 to run it, but I don't think that it went up substantially over the years. Why did you get rid of a service that was very popular with the punters, reached all of Canberra and had the added benefit of providing an outlet for mass-participation sporting groups in Canberra?

Ms Baker-Finch: ACTTAB didn't get rid of the service. The Triple S board decided it wanted to be involved in broader sports broadcasting as opposed to racing.

Mr Quinlan: Maybe I could give some history before Sue got involved. I think the story goes with Triple S that they were broadcasting racing and other sporting events, say even Raiders games, a direct broadcast of rugby league, et cetera. The frequency of racing increased significantly, particularly Sunday racing, and unilaterally, as I understand it, Triple S dropped their other broadcasts and just started broadcasting further racing. This was not a deal that had been done with the TAB, but it was a Triple S decision. And then Triple S sent the further bill to the TAB. Okay, we've got now a bit of tension between the two.

The TAB management at the time, which has, I have to say, changed, both the board and the management, then said, "We're not paying that amount of money." Triple S said, "We can't operate without that extra money that we've sent you the bill for, we can't get our other sponsors back and we can't get other programs back on as a consequence." So we had a shortfall in Triple S. This was one of the early events post the last election. I then arranged for transitional funding for Triple S of about \$150,000 and met with the board because I wanted the sporting billboard function of Triple S to still last.

In fact, they couldn't make it work within what they could raise and they couldn't effectively raise much sponsorship. Because they have a community licence, the level of sponsorship they can actually raise is quite narrow. They can't advertise. They can only say, "This show is sponsored by Royals Rugby Club." They can't actually say, "Go to Royals and buy a pie," because it's a community licence that they have. Effectively, they couldn't raise enough support to stay there. I know that it was very popular, but it wasn't all that—

MR STEFANIAK: I know. I'm well aware of virtually most of that, Treasurer. You did certainly try to sort out a difficult situation and I appreciate that they struggled on with the \$150,000 for a while, but it didn't work out.

Mr Quinlan: They didn't actually blow all the \$150,000, Bill; they brought some back.

MR STEFANIAK: From the time I can remember, Ted, from about 1990 onwards.

THE CHAIR: This is history. Can we move on to the current budget or, better even, next year's budget?

MR STEFANIAK: There had been a few problems between Triple S and ACTTAB, yet it provided a very good service. My concern is that more could have been done recently to keep that service going, which was popular with punters and also provided the additional sport service. We've lost that now and I suppose it's not going to come back. Perhaps Ms Baker-Finch can indicate just what steps were taken. Were any steps taken to try to resolve this situation so that the service could continue?

Ms Baker-Finch: There were extensive negotiations about what ACTTAB, as a commercial entity, could pay for racing coverage and what impact racing coverage has on turnover and sales. Clearly, ACTTAB is there to operate commercially; it had to take that view. At the time it took the view that expenditure of around the vicinity I mentioned earlier was enough for a radio service. What followed thereafter was: if ACTTAB therefore won't provide \$385,000, but would be prepared to provide a figure like \$200,000, what sorts of time slots could be provided? It was at that stage where some of the major racing could not be fitted into appropriate time slots that it looked like a no-go situation. So there were considerable steps taken to come to an arrangement.

Mr Quinlan: I'll just add to that, Bill, that a lot of the broadcasting that was done by Triple S was on race meetings that they weren't even taking bets on. They just got everything down the line and plugged it in.

MR STEFANIAK: It would be useful to have the stuff on notice, thank you.

MS DUNDAS: I know we had a conversation about total equity before, but can you explain to me why on page 365, employee benefits, both the current and the non-current liability doesn't move at all?

Mr Wheeler: We're saying we're accruing for the employee benefits over a 12-month period and they're taking their full entitlement in that time.

MS DUNDAS: So that's basically a cushion that you're keeping.

Mr Quinlan: Superannuation is outside this.

MS DUNDAS: Yes. But this will include annual leave and those provisions.

Mr Wheeler: Yes.

MS DUNDAS: So the numbers that we're seeing on page 365 are the cushion that you're keeping in your employee entitlements line and the actual employee entitlements that are being utilised are not reflected here. Okay. Can you say that louder for Hansard?

Mr Wheeler: Yes, that's fine. Yes.

Ms Baker-Finch: They're reflected in the financial statements after the event but not in the forward estimates.

MS DUNDAS: Not in the budget, so we can look forward to reading about them in the annual report.

Ms Baker-Finch: It's usual to make your end-of-year adjustments at the end of the year, after the event.

THE CHAIR: On page 366, relating to the cash flow of ACTTAB, I note this year \$2.012 million is to be spent on the new building. What's the \$4.020 million to be spent on in 2004-05?

Ms Baker-Finch: Where is the \$2 million you are referring to?

THE CHAIR: If you go to 367, under "Statement of Financial Position", the first dot point about cash indicates that the decrease of \$2 million is due to the new building. Is the \$4 million to be spent in 2004-05 for the new building as well?

Mr Wheeler: I'd like to answer that. If you go to the purchase of property, plant and equipment, \$8.3 million in 2004-05, of that \$5.5 million is for the head office, \$1.9 million is for our selling terminals upgrade, and \$900,000 is for other capital purchases, ongoing capital purchases.

MRS DUNNE: Going back to the move from Dickson, what costs were incurred in relation to the arrangements that fell through in Bruce? Were there any compensation payments? What sorts of planning and approval costs and general gearing up for that were there? In addition, when the deal fell through, were there any payments that ACTTAB had to make as a result of the commissioner stymieing it? I don't want to have a debate about the commissioner's views, but what costs were incurred by ACTTAB as a result of that?

Ms Baker-Finch: There weren't any additional payments to be made by ACTTAB as a result of the failure of the project, but there was \$272,000 worth of expenses that had been previously capitalised that related to preliminary work on the head office project which was written off at the end of the financial year and was reported in the annual report, the 2001-02 annual report.

MRS DUNNE: So that's it: the \$272,000 of costs were the only costs associated with the proposed move to Bruce?

Ms Baker-Finch: That's correct.

Mr Quinlan: I'm sure John Hindmarsh might have a different view of it.

MRS DUNNE: I'm not interested in the developer's costs; I'm interested in ACTTAB's costs. There was no sharing of those other development costs between ACTTAB and the developer.

Ms Baker-Finch: They were ACTTAB's costs and they were written off at the end of the financial year. I don't understand "sharing".

MRS DUNNE: I mean, there were considerable costs—

Mr Quinlan: No penalties for us.

Ms Baker-Finch: No, there were no penalties for us. I said there were no other costs other than those.

MRS DUNNE: There were no penalties. Okay. Thank you.

THE CHAIR: We will finish there with ACTTAB. All other questions should be put on notice. We'll move to the Australian International Hotel School. I welcome the representatives of the hotel school to the Estimates Committee for the year 2003-04. The Treasurer and I had a conversation about what we will deal with in this part of the estimates hearing and I would ask members not to ask questions about what might happen in the future, given that that's fairly sensitive at this stage and certainly affects the future of staff and students, but questions on what has happened to the hotel school up to this point in time will be quite in order.

MS DUNDAS: According to Budget Paper 4, page 369, one of the highlights for next financial year is the developing of collaborative arrangements with the CIT. That was reported in January of this year. I just wanted to know how it is going.

Mr Quinlan: It's not. I would like to bring the committee as up-to-date as I can without jeopardising the very hard work that these people are involved in. We had an interdepartmental working party look at the prospects and what might be gained by a collaborative arrangement. At the end of the day, the assessment was that, yes, there might be some marginal benefit, but the benefit was not going to be huge. The hotel school, of its nature, just didn't easily dovetail or slide straight into a tech, effectively. There may be some administrative economies to be gained, but that's about the end of it.

MRS DUNDAS: Is the report of the interdepartmental working group available?

Mr Quinlan: No, not yet, but as we progress, I will make all of the information possible available to the Assembly and to Assembly members, but at this stage I don't think I want to be at least party to turning it into a political football with short-term opportunism and long-term damage. I want to work through the report and the hotel school is working

through the current situation, I think, in a very constructive manner, and that's where we'd like to continue to work.

MR CORNWELL: What you're saying is that between January and May, I suppose, you looked at the possibility of the CIT and, I think you said, it was marginal.

Mr Quinlan: I want to recognise that the hotel school itself did a whole lot of work in relation to its prospects and there is diversity of opinion as to the level of confidence that might be placed in those prospects. Let me say that the decisions that have been taken by government and the path that is being taken now are after the assessment of the level of risk that's involved in public funds and public investment. It might be that a dyed in the wool commercial organisation may have just said, "We'll go a different path," but this government has said we don't believe that the—

MR CORNWELL: That's what I'd like. It might be useful, Mr Chairman, if we had the government's decision, because there is a lot of confusion around. I'd welcome your stating that for the record, Mr Treasurer.

Mr Quinlan: Yes. The government has decided that it wants to work with the hotel school to arrive at a point where there is no longer government funding for the operations of the hotel school. We expect that to be a phased approach and we have said that we, at first, recognise both the moral and contractual obligations we have to students and the moral and contractual obligations that we have to staff. It is one of those enterprises or processes that aren't easy to stop. It doesn't have an off switch.

There are continuing commitments. Each year—and I'm sure all these people have been through it in past years—is a case of where do you go, because to continue you have to grow and recruit, but each time you grow and recruit to maintain liability you make a term commitment which is, at minimum, three years. So it is not an easy task, but I'm very confident in the work that the hotel school will do in terms of arriving at a satisfactory result for both staff and students.

MR CORNWELL: Treasurer, could you give us a figure up till now? I don't want to breach the very sensible arrangement that we don't want to look into the future, but can you give me a figure on how much money has been put in by the government, not only by your government? There was certainly money put in by the previous government. I'm not sure whether, when we talk in terms of \$30 million, that includes the \$23 million that was written off under the Carnell government. Have we any figures on that?

Mr Quinlan: Unless these gentlemen can state them off the top of the head, I'd be happy to take that question on notice and give the committee the best figures so that we only do this once. We don't need to be bandying figures around that may prove not to be accurate.

MR CORNWELL: I'm happy with that, thank you.

THE CHAIR: Professor Conlin, how many students have enrolled this year, the new college year that has just started?

Prof. Conlin: Chairman, we started a term yesterday. One student actually enrolled. This was a student who had originally enrolled from February but, due to illness, couldn't start last February. The level of enrolment at the school is, I believe, 123 as of today.

THE CHAIR: And the number of staff attached to the school.

Prof. Conlin: Approximately 24 are attached to the school, but I'd be happy to take that on notice and provide an accurate answer.

THE CHAIR: Thank you. And the building is owned by the Commonwealth and rented under a peppercorn agreement.

Prof. Conlin: My understanding is the building itself is owned by the Commonwealth and leased to the ACT government for a period remaining of 40 years.

Mr Quinlan: But it has an obligation in terms of that lease that it will be maintained in good order and condition and, given the age of the building, it would not be wise to think of it as being just a peppercorn rent. The latest assessment that I've seen is that if we maintain ownership or occupation of that building for 40 years you could put a present value of \$12 million on the cost of doing that.

THE CHAIR: Do the terms of the lease restrict it to being used as a hotel school or can the ACT government use it for whatever purpose it so desires?

Mr Quinlan: A moot point.

Prof. Conlin: My understanding, Chairman, is that the lease does have a covenant in it with respect to educational use, but I haven't actually ever seen the lease myself.

THE CHAIR: Could we have the covenant clarified, please?

MR CORNWELL: To follow up on your point, I presume that the arrangement with the Commonwealth does not allow you to add to the building. Is it heritage listed?

Mr Quinlan: It's a heritage-listed building, yes.

MR CORNWELL: Which brings me back to the question about the hotel component of the Kurrajong. Is it viable in terms of room numbers to operate it as a hotel?

Mr Quinlan: How many rooms?

MR CORNWELL: You can't add to them, so you will understand what I mean.

Prof. Conlin: The property currently has 26 commercial rooms which form the Hotel Kurrajong itself. There is a significant amount of space in the remainder of the building as well, as you can well imagine. There are, I think, up to 90 original hostel-style bedroom accommodations in the back where the parliamentarians of the 1920s and 1930s used to live. Most of those don't have ensuites. The building itself was refurbished in 1994 but the style of accommodation isn't commercially viable.

Mr Quinlan: I'll give you some perspective. I'm not sure that you can't actually add to it, as long as the additions are sympathetic to the heritage listing. But the other thing is that, to put it in perspective, Brassey House operates as a hotel. It generally accommodates about 80 guests at a maximum because it tends to be business and it tends, therefore, only to have singletons. It has probably a break-even point of about 60 per cent occupancy. So you need in the order of 50 viable rooms, and that's a hotel that was bought at a steal price, I have to say, some time ago, from my information.

MR CORNWELL: And has convention facilities in it.

Mr Quinlan: It has meeting facilities, convention facilities, but has been refurbished, so that the internal rooms are modern ensuites or suites that are provided.

MS DUNDAS: I have a quick question about employee expenses on page 370. They're down from what were budgeted for last year and they look like going down again in the budget for the 2003-04 financial year. Can you explain what's going on with the staff? Sorry, page 370, employee expenses, and there are some quite significant changes to employee benefits under liabilities on page 371. I am just wondering if there's a general explanation for what is going on with the staff.

Prof. Conlin: I can't explain the figure, but I can tell you that the current situation with respect to the staff is that it's running roughly at the same level that it has. There is a fair amount of fluctuation in our employee expenses because of the use of casual labour in the hotel. So, as the hotel business goes through various cycles, we use more staff and sometimes we don't. I'm not sure whether that explains the difference, but that would certainly be the major impact.

MS DUNDAS: So you used fewer staff this year than you predicted and, from these figures, it looks like you'll be using fewer staff in the 2003-04 financial year.

Prof. Conlin: I have to say that these figures, which are projected out into the future, are no longer valid.

MS DUNDAS: You said that you can't explain the figure but you think it's to do with casual staff in the hotel. Do you want to take that on notice?

Prof. Conlin: Sure.

THE CHAIR: There being no further questions on the hotel school, we will move on to Totalcare. Minister, would you like to make an opening statement on Totalcare Industries?

Mr Quinlan: It's probably worth my while to bring the committee up-to-date with what we've done with Totalcare. We've had some review work done. The board and management of Totalcare have done some blue sky work as well. We set up a working party that has reported to government. That working party was made up of management, employees and departmental representatives with a view to looking at the functions of Totalcare and the viability of the compartments of Totalcare over the long haul with a view to resolving what we might do in the future.

This is another area that, for one reason or another, has cost the taxpayer and the intention, of course, is to address that in the most sensible fashion, but at the same time ensure that we do have all of the services that are provided still available to us and that we don't actually distort the market that provides services to us by pulling out of it and leaving ourselves captive to single suppliers in the longer term as well.

I can't give the committee the decisions on the future of any of the areas in Totalcare at this point in time because we do need to negotiate. Mr Cornwell, who has shown an abiding interest in unions today, will appreciate the need to work through with all the stakeholders to make sure that we do, in fact, protect the interests of all of the employees and officers of Totalcare who have served the community, against the odds, I have to say, over time and make sure that we come out of this again with a sensible solution that does protect the interests of both the community and the people directly involved in Totalcare.

THE CHAIR: If I recall correctly, the working group and all the work that has been done will now culminate in a report in September. Is the decision time still December?

Mr Quinlan: The decision time is after today, because we have the working—

THE CHAIR: Now I'm getting worried. Is that tomorrow?

MR HARGREAVES: He didn't say "soon".

Mr Quinlan: We'll get you one of those long "soons"; not a short "soon" but a long "soon".

THE CHAIR: Next Tuesday.

Mr Quinlan: No, as soon as is practicable. The point is that we're not actually doing something mechanical. We are involved in working with people—with management, with the staff through the union and through staff representatives on our working party—to make sure we do the right thing by the community and the right thing by people involved. There is nothing to be gained politically from our standpoint other than having resolved a difficulty which has been identified for some time but not been addressed. It's just a case of really saying that we do request an appreciation of the situation we're in and what we're trying to do and there are no nefarious motives involved.

MRS DUNNE: I'd like to contrast the highlights or the issues to be pursued in relation to last year's BP 4 and this year's BP 4. What we see in BP 4 this year is, in financial accounting terms, the wagons being brought into a circle, quite frankly: minimise the financial risk to the government, provide support and services to the government and protect the right of existing Totalcare employees, and then it talks about the review, which is to advise on how Totalcare could best achieve the government's objectives. Mr Treasurer, could you tell us what your objectives are in relation to Totalcare?

Mr Quinlan: The objectives are to ensure that we protect those people that work within Totalcare in terms of their long-term futures as much as is possible and to protect the territory and the community of the territory through government services to ensure that necessary services are still provided in the most efficient and effective manner, and that

there remains efficiency in the delivery of all of the services that Totalcare have provided before. The medium for that stage by stage is yet to be determined.

MRS DUNNE: Do you see it that in the long term the government, through some medium or other, will still be in the business of delivering these sorts of services?

Mr Quinlan: Highly probable that a number of the services delivered by Totalcare will still be required and delivered through government or a government-owned agency in the future, yes. Can I give you an example? One of the major elements of Totalcare is the laundry. Not only is it a huge operation; it's very capital intensive. I know that it's a contradiction, but there's a lot of people work there, so it's labour intensive, but there's still a lot of money invested in equipment and there are horizons in terms of the current equipment. However, anecdotally, and I only know it anecdotally at this point, other states, say Western Australia, have moved out of self-supply and all of a sudden found themselves in a position where they've virtually only got one supplier for that service and are not as happy with their decision in retrospect as they might be.

MRS DUNNE: The budget highlights for this year are pretty defensive, aren't they? You seem to be sending a message that we're in damage control big time and that seems to be your principal aim.

Mr Quinlan: Not necessarily through the fault of Totalcare, Totalcare has haemorrhaged money, at least on paper, because there's a lot of transfer pricing involved in this, and become a political football; that is, it is a problem. I believe that some of the problems, if not all, that I'm addressing now ought to have been addressed earlier than this, but nevertheless I don't have a choice, I'm the Treasurer, and it's my responsibility to address this particular issue because there it is. No-one is arguing that we don't have some problems and therefore the necessity is to address them and get about it.

I appreciate the hearing given by this committee to the hotel school some moments ago. It is a not dissimilar issue in terms of the complexity and the personal issues involved that need to be worked through to get the best result for all involved, because lots of people have got large slices of their lives invested in Totalcare.

MS DUNDAS: To follow on from the question that Mr Smyth asked, you mentioned earlier that the report to government of the working party has been given to government. Has the report of the working party gone to cabinet yet?

Mr Quinlan: No.

MS DUNDAS: Do you know when it will go to cabinet?

Mr Quinlan: Probably next Monday.

MS DUNDAS: Do you know when that report will be made public?

Mr Quinlan: No.

MS DUNDAS: Will it be made public?

Mr Quinlan: Probably.

MS DUNDAS: Some time in the distant future or—

Mr Quinlan: I know it has appeal from the outside, but what we actually want to do is to be allowed to manage the process and manage some very sensitive issues, particularly in relation to the individuals—from the board members through to senior management, through to staff, down—to make sure that we do the right thing from here. It's another one of those cases where, if you had your choices, you wouldn't want to be starting where we're starting with the job, but we don't have a choice in that, so this is where we're starting and we would appreciate the cooperation of the Assembly to allow us to do that without its turning into a political football. As I said, there's no big political mileage in this for us, other than we've addressed an issue which probably should have been addressed before.

MS DUNDAS: I'm just trying to get my head around what information will be available at the end of the process. So the working group report will be made public.

Mr Quinlan: If, at the end of the day, we come to some compromises, let's say that the solutions will be compromised, between the board, the management and the unions involved in Totalcare, then, as far as I'm concerned, I won't be the one putting out a scorecard that says, "They wanted this and they wanted that." What I will be putting out on the scorecard is, "We have settled in these areas," because that's a working arrangement and I would have thought it had virtually the same standing as working papers do. When a government is doing the job, there's a certain amount of material that comes in and out, and it's only when you choose it that it really ought to be necessarily made public. We don't have to publish every idea that we've had or every concept so that it can have a rabbit run in a public forum. We just want to make sure we get the job done.

MS DUNDAS: This year's budget papers didn't include a statement of intent for Totalcare because, obviously, the government hasn't finished firming up its intentions with Totalcare. Depending on the outcome of cabinet discussions and ongoing negotiations, do you foresee that in this financial year there will be a document such as a statement of intent?

Mr Quinlan: Yes, I foresee that one way or another, whether it's got that title on it or not. It may be being semantic, I'm sure, but we will be advising the Assembly and the public at large as to what we're doing with the functions that are now aggregated within the purview of Totalcare.

MR CORNWELL: Are any Totalcare facilities still located in Fyshwick?

Mr Palywoda: Yes. We have our roads and facilities management businesses located at Fyshwick. We are tenants of the site there. The site was sold back to government in 2001-02. We have consolidated our requirements on the site and organisations like the health protection unit and others are now occupying parts of the facility, which is managed by the Department of Urban Services through their land and property group.

MR CORNWELL: Right, but it is envisaged that these facilities—facilities management, engineering maintenance, et cetera—will be moved back to Mitchell?

Mr Palywoda: I would only reiterate the comments that the Treasurer has made that all those decisions will be looked at in the context of the long-term strategy for the organisation enunciated by the government.

MR CORNWELL: The reason I ask the question is that, in answer to a question I asked on 8 March, the Treasurer did say that it was envisaged that facilities management and engineering maintenance will move to Mitchell during the financial year 2002-03.

Mr Palywoda: That had always been our intention. We've put that on hold pending the outcome of the—

MR CORNWELL: Pending the outcome of the investigation, very well. I think you've answered the other question, that is, that you have sold the Fyshwick site to the ACT government and now are tenants, if I may put it that way.

Mr Palywoda: Yes.

THE CHAIR: On page 388, the statement of financial performance, you had expected a profit of \$783,000 this year, but ran a loss of \$2 million. What's the reason for that?

Mr Palywoda: It has been a very difficult trading year. The loss for 2002-03 will be substantially less than forecast. We've had a stronger second half of the year and we've had a one-off gain that has hit our books very recently, so the number will come down. But we've had a tough year in a number of the businesses. Our gross margin has been down. Some of our clients' expenditure in a couple of key areas hasn't been as high as we had anticipated when we put the budget together. We haven't been able to reduce our fixed and variable costs to compensate for the reductions in some of those areas. On the basis of that and a one-off significant increase in our budget estimate for voluntary redundancy payments, the forecast profit has turned into a loss, but it will be a loss less than predicted in the budget papers at this stage.

THE CHAIR: And the one-off gain was what?

Mr Palywoda: A provision in relation to some insurance arrangements for our fleet business, and we've taken that up in our accounts for April.

THE CHAIR: You said the expenses were high because of some voluntary redundancy costs. How many redundancies were given?

Mr Palywoda: We've had 10 this year so far. Most of those have been in our roads business, which has been the business that's been particularly hard hit as a result of some reallocation of priorities by our key client in terms of funding and we've had to reduce staffing in that business during the course of the second half of the financial year.

THE CHAIR: You said 10 so far. Are there more coming?

Mr Palywoda: We wouldn't anticipate any for the balance of this financial year.

THE CHAIR: Is the key client that reallocated priorities the ACT government?

Mr Palywoda: It's ACT Roads and we'd anticipated a level of revenue based on some discussions with Roads. We put our budgets together well in advance. We'd effectively finished our budgets by February of the year before and we worked on some assumptions that were given to us by our client at that stage. They've had to realign some of their priorities and that includes some of the cost impact that they've suffered as a result of the bushfires and others, and that's flowed through into the impact it's had on our revenue base.

THE CHAIR: Is that potentially why the number of road kilometres that have been surfaced has been reduced?

Mr Palywoda: You'd have to talk to ACT Roads about that, Chairman.

MS DUNDAS: On page 388, the user charges have increased in the non-ACT government area, but so then has the cost of goods sold. In the 2002-03 budget it was half of the user charges but it has increased for the 2003-04 budget to be quite closer in number. Can you explain to me what's going on there?

Mr Palywoda: Sorry?

MS DUNDAS: I am doing a comparison between ACT government user charges in the main and the cost of goods sold and the notes indicate that employee expenses and the cost of goods sold have increased due to the increased activity reflected in user charges. I wanted greater explanation of that.

Mr Palywoda: The cost of goods sold moves in line with changes in your revenue base and it depends on the mix in terms of where the cost hits you. For example, if you do more work through the laundry, your cost of goods sold increases because you're using more power, more gas, you're probably using more casual staff, your chemicals go up, so there is a relationship between movement in your revenue and movement in the cost of goods sold, and that varies, depending on where it hits and the type of work we're actually doing.

MS DUNDAS: Has the increase in this year been through laundry services?

Mr Palywoda: No, revenue actually is slightly down in our linen business, and that's not to be unexpected, given the impact of SARS, the impact of the bushfires, the impact of the war in Iraq, which have clearly hit very hard the hospitality and tourism industry, and that's certainly reflected in some of our revenue on the linen side. But the major increase, certainly in the second half of the financial year, has been in the facilities management area, where there's been a big increase in revenue as the businesses supported departments and agencies in recovering and restoring facilities post the bushfires.

MS DUNDAS: And the increase in non-ACT government user charges, what is that for?

Mr Palywoda: That's all our commercial work, and that covers right across all aspects of the business, because we do commercial work in a number of our businesses and it would be a factor of our work in linen, facilities management, roads and fleet.

MS DUNDAS: So that's across-the-board.

Mr Palywoda: It's across-the-board that there have been some changes.

MS DUNDAS: With regard to the Williamsdale quarry sale—I don't want to hide behind commercial-in-confidence and wander into that, so flag me if I do—can you tell me how many bids there were for the quarry?

Mr Palywoda: There were a substantial number of bids.

MS DUNDAS: My understanding is that after the quarry went up for sale—I think it was a couple of months ago—the Treasurer announced that the Totalcare road maintenance business would be sold. Is that correct?

Mr Palywoda: No, that's not correct.

MS DUNDAS: The road maintenance business is not being sold?

Mr Quinlan: I didn't say the road business was being sold.

Mr Palywoda: No. I think what you're referring to, Ms Dundas, is a position put out by the board which indicated that it saw the long-term future of the roads business as being problematic and that the sale was one of the options it was considering.

MS DUNDAS: Is it still being considered, the option of sale of the road maintenance business?

Mr Palywoda: The government's considering a range of options as part of its consideration of the future of Totalcare.

MS DUNDAS: Were people who were tendering for the quarry aware that the roads maintenance business might come up for sale in the future?

Mr Palywoda: I wouldn't understand why they would have taken that speculative position because at that stage we were in the business and running the business.

THE CHAIR: I ask members to put further questions for Totalcare on notice and thank Totalcare for appearing before the committee.

Short adjournment

THE CHAIR: Good morning, Minister, and thank you for coming back as the minister for business. Because we have changed the crew, I will need to read the following words. You should understand that these hearings are legal proceedings of the Legislative Assembly protected by parliamentary privilege. That gives you certain protections but also certain responsibilities. It means that you are protected from certain legal actions, such as being sued for defamation, for what you say at this public hearing. It also means that you have a responsibility to tell the committee the truth. Giving false or misleading evidence will be treated by the Assembly as a serious matter.

To assist with the recording, Minister and witnesses, your evidence today is being recorded by Hansard to prepare the committee's transcript of proceedings. It is therefore necessary for you to speak clearly into a microphone when you answer questions. Officers who are seated at the back of the room should come to the main witness table if called on to respond to questions. Please do not speak from the back of the room. It would also assist the committee staff and departmental officers if witnesses could also state clearly when a question is being taken on notice. It would also greatly assist in the preparation of the transcript if witnesses would state their full name and the capacity in which they are appearing on the first occasion they give evidence. Thank you.

Minister, would you like to give an opening statement as the Minister for Economic Development, Business and Tourism and Minister for Sport, Racing and Gambling?

Mr Quinlan: No, I'll waive my right in respect of that.

THE CHAIR: You'll waive your right. It gets a bit legalistic, doesn't it? Ms Dundas has asked for the indulgence of the committee. She has to go to a function shortly and asked if she could ask her questions first, and I have agreed. So, Ms Dundas, over to you.

MS DUNDAS: Thank you very much, Chair, and thank you, committee. Treasurer, I wanted to discuss the National ICT Centre for Excellence and the Treasurer's Advance that was used for the purchase of land from the federal government. Can you inform the committee when the block of land—I think it is now section 61—over on London Circuit was actually put up for sale by the federal government?

Mr Tonkin: We'd probably need to take on notice the precise date, but it was during this financial year the Commonwealth indicated that it was putting on sale a range of properties across the territory, and we then considered which properties we might wish to buy for whatever purposes. And so it was some time this year.

MS DUNDAS: Beginning, middle, end?

Mr Tonkin: I think it was from some time after September. But as I said, we will take it on notice and come back to you with the date we first got the advice.

MS DUNDAS: Okay. You also might want to take this on notice: it was explained to me that the reason why Treasurer's Advance was used for the purchase of this land is that the federal government only had a small window in which it was willing to sell this land to the ACT government—a small timeframe in which it was willing to consider selling. The sale needed to be finalised quickly. Can you provide us with the timeframe of when the sale was completed?

Mr Tonkin: The sale of these properties: the Commonwealth government was in the process of maximising its revenue within the current financial year, so they wanted the sales completed within the current financial year. We didn't have the funds appropriated for that purpose, and that is why Treasurer's Advance was used. The purchase of that particular site, which to be precise is block 11 section 61, was completed in April.

MS DUNDAS: Okay. The original proposal for the \$10 million block of land that was going to go to the ACT was, I understand, the ROCKS site?

Mr Tonkin: No.

MS DUNDAS: No? Was the ROCKS site considered?

Mr Tonkin: We looked at a range of possible sites. The ROCKS site was one of the sites which some people had speculated about because it is adjacent to the ANU, which is where the ICT Centre of Excellence wished to be located. They wanted to have close proximity to the Australian National University so that you could build appropriate linkages between research institutions at the university and the activities that the centre would have. The current site, section 61, again of course is adjacent to the ANU; it's across the road from School of Music. So they were two of the sites—

Mr Quinlan: The knock-on effects of the ROCKS selection—there were a number of people directly involved in the establishment of NICTA that would have preferred the ROCKS site. But the knock-on effects in terms of the current occupants would have added considerably to the expense. When 61 became available and came into consideration, in as much as it was going to be a complete site as opposed to being partially owned by the Commonwealth, yes, so it seemed an obvious choice then.

MS DUNDAS: The site at London Circuit, section 61: will NICTA take up the entire building?

Mr Tonkin: The site is a fairly substantial site. We are still in discussions with NICTA as to what footprint they would require on that site. I would not anticipate that NICTA would require the whole of section 61. Some design work needs to go on on section 61 to have it properly established so that you could develop the site. If you look on the map, you'll see a number of blocks within that section. That needs to be rationalised. One of the things that is needed on that site and the next site along is an internal road, because there are planning constraints about the amount of vehicle access that is appropriate or otherwise on Marcus Clarke Street. You really need a service road through the middle of those sites. So there needs to be a bit of redesign work done on that.

The aim is that NICTA would occupy part of the site, and the balance of the site would be used for similar and related purposes. In other words, it is zoned, I think, for mixed use development, which is for research, for commercial and limited residential. And the aim would be that that area of Civic evolves into something which complements the activities going on at the university.

THE CHAIR: Can I just ask a question there. If you didn't know how much space NICTA needed, why did you buy the other block?

Mr Tonkin: We bought the block as a strategic investment for the territory, so that we had the whole of that site so we could consolidate and manage the development of west Civic, rather than having the site simply sold by the Commonwealth and opened up for other developments. So we want a structured, controlled development of that area of Civic rather than sites just appearing on the market.

Mr Quinlan: Yes. If we allow that piece to be bought and land banked by developers then that alienates a lot more of the territory. Our capacity to now not only provide space for NICTA—we are committed to give NICTA in terms of their footprint \$10 million. We haven't, at this point in time, got down to the last i being dotted and t being crossed in terms of exactly how they'll get that. We are still considering that process. But no doubt there'll be joint development in that area. But because we now have full control over section 61, we now get to be able to control the level of commercial space versus residential space that goes there.

Quite clearly, the block would be worth a whole lot more as a residential space—that's the high end of the market in terms of inner city land—but that would mitigate against the business cluster that we want to grow around NICTA. So common sense dictates that's available, buy that, and then you've got the capacity to work with NICTA on exactly how much specific land we give them and how much resource we give them, for them to work with probably wider development for the whole block.

MS DUNDAS: There are two questions. The original intention of giving them \$10 million worth of land is being redefined to a certain extent. They might not get \$10 million worth of land—they might get \$5 million worth of land and \$5 million worth of resource.

Mr Quinlan: Yes, they could.

MS DUNDAS: And how is that going to be managed in the budget, because the budget papers over the last two years clearly showed that they were getting \$10 million worth of land.

Mr Quinlan: Well, the latest proposal would have us give NICTA \$10 million cash, and then they would immediately buy \$4½ million worth of land from us, just to tidy it up.

MS DUNDAS: Where is the \$10 million cash going to come from?

Mr Quinlan: Out of the budget. It is budgeted, but if that happens, that will need to be appropriated as an amendment to the Appropriation Bill No 3, because it changes from land to cash. But land values have increased. We have got a commitment of \$10 million, the land that we considered we would be giving is probably worth more than \$10 million now, but we think we can contribute our commitment and not expand it by just some sensible financial management, that's all.

MS DUNDAS: So we'll see amendments to Appropriation Bill No 3?

Mr Quinlan: Possibly, yes.

Mr Tonkin: If that's the course of action that the government decides.

MS DUNDAS: Well, there are only a couple of weeks left to make that decision, Treasurer.

Mr Quinlan: Yes.

MS DUNDAS: You are working fast?

Mr Quinlan: Well, we have to. I mean, we need to actually live within the budget for this year. The point is that you have got a budget here, and then you have appropriation bills which are the cash associated with the budget, not the whole budget. So it is as much a technical process as anything.

Mr Tonkin: It doesn't affect—

Mr Quinlan: Yes, it doesn't affect the bottom line. But we actually need to say we want a process that manages. We have committed in the overall context \$20 million to NICTA: \$10 million to establish their building in their headquarters—that's our contribution to it, we're not buying the whole thing; \$5 million in terms of support that we would give directly through scholarships and other business support, but would still come through the government; and \$5 million worth of payroll tax relief. That's the format initially.

I think NICTA is a great thing for the ACT. I'm sure that if those figures have to be massaged to make the process still work, I don't think we should have a great deal of difficulty convincing the Assembly that we should still pursue the thing as we have set out to do.

MS DUNDAS: So with the rest of the site, if there are other businesses or operations within the buildings that will be developed around block 11, section 61, will the revenue from rent from those businesses go to NICTA or will it go to the ACT government?

Mr Quinlan: A probable scenario, without me pre-empting cabinet, which hasn't decided this—a possible scenario—is we give some land to NICTA, they build their headquarters, they go into a cooperative effort with a developer, we actually sell the rest of the land to the developer. We would have to be very careful how we sold it to make sure that we didn't have someone buying it to build apartments and crowding out the commercial space and the research office space that we want to develop around NICTA. So that will require a bit of management on our part as the process evolves. That won't happen overnight but we need to manage the area to make sure that it fulfils the role that effectively the whole Assembly has decided it should have.

MS DUNDAS: So those decisions won't happen overnight but they will happen in the next couple of weeks before—

Mr Quinlan: No. How we manage the rest of section 61 will be an ongoing process. How we do our deal with NICTA: as you will probably know, we will be coming to the Assembly in the next sitting, because we will probably have to come to the Assembly to get appropriation of cash within the budget, but nevertheless cash, to do a deal that allows us to provide \$10 million and not in fact over-endow NICTA by giving them land that has increased in value.

MS DUNDAS: So will there be a step up in the land release program to recoup the land asset so that you actually have the cash to give to NICTA?

Mr Quinlan: No, we are fine, we are okay with that. In terms of the land, if we give \$10 million cash to NICTA, we will get half of it back immediately just by the book-keeping process of a grant, sell them the block of land, half the money back anyway.

MS DUNDAS: That's half. You said you were going to give them \$20 million: \$10 million worth of land, \$5 million off the payroll, \$5 million worth of other.

Mr Quinlan: Yes.

MS DUNDAS: You are saying that we have the \$10 million cash just sitting around.

Mr Quinlan: Yes.

MS DUNDAS: So we don't need to sell—

Mr Tonkin: Well, our assets—

Mr Quinlan: No, we don't have to liquidate assets to fund it.

MS DUNDAS: Because we are giving away cash as opposed to land.

Mr Tonkin: Our assets consist of land and cash. At the moment we are indicating we were going to give \$10 million of land asset off our bottom line to NICTA, so we'll now switch—

MS DUNDAS: But are we going to sell another block of land to get the \$10 million cash?

Mr Tonkin: No, because it doesn't affect our bottom line. It's an additive, it's a sum. We have X amount of land which has a value and we have cash. We are proposing to give them land to a certain value. We may now change that mix so that some of that is provided to them in cash. So in a bottom line sense it doesn't affect our overall fiscal outcome or our overall territory position.

Mr Quinlan: And our cash reserves are quite sound, as you are probably aware.

MS DUNDAS: Okay.

THE CHAIR: Realising that Ms Dundas has to go, the question would be: why was the Treasurer's Advance used to purchase this block?

Mr Quinlan: Well because (a) it wasn't included in the budget as cash going to the Commonwealth. The decisions taken were then post-budget, NICTA was certainly foreseen but the process unforeseen, and we needed to get on with it.

THE CHAIR: Couldn't it have been done with the second approp?

Mr Quinlan: I don't think so.

Mr Tonkin: I think it is a matter of timing, but it was certainly Treasurer's Advance urgent and unforeseen. We didn't know the Commonwealth was going to sell all this land—unforeseen; we had to be able to buy it within the timeframe determined by the Commonwealth—urgent; and hence we used the Treasurer's Advance. That is in my view an absolutely standard rationale for use of the Treasurer's Advance.

Mr Quinlan: And all consistent with what is in the budget and all that. There is no—

THE CHAIR: The reasoning, I think, if I remember the third approp properly and the list of Treasurer's Advance usage, was that this was land purchased for the use of NICTA. But you are now saying that not all the land will be used for NICTA and you are not aware of what NICTA's need will be?

Mr Quinlan: That's right.

Mr Tonkin: The land that we purchased from the Commonwealth, and you have all got a copy in front of you of that site—block 11, I think section 61—

Mr Quinlan: Yes 11, 61. Have you got the blocks split on that?

MRS DUNNE: It is only block 11, is it?

Mr Tonkin: The territory owns the balance of the block, of the section, whatever it is. We purchased that site because, as the Minister for Economic Development, Business and Tourism has said, we wanted to consolidate the site and get—

Mr Quinlan: It needs to be sorted.

MRS DUNNE: So you had a command and control over this site.

Mr Tonkin: better control of the whole thing. So we purchased the block of land from the Commonwealth. That facilitates the ability for us to provide the appropriate block of land for NICTA, or alternatively to give NICTA money on the condition that they turn around and buy the block, or a section of the total of section 61.

Mr Quinlan: It needs to be reorientated. Whoever designed it, you know, must have had a bad morning.

MRS CROSS: How did that go down in cabinet, Ted? Capitalistic philosophy in a Labor cabinet.

Mr Quinlan: I don't know what they had in mind but it does need to be sorted a bit.

THE CHAIR: Yes, it is a bit of a problem.

Mr Quinlan: And that therefore leaves us with a problem that we need to sort and we think we have taken the simplest legal manner or avenue to sorting it so that we can actually put NICTA there and we can remain in control and provide the cluster that we want to grow.

THE CHAIR: All right. Can you give us an update then on where NICTA is at? When might we see the block turned into a building?

Mr Keogh: The NICTA launch is officially on this week and then, depending on the outcome of the government's consideration, we will hopefully have a block decided by the end of June with them, and then they will start the building process next financial year. Just when the building will be completed I can't give you the exact details. I can take it on notice and let you know.

Mr Tonkin: I think the aim is for NICTA to be fully operational by 2006-07, from something that I have read, which is their timetable, not our timetable.

THE CHAIR: Well, if you could take the timetable for the building on notice, that would be kind of you.

Mr Tonkin: I am pretty sure it is 2006-07 for full operation.

Mr Keogh: Full operation is 2006-07.

MRS DUNNE: Mr Keogh, when you say "next financial year", do you mean 2003-04 or 2004-05?

Mr Keogh: 2003-04.

MRS CROSS: Chair, have you got any questions on this?

THE CHAIR: You might go on.

MRS CROSS: We are into output class 2, page 46 of BP4. One of the joys that I have had in estimates is looking at the percentages that are ascribed, the targets, the estimated outcomes, and then the targets for the following year. I am looking under "Quality/Effectiveness". It always makes me wonder why it is so, Minister, and maybe you can set me straight. You have set a target for 2002 and 2003 of 90 per cent for sport, racing and gaming satisfaction, your estimated outcome is 90 per cent and your target for the year after is 90 per cent.

THE CHAIR: We're doing 2.2.

MRS CROSS: Are you?

THE CHAIR: We're doing economic development.

MRS CROSS: I thought you were up to sport. Can I ask it anyway?

THE CHAIR: Ask it anyway. Ask them for all the four output classes.

MRS CROSS: I am sorry. I apologise for not being here earlier. I did have other parliamentary commitments.

THE CHAIR: In the class of 2.1, 2.2, 2.3 and 2.4, Minister.

MRS CROSS: Could you explain, given that it's in all those classes—thanks Mr Chair—how it is you have a target of 90 per cent, an outcome of 90 and then the following year 90 for racing and gaming satisfaction? Client satisfaction is the same, but when you go to satisfaction of athletes, you have got a target of 90, you have achieved 97, but you go back to 90 for the following year.

Mr Tonkin: It is, in our view, a sensible realisation that we are most unlikely ever to achieve 100 per cent satisfaction ratings. Because of pressure of work, things don't get done in the time that you want. Sometimes it's a shocking realisation or sometimes the things we put up to ministers don't meet with their full pleasure or satisfaction. So it's just being realistic. I can recall as a school kid saying to a teacher, "I got 99½ in an examination. Why didn't I get 100?" I said, "Why don't you round it up 0.5?" He said, "I'm rounding it down to 99 because you're being insolent and if you keep talking I'll go to 98." So it's a sensible process of saying we underscore sometimes.

MRS CROSS: Mr Tonkin, thank you. I understand what you mean by "sensible" but I have got to say that what sticks out like a sore thumb to members of this committee is that you have targets of 90, outcomes of 90 and then future targets of 90 and yet with athlete satisfaction the sensible argument doesn't work because you have got a 90, a 97 and you go back to 90. What are you doing to upset the athletes for the following year?

Mr Tonkin: It is the traditional cup half full, half empty process. We took a view that we are likely to, in our client population, achieve a similar satisfaction level. It turns out in the data collected so far in actual surveys of sports people that we have achieved 97 per cent. I would rather view it as "we have over-achieved what we thought our performance level would be".

MRS CROSS: Well then, why not strive to over achieve for the following year?

Mr Tonkin: Because we are taking a pragmatic posture.

MRS CROSS: If in fact you are taking a pragmatic posture, when I look at output 2.2, Economic Development, Sport and Recreation, under "Quality/Effectiveness" and "Timeliness", you have actually set yourself no targets or nothing to look forward to. You have said, "Look, the status quo is great. In 2002-2003 we have got 90 per cent, the outcome is 90 per cent and for the future we are not going to strive to even do 1 per cent better. In any business, in any initiative anywhere on this earth, you always strive to at least improve by some small amount. You don't say, "Well, the status quo will do. That's a sensible approach."

Mr Tonkin: I would argue that a status quo of 90 per cent is a very high level of performance indeed and to achieve 90 per cent on the final outcome in any given year is a very high level of performance. Eighty-five per cent gets you a high distinction at university.

MRS CROSS: So how do you justify the 10 per cent that is dissatisfactory? What about the 10 per cent? You say, "Look, 10 per cent is not too bad because 90 per cent is good." You can't do that in any initiative or a business. You can't justify that in a business, and given that we have got the minister for business before us, I know that he understands

business and he knows that you have got targets and you try to meet those targets and then the following year you try to better those targets. That is just the way things go.

Mr Tonkin: I think a more appropriate measure is to look at the end of the year what our actual achievement was. There is an estimated outcome. There will be, in time, once we get the last set of data, an actual outcome for the year. Then will be a more appropriate time to have a discussion of whether our target for the next year is greater or lesser than our actual outcome.

MRS CROSS: So I can look forward to next year's budget papers having at least a 1 or 2 per cent increase on this year's?

Mr Tonkin: No, you will look forward in the annual reporting process what we did achieve in terms of our performance targets. Under the structure of budget papers as they are presently constructed, you are not going to see a set of multiple columns across the page which was the achieved outcome for a previous year and so on. You will just be ending up with more columns. Now, the Assembly or the government, if they wish, could fiddle with presentation, but I don't think it is productive. So we think 90 per cent is a very, very good outcome to achieve.

MRS CROSS: I have got to say that it is 90 per cent in all these pages, output classes 2.3, 2.4. I mean, you are taking it right through. It seems like a public service document that has no initiative or forward thinking.

Mr Tonkin: In previous years there was 100 per cent which was fitting in these similar documents, which in my view was unrealistic.

MRS CROSS: I would have been happy if you had shown me that you were looking at striving an extra 1 per cent improvement the following year. I would have thought, "There you go, they're actually striving for betterment," but anyway.

THE CHAIR: In some of the other indicators under quantity, for instance—and we have talked about the relevance of these things; the knowledge fund—surely that is just a given in terms of what the minister is responsible for. But in something like "(f) Support and Development—Contribute to the continued support and development of business in the ACT through the provision of targeted products and services", again as an indicator surely that is just exactly what we do. But I note the notes say "The following will be measured" and it lists the—

Mr Tonkin: Which page are you on, Mr Chairman?

THE CHAIR: BP4, page 27, output 2.2, point (f), footnote (5). You list in the footnote the programs that will be measured. How do you measure and report on those in a realistic and meaningful way?

Mr Quinlan: With great difficulty.

Mr Keogh: Under the arrangement for measurement we have a quarterly process that the auditor is involved in and at the end of the year we have to prove to the Auditor-General that we have delivered. The best way to do that—and I take your point, Mr Smyth—is to

structure it around programs and to demonstrate that during the year we have delivered the programs that we undertake to deliver.

It is much more difficult to try to measure a growth in business confidence or growth in the business community. We have tried those approaches over the years and in the end we agreed with the Auditor-General that measuring the program delivery is the best way of measuring outcomes.

THE CHAIR: There is a note on the knowledge fund—the number being managed. I understand—this is from budget document 4, page 37—that \$1.7 million was rolled over in 2003-2004. Why was that allowed to happen and what use is now being made of the knowledge fund during the year 2002-2003?

Mr Keogh: The reason for that is the knowledge fund is based on milestones and when we enter into agreements with companies for funding under the knowledge fund they have to meet milestones for their projects. Some of their projects may go for 12 months, so therefore the milestones may go over a financial year. For example, today we are having a meeting of the knowledge fund advisory panel to do round four of the knowledge fund for this financial year. We will have the agreements in place with the companies, but because it is milestone based, very few of those companies will meet milestones this financial year.

We think that is a safer method than providing cash up front to companies. So they have to take some risk, they have to put their effort in, they have to put funding in, and when they meet the milestone we pay them. And most of the grants under the knowledge fund have three or four milestones spread over about 12 months, so obviously some of the funding has to roll into future years to meet those milestones.

THE CHAIR: And the future years are curious. On the same page, the third last reference from the bottom says “Removal of Knowledge Fund in 2006-2007”. Minister, why are you removing the knowledge fund? Where is it going? What is happening to it and why are you taking \$3 million back, and where is the \$3 million coming from?

Mr Quinlan: By the time we get to that year, we will be well into the \$5 million that we are putting into the development around NICTA. This is a case of saying that if the knowledge fund that we have set up is to go on further than that, it will have to be re-examined to make sure that we are getting our value for it. It may well reappear.

MRS DUNNE: But why would you have an accounting treatment like that? You are saying that you are reviewing but at the same time you have got an accounting treatment that takes \$3 million out of the fund? Why would you do that?

Mr Tonkin: I believe that it is simply the fact that the initial funding for the knowledge fund concluded in 2005-2006. If you are building the new 2006-2007 forward estimate, you need to explain the variation. Now, the language is perhaps unfortunate but the knowledge fund is simply not funded at this time in that year, and hence you need to have a minus number to explain how the total forward estimate is constructed.

Mr Quinlan: We are glad that the committee thinks it has been a fabulous idea and we look forward to your support in the future.

THE CHAIR: Here's your dixer for the day, Minister. Has the knowledge fund been successful? And what are you doing with it? What is it funded for? Is it meeting expectation? Do you, for instance, by the year 2006-2007 expect to be getting a return so that it may be on the path to self-sufficiency?

Mr Quinlan: To answer the first question, has it been successful? Yes it has, and in some areas surprisingly so. There have been some milestones—well not just milestones, there have been some very positive results out of companies that we are directly involved in, which Mr Keogh might have the names of readily at hand.

Mr Keogh: I think Mr Smyth asked a question on notice recently, and we gave him a list of all the companies that we have funded. But certainly we believe the knowledge fund to date has funded approximately 270 jobs and has resulted in investment of about \$2.3 million.

Mr Quinlan: And a couple of the firms that we have been directly involved in have gone on in getting AusExport and other steps forward as a function of what we have been able to do to kick them along in the first place.

MRS DUNNE: Mr Chairman, we have got rollover funds of \$1.7 million, because, as Mr Keogh pointed out—and I agree with this—you are not funding people until they meet their milestones. So how many milestones out of the funding around are outstanding? The count forward is \$1.7 million.

Mr Keogh: I will take that on notice.

MRS DUNNE: You will need notice to do that, will you?

Mr Keogh: Yes. Obviously, with round one, which went out in August, most of the milestones have been met; round two, a few have been met; round three, fewer; and round four, none of them.

MRS DUNNE: Treasurer, in round one, how many companies were funded?

Mr Tonkin: We'll take that on notice.

MRS DUNNE: Sorry, I am going on from that. In round one, how many got that, Mr Keogh?

Mr Keogh: 21.

MRS DUNNE: So you funded 21 companies in round one?

Mr Keogh: Yes.

MRS DUNNE: Has all that sort of funding cycle been completed and all the milestones reported on and all the money dispersed for round one?

Mr Keogh: No, not for all of them.

MRS DUNNE: Okay. So, Minister, how can you tell that it has been a success?

Mr Quinlan: Well, I can tell it has been successful when you get some of the companies that we have supported virtually kicking on to the point of winning contracts and getting further support. Some of the funding that we have given companies is to establish themselves and get AusIndustry grants et cetera. Some of the companies have signed major contracts in a very short space of time. And most of it is down to their innovation and enterprise, of course, but we have been able to help. I mean, we don't invent things. Some of the firms that we support—and maybe some of those on the list—will fall over, or their ideas will come to nothing. But I think so far I am very satisfied with the way it has operated.

Some of the business cynics actually come to me and say, "We thought that was just window dressing but we believe now that it's a very, very positive thing that you're doing." We involve industry in it. I have a recurring monthly lunch with various sectors of business so that we may maintain contact, and the last one I think was the defence industries, and there are some very sharp people there, I can tell you. One of the guys there had been involved in our evaluation panel. And he freely admitted it. He said, "I thought this was more government window dressing than it is." But it's got great promise for them and it actually gets ideas developing which will build industry within the territory. Sure, it's a speculative venture but—

MRS DUNNE: Have you backed any duds yet?

Mr Quinlan: Don't think so. We haven't had any fall over yet, have we?

MRS CROSS: Would you tell us if you did?

Mr Quinlan: Yes. You have to own up sooner or later. You would find out.

Mr Keogh: We have had one company that has not met its milestones and has agreed to not proceed with the contract, so therefore we are not going to pay them. We have had another company that was offered a grant but got a large R&D grant from the Commonwealth of \$3.5 million, so decided that the \$40,000 that we offered them was no longer required and "we are going to give it back."

MRS DUNNE: The obverse of that is are you only backing organisations that will succeed anyhow?

Mr Quinlan: Possibly, yes. I mean, we certainly are not just—

THE CHAIR: That's the endeavour?

Mr Quinlan: Yes. We are not just throwing money at every application. There is quite a thorough investigation process. This is about trying to build jobs and industry and diversity in the ACT, and it is taxpayers' money. So, yes, it is a bit tough and we have had one or two people come and be very disappointed that they haven't been supported, but it's a hard world.

THE CHAIR: Minister, most of the budget is on page 30 and economic development, output 2.2, is on page 47. The budget appears to have gone down \$3 million and the explanation is in the second paragraph on page 30. One of the lines that concern me is that in this year you are also reducing the knowledge fund by \$1.5 million. Why is that so?

Mr Keogh: Funding for the knowledge fund this financial year comprised \$3 million from the previous government's R&D grants program, \$1.5 million that this government allocated in 2001-2002 and \$1.5 million that this government allocated this year. So that made up \$6 million in the knowledge fund. The government also agreed in the outyears in last budget that it would allocate an additional \$1.5 million to keep the amount in the knowledge fund at \$3 million, which was the base amount of the previous government's R&D grant scheme. So it has been kept at \$3 million, but this financial year there was an additional one-off \$3 million allocated, which took it to \$6 million.

THE CHAIR: So it is \$3 million last year?

Mr Keogh: The R&D program was \$3 million in 2001-2002. The knowledge fund, which includes the forward estimates allocation for the R&D program of \$3 million, was \$6 million this year, and the knowledge fund is \$3 million next year. So there has been no decrease in funding. There has been an increase in funding—a one-off increase in funding this year.

THE CHAIR: In 2002-03? But in 2003-04 it comes back \$1½ million?

Mr Keogh: It stays at \$3 million next financial year.

THE CHAIR: But only because you are rolling it over?

Mr Keogh: No, no.

Mr Tonkin: In fact, the expenditure in 2003-04 would be the base funding of three plus the rolled over funds of 1.7.

THE CHAIR: Except your note on page 30 says you have "reduced Knowledge Fund of \$1.500m".

Mr Tonkin: Compared with 2002-03. Because what that is explaining is the variance year on year, not the outcome for the 2003-04 financial year.

THE CHAIR: Okay. Right, so for 2002-03 you have put in how much? For 2002-03 there was?

Mr Keogh: In 2002-03 there was \$1.5 million allocated in the budget.

THE CHAIR: Yes.

Mr Keogh: There was \$1.5 million that the government had approved in 2001-02, which was rolled over, which made \$3 million, plus there was \$3 million that the previous government had allocated to the R&D scheme, which was rolled into the knowledge fund. That made \$6 million. Plus there was a roll over of the R&D grant scheme from the

previous year of approximately \$3 million. That roll over was committed. So in terms of uncommitted funding there was \$6 million this year.

THE CHAIR: \$6 million in 2002-03 and now in 2003-04 there will be how much?

Mr Keogh: \$3 million in uncommitted funding, plus the \$1.7 million roll over which is committed to companies that are yet to meet milestones.

THE CHAIR: The notes on page 30 also say “funding discontinued for the Economic White Paper of \$0.500m”. Does that mean there won’t be any money spent on the white paper in the year 2003-04?

Mr Quinlan: The big money for the economic white paper was the consultancies that were run and were actually doing some rigorous analysis of what regional economics really were and what they meant to the territory, and evaluating the real value of industries. Now, that body of work has been done. Now, yes, there will be more work done on the white paper but Mr Keogh will be doing it, if you get my drift.

THE CHAIR: Okay.

Mr Quinlan: There will be a lot of internal still. I thought of something last night but I won’t introduce it today. It is something I wanted to know but—

THE CHAIR: Go on.

Mr Quinlan: No.

THE CHAIR: Go on, let loose. Go on.

Mr Quinlan: But the plan is—

THE CHAIR: Can we see that note, Mr Tonkin? You are meant to whisper in the minister’s ear, telling him to shut up.

Mr Quinlan: Yes, you can have it.

Mr Tonkin: That is just a blank piece of paper asking him to write it to let me know.

Mr Quinlan: So that large lumps of expenditure which go to external parties, effectively that area is largely done. We have still got work, we have still got quite a high level of response to the discussion paper to in fact go through to collate, to distil. And so there is work to be done but it is mainly work that would be done by the administration as opposed to outside the administration.

THE CHAIR: How much has been spent on the white paper in 2002-03?

Mr Keogh: We are going to answer that question on notice.

MRS DUNNE: Are you trying to see if it has been—

THE CHAIR: No, this is just for the committee.

Mr Keogh: Can I find that and let you know? I think it was about \$470,000.

Mr Quinlan: We will take on notice the fact that we are going to give you the answer to your question that you gave us on notice.

THE CHAIR: That I have already got upstairs?

Mr Quinlan: Yes.

THE CHAIR: But the point is, if the funding is discontinued for the economic white paper in the coming year—and I think you put out a press release saying all up it would cost closer to \$600,000—where will the other \$130,000 come from?

Mr Quinlan: It is probably a cost over on this year's. We will just have to absorb it.

Mr Tonkin: That's right.

THE CHAIR: So it will be absorbed by the department. Okay. What part of the business area of the Chief Minister's Department will suffer the \$130,000 cut and what programs will be therefore not going out to support the business community?

Mr Tonkin: There will be no program cuts.

THE CHAIR: Okay. How can you absorb \$130,000 and not cut anything?

Mr Tonkin: Because we absorb it within our staffing budget, which is not program related.

THE CHAIR: So there will be cuts to staffing?

Mr Tonkin: No.

THE CHAIR: How can you absorb it into your staffing budget?

Mr Tonkin: We probably have that degree of flexibility overall inside the staffing budget of the department. It is like accommodating all sorts of other cost pressures, which we routinely do inside the department.

THE CHAIR: All right. How much flexibility do you have in your staffing budget and how much more could you absorb should the minister require it of you?

Mr Quinlan: No, look—

Mr Tonkin: It is a matter of the activities.

Mr Quinlan: Yes. Look, nobody—

THE CHAIR: No, it's not a matter of activity, it's a matter of how many dollars you have, that you can absorb—

Mr Tonkin: No, it's a matter of activities.

Mr Quinlan: You would know that in practical terms the running of an area such as Mr Tonkin's area is so large that you are going to have pluses and minuses in everything you do. With the best will in the world you are not going to estimate precisely the exact number of people, the exact number of man hours, the exact number of—

THE CHAIR: Well, you have a very different view of what the estimate is. I mean, the estimate isn't a number that you make up. Surely the estimate is based on some sort of fact, some sort of work—

Mr Quinlan: It is. It is an estimate.

THE CHAIR: and I am now asking you how much slack you have in the business area of your department?

Mr Tonkin: It is an estimate. It is not based on a zero-based budgeting process whereby you precisely define every piece of work that is going to be done and cost every piece of work. You can do that sort of process. It is a helluva lot of work and it doesn't necessarily tell you a heck of a lot because as soon you walk into a new financial year or any given period of activity a whole pile of things you hadn't envisaged occur and you go forth and do those. So you have got to be able to cut your cloth.

You have a number of staff, a resource that is there, and they are allocated to the tasks as they emerge. If subsequently you want to go back and say what does a particular thing cost you, you can go and do that. But there is a degree of necessary flexibility inside an organisation such as a department. That is precisely the way we do it all the time.

THE CHAIR: All right. How much flexibility have you got inside your department, Mr Tonkin? How much extra cloth could you cut should the Deputy Chief Minister desire it?

Mr Tonkin: It would be a matter of what policy. If the Deputy Chief Minister or the Minister for Economic Development, Business and Tourism or the minister for sport or the Treasurer was to request a particular thing, we would have to look at what piece of other policy work might we not do. In the budget, the white paper—

THE CHAIR: And that's not what you have just said. That's a different answer now.

Mr Tonkin: No, it's not. What I said before is there is there is a staff resource—

THE CHAIR: Oh no, it's certainly a different answer. You said before it was staff that wouldn't be employed—

Mr Tonkin: No I did not.

THE CHAIR: and now you are saying you will cut policy area.

Mr Tonkin: Mr Chairman, I did not say—

THE CHAIR: How much slack have you got in your department, Mr Tonkin?

Mr Tonkin: Mr Chairman, what I said, to remind you, was that no programs would be cut. I didn't say I was going to cut any staff. All I said was we have an amount of staff resources which we apply to the tasks. If the tasks vary, we vary the allocation of work to those staff.

THE CHAIR: How many additional tasks have you allowed for, and what level of funding is that?

Mr Tonkin: I don't count them, because it is an overall staff resource, which is why—

THE CHAIR: In the overall staff resource, how much have you allowed for for extra pieces of cloth to be cut?

Mr Tonkin: I haven't allowed anything for extra pieces of cloth to be cut.

THE CHAIR: Okay. So if there is no allowance for extra, and earlier you said you would not cut any programs or not do any work because you would make up for it in your staff—

Mr Tonkin: I said I would not cut any programs; I did not say I would not do any other work.

THE CHAIR: No, I didn't say you wouldn't do any other work.

Mr Tonkin: You just said it then.

THE CHAIR: In terms of programs and staff, how much slack do you have to meet additional requests—

Mr Tonkin: I don't have any slack.

THE CHAIR: Well then, logically if you have no slack, you either cut programs, don't do policy documents, or cut staff.

Mr Quinlan: Mr Smyth, I think you are showing a fundamental lack of appreciation of administration.

THE CHAIR: No, I'm looking for the hollow logs.

Mr Quinlan: There is in any organisation—

THE CHAIR: Let me be more blunt: how many hollow logs are there in Chief Minister's?

Mr Quinlan: I think you are inventing hollow logs. There is within any area of work some elasticity; there is within each individual. Each of us sets out with the intent of working 40 hours a week, 48 weeks a year or something, and it never happens. We all end up doing more work than that.

THE CHAIR: Sure.

Mr Quinlan: There is time. Mr Tonkin sets out to have a staff complement of X, but then with staff leaving and the leaving lag time for them to be replaced, the number of man hours available to him changes somewhat. There are all of these things. Where you are talking about \$100,000 in the Chief Minister's Department, quite clearly there will be that much movement. And it won't be slack, it will just be the elasticity of the capacities within the department and the extra work people do; money freed up because you have had staff absences and people had to work extra because there were vacant desks. All of those add up to making fit the work that falls your way with the resources and the capacity you started out with. If there is a dramatic and ongoing change in a relationship between the two then there is a restructure of the department. But every small unit has a degree of elasticity and change in reality versus expectation.

THE CHAIR: All right. How much elasticity do you have in this area?

Mr Tonkin: I don't think I could—

Mr Quinlan: Immeasurable, it's immeasurable. Marginal but immeasurable.

THE CHAIR: Well, we are just not going to be told.

Mr Quinlan: It's a silly question.

THE CHAIR: No, no, it's not a silly question. Because you have just said you are cutting half a million dollars from the economic white paper, the \$130,000 is going to be absorbed by the business area—

Mr Quinlan: What would you like it measured in?

THE CHAIR: Well, dollars.

Mr Quinlan: Pounds? Ounces? Dollars?

THE CHAIR: Dollars would be fine.

Mr Tonkin: Just to correct you, Mr Chairman, we have not said we're cutting half a million dollars from the economic white paper. What we're reporting is that we expended in the current financial year on a particular project about that amount of money that is not required in the next year. That is not a cut.

THE CHAIR: Well, the way I read the 2003-04 budget in BP3 from 2002-03, you had no money allocated to the economic white paper. You said that the saving here, or the decrease of \$3.4 million, is funding discontinued for the economic white paper of \$500,000. Was that money there? Where is that money?

Mr Tonkin: Sorry, just say that again?

THE CHAIR: In BP3, page 164 of this year's budget paper, 2002-03, the only reference to the economic white paper is \$250,000. It's the previous year, not this year's. It doesn't have any dollars allocated to 2003-04.

Mr Tonkin: All I can say, Mr Smyth, is that we refer to the answer we previously gave you on notice. We have addressed that matter.

THE CHAIR: Except that I am more interested in the funding discontinued. You represent \$500,000 as a saving, you have discontinued it, but it's money that never existed.

MS DUNDAS: I'm sorry, Mr Smyth, what page are you on?

THE CHAIR: It is Budget Paper 3 from last year, this current budget.

MRS CROSS: Mr Chair, can I ask the minister a question?

THE CHAIR: Yes, certainly.

MRS CROSS: Is there a reason why the funding has been discontinued?

Mr Quinlan: Yes, because the funding was there to pay for external work.

MRS CROSS: Okay.

Mr Quinlan: A large part of the external work. No guarantees the last dollar.

MRS CROSS: No, but it's been done.

Mr Quinlan: But it's been done. The body of the work that was being done by external parties has been done.

MRS CROSS: Okay.

Mr Tonkin: It's a one-off, done.

MRS CROSS: It's a one-off, which means you don't need recurrent funding.

Mr Quinlan: No. We're still working.

MRS CROSS: Just so that I understand, because I am new at this: it was a one-off cost, the work has been done, the reason you have discontinued the funding is because you don't need to continue any more.

Mr Tonkin: Exactly.

MRS CROSS: Is that correct?

Mr Quinlan: External.

Mr Tonkin: Exactly.

THE CHAIR: That makes perfect sense, except there isn't a saving of \$500,000 because it was never allocated.

Mr Tonkin: I don't think there is a statement that there is a saving. As I said, if you are referring to page 30 of the budget papers, that is an explanation of the variation between the two years. It is not stated. It is not a saving, it is simply explaining why one number is a particular figure and why the next year it is different.

Mr Quinlan: I think Mr Smyth has got a problem with the initiatives.

THE CHAIR: No, no, that's not it. We will move on. I'll take it further.

Mr Quinlan: Yes. It's very important.

THE CHAIR: Well, it is if it's half a million dollars. We might move on to output 2.4.

Mr Quinlan: No, it's quarter of a million dollars. You've got a problem there.

THE CHAIR: Output 2.4 is "policy development (economic)", which includes tourism and CTEC. We might do them both at the same time, if that is agreeable.

MRS CROSS: I have got a couple of questions in this area, Minister, relating to CTEC. I welcome Mr MacDiarmid to the table. My first question—and I just seek clarification on this, Minister; I don't know whom you would refer it to—relates to page 37 of this year's BP4. When I look at the amounts two-thirds of the way down for "payroll tax—CTEC" I notice that payroll tax is 143 for 2002-2003, it goes up to 190, 191 and it stays at 191 but it is an increase from the 2002-2003 period. And then I go to page 328 of BP4 and I see that the money that goes into CTEC is reduced. I am just wondering why payroll tax is increasing when money into CTEC is decreasing? Could someone clarify that?

Mr MacDiarmid: Fundamentally, there is no change in staffing arrangements over that period of time, other than the fact we would be looking at I guess the back swing.

MRS CROSS: Could you speak up a bit, Mr MacDiarmid.

Mr MacDiarmid: Sorry. There is no change in staffing structures over that period of time. The funding change is actually to do with program funding. So the program funding decreases over that period after 2003-04.

MRS CROSS: So the staff will stay?

Mr MacDiarmid: Yes.

MRS CROSS: Is that right, there will not be any staff reductions?

Mr MacDiarmid: I guess we will look at that in the outyears if in fact we were not able to attract the level of funding required to run the programs that we are proposing to run next year.

MRS CROSS: How can you have the same number of staff if you are planning to reduce programs? If payroll tax stays the same but the money going in CTEC is going down because the programs will be reduced, how can you then sustain the staff if the programs are less? What will those staff do?

Mr MacDiarmid: In terms of our approach to the outyears, we are optimistic that we can convince the government and the industry that we are doing such a good job in the next 12 months they will want to continue to make an investment. That way, I guess, we would assume our staffing levels would be the same.

MRS CROSS: Well, certainly CTEC is lucky to have you there, Mr MacDiarmid; there's no doubt about that. But I do have some questions.

Mr Quinlan: Can I answer just on top of that. One of the things that are in the budget, you will see, I think, is that we continued the additional funding of the V8 car race at \$4 million a year—that was a base funding; it actually cost us more than that—for the course of the contract that was in place. Now, whether that funding continues beyond the upcoming financial year is a question for the upcoming financial year. But we have not allocated—

MRS CROSS: Money for the race?

Mr Quinlan: Yes. Originally there was a contract—a five-year contract—for the race, for which there was a budget estimate of \$4 million per year, or it started out lower than that and got up to \$4 million a year. When we discontinued the car race, we committed to that funding remaining in the tourist budget.

MRS CROSS: To honour the contract?

Mr Quinlan: No, no, just because it was allocated—

MRS CROSS: Or just to keep it in tourism?

Mr Quinlan: It was allocated for a specific period in previous budgets, in tourism for the car race. We said we will still leave it in tourism. But if funding effectively is to be increased by \$4 million per year beyond that point, that is a question to be answered next financial year. So the \$4 million per year, the contract was scheduled to run out at the end of next year. The \$4 million marginal income runs out at the same time, until we decide differently.

MRS CROSS: Is that why there is a \$4 million difference in the funding in the outyears?

Mr Quinlan: Yes.

MRS CROSS: I understand your rationale that you have just explained. My concern with reducing money in tourism at all in the outyears at this point, Minister, is not only the global situation with terrorism and SARS and all that. I mean, I would have thought that this would have been a fantastic opportunity for your government to boost the coffers or at least keep them as they were and keep that \$4 million in there in the outyears, given that it's a wonderful opportunity for us to promote Canberra as an excellent tourist destination for other Australians, and we can't do that with less money. How did you propose to achieve those objectives, given that CTEC's objective is to promote Canberra?

Mr Quinlan: Well, CTEC's base funding is about \$12 million, which probably doesn't stack up against Tasmania, which has got a very substantial tourism industry and is about the nearest thing we can compare ourselves to. But, nevertheless, it is still a lot of money and this year the expenditure on tourism in the ACT will be over \$16 million. Now, at other times you will sit in this room and you will hear from other sectors of the community also with needs and which refer to the morning's *Canberra Times* for reports.

So these are essentially judgements that have to be made. And yes, I'd love, as minister for tourism, to spend more money on tourism and I will be pushing for that to happen when the next budget round occurs. But it will be done in the context of all the other unmet demands within the territory.

MRS CROSS: I understand that, Minister. The concern that the community has that they have expressed to me and I think probably to other members of this committee is that the potential job losses which come from reduced money put into organisations like CTEC stem from less tourists in Canberra, and therefore those business operators that rely on high amounts of tourism can't sustain paying as high a payroll. So I guess if the government is genuinely interested in maintaining and lifting the profile of the ACT, keeping people in jobs, a robust economy, how can you say that that is a priority when the money is reduced? I mean, yes, you do have \$16 million in 2002-2003, 2003-2004, then it goes down \$4 million, which you say was always the base anyway.

Mr Quinlan: Yes. We are in the outyears at pretty well base funding that has always existed except for the money that we effectively blew on the car race. Because of the very circumstances that you enumerated in the preamble to your question about the pressures on tourism, we have said, "Well, we need to keep that money going." Now beyond today—we are talking now 15 months out that the money is still going to be flowing at that level—there is another budget round before we actually make our decision as to what we will spend on tourism. There will be some changes in the structure of how we operate within tourism, with a view to working in a much more cooperative manner with the larger attractions, dare I say the NCA, and the wider industry.

Quite frankly, there does need to be some attitudinal change. You will find that CTEC become the whipping boys for the industry that says, "They ought to be doing, they ought to be doing." Now, the tourism industry in many ways spends a lot of its own money on its own promo—like all the big hotel chains spend money advertising hotel chains. They have privileges offers and packages and whatever that they are offering outside the territory, and it is very difficult to quantify just how much money is spent promoting tourism for the ACT. We don't want them to stop doing that but we still would like to work more closely with them on destination packaging and on marketing.

MRS CROSS: Does CTEC understand or value the importance and significant economic contribution to Canberra of Summernats? I understand that the Summernats has contributed tens of millions of dollars to the ACT economy over many years, and my understanding is that some people have found it difficult to embrace it—I'm not saying you, Minister, because I know you and I are probably two of the few MLAs that actually go there. But do you embrace it and are you prepared to use it as perhaps an example and a benchmark of how other organisations can—

Mr Quinlan: I think that Summernats and Chic Henry and his crew have done a terrific job promoting their event. Some of his clients are, as they say, hard to love, and it isn't without some social cost that we host Summernats each year, and there would be a lot of citizens within the ACT that prefer that it didn't occur.

I don't know about the "tens of millions". As always, tourism of all industries is just one that seems to attract the estimate and depends on the economic multiplier, and, of course, it is very difficult to know exactly. Given Summernats, given a lot of camping on-site, given the concessions that come to town for the Summernats and then leave again, it is very difficult to measure just how much is injected into Canberra.

MRS CROSS: But you don't deny that it brings in tens of thousands of tourists from interstate, you don't deny that it keeps people in jobs in hotels and restaurants?

Mr Quinlan: There are a few service stations and a few McDonald's that do very, very well.

Mr MacDiarmid: Last year was the first year with the NCA that we actually established a joint promotional stand, which was us simply informing all the attendees at Summernats that there were lots more things to do in Canberra than just attend the race.

Mr Quinlan: Or go to Fyshwick.

Mr MacDiarmid: Or go somewhere else. So we actually—

THE CHAIR: No, that's the Council of Churches conference.

Mr MacDiarmid: Yes. So we do embrace Summernats. We work with the NCA and, of course, Chic Henry to ensure that it maximises its potential in terms of visitation to the ACT. That is one of the things that we are doing now that perhaps we haven't done in the past, and we actually have a visitation program. So if there is an event in Canberra or in the region that in fact has attracted people here, it is not good enough for us to simply allow the event to run. We have got to find a way to ensure that there is a visitation program attached to it.

So we have actually employed someone who is a visitation executive, whose entire life, other than their evening activities, is devoted towards actually making sure that that event has a visitation program attached to it, so we get people to experience the breadth and depth of what the ACT and the region has to offer.

THE CHAIR: Deputy Chief Minister, the National Convention Centre: there is a provision in the outyear for \$40 million for a new centre, but when you were asked about where, when and how you responded, “Dunno, dunno, dunno.” What is the future? I mean, \$40 million is a nominal figure in the outyear. What is the future of the convention centre? Will it be on the existing site as an upgrade or will it be a new one, and what are you doing to make sure it happens?

Mr Quinlan: Mr Tonkin will give you the sort of program for where we go from here, but that essential decision as to whether we start again or whether we try to optimise what we have got is the major decision to be taken, of course.

I find it difficult to imagine—it may be possible—that we could get the floor space. Just picture yourself in the convention centre now and the amount of exhibition space, theatre space, syndicate room space and upstairs floor room space that is available in that complex now. It is difficult to imagine that we would get someone else to provide that for us as part of a wider development unless that wider development was absolutely huge. But that is my imagination and my imagination may be limited, so we will test where we can. Mr Tonkin can give you an update.

Mr Tonkin: There are a series of steps still to go in the process of the convention centre development. We need to have a bit more information than we presently have about how the economics work. We go back to the point the minister made about economic multipliers and what is the economic value of the convention business. The National Convention Centre provides about 12 per cent of the total convention business in the ACT and the general hospitality and convention industry in Canberra is very supportive of improving our convention capability. However, we still want to test a bit more to ensure that if there is a large investment in an enhanced or new centre, it doesn't to a significant extent just eat the business of the other centres that already exist. So we need to get some more information on that.

The second thing we want to do is, as the minister points out, to determine what the most appropriate site is—whether to develop the current site across the road or in some other location—and work out what the best multiplier is. If you are to embark on a significant investment, be it government only or joined ventured with some other parties, how do we get the best maximum return for the territory out of that very significant investment? So that is an issue we want to do this year.

Once a site has been selected, if it is to be a new facility then there is a question of design. If we were to go for a new facility on a new site, a design competition would be an appropriate activity to undertake, because if you are going to build something of this significance—this would be a very big thing for the territory—then a design competition taking into account the issues and interest of the National Capital Authority, et cetera, would be necessary.

So the program work for this year is: get the economics right so that we are satisfied that it is a prudent thing to do; determine conclusively whether an upgrade of the existing facility will meet the market need or whether a new facility is appropriate; settle on the site if it is a new site; undertake a design competition so that we can select a design; and explore whether or not the facility is to be wholly government funded or a joint venture or whatever. So there is a range of activities to be undertaken this year.

THE CHAIR: Based on what you have said there, if you were to take a new convention centre on a new site route, you are talking about a delay of another 3½ years. If the numbers were all worked out by the end of this year and you went to a design competition, a design competition of that magnitude is not done in less than probably a year.

Mr Tonkin: Our aim would be to do all that this fiscal—

THE CHAIR: If you then go and do the design and construct and the tendering and the actual building, that is another two years. You are talking 3½ years.

Mr Tonkin: The aim would be to complete those works—

Mr Quinlan: That's the trouble with starting from scratch.

THE CHAIR: It's still 3½ years.

Mr Tonkin: The aim would be to complete the vast bulk of what I have described this coming financial year. The analysis that has been done to date indicates that the convention business in Canberra is continuing to grow in real terms. The issue for Canberra's convention industry is not particularly the immediate environment. As I said, it is a growing industry now with the facilities we now have, both at the convention centre and elsewhere.

The issue is about five years out from now where our concern would be that we continue to fall in the share of the total market. So what we need to have in place at about that time horizon is a capacity to be more competitive against that sector of the market where we are presently not a success, which is in the medium to larger conventions which require more modern, more comprehensive facilities, more technically advanced facilities, than are presently available. So it is a lead time exercise and what we are going through is to make sure that the right choices are made and that we undertake the work so that, when the need is there in the marketplace, we have the product.

THE CHAIR: Is Canberra's percentage of the Australian convention tourism market continuing to grow?

Mr Tonkin: No, our share of the total convention market is declining but the fact is—

THE CHAIR: And it is declining now.

Mr Tonkin: It is declining now, but the fact is that the total convention market and industry in Australia is growing and continues to grow substantially, and our real term economic benefit, scale of activity, in the convention industry in Canberra is growing in real terms.

THE CHAIR: The dollar value might be growing in real terms—

Mr Tonkin: No, the activity is growing.

THE CHAIR: but our percentage of the market is in fact declining.

Mr Tonkin: That is true.

THE CHAIR: And any delay on new facilities will only lead to uncertainty in the market, which will make Canberra less desirable as a convention destination.

Mr Quinlan: What delay would that be?

THE CHAIR: Any delay in making a decision. You have been in office now for 18 months and we are still yet to have a decision, even a basic decision, on whether it's a refurb or a new building. If we go the new building option, I would suspect it's 3½ years before we would see that completed. In that time our percentage of the market will continue to decline.

Mr Quinlan: With the greatest of respect, I would suggest to you that, yes, we have been in government for 18 months and there has been some work done, which is a whole lot more than was done before. Nothing.

THE CHAIR: Well, there was a large amount of work done before, Minister.

Mr Quinlan: Absolutely nothing.

THE CHAIR: Well, all right. The work that has been done: there was a report the government got in March last year that the industry, I believe, or at least the parts I have spoken to, have not seen. Will you release that report and what it said?

Mr Quinlan: I will have a look at that. I don't think there is anything particularly earth shattering in it. But there is no need to keep it secret either so I'll have a look at it.

THE CHAIR: Well, that's a start because we asked last year for the report and you declined to give it to us. The all-up cost of a new centre. I think in Brisbane—and Ross might help me out here—the one they are building next to Jupiters is \$250 million.

Mr MacDiarmid: Pretty close to.

THE CHAIR: What work has been done, if the government is only going to fund it to \$40 million, to determine where the other \$210 million might come from and what sort of concessions or what sort of assistance you might give to get a private developer to do that?

Mr Quinlan: Well, look, this is exactly what we want to work through.

THE CHAIR: But this is what was worked through. It was in your report that you got last March that you refused to release to estimates last year.

Mr Quinlan: Well, I might refuse again this time when I have a look at the report.

THE CHAIR: I'm pleased you are at least going to consider it this year.

Mr Quinlan: But at the same time, there is no way known at this stage I think that we can justify spending \$250 million of taxpayer money on a convention centre for Canberra. So what we need to do is optimise. I think Mr Tonkin has already talked about all the other facilities. If you open the Convention Bureau's annual report you will find a page of facilities in the ACT now. We have to cut our cloth. We can't virtually say we are going build a whole Jupiters and some great effectively opera house level of facility. I don't think that's possible.

But we can test the market and see just exactly what we might get working with the private sector and exploiting primary real estate over which we have control, and if that does offer us the best solution then that's the way we will go. If that doesn't happen then we have got probably some options. We have options in relation to the current convention centre in terms of bringing that up to modern standard. But unless someone here wants to tell us that \$250 million is a worthwhile amount for the ACT to spend on a convention centre, we would probably have to investigate and follow through on what are the best options below that.

THE CHAIR: Mr MacDiarmid, from CTEC's perspective most major conferences have a two, three, four-year lead time and, indeed, forward planning for the conference market is something that we do through CCB. What effect is this uncertainty about the future of convention facilities in the ACT having on your job and having on the convention market?

Mr MacDiarmid: Yes, you are right, there is a long lead time associated with convention business. But my understanding is that it is not about a lack of certainty, it's actually to do with the fact that there is a facility that is recognised as being in need of upgrade or a new facility being built so it can accommodate the sort of convention business that can be attracted to the ACT.

I think we have also got to recognise that as the marketplace is growing, we are still seeing our numbers of visitors associated with convention business growing with it, albeit our market share declining. But they are using other facilities and I guess it is forcing us into a position where we have to start looking at niche opportunities that can utilise some of those other facilities, where a large convention may not be able to be accommodated in the existing convention facility itself.

So I think we will always be a destination for a considerable period of time that actually looks at niche convention meetings business, and not trying to look for the 10,000 conferences. But I can tell you that one of the things that we are doing to ensure we don't miss out entirely on large convention business is we are developing a pre and post-touring visitation program, which simply means that if there is a convention running in Sydney, Brisbane or Melbourne we are then talking to the convention organisers to ensure that they try to build into their program, if there is an international conference, a pre or post-touring experience in the ACT.

So we are recognising it is a constraint—the quality of the facility, not necessarily the size but the quality of the facility, is a constraint for us—but we are still working to ensure we look at other opportunities and utilisation of other facilities and the pre and post-touring activity associated with Melbourne, Sydney and Brisbane.

MRS CROSS: Mr Chairman, I have a supplementary question.

THE CHAIR: All right, a supplementary and then Ms MacDonald.

MRS CROSS: I think Mr Tonkin mentioned earlier—it might have been the minister; I can't remember—that the convention market in Australia is growing but the business for us in Canberra has gone down.

Mr Tonkin: No, what I said was the total convention business in Australia is growing. The convention business in the ACT is also growing in real terms. What is changing is our share of the total market has declined a bit. We are having a declining share of a growing business. So we are going up in real terms, and Hansard will struggle to describe what my hands are doing with a diagram I am drawing.

MRS CROSS: It's okay.

Mr Tonkin: But we are rising in real terms, the total market is rising at a faster rate, so our share is diminishing.

MRS CROSS: Okay, so we are growing but we are growing slower than the rest of the country?

Mr Tonkin: Yes.

MRS CROSS: Can you tell us perhaps why?

Mr Tonkin: Well there are certain new facilities which have been established in Perth, I think in Alice Springs, and in Adelaide.

MRS CROSS: So it's a competitive thing?

Mr Tonkin: So it is growing. There are great opportunities and great facilities in Australia. It is a growing business anyway. People like conventions and more and more talkfests are under way. Australia has been more successful perhaps in terms of the world market flowing out of the Olympic Games, et cetera. You are getting more recognition, so people come here.

MRS CROSS: Which is a good time for us to maximise our popularity globally. Can I ask: given our popularity since the Olympics especially, have we done a cost-benefit analysis to show that investing many millions of dollars in building a good facility in the ACT is good for us in the long term and, if so, could you table something like what you have got to the committee?

Mr Tonkin: Well, part of the extra work that we propose to undertake in the coming financial year is to test the material that has been presented to date. As the minister said earlier, I think in relation to Summernats, the discussions about multipliers is often a dark art, and we need to balance the view of the tourism industry on the one hand and the view of Treasury on the other to see what is the true economic gain for some of this activity.

A lot of the people who go to conventions in Canberra in numbers terms are Canberrans. A lot of those are policy-oriented conferences and so people in federal government departments or the business community go to a conference. They count in the numbers but does their attendance actually increase the amount of net economic activity in the territory other than the fee they pay for the convention which may or may not stay in Canberra? They are not paying accommodation, they are not buying any other food et cetera that a visitor would.

So it's a matter of taking a very hard-nosed view of what is the extra visitation, what is the accommodation benefit, what is the food and all the ancillary things that come on, because if you're going to invest \$40 million, or whatever the number is, of the territory's money, we want to be assured that there is an economic return to the territory.

MRS CROSS: Sure. I think that the government should be complemented on committing that money because we are in desperate need of a decent convention centre. I seem to recall—I think it pre-dates all of you in your current positions—that the convention market in Australia sought very favourably to use Canberra as a destination but couldn't, and this goes back nearly 10 years when I came here, and no-one was addressing that need. We had a convention centre that was getting old and dilapidated, not big enough to cater to the big groups. Minister, if your cost benefit analysis shows that this would bring great financial benefit to the ACT, will you expedite this project; and, if so, would you be prepared to table the time line to this committee at some point down the track?

Mr Quinlan: Well, we will table it to the Assembly. We will keep the Assembly up to date on what we do.

MRS CROSS: By when? Do you have a time line at the moment as to how long it's going to take you to meet these objectives? It gives us something to tell the community and the electorate and potential customers.

Mr Tonkin: The government has appropriated \$250,000 for the coming financial year and it will be used to address the things I outlined previously—the economic analysis, finalisation, site selection, and if a new site is selected, design competition and so forth.

MRS CROSS: And lastly, relating to the same topic, can I ask Mr MacDiarmid: have you found that the structure that you inherited in CTEC was as effective as you would like it to be and, if not, are you restructuring CTEC in the way it functions so that it can produce greater outputs for this community?

Mr MacDiarmid: I can sort of confidently say that the structure we have in place now is capable of delivering, with some small modifications, the outcomes I think the government is looking for in the next 12 months and hopefully in the next four years. We have developed what we call a supply chain approach to the way we work, and that supply chain has the following components: research, product and industry development, marketing, sales and what we are calling a community approach or committee strategy.

The reason I describe it to you in that way is because there is no point in actually trying to market a product, whether it be a tourist product or whether it be any sort of product, if you actually don't understand what the customer needs are, so hence the need for research.

There is no point actually marketing it to a particular destination, for example, south-east Queensland, if you haven't got the ability to get the people into Canberra because the airfares are prohibitive. We have got to make sure that the process we establish is one where all those elements of the supply chain work in harmony and are integrated, and that's the fundamental approach we have established and adopted into the organisation that we think the appropriate level of funding will make a difference.

So, yes, I walked in and found an organisation that had a very strong focus on events, and was consumed by one event in particular, and we were actually able to demonstrate on activity-based analysis that more resources were devoted towards that event than simply the appropriation we had been given. So it means we were completely distracted from the main game. And the main game here is about destination marketing, of which events are a subset, not the entire game. So with the reorganisation in the office, with the focus on marketing activities and the direction of the government to make sure we utilise the \$4 million for destination marketing, product and industry development, research and selling activities, I think that we can make a difference.

If I can go back to your question that was originally asked of the Deputy Chief Minister, we know we are on notice and that is fine by us. The notice we are on is one of demonstrate to us—and I'm hoping this is sort of the view—the value you can add to the industry, working with the industry, in the next 12 months as a way of helping to justify perhaps a reconsideration of the sort of level of funding for the future; also recognising that the industry need to make a greater contribution towards destination marketing.

MRS CROSS: And does that also include the insurance that you have the right skilled people within your department in addition to having a skilled and functioning board?

Mr MacDiarmid: We have brought some new people into the organisation to provide us with the skills that are required in the certain areas that we have established that were not there before.

MRS CROSS: And the board represents a cross-section of the tourist and hospitality industry?

Mr Quinlan: We will probably make some announcements in the near future as to the short and long-term structure that we want for the tourism industry. I have said in other forums that I want the process to be representative of the industry. I said earlier I was concerned that CTEC seemed to be the whipping boy and that there was a sort of a pool of people telling CTEC what they ought to be doing. We want a much more constructive and cooperative process and, hopefully, from part of the industry, contributive process. But that is something we are working through.

MRS CROSS: So are you going to eliminate the board? What are you going to do with the board? Change it? You said you are going to make some announcements soon. When were you planning to make those?

Mr Quinlan: Soon.

MRS CROSS: What, in the next week, the next month? Do they relate to the organisation structure?

Mr Quinlan: Yes. In fairly short order. What I intend to do—I will say this and I'm happy to say this much—is put in place an extension of the current structure and ask them. I don't know all the ins and outs of tourism. We have experts for that. I want to extend the board of CTEC in a shorter term and work towards a cooperative process. That cooperative process could either be a representative board managing CTEC or a core and an advisory board, depending on how people find, when we start putting the acid on, how they really want to work.

I have had, let me say, diametrically opposite opinions coming out of the industry as to whether you work in a cooperative fashion or an inclusive fashion or whether you work in a reference fashion. I want to come up with the best result and I want industry to be directly involved. There will be some debates. People say, "Well, what? All industry want to be involved so that they can tell him how to spend the money we give him to promote their particular section of the tourism industry." We don't want that. We want to move to a process where we have all got an idea that we are promoting Canberra, that we have got a perception as to what our market is.

Ross has already indicated in discussion with you that I think the organisation has come a long way in recent times in its insights and its directions. I don't want to interfere with that. I don't want to overlay any process that might pull it back to being more immediate and short term in its thinking. But I want involvement of the industry from the major attractions down to the small attractions, if that's workable.

MRS CROSS: Lastly, Mr MacDiarmid, on the same topic: do you feel that you have the control, power, authority to manage the task at hand with as little interference as possible? In other words, a simple level of bureaucratic interference.

Mr MacDiarmid: Yes, I do. I think it should be noted that this is the first occasion when an amount of money has been allocated to the organisation that has not specifically been identified against specific programs. But we are about to present to the government the suite of activities we will be involved in and implementing over the next 12 months and then present those to the industry. Again, I think that's part of an indication of the importance we place on clearly getting government support but more importantly, getting industry to recognise that the consultation process we embarked on last year for a considerable period of time has resulted in programs that will make a difference to them.

I think we all need to understand that we are coming from a very low base and for us to try to build a story nationally and internationally about Canberra and the region will take us some time. But I am confident because we have got such a great product here, based on other people's assessment more so than ours, that we can really make a difference over the next four years. That is why, I guess, back to the original question which was being asked a while ago in terms of the outyears, I think we can demonstrate to the industry and the government we can really add value to what they do and that difference will justify an ongoing investment.

MRS CROSS: Are you happy you took on the job?

Mr MacDiarmid: Absolutely. Do I sound like it? I hope so.

MS MacDONALD: My question has nothing to do with CTEC. Sorry, maybe I should have actually talked about this when we were looking at earlier output classes. I wanted to ask about the initiative on Budget Paper 3, page 144, Partners Canberra. My question relates to how it will operate and the level of interest expressed so far, because I do have a particular interest, being married to a research scientist who is penniless.

Mr Keogh: Partners Canberra is set up to try to ensure that industry and universities and the broader business community have a role in economic development to the ACT. I suppose we are in the process at the moment of providing some advice to the minister of what it would look like, how it might be structured, whether it will have a board, what the responsibilities of that board would be.

The minister last year visited Washington and had a look at the Greater Washington Initiative, which is one of the things we are using as a model. Perhaps if I can just quickly outline for you the sorts of things that the Greater Washington Initiative does, to give you an idea of the sorts of things we are looking at. The Greater Washington Initiative coordinates resources for a company to evaluate, plan and implement expansion or relocation to the region. So it is a business attraction role. It identifies strategic alliances, suppliers and venture capital contacts. One of the things that we have noted over the last couple of years is there isn't a strong venture capital market in the ACT, so we would like Partners Canberra to look at that. It might look at areas such as research and development, so that would take into account a role with the universities, particularly the ANU, and how we can commercialise the research and development.

It is interesting to note from our white paper discussion paper that the research industry in the ACT accounts for about 12 per cent of the publicly funded R&D in Australia and employs about 7,500 people. So it is a really major industry. The challenge is to convert some of that or more of that research into spin-off companies and also perhaps do outward business development, missions, host inward delegations, those sort of things, and also perhaps develop a website which would highlight Canberra.

So it is a partnership where we hope that the business community and the academic community will come on board to promote what Canberra has for them, so that in the long term the business community will start taking ownership of some of the outcomes that it wants from business development.

MS MacDONALD: So it's still very early stages at the moment?

Mr Keogh: It is, yes.

MS MacDONALD: Is there anything equivalent to this in any of the other states around Australia?

Mr Keogh: Not that I am aware of. We are looking at some of the overseas models, —as I said, particularly Washington—but there are other ones in San Diego, Ottawa, Edinburgh, Austin, Texas, where they have put together the model of business and government working together to give the business community more ownership of particularly business attraction and development.

MS MacDONALD: I know that you said that it's early days, but has there been any interest expressed by any of the research institutions around Canberra, such as John Curtin or places like that?

Mr Keogh: We have had discussions with ANU and they are interested. The University of Canberra are interested. Canberra Business Council is very strong on this as an initiative. They need to obviously bring their kindred organisations on board and to become partners. As I said, we are still looking at how the partnership arrangement might work, depending on how much you bring to the table, either in cash or kind, to give you a role in the organisation, and then you would be able to help establish the priorities and the projects that Partners Canberra would undertake.

MS MacDONALD: Would you be looking at linking it to anything like PhDs or PhD scholarships? I don't know how that would tie in with national restrictions or whatever on PhDs.

Mr Keogh: I am not sure about PhDs but one of the organisations we would obviously like to be involved is NICTA because the future development and the future model of NICTA is about not just being a research institution but a commercialising activity. So, for example, we would like to see a major international software company—we are hoping like Microsoft but we can sort of scale down our expectations a bit. We would work with NICTA or Partners Canberra would work with NICTA to say, "Look, here's a research institution that's focusing on commercialisation of ICT research. How about you, major international company, set up part of your research and development activities here so that you can partner with NICTA?" That would be the job of Partners Canberra, working with NICTA, to go out and attract that sort of business.

THE CHAIR: Okay, we'll go to Mr Stefaniak quickly, and then I have got a final question.

MR STEFANIAK: Have we got anywhere in Canberra where you could actually seat say about 4,000 to 5,000 people at any one time at any one function? I wouldn't think you would be able to do it at the convention centre, but is there anywhere else?

Mr Quinlan: The biggest conference I think we had was Woolworth's who used the showground—EPIC—and they sat for a feed of about 3,000, I think.

Mr Tonkin: There is a list, Mr Stefaniak, that might be in the convention bureau's report. I have seen it. But I think the indoor stadium at Bruce is about the largest venue we have for people to sit down.

MR STEFANIAK: Would you know how many could be seated there, Mr Tonkin?

Mr Tonkin: The number was—

MRS CROSS: You can take it on notice.

MR STEFANIAK: Yes, please take it on notice.

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Mr Quinlan: This is for a lecture or a dinner?

MR STEFANIAK: Basically a dinner.

Mr Quinlan: Well, I would say probably that it's the AIS arena. That would be about the biggest, I think. What did you have there for the bushfire deal?

THE CHAIR: You had about 1,200.

MRS CROSS: 1,200.

Mr Tonkin: But that wasn't full.

THE CHAIR: My understanding is that the biggest dinner we seat in Canberra in a given year is the ADFA graduation. They sit them on trestles, it's about 1,600 and they do it in the hall at the NCC.

MR STEFANIAK: Anyway, if someone—

MRS CROSS: Just take it on notice.

Mr Quinlan: It's trestles.

Mr Tonkin: In theatre, in rows?

THE CHAIR: Yes, and you breath in and out the whole time.

Mr Tonkin: The AIS, 5,000.

MR STEFANIAK: In rows.

Mr Tonkin: In theatre format.

MRS CROSS: Were you saying in theatre format, Bill, not for a meal?

MR STEFANIAK: No, for a meal.

THE CHAIR: Are we going somewhere with this?

MR STEFANIAK: It is just a couple of events I think we could possibly get. I am just merely asking the question to ascertain what is the largest dinner we could actually have for any sort of conference event in our facilities at present.

THE CHAIR: So how many went to the veterans rugby dinner?

MR STEFANIAK: Well, we had about 400 or 500 tables there but that was in the Queensland convention centre. Something like that—

Mr Quinlan: How many got danced on, Bill?

MR STEFANIAK: I'm not too sure of that, Ted. But something like that has a huge economic impact. The only impediment to a place like Canberra holding an event of that magnitude would be something like how many people you could fit in to a sit-down dinner.

Mr Tonkin: Parliament House great hall—800 people for dinner.

MR STEFANIAK: Yes.

MRS CROSS: And that's a real stretch.

MR STEFANIAK: Yes.

Mr Tonkin: Not to mention the food.

Mr Quinlan: The NCC's claim is 1,700.

Mr Tonkin: 1,700 at the convention centre.

Mr Quinlan: The racing club 1,800. Bullshit.

THE CHAIR: Sorry, Minister?

Mr Quinlan: Yes, sorry.

MRS CROSS: I think Hansard got that. It's okay.

Mr Quinlan: Sorry, that was a private aside.

THE CHAIR: Of course.

Mr Quinlan: It's not in Hansard, is it?

MRS CROSS: It is.

THE CHAIR: Mr MacDiarmid, just to go back to the numbers on page 328, the outyears for CTEC don't look good in that they do go back to the base funding of approximately \$12.4 million. What sort of effect does that have on the confidence out there in the industry as to the ability to sell the message? The constant criticism has always been that we are one of the lowest per capita. This, of course, would make it the lowest per capita. How does that affect your forward planning and the ability to tailor a message that, of course, takes two to three years to get out?

Mr MacDiarmid: If you relied on this as a way of indicating support that has been given to the industry, building partnerships would be in trouble. But we are working on the assumption, Mr Smyth, that we are going to have a level of funding that can establish partnerships, can give some confidence both to the industry and our own staff. The direction and the instruction we are giving to our people is we have got to work on the basis that we have got a certain level of funding over the next four years and it's up to us

over the next 12 months to demonstrate the value so we can encourage the government and the industry to make the investment.

But for us to actually assume that that's it and we just work on a one-year basis I think would just perpetuate the problems of the past and we can't afford to go there. So we are going to work on the assumption that we are going to demonstrate our value, take the risk, talk about long-term partnerships with partners, be it transport companies, be it travel agents and others. And, sure, we will have to maybe, I guess, stretch the truth slightly but we are confident we can demonstrate value and thereby attract the investments required.

THE CHAIR: Okay. So we are living in hope and the ability of the Treasurer cum tourism minister to sell it in cabinet?

Mr MacDiarmid: I think it sits on our shoulders as much as anybody else actually.

Mr Quinlan: We're all in this together.

THE CHAIR: Excellent. Minister, unless there are further questions, it would appear that we have finished with economic development, output classes 2.2 and 2.4. After lunch we will return to economic development, particularly sport and recreation, the Stadiums Authority, ACT Gambling and Racing Commission.

MRS CROSS: Thank you, Mr MacDiarmid.

THE CHAIR: Ladies and gentlemen, thanks very much. Members, thank you.

Luncheon adjournment

THE CHAIR: Minister, welcome back in your guise as minister for sport and many other things—recreation, the Stadiums Authority and the ACT Gambling and Racing Commission. Before we get to that, can I offer you the opportunity to make a small statement.

I was just thinking about something you said in the previous two hours. You said the money for the V8 car race was left with CTEC to spend on promotions, or words to that effect, without trying to put words into your mouth. You might have to take this on notice now: how much of the money was actually spent on promotion, and how much of it was actually spent on getting out of the contract? Is there a breakdown of that?

Mr Quinlan: I'll have to take it on notice.

Mr Tonkin: I think we may have answered that previously.

MRS CROSS: No, we didn't ask for the breakdown.

Mr Tonkin: No, I think there was a question on notice.

THE CHAIR: There might have been a partial answer before, yes.

Mr Tonkin: I think I can remember reading something in an answer somewhere—in a general question on notice in the Assembly at some point—but we'll give the answer again.

THE CHAIR: It doesn't matter. For the committee's benefit, given the statement that was made that it was spent on tourism, if we can have a breakdown of what the—

Mr Quinlan: But yes, it did cost money to get out of it.

THE CHAIR: Yes, I know it did. If we could have a breakdown of what the \$4 million was spent on and the costs, that would be kind.

Mr Tonkin: This is for the 2002-2003 financial year?

THE CHAIR: Correct. Now, Minister, would you like to make a statement on behalf of the department of sport and rec?

Mr Quinlan: No, we're fine.

THE CHAIR: Minister, at the weekend we were lucky enough to have another AFL game here at Manuka Oval, and I note that Manuka Oval was full. I recall that there was a Manuka Oval master plan but I can't seem to find it in this year's capital works. Are there any capital works intended at Manuka and, if not, why not?

Ms Marriage: The master plan was put together as a management plan for the management company of Manuka Oval. It was to give them some guidance on what facility development was required at Manuka Oval. In the current budget there are no capital works to be undertaken.

THE CHAIR: There are none. What's the status of the document, Minister, from the perspective of the government? Is it interested in upgrading the facilities at Manuka?

Mr Quinlan: We've discussed a few areas with them, but let's say that Manuka, as is, is in pretty good shape. Just ask the two clubs that play there: they're very happy with the surface and very happy with the facilities that are available. In fact, they're known to be some of the best for visiting teams in the AFL actually, under the stand. But there is some work to be done when we find the dough in relation to some of the areas out behind the grandstands, where there's a bit of dirt and an unappealing area, and the actual entrance itself. There are some discussions going on as to whether the actual point of entrance should change a little.

Yes, that's on the long finger. And Manuka Oval coped, I think, pretty well on Sunday.

THE CHAIR: All right. There were some concerns about times getting in and ticketing arrangements. Every time there's a major game they actually now have to go out and hire a caravan and put up marquees and facilities because they don't have those facilities for conducting a big function. Given that, in the coming years, we've got at least three games each season and pre-match functions, is the government considering upgrading the Manuka facilities and, if so, what would be the timeframe?

Mr Quinlan: It would take a lot of caravan hire to buy an office, wouldn't it? So I don't know that there's huge pressure to change the arrangement, other than that there was a fair amount of queuing on Sunday.

Ms Marriage: Under the current agreement, the Kangaroos are actually the ones that organise the ticketing for the events. Under the new arrangement, that will actually be handled by the Manuka Oval Management Co. That's purely for quality assurance, so that they can ensure that there are not long queues at the facility.

The Manuka Oval Management Co has determined that ticket boxes are a priority for the facility, and we're working with them at the moment to have something in place by the next season, we hope. Because they're not capital works costs, we can actually work within the operational budget to see if we can accommodate those ticket boxes. That will improve the flow of people into Manuka Oval.

MR STEFANIAK: In relation to the AFL and the use of Manuka, Minister, a question was put on notice in relation to the \$250,000 per annum—what the actual funds are that you pay and what milestones there are. Another question was asked in relation to exactly how the money would be broken up.

Your answer basically indicated that, under the draft terms of the agreement, \$250,000 would be paid each year, from 2004 through to 2006, to the Kangaroos for playing matches at Manuka. Those payments would be made in four instalments based around the dates of fixtures scheduled in Canberra.

You secondly said a number of performance milestones existed in the draft agreement and, you said, the agreement was tighter than the current one and required a more stringent annual reporting process on the matches and community activities. So far so good.

You said the required community activities would be outlined in a schedule contained in the agreement requiring the government each year to ensure that the maximum community benefits were obtained. The AFL and the Kangaroos are agreeable to that. The agreement also requires the Kangaroos to report annually to the ACT government on the matches played and their scheduled community activities. Also, a specific date is to be identified within the agreement by which an economic impact and community activities report are to be supplied to the government.

I've asked a number of questions on notice in relation to this. I'm aware that, under the old agreement, a certain amount of money was to be used for these community agreements, especially for the development of duties for the code. I haven't got a response in relation to exactly what the break-up of that \$250,000 is and just what proportion of that is actually to be used for the community activities, and what community activities and benefits we are to get from this new agreement that you've now entered into.

Ms Marriage: First, we haven't entered into it yet: it's still in a draft arrangement. Under the draft agreement—and it's yet to be agreed to by all parties—it is \$250,000 to the Kangaroos with a \$20,000 commitment back to the local AFL, which is similar to the old agreement. When it comes to community activities, though, under the old agreement there was no list of specifications for what we wanted out of the community activity.

What we've done under this agreement is to outline exactly what the Kangaroos are going to be committed to in the first year. Those things include visits to schools, Auskick junior league registration days, special events days, participation at primary school carnivals and two coaches' association gatherings. It's quite detailed.

MR STEFANIAK: Good.

Ms Marriage: The AFL has agreed to that, too. It's actually a tripartite agreement, so the AFL was there in negotiations and is aware that that work will be done by the Kangaroos.

MR STEFANIAK: So you're saying that they have actually agreed to that?

Ms Marriage: At this point in time the document hasn't been signed off, but in the negotiations they have agreed to do that.

MR STEFANIAK: All right. When will the document be signed? Have you an indication of that?

Ms Marriage: We anticipate that the document will be completed in the next six weeks.

MS DUNDAS: The Adelaide *Advertiser* reported yesterday that the announcement of the new agreement was due soon. You've said six weeks. We've already seen a lot of media discussion about this deal. Do you have any idea where the discussions are coming from? They're being reported in the media: we saw a figure of \$2 million in the *Age* as part of the deal and those kinds of figures.

Mr Quinlan: The only thing I can glean from the *Age* speculation was that initially the Kangaroos were looking for \$1 million over three years from the ACT government, with matched funds from the AFL. That was probably an ambit claim. I don't know. However, we've had some very good negotiators at work and we have stuck to the previously arranged figure. Exactly how much the AFL is putting into the Kangaroos to do the things that the AFL wants them to do in Canberra and the region is between them.

If we had stumped up with \$1 million for three seasons, which we didn't, and the AFL had matched it, then you could probably call it a \$2 million deal over three years.

MS DUNDAS: Even though, Sue, you said it's a tripartite agreement that's been developed between the ACT, the AFL and the Roos, are you involved in what the Treasurer has just indicated is a separate agreement that's being developed between the Roos and the AFL about their involvement in Canberra?

Ms Marriage: I think there are two parts to that. There is the AFL's contribution on the table as part of the tripartite agreement. However, the AFL also provides special purpose grants to its clubs and I'm not aware of any negotiations on that part. In the past, they have contributed money to the Kangaroos via special purpose grants. However, under our agreement, the AFL's commitment is \$1 million over three years and our commitment is the \$250,000 per year, which was the old agreement's contribution as well.

Mr Quinlan: Be aware that the AFL has effectively notionally carved up a lot of Australia and allocated the areas for development to individual clubs. They do provide development funds for all of those development areas.

MS DUNDAS: The *Advertiser* was reporting that the new deal will include an annual game against Sydney, which was rumoured out at the game on the weekend. Do you have any comment on that statement?

Mr Quinlan: That's open to negotiation. That's more for those two clubs and the AFL to decide rather than us. Without it being written down in black and white, we've gotten understandings from the AFL that we will get more quality games than we used to get. We used to get games that, to some extent, nobody wanted. They were often the Kangaroos versus Fremantle in Melbourne games, right? They are committed to provide games of the quality of Sunday's game and the Kangaroos, at least, are looking to make that an annual feature.

The AFL has built within its fixtures—even though the theory is that they are randomly drawn out of a hat—quite a number of blockbusters or specific local derbies between clubs. The most famous of all is the Anzac Essendon versus Collingwood game. Every Anzac Day, Essendon plays Collingwood at the MCG. The draw is built around that one commitment.

There are other derbies that would take place that the AFL and the clubs involved believe are to their mutual benefit, and they then knit the draw around those. The Kangaroos are talking about the desirability, given the following of the Swans, both here and two hours up the road in Sydney, of a game with them. It would be a winner, I think, in terms of crowd attraction on an annual basis.

MS DUNDAS: The last two Swans games have sold out at the oval, haven't they?

Mr Quinlan: Just about, yes. The other one was the Swans and Collingwood, I think, and Collingwood's got a fairly hefty following as well.

MS DUNDAS: Regarding the details that are still being worked out in the ACT agreement, I don't want you to break commercial-in-confidence rules, but are we waiting on negotiations between the AFL and the Roos, or are there more details that we're actually working at as the ACT?

Ms Marriage: The hiring agreement has just been finalised between the Manuka Oval Management Company, the AFL and the Kangaroos. So there'll be a main funding agreement and then there'll be a hiring agreement for Manuka Oval. That has just been finalised this week. Once it's finished, the whole deal will go back to cabinet for its endorsement of the negotiation. Then we'll be ready for an announcement.

Mr Quinlan: Other than the Manuka management reporting to government, we're outside of that deal. We have our clean-cut deal and Manuka management has its clean-cut deal for ground hire.

MS DUNDAS: Last year, the Estimates Committee put a recommendation to government that the government review the financial arrangement with the Roos, to ascertain whether reasonable benefits were flowing through to the ACT in relation to this substantial funding commitment, and that the ACT Legislative Assembly be informed of the outcomes. The government agreed to that and noted that this review, when looking at reasonable benefits, might not necessarily consider only financial benefits. I might have missed it, but was that report done and was it tabled in the Assembly?

Ms Marriage: A basic review was done by CTEC that looked at the tourism benefits of the AFL games. The issue with the AFL games was that, under the old agreement, no-one had been asked to actually keep figures on a lot of things, and so we were basing the information on Ticketek figures. With Ticketek figures, as you can appreciate, you're not able to work out whether, say, people were on members' trips from Melbourne. It was all based on postcodes and things like that.

What I could say is that it will be more effective in the new agreement because it will actually tie the AFL and the Kangaroos into doing an economic impact study with a reputable company. They have to put it through at the end of each season, so that we can see what the benefits are. We hope that that will allow us to then work out which are the most effective games for the ACT because, while the Sydney games actually fill Manuka Oval, that doesn't necessarily mean it has a tourism benefit. It may be that people drive down on the Sunday morning, go to the game, buy a few meat pies and then travel back home.

MS DUNDAS: If they can get through the line.

Ms Marriage: Absolutely.

MS DUNDAS: You said a review was done by CTEC, but was the review done into reasonable benefits flowing through to the ACT as recommended, and agreed to, by the government from last year's estimates report and, if so, can we have a copy of it, as the government agreed to provide one in its response to the estimates report?

Mr Quinlan: Yes, we will see what we can dig out on it. I remember reading something. I don't know if we presented it or not, but I can remember reading something about someone trying to put a number on it. It wasn't a huge number anyway, but it was a money number.

MS DUNDAS: So you're taking that question on notice—to provide that report?

Mr Quinlan: Yes.

MR STEFANIAK: I have a question on the current agreement. Has the \$20,000 going back to the ACTAFL been paid, under the current agreement?

Ms Marriage: Under the current agreement? Yes, it has.

MR STEFANIAK: Thank you.

MRS CROSS: It's one of your favourite topics, Mr Tonkin—empire building, the theme that I've been pursuing throughout estimates.

Mr Tonkin: I've followed your questions with great interest.

MRS CROSS: Thanks. Through you, Minister, I just wanted to ask a few questions relating to empire building in this particular department. How many women do you have at an SES level in this department, Minister?

Mr Tonkin: Which department, Mrs Cross?

MRS CROSS: The department of sport and recreation.

Mr Tonkin: It isn't a department.

MRS CROSS: What is it, Mr Tonkin?

Mr Tonkin: It is a branch within the Chief Minister's department. How many SES women officers do we have?

MRS CROSS: In that branch?

Mr Tonkin: One. How many SES officers do we have in total? One. 100 per cent women.

MRS CROSS: Is that you Ms Marriage?

Ms Marriage: That's me.

MRS CROSS: Wonderful.

Mr Quinlan: 100 per cent.

MRS CROSS: 100 per cent. That'll be a record for you, Mr Tonkin.

MR HARGREAVES: Have you got a bias against blokes?

MRS CROSS: No, not yet but, if Mr Tonkin has anything to do with it, he'll tell you that there are a lot of women below S05. I couldn't find in here the amount of money that you've put in women's sport and the amount of money that you've put in men's sport. Can you show me the figures where they're broken down?

Mr Tonkin: I don't believe they're broken down in the budget papers.

MRS CROSS: Well, could you perhaps advise the committee how much money you've allocated for women's sport and how much money you've allocated for men's sport?

Mr Tonkin: And how much money we have allocated for sports which deal with both genders?

MRS CROSS: You can do that too, Mr Tonkin, given you're so helpful.

MS MacDONALD: Mr Smyth, is that normally highlighted in the annual report?

Mr Quinlan: I don't think so. You know, we give money to Tennis ACT or Soccer ACT.

MRS CROSS: The committee is within its rights to ask questions like that.

MS MacDONALD: Yes, I was just curious.

MRS CROSS: Given that your government is so committed to gender equity, Minister—

Mr Quinlan: Do you want to know these figures under the grants process or under an operational structure?

MRS CROSS: Both.

Mr Quinlan: Both. I don't know if we can. We can certainly supply the committee with information on the grants that have been made. They are public anyway. They've been tabled in the Assembly, I think.

Ms Marriage: On a recent question on notice we responded on the grants and listed all of the organisations. It certainly is an issue with the grants program, but it's very hard to identify organisations and what percentage of the operational funding of an organisation goes to women. For example, there are organisations such as the hockey bodies that are now catering for men's and women's sport. You give them one pile of funding, so how do you work out what the percentage is for women's sport?

The figure that I can give you quite clearly at this particular point is the national league team funding which, over the last two years, we have tried to make more equitable. In 2002-2003, 68 per cent was given to men's sport and 32 per cent to women's sport. The plan for 2003-2004 is that it will become a 60-40 split.

It's been a gradual process because there is a limited pool of funding. In both the last two years we've had a national league team fall by the wayside: it was Cosmos one year and the Cannons the next year, so we've been able to redistribute money. It really means now that the women's sport teams that are equal to the men's, that is, those in basketball, soccer and hockey, are receiving an equal amount of funding to that received by the men's teams.

MRS CROSS: So teams like the TransACT Capitals?

Ms Marriage: The Capitals receive \$100,000.

Mr Quinlan: One of the first things we did was elevate them to the same level as the men's national teams because, under the previous government, they weren't at that level.

MRS CROSS: My compliments to this government for doing that. Minister, regarding the \$100,000 that you allocate to the TransACT Capitals, do you also allocate the same amount of money to their male counterparts?

Ms Marriage: The Cannons no longer exist.

MRS CROSS: When they did, did you allocate the same amount of money?

Mr Quinlan: Yes.

Ms Marriage: Yes.

MRS CROSS: Okay. To what other sports in the ACT do you allocate equal amounts of money for men's and women's teams?

Ms Marriage: Okay. Hockey is the same.

MRS CROSS: Fifty-fifty?

Ms Marriage: The Strikers and the Lakers both receive \$40,000. In 2003-04, the plan is to give them both \$50,000. In 2003-04, we have at the moment the Canberra Dolphins, a water polo team. In the current year, they received \$10,000. That was a male team. They're now introducing a women's team in 2003-04, and they will receive \$10,000 as well.

MRS CROSS: You can take the rest of this on notice: could you provide a list of the disbursements, the grants, the money that is allocated to various sporting groups—men's, women's, girls' and boys'.

Mr Tonkin: Mr Chairman, in response to a question of yours on notice on 14 May, we've already provided the full list of grants, several pages of them.

MRS CROSS: Separated by gender?

Mr Tonkin: We've already answered the question by saying that we don't have that information. In most of these cases, the organisations receive the grant as an organisation. How they allocate those monies within their organisations is a matter for them, not us. So we might give the athletics association \$14,000, and the same for chess, cricket or whatever; it's their choice then how they allocate the money.

Ms Marriage: Absolutely.

MRS CROSS: I recall from last year's estimates, Mr Tonkin, that when questions were asked about money given to sporting groups there was a serious gender inequity in the dispersal of that money. In other words, it was top heavy and favoured males, and this seems to be the case in most government departments and branches, aside from this one. Are the decisions about allocating that money made by men?

Mr Tonkin: You know I don't agree with that.

MRS CROSS: Ms Marriage?

Ms Marriage: It goes through about three sets of committees which, I would say, have either a balance of males and females or in fact are skewed towards the female. Then it comes through to me, then it goes through to the sport and rec minister's council, a majority of the members of which are women—it's a four-three split towards women—and then it goes through the minister. I would say that we probably have it balanced right through the process.

MRS CROSS: Does it go from you to Mr Tonkin, then to the minister?

Ms Marriage: No. It does go through the normal channels, but Mr Tonkin doesn't actually go through the process of assessing the grants.

Mr Tonkin: It's a committee. It's been described. It's a set of recommendations made by a committee, which flow the normal way to the minister for his agreement or whatever.

MRS CROSS: Okay.

MR HARGREAVES: I think I asked a couple of questions in last year's estimates regarding the distribution of grant funds to sporting bodies. I think I was talking about AFL in particular in that year.

My concern over a number of years has been the way in which the peak bodies distribute the funds. Ms Marriage, you just pointed to that difficulty—whether or not, if we gave money, say, to the AFL or rugby league, it actually finds its way down to junior sports or women's sports. I was just wondering whether or not some thought have been given to insisting on those peak bodies delineating, within the context of their grants application, what their intention is for that distribution, and then having it monitored in their grants acquittal. Have you given some thought to that possibility?

Ms Marriage: The major sports have a service agreement with us for their grant funding, under triennial funding, because it's a substantial amount—up to \$42,000. They have to identify what their outcomes are going to be in the areas of administration, coaching, management and marketing, and that also obviously includes, particularly in the coaching area, the coaching of junior sports and the marketing of junior sports. That's a sign-off agreement between ourselves and themselves.

MR HARGREAVES: In that context, would you be able to identify, in the acquittal phase, where the moneys actually found their way down to the junior levels and that sort of thing, or not?

Ms Marriage: Not so much. What the acquittal phase really outlines is whether they have spent that contribution and whether they have achieved those outcomes. The split is not usually recorded. It's quite a successful approach. Most of the state jurisdictions use this approach with their major funding. In fact, the Australian Sports Commission has now done it with its national funding to its national bodies and put a service agreement in place.

It's very hard to identify the trickle-down of \$1,000 here and \$2,000 there. What we look for are the actual outcomes. The contribution is quite clearly there to say we want these outcomes, we'll pay for these outcomes. How they distribute that money is their decision.

MR HARGREAVES: Do they actually volunteer an anticipated outcome in junior sport, women's sport, male elite or non-male elite—that level of detail?

Ms Marriage: Underneath each of those categories they do. For example, for some of the sports they might indicate the number of women coaches that they want, and in other sports it might be the number of junior participants that they want. It varies from sport to sport. We allow them to look at their own strategic needs. For some sports, it might be to maintain their participation numbers, purely because they're sports that are not dynamic at the moment. But for others it might be increased growth. They identify those as outcomes.

MR HARGREAVES: They're like purchase agreements with these people?

Ms Marriage: They are. They're service agreements.

MR HARGREAVES: Are they public documents?

Ms Marriage: They're available, yes.

MR HARGREAVES: Okay, thank you.

MRS CROSS: Could I just ask for a list of the names of members of the committee that you mentioned before that assesses how the money—

Ms Marriage: There's actually three stages to the process. What I can do is provide—

MRS CROSS: Could you provide a list with the names of the committees?

Ms Marriage: I can provide details of the staged approach and who's involved in those.

MRS CROSS: So you can take that on notice?

Ms Marriage: I'll take that on notice.

MS DUNDAS: The Dolphins water polo team is a joint venture, I understand, with Tasmania. Will the women's Dolphins team also be jointly managed in Tasmania?

Ms Marriage: Yes.

MS DUNDAS: Thank you.

THE CHAIR: Minister, why doesn't the government know how much is spent on women's sport in the ACT, and if it doesn't because the data is not there, will you undertake to do an audit of the grants and find out exactly how much is spent on women's sport, so that the committee can know where their money is going?

Ms Marriage: If I can find someone who can actually do it for me, purely and simply because the Australian Sports Commission actually struggles with the same thing. You can look at how many female participants you've got in an organisation, but that doesn't mean to say that they take up the majority of the resources or that it's equally distributed in that organisation. For example, you might have only three women's teams in AFL, and they may take more of the resourcing for that organisation than we would estimate or a consultant would estimate. It's very hard to do.

THE CHAIR: In terms of the grants that are given, though, there must be a return to tell us how the grant is spent?

Mr Quinlan: Yes.

THE CHAIR: Is it not possible to add a question that asks them to give a breakdown if available, of funds spent on women's sport versus men's sport?

Mr Quinlan: You might, but you've got a phenomenon now where some of the sports are aggregating rather than disaggregating—hockey and basketball, for instance. Their administrations are working together, so then how they account for it just becomes arbitrary.

Do they say, "It was fifty-fifty, because it was for some men and some women", or is the participation rate the way they would allocate the funds. It is asking for, I would suggest, accounting for accounting's sake. We are interested. We have taken positive steps in the last 18 months to ensure the promotion of women's sport. We've started a program called actively ageing as well; it's not just women. We've actually tried to make sure that whatever resources we've got are allocated as broadly as we can, to make sure that there's the maximum of participation and opportunity.

MRS CROSS: I suppose it wouldn't even be an issue if the funds were dispersed fifty-fifty, even in those sporting groups where you have a women's group playing basketball and a men's one, and you're comparing apples with apples, so to speak.

Mr Quinlan: How do you do it? It may one day happen, but we don't have a women's Brumbies and we don't have a women's Raiders so—

MRS CROSS: No, but we do have a TransACT Capitals and we have—

Mr Quinlan: And when this government came to power, one of the first things it did was increase their funding to the same level as that of other national teams.

MRS CROSS: Yes.

Mr Quinlan: It wasn't at the same level under the previous government.

MRS CROSS: No, and I compliment you for that.

Mr Quinlan: And we did that—

MR STEFANIAK: Be a bit fair there, Ted. It was going to be but, because we had a team just drop out and—

Mr Quinlan: It was going to be.

MR STEFANIAK: Have a look at what—

Mr Quinlan: We've done that at the next layer down with soccer.

MR STEFANIAK: That was our initiative.

Mr Quinlan: Yes, we've done that—

MR STEFANIAK: Glad you did it.

Mr Quinlan: Wherever we can. Right?

MRS CROSS: My compliments to both groups.

Mr Quinlan: But it will depend on participation and we can't legislate for participation.

Mr Tonkin: So we don't have the data that you're seeking.

THE CHAIR: But I'm asking you to undertake—

MRS CROSS: You do have the data.

THE CHAIR: To see if you can gather some data. Clearly, there's enough interest in the committee. There are at least five members who have asked questions or intend to ask questions about the breakdown. I appreciate you don't have the data but these questions were asked in—

Mr Tonkin: We could provide you with all the returns from all the various groups, if you like—

Mr Quinlan: Yes, if you want to go through them.

Mr Tonkin: And you can look for it. We'll give you the whole return.

MRS CROSS: No, we don't have to go through it. It's up to you to provide it.

THE CHAIR: No, you are the government—

Mr Tonkin: We don't have the resources to undertake to provide that answer.

THE CHAIR: A question for you, Minister: will the government undertake to gather data that tells how much of the government's money is being spent on women's sport?

Mr Quinlan: We'll make best endeavours but I'm not going to commit endless resources to that.

THE CHAIR: No, I'm not asking you to do that.

Mr Quinlan: It's all very nice to sit here and say you want to know this and want to know that on your one day of the year, but I do believe that the steps that have been taken are very positive steps.

MRS CROSS: Sorry, I think rule number eight is about being patronising. You cannot patronise members, Minister. Yes, you've just patronised the members and it's not our one day a year, we're here to do a job and we take this job very seriously.

THE CHAIR: Right, the Minister's taken that on notice. Sorry, Ms Marriage.

Ms Marriage: Can I just clarify: is the information you want for sport purely, because the grants program actually covers recreation as well.

Mr Quinlan: Yes.

THE CHAIR: I'd be happy for it to be on recreation.

Ms Marriage: Okay.

MR STEFANIAK: On the women's issue, you mentioned, Ms Marriage, the break-up for national league teams. My understanding is that it's not a huge amount. Have you got the information here today for the committee about who gets what in the national league teams?

Ms Marriage: Absolutely.

Mr Quinlan: Yes.

MR STEFANIAK: You mentioned a different type of break-up this coming year. Have you actually settled yet on who gets what among the national league teams, or is there room for another group in a similar sort of competition to put in an application? I'm specifically thinking of the Belconnen Blue Devils, who play in a not dissimilar competition to the ACT Rams and who would probably benefit from receiving about the same amount as the Rams get, assuming you're still funding the Rams, of course.

Ms Marriage: We've started negotiations with some of the organisations. There is still some money in reserve. We have spoken to the Belconnen Blue Devils and the Rams are also still on the list to be funded. It really comes down to a final negotiation with all those organisations.

MRS DUNNE: Mr Chairman, I have a question about women's sport, and I'll seek your guidance as to whether I should ask it now or when the Gambling and Racing Commission comes on later. Minister, if you can't tell how much of your grants program goes on women's sport, how do you expect licensed clubs, who are supposedly getting preferential treatment if they provide funding to women's sport, to report against women's sport?

Mr Quinlan: They have to justify what they claim to the commission. If they say they're giving an amount, they'll have to justify it to the commission and yes, it will require work from them.

MRS DUNNE: But you're not prepared to do it yourself.

Mr Quinlan: It isn't the work that we're prepared to do. What it will be is the work that we will impose upon the whole sporting and recreation fraternity, in terms of keeping decent records and making returns to us. We are not providing all of the funding, because a lot of them get sponsorship and subscriptions. They've got a mixture of funding. Then you're asking the whole spectrum of organisations to make some assessments, feed them right through and have them accounted for right through. It's a whole lot more complex an operation than asking individuals who want to make a claim to justify that claim.

MS MacDONALD: I understand the difficulties that you're talking about in collecting that data, having worked for a small organisation. Having to actually find that extra information, I should imagine, would take a considerable amount of time if the requirement was actually added to a questionnaire. However, my question in relation to this issue is more about whether the bureau is doing anything in regard to the reporting of women's sport?

I know that it's not necessarily your role to do it but it is important to try to raise the profile of women's sport, therefore getting young women involved with sport and recreation. They need the role models. However, when you turn on the local news and get to the sporting news, virtually 99 out of 100 times that news is about the major men's teams.

I accept the point that we don't have an equivalent team to the Brumbies for women and I don't think it's likely that we ever will. But we do have world-class netball teams in this country and the Capitals have proved that they are a winning team that has a very big following here in the ACT. There are also other women's teams around like the Canberra Eclipse, who are also building a following. Does the bureau do anything to work with the local media to try to encourage them to talk more about local women's sporting events?

Ms Marriage: I'll answer that in two ways. Yes, we do. We put it through our website to encourage women's sport. We also encourage women's activities out there via our Academy of Sport, and try to use our women athletes as much as we can as role models. Under this current grants round, we've just allocated \$20,000 to some women's coaching positions out at ACTAS.

On the other side of it, the minister's advisory council for sport is just now getting a subcommittee established for women's activities. They will have at their recall \$80,000 that they will be able to use to work with local organisations through grants programs or whatever, to encourage women's sport activities in the ACT.

So we do it in a twofold way. We do it as an agency, but also we're trying to do it through the minister's advisory council and having a subcommittee set up there, because that brings the industry into doing it themselves. Rather than government determining that we should encourage women's sport, we're just part of a whole group of people who should be doing so.

MR HARGREAVES: I have a brand new question. I'm actually specifically referring to women's sport or junior sport still. I wanted to know what sort of support the government gives to national representative teams who represent the ACT in a national competition. For example, I think in the next month or so we're going to send a team of AFL players to the national carnival in Darwin, and I was wondering whether the government has any intention of providing specific support to those representative teams or whether it's left to the peak bodies to distribute funds.

I am aware that, when male teams represent the ACT, they get significant support to go interstate to represent the ACT. However, in the past, some of the women's teams, such as the women's AFL team, have received very little. I don't know how much they got in the way of government support—probably nothing—but they've had to go around and get sponsorship for that sort of thing. I would be interested in what you're doing and what you might like to do now.

Ms Marriage: There's no set program for travel for ACT teams to go to national championships. There is what we call international travel, which allows athletes that have been selected to go to world championships to seek assistance. That can be for individuals or for teams. Under the national approach, when ACT teams go, that is purely funded by the money that we contribute to the peak body.

They indicate what money they need for their administration and what need they might have for travel to national championships and, if they are going to host a national championship, what money they need for hosting a national championship. They apply for that year in, year out, so it's up to the organisations themselves and then they contribute to their teams.

MR HARGREAVES: So, if we use the AFL as an example, in the grant application for the ACT-New South Wales AFL grant, they should have indicated in the application what their needs may be in terms of representative teams.

Ms Marriage: They're triennially funded, so it therefore comes under their bulk funding every year.

MR HARGREAVES: Are you saying that they would indicate in the context of that triennial funding what obligations they may have?

Ms Marriage: If they are in need of that money, as part of their triennial funding. The triennial funding usually focuses on all of the serious things they're going to do operationally, under coaching and management and things like that. However, with that triennial funding—and this is the extra bonus for them—those organisations that meet 75 per cent of what's in that key result schedule get a performance bonus every year.

That's additional money for them. We encourage them to use that for travelling, sending their teams away or actually clothing their teams and things like that. It might be to buy new equipment but they can do whatever they want with that. So in both respects, we consider that the organisation has received money that they can pass on in that way to send teams away.

MR HARGREAVES: I guess I'm not worried so much about whether or not sufficient funds are provided. I guess what I'm worried about is that the peak bodies may be receiving funds from the government, quite legitimately, but when it comes to making decisions about whether they support, for example, a national representative team, somehow that slides and it doesn't happen. Would you be able to tell me if the AFL grant application contained any information for you about the possibility of women's teams representing the ACT?

Ms Marriage: I'd have to take that on notice.

MR HARGREAVES: I'd be happy for you to do that. Thanks very much for that.

MR STEFANIAK: While we're on the grants, Ms Marriage got into, I think, the triennial bonus. It's good to see that that seems to be working well with most organisations. I'm delighted to see that. It is the result of a lot of hard work by a lot of people a few years back.

In the various programs and funding under the grants, you've got here in the list that you've provided, under the community sport and recreation program, some work for Hockey ACT through the Lyneham sports precinct transitional funding. There are some other matters mentioned there in relation to hockey and specifically the sports precinct master plan.

First, in relation to hockey, you've put money in the budget—I'm not sure whether this is your area, Minister, or Mr Wood's—which was \$850,000 for a new synthetic pitch. There are also some proposals for them to host, I think, the 2005 series of internationals, which they will continue to do. You've had some negotiations, I understand, with the Commonwealth, and my understanding is that there's nothing in either your budget or theirs for any additional money for hockey. First, is that so?

Mr Quinlan: As far as I understand it, they came to us initially and said, "We might get the women's champion's trophy in 2005 if you give us \$5 million." We thought this was a rather hefty ask. They reworked their figures and it came down to about \$4.5 million and then they indicated that they would be going to the Commonwealth with the bid as well. We said, "Do that and if anything positive comes out of that then we would possibly look at matching the funds or making it possible." We'd like the champion's trophy.

I get a little bit sceptical when there's a oncer available. If you're Hockey Australia you might say, "We know how to get the best facility in Australia: whatever international we get, we'll put it in the place that needs some infrastructure and put the pressure on the local government to improve it", and then what's the promise beyond that. ACT Hockey is a very active, very strong association and it works well. We are happy to work with it, but at this point in time I don't think we can run to \$5 million for one event.

THE CHAIR: Have you lobbied the federal government?

Mr Quinlan: Have I lobbied them?

THE CHAIR: Yes, ACT Sport and Rec?

Mr Quinlan: No. Hockey ACT has done so, and I think with the support of Hockey Australia. With the greatest respect to Mr Kemp and the federal government, I don't think my lobbying would make a whole lot of difference.

THE CHAIR: Seriously, Minister, why hasn't the local government backed up Hockey ACT and Hockey Australia?

Mr Quinlan: Because we believe, Mr Smyth, that their chances of getting it would not be enhanced by our intervention, and that they would probably stand a better chance if we allowed the very, very capable people of Hockey Australia and Hockey ACT to represent themselves with the advice that they can pass on. I note that, earlier, you said we could go up and befriend John Howard over bushfire funding or something.

MRS CROSS: He's a nice fellow.

Mr Quinlan: Yes, I know. This fits in about the same pigeonhole, mate.

THE CHAIR: Well, it's a shame you feel that way.

MR STEFANIAK: Regarding the complex at Lyneham, a couple of years ago, some money was put in for Rebound Ace courts and there was an amazingly big development that doesn't seem to have gone anywhere. Are there any immediate plans for any further developments for tennis at the Lyneham complex?

Ms Marriage: Nothing past the original redevelopment work, which was on the Rebound Ace and clay courts.

MR STEFANIAK: Coming again to the grants program and SLISS, there are only two items there for 2002-2003. One of them seems to continue into the following year. One is to ACT Touch—\$1,500. The other is to the Hockey centre—\$32,000 going to \$33,000 next year. Are those the only two programs that are currently receiving money under SLISS?

Ms Marriage: Yes.

MR STEFANIAK: Have any other groups put in applications for any funding under SLISS?

Ms Marriage: There is potentially the Chisholm Oval development.

MR STEFANIAK: That's still around, is it?

Ms Marriage: It is, yes.

MR STEFANIAK: Anything else?

Ms Marriage: No, not as far as I'm aware.

MR STEFANIAK: I recall that, in earlier budgets, SLISS was actually listed as a separate item. I couldn't find it in any of these papers. How much has been actually put aside in 2003-2004 for SLISS?

Ms Marriage: The SLISS contribution is always worked out on the basis of the outstanding contributions that need to be made, so it is a moveable feast. If we end up getting five organisations that are seeking funding under SLISS and they are all identified, then the SLISS figure is locked in at that amount. So, at the moment, your contribution is those two programs.

MR STEFANIAK: And that is it? So your grants program, which used to start in May of each year, and I assume still does—

Ms Marriage: Yes, LEG.

MR STEFANIAK: —will take into account, when you and the committee of seven go through those applications and the normal process, how much should be spent on SLISS if there are applications by various sporting bodies?

Ms Marriage: Absolutely.

MR STEFANIAK: Is the bureau still actively pushing the SLIS scheme in terms of capital development for sporting groups?

Ms Marriage: When organisations approach us about capital development, and the project obviously doesn't fit within the normal capital assistance program, which is capped at \$100,000, there is the SLISS option. Unfortunately, some of the organisations are not in a position to get bank loans and get the benefit of the sports loan interest subsidy scheme. That is the difficulty.

MRS CROSS: If you have any questions similar to this, I think that they would probably be more in line with the information you could get from a briefing from this branch, unless you have a connection with estimates?

MR STEFANIAK: I think I've probably got all the information. I've got the actual program here so I don't know if I can get anything more out of that. However, I've finished that line of questioning.

With regard to your actual grants program—and this leads into another issue—I can only see two amounts of money for motor sport, which is a very big participatory and spectator sport. There is some annual assistance to the motor sport council. I thought that might be triennial, but it's interesting that you've got it as annual. I could find \$2,000 for some noise measurement at Fairbairn Park.

MRS CROSS: Were these figures in the budget?

MR STEFANIAK: They're in the actual grants program.

MRS CROSS: If this is not an estimates-related question—

MR STEFANIAK: It is estimates related.

MRS CROSS: Okay.

MR STEFANIAK: Is that the only amount of money that is being expended on motor sport at present?

Ms Marriage: I can go back and look at the applications, but motor sport is not one of our keenest applicants around town.

MR STEFANIAK: I know there's one group that is very keen to get some assistance and that leads me to the dragway. There is absolutely no money in the budget for the dragway. The Treasurer has sent a letter both to me and also to Mr Devlin indicating that there would be no money for building a dragway, nor would there be any money for running a dragway. I don't have a qualm about the second point: it showed it could run itself very effectively for many years. You have indicated, I take it, Treasurer, that this stands, or do you intend changing your mind on that?

Mr Quinlan: The government would have to be convinced by anybody who wanted money in addition to land. We've made a commitment that, if we can still free a chunk of land, that would be forthcoming, but that's on the basis that the dragway is viable. However, there is at this stage no allocation of funds, the ask being \$7 million, by the by, for a dragway.

MR STEFANIAK: You talk about land and you did indicate that there is some possibility of some being available in your letter to me and to Mr Devlin. Have you taken any steps or, if not, are you going to take any steps, in relation to freeing some land for the purpose of constructing a dragway and maybe carrying out some ancillary motor sport activity?

Mr Quinlan: Certainly, over the last year or so, we've investigated opportunities for land and prospective sites. We've come up with virtually nothing other than a site about which Mr Devlin had carried out some negotiations that had not worked out for him, where they might have initially. There's one other prospect, but it's contingent on other things, that's the best I can say about it. It's very difficult: you're going to have to find a chunk of land. The dragway is not just a strip of land: it's the huge noise footprint that it creates that makes it very difficult to find a site straight up.

MR SMYTH: Is that a no to Tuggeranong, Mr Quinlan?

Mr Quinlan: If someone seriously wants to offer the Tuggeranong site we'll have a look at it, but what's the suburb to the north?

MR STEFANIAK: Macarthur, Backler Place.

Mr Quinlan: The back of Macarthur, yes. What do we call it—the Macarthur Residents Association? We'd better start talking to them now.

MRS DUNNE: I don't know that there is one.

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MR STEFANIAK: Now, Mr Quinlan, that particular site is the latest mooted, but is that actually owned by the ACT government or is it owned by some other organisation?

Mr Quinlan: The land?

MR STEFANIAK: The land.

Mr Quinlan: I couldn't say off the top of my head. We can take that on notice.

MR STEFANIAK: You're well aware of the study which was done in relation to the Majura site which, when you were in opposition, you people were calling for us to release very, very quickly. Are you going to do anything in relation to assisting with the release of that site for a dragway, pursuant to your comments in your letter to both me and Mr Devlin?

Mr Quinlan: Which site is this, please?

MR STEFANIAK: It's the one covered in the environmental studies: the Majura site.

Mr Quinlan: The Majura site.

MRS CROSS: Jon's prison site.

MR STEFANIAK: It's not the prison site, no.

Mr Quinlan: It's not just to the south of there?

THE CHAIR: Is this leading somewhere, Mr Stefaniak?

MR STEFANIAK: It's leading somewhere, yes. You hinted in your letter that you would at least assist in terms of providing a site.

Mr Quinlan: If we can, yes.

MR STEFANIAK: There is a study there that you're well aware of which identifies a site.

Mr Quinlan: Yes.

MR STEFANIAK: In Majura Valley.

Mr Quinlan: Yes.

MR STEFANIAK: Are you taking any steps to assist in at least releasing that site, having that site made available to the dragway people?

Mr Quinlan: Yes and no is the answer. It first of all depends on the prison and the location of the remand centre/prison, then the dragway.

MR STEFANIAK: My understanding is that they are two separate sites, though, unless the prison site has moved since I was last aware of it.

Mr Quinlan: It may move again, Bill.

MR STEFANIAK: Do you have any timeframe for that?

Mr Quinlan: No.

MR STEFANIAK: None at all?

Mr Quinlan: No.

MR STEFANIAK: You can't give any indication?

Mr Quinlan: No.

MR STEFANIAK: It could be one month, one year or 10 years.

Mr Quinlan: Yes, you're right.

MRS DUNNE: Not even soon, Bill?

Mr Quinlan: Not even soon. I'm no longer the minister for corrections and I'm not directly involved in either the site selection or the timetable, or even the decision in relation to the jail. However, things have happened in this town over the last six months, so things have changed. You never know.

MR STEFANIAK: I see you've got three Commonwealth funded programs. I see in the budget papers there is a program to encourage people who are elderly to get into sport and recreation, and that's very good. Indeed, I think that probably continues a program we had. For the period of these particular estimates hearings, are there any other programs that you will be embarking on?

Ms Marriage: By programs do you mean targeted programs?

MR STEFANIAK: Yes.

Ms Marriage: Okay. We have four lots of targeted programs. We have an indigenous sport program, which will continue on as it has. It's partly funded by the Commonwealth and partly by the ACT. We'll have the actively ageing project, which will continue on. We have the women's program which will be funded via the women's subcommittee of the minister's Sport and Recreation Council. And we have a disability program which is actually funded by the ACT and is delivered by ACTSport.

MR STEFANIAK: Are any of those programs also funded through the grants?

Ms Marriage: The disability one is. The women's one is grants funding that was previously given to Womensport and Recreation ACT, which has now folded as an organisation. The money is now with the subcommittee, as many of the founding

members of that group are part of that subcommittee. So those two are. The actively ageing program is an operationally funded one and the indigenous one is federal government-state government funded.

MR STEFANIAK: When you say operationally funded, where's that from?

Ms Marriage: It comes out of Sport and Recreation ACT.

MR STEFANIAK: Is that an ongoing program?

Ms Marriage: Yes, it will be.

MR STEFANIAK: Yes, and will you be spending more money on that this year compared to last year?

Ms Marriage: Some research and some marketing activity will be carried out. There were some grants given to actively ageing in this current round, which went to the YMCA, and they will be continuing with their programs. Operationally, we will probably spend about \$30,000 or \$40,000 on the program.

MR STEFANIAK: Is that new money?

Ms Marriage: It's money that will be redirected out of our operational funds.

MR STEFANIAK: I notice that, on page 46, under the cost of programs and services for the bureau, the targets for this year were for \$6.508 million. Your estimated outcome is actually \$6.484 million. That's only a difference of about \$24,000 but it is a drop that isn't explained. You've explained why it goes up and that's obvious and fine, but there is a drop there. What is the reason for the shortfall? Don't worry, you can take that on notice if you don't know.

Ms Marriage: I'll take that on notice, Bill.

MR STEFANIAK: Thank you.

THE CHAIR: Good. Minister, on page 48, measure (b) is drug testing of selected athletes undertaken in accordance with obligations set down in the Drugs in Sport Act 2000. The target in each of the years is one. Does that mean we're undertaking one drug test, is it that the activity has been undertaken once, or does it mean that we've undertaken the activity as such?

Ms Marriage: We've undertaken the activity as such. For drug testing, we actually had a target this year of 75 and we've completed 68; 56 of those were out of competition and 19 of those were in events.

THE CHAIR: So why isn't that there?

MRS CROSS: There should be a note at the bottom explaining that.

THE CHAIR: We might make the suggestion. I'm sure it will appear in the report that that measure might be slightly more useful next time. Mr Stefaniak was actually talking about actively ageing earlier. In 2001-2002, the Y received a \$14,000 grant for that, then in 2003 it received \$13,000. Have any other funds at all gone into the actively ageing program?

Ms Marriage: Not apart from our own operational works. We have an officer in our organisation who worked quite closely with the YMCA to develop that program, and the actively ageing project strategy has been developed by our in-house officers, but we haven't costed that. That's been completed as well.

Mr Quinlan: It involves a lot of cooperation from other organisations. It doesn't cost money but it does take coordination.

Ms Marriage: That was stage one of the program. Our grants program actually opens on 2 June and we're anticipating that the YMCA will apply for funding in this next grants round, for a continuation.

THE CHAIR: All right. How will you measure the success of that program?

Ms Marriage: It's a service agreement arrangement with the YMCA, which will indicate the number of people who have participated in the program. It's very hard to assess the success of the program, and how many people have become more physically fit. It's really going to be a case of throughput—of the number of people who have been involved and the quality of the activity for those people, whether they've been happy with the process and whether they then continue being active when the program finishes.

MR HARGREAVES: As I understand it, Tenfit is the sort of activity which is aimed at the sort of group that actively ageing looks at. I also understand that there's a bit of contention over a block of land at Isabella Plains between Tenfit, which wants to have a complex there and group of junior AFL teams, which is currently playing on one of the ovals adjacent to that whole block of land. I understand it's also an issue really of land allocation and it is probably for another arm of government to decide that. I don't want to put you on the spot about that.

There's a question here, isn't there, about supporting either junior sport and activity or ageing activity. There's always going to be a bit of conflict there. As I understand it, one is community based with no connection to licensed clubs or anything like that, so no revenue source, and the other one is connected to a business. It would have to be a business to actually construct a complex the way that it has. Does Sport and Rec have a preference in those sorts of contests?

Ms Marriage: We've had dealings with both organisations and you are right, it doesn't come down to a decision of ours: it comes down to a decision of land allocation. Similarly, with sports ground allocation, it comes down to deciding whether you give it to the golden oldies or to the junior rugby union? So we work with both of the organisations to try to work out, particularly in that area, whether there's a greater benefit in providing support to one organisation than to the other. We'll work with that organisation with Planning and Land Management. That circumstance is a difficult one because you're talking about a commercial entity versus a junior organisation that doesn't have any ties.

MR HARGREAVES: Yes, and presumably you would recommend a position, at least, to the decision-making bodies. Am I correct in assuming that you will have regard to the relief of other sporting ovals and fields within a general area? For example, if the junior AFL were actually to headquarter themselves there, then they would make fewer demands of other sporting fields around the Tuggeranong Valley. I'm reminded that some of the places actually have three codes playing on them on the weekend and chopping them up. Therefore, the maintenance costs are higher. Presumably you would have regard to those sorts of implications as well.

Ms Marriage: We've got the preliminary proposals from both organisations, so we haven't really gone left or right on it. Certainly, we've found that the junior organisations need more support than Tenfit, because I understand that it has a bit of a consortium behind it that is able to put its proposal together, so we're working with the junior organisation. But you are right: there's also the consideration that, if you do house three junior organisations on the one ground, then it may free up others.

That's an issue for Urban Services now because they do sports ground management. It certainly is a concern for us to make sure that the placement of organisations is most suitable for the ground.

MR HARGREAVES: Do you have a time line in your mind about how long this process might take?

Ms Marriage: No. On the basis of what has been said in our discussions, I don't think the two organisations have an idea in their minds either. It seems to have been on the table for about 12 or 18 months now. I remember when Tenfit first came with their proposal. I must admit that I haven't had a briefing over the last couple of months to see where that is, so the timeframe, as far as I can see, sits with them a little bit and their proposal. I've got preliminary proposals but nothing that I consider to be in any great detail, which would be able to go much further.

MR HARGREAVES: What would you need from either or both of them to speed up the process?

Ms Marriage: I think from the AFL's perspective, they need a lot more support from their peak organisation.

MR HARGREAVES: Just like the women's AFL might also. That's right. They might just get it shortly.

Ms Marriage: Unfortunately, I can't control the sport and rec organisations. It might make my life a little bit easier if I could. But it's certainly a case that they need a lot more support from their peak organisation to make it a priority. I give the example of Chisholm Oval, where the local cricket team there made sure that they got ACT Cricket's support, then they made sure they got the licensed club's support and everything, and then it grew. I think that that's what they need to do with this facility as well.

MR HARGREAVES: Thanks for that advice, Sue.

MRS CROSS: I was looking forward to Mr Tonkin being here for this one. Page 48, BP4—

Mr Quinlan: He's saving the territory.

MRS CROSS: Saving the territory? I thought that's what you did, Mr Quinlan.

Mr Quinlan: Don't patronise.

MRS CROSS: No, not at all. I mean it. I've talked about percentages before and I'm intrigued because, during last week, when I asked questions of each minister on the quality, effectiveness and timeliness targets, estimated outcomes and then ongoing year targets, I was told that you can never reach 100 per cent, you can only hope to achieve as much as possible and 90 per cent is great.

Given that that's the case, how can we achieve, under timeliness, (h) "Timely approval given for the hosting of boxing events in accordance with the Boxing Regulation Act 1997", 100 per cent for 2002-2003 targets? The estimated outcome is 100 per cent for 2003-2004 targets. What is it about boxing that gives us the magic 100 per cent?

Mr Quinlan: Ms Marriage might be able to add to this but I would just point out to you, Mrs Cross, that in most of the other measures we're talking about satisfaction. This is meeting time lines. It is possible to meet 100 per cent of time lines but usually everybody gives a 7 out of 10 for satisfaction when they're feeling good. We don't believe for a moment that, when satisfaction becomes one of the measures, 100 per cent is likely to be the result. However, if it is something that is just pure performance and meeting deadlines, then 100 per cent is possible.

MRS CROSS: Thank you, Minister.

Mr Quinlan: So it's qualitative and quantitative.

MRS CROSS: I really appreciate your honesty here. I hope Mr Tonkin's listening wherever he is trying to save the territory at the moment. When I look back at all the other figures that I raised earlier—timeliness under all the "Economic development, sport and recreation" outputs and principal measures—they've all got 90 per cent so, in fact, you've contradicted Mr Tonkin who said that 90 per cent is as good as you can achieve. You've said we can achieve 100 per cent. I'm looking forward to seeing 100 per cent in most of those in future budget papers.

Mr Quinlan: No, I think you've missed the point of my answer.

MRS CROSS: Did I?

Mr Quinlan: The 100 per cent, the particular one that you're looking at, is a quantitative measure. The others have at least an element, if not are totally, qualitative.

MRS CROSS: They're all under timeliness. They all come under timeliness. I'm looking at your book. This is Treasury's book not mine.

MRS DUNNE: Mr Chairman, why are we reporting individually on—

THE CHAIR: On the Boxing Act?

Mr Quinlan: It's very important, apparently.

MRS DUNNE: Ms Marriage has the answer to my question.

Ms Marriage: Boxing is actually a major issue for state jurisdictions. We were the first state or territory to introduce legislation on boxing and now a lot of the others are dealing with the issues of women's boxing and under-age boxing. The reason that there's 100 per cent timeliness there is that the promoter is required to put its paperwork in to us six to eight weeks prior to an event. The minister has to give approval for that event to occur or the event doesn't occur. We've got it down to quite a streamlined process. I might add there are only about four or five events a year so that's why we maintain 100 per cent.

THE CHAIR: All right. I'm going to ask the last question on sport and then we might get to the Stadiums Authority. Minister, the government has been concerned to lower insurance costs for sporting groups and you say in the budget paper this was done by implementing the government's strategy to "provide affordable insurance for community and sporting organisations and small business".

Further, the government said:

In addition, negotiations are underway to include not-for-profit organisations in pooling arrangements being pursued by the NSW and Victorian Governments. The 2002-2003 budget includes a total of \$837,000 to strengthen resources within ACT Treasury to develop and implement proposals to improve accessibility and affordability of insurance.

Can you give us an update on how that has worked and whether it's been successful in reducing insurance costs for sporting and not-for-profit organisations?

Mr Quinlan: We've got the community system in place. If I'd known insurance questions were going to come up I would have asked Mr MacDonald here. The pooling process may take longer and it also requires the involvement of the sports and their peak bodies, so that they can work cooperatively with the insurance industry to, say, insure all Little Athletics events or all of a particular sport.

Then you get the blanket policies that used to exist many years ago, but those seem to have fallen away and fallen back to individual sports. Progress-wise, I think we've come a long way in providing the service, but I can't give you a measure, off the top of my head, as to how premiums have gone for, say—

THE CHAIR: Perhaps you could take the two questions on notice.

Mr Quinlan: Yes.

THE CHAIR: The first is: can you give us details of whether or not insurance costs have gone down for sports clubs and other not-for-profit organisations?

Mr Quinlan: Yes.

THE CHAIR: Maybe this is in sport but it's more likely a Treasury question: did Treasury give you any advice on how the \$837,000 has been used and what measures have emerged from that process?

Mr Quinlan: Yes, I'll take those on notice.

THE CHAIR: All right, thank you.

Short adjournment

THE CHAIR: Minister, thank you for your appearance as Mr Stadiums Authority and Mr ACT Gambling and Racing Commission. Mrs Cross has a question.

MRS CROSS: We welcome all departmental staff and media here. I refer to page 334, BP 4. We're now on the Stadiums Authority, and I have a query. I notice that total ordinary revenue in the 2002-03 column is \$5.877 million. For 2003-04, it's budgeted at \$6.5 million, and it starts to drop dramatically in the outyears. Could someone tell me why?

Mr Harley: The increase firstly from 2002-03 to 2003-04 is generally in relation to the increased number of events, including the rugby World Cup events, going into this financial year. It still takes into account that the user charges are \$3 million from the government appropriation.

You'll notice that, in 2004-05, the appropriation—or user charges ACT—drops by \$2.410 million, which is a substantial drop. That is because the revenue guarantee to the hirers expires at the end of this financial year coming up, and there's no provision in the budget for that going forward at this stage.

MRS CROSS: The same principle applies to the expenses reducing by similar amounts?

Mr Harley: Similar, yes—it correlates.

MRS CROSS: The expenses are from \$6 million, going down by almost half, in the outyears?

Mr Harley: In the outyears. You'll notice that the appropriation forward reduces to \$590 million in 2004-05—and it is zero from there on in. The authority is confident that it will be able to sustain itself, subject to no major capital works or revenue guarantees from the hirers—that it can run the operation within its own resources.

MRS CROSS: Could you explain revenue guarantees—for the *Hansard*?

Mr Harley: Revenue guarantees are the funds provided by the government to the major hirers—being the ACT Brumbies and the Canberra Raiders—as part of giving them assistance to support their operations in the ACT, and as part of much broader national and international competitions of a significant nature.

THE CHAIR: Treasurer, was the Stadiums Authority Act breached during the year 2002-03?

Mr Quinlan: Can you elaborate?

THE CHAIR: Was the Stadiums Authority Act, for which you are the responsible minister, breached in the current financial year?

Mr Quinlan: Is this in relation to a contract?

THE CHAIR: This is in relation to the upgrade of the media centre—that is the specific line I will follow. However, as a general question, was the act breached?

Mr Harley: No, it wasn't.

Mr Quinlan: It wasn't. I've forgotten the dates.

THE CHAIR: If the act was not breached, Treasurer, then I ask why you wrote to the Stadiums Authority on 6 January 2003 stating as follows:

However, I was deeply disturbed to learn that the tender for this project had been let prior to my approval as required by section 7 of the *Stadiums Authority Act 2000*. I require your assurance that in the future this section of the Act will be complied with – that ...

You then quote:

“the Authority may not, without the Treasurer’s prior written approval, enter into a contract involving the payment or receipt of an amount that exceeds, or amounts that in total exceed, \$500,000.”

Mr Quinlan: Mr Harley will put the dates in perspective. I believe my letter was a little precipitate.

THE CHAIR: Before Mr Harley speaks, I'll ask you a few questions. If you wrote that on 6 January 2003, are you aware that your senior adviser, across the bottom of a brief on 22 November 2002, wrote:

Minister not happy at all with a contract being entered into without ministerial consent. Not to happen again. Brief should have reflected this information.

You wrote in January, and your senior adviser wrote in November, saying the contract should not have been entered into without ministerial consent. Was the act breached?

Mr Quinlan: I'll have to check on the dates for you. I thought it was, in respect of that condition.

THE CHAIR: You thought the act had been breached?

Mr Quinlan: Yes, I did. Mr Harley can give you the sequence of events.

Mr Harley: I have provided them in the past, through questions on notice. All the information has been provided.

THE CHAIR: Mr Harley, you might like to outline why the act hasn't been breached. Further, Minister, there's the notice of the board meeting of 15 November 2002. Much of the document is blacked out, and that's okay. That sometimes happens when you get an FOI. There is a note that says:

Tender—the results of the tender for the club stadium extension and media upgrade and contract signed by 13 November 2002, for works to commence on 18 November 2002.

Did you give written approval before 13 November 2002 for these works to commence?

Mr Quinlan: I'll have to take this on notice. I recall the event, in general terms, and I recall the event being generally explained at the time. But I haven't got a line-by-line record of the dates in my head.

Mr Harley: The minister provided the approval on 22 November 2002. At 6 o'clock that evening, a fax was sent to the successful tenderer for the completion of the media facilities. That stated that he was the successful tenderer, and could go ahead and commence construction as of 25 November.

MRS DUNNE: When was the contract signed with the successful tenderer?

Mr Harley: It wasn't signed until 16 January.

MRS DUNNE: He started the works without a contract?

Mr Harley: We had a contract; we had a handshake; and we had an agreement. We had everything in place. We'd met all the requirements with regard to the contract. We'd had an offer, as far as the tender was concerned—with regard to the request for tender—and the applicant had met that requirement. We'd subsequently made an offer, and a payment had occurred before the contract was signed. So, legally, we had a contract in place as of the close of business on 22 November.

MRS DUNNE: When did the payment occur?

Mr Harley: An interim payment occurred before it was signed on 16 January.

MRS DUNNE: No. When was the payment made?

Mr Harley: In December—at some stage.

MRS DUNNE: Can you get us the date, please?

Mr Harley: Yes, I can.

THE CHAIR: Is it normal for payments to be made before contracts are signed, Minister?

Mr Quinlan: It is not, in my experience.

THE CHAIR: Are you concerned that the Stadiums Authority was making payments before a contract had been signed, and before you'd given your written approval?

Mr Quinlan: Hang on—is it one or the other, or both? My written approval was not required.

THE CHAIR: No. Your written approval is needed before a contract is signed.

Mr Quinlan: My approval stops at the contract.

THE CHAIR: No. Your written approval is needed, for contracts exceeding \$500,000, before they're signed.

Mr Quinlan: Yes, but not for payments.

THE CHAIR: We don't have a contract, and a payment's been made before the contractor signed. Are you concerned by that?

Mr Quinlan: Yes, I am, in fact. I would think that, under normal circumstances, the contract would have been put in place a lot sooner. I don't know that there was anything important delaying the signature. Mr Harley might be able to let you know if there was some particular element of the contract—or some problem with the signing of it. But they're not elements of which I was aware.

Mr Harley: No, there was no any issue. Bear in mind that there is the Christmas period in that break, from when things started in late November to 16 January. The contractors were, and still are, the incumbent repair and maintenance team at the stadium. It wasn't as if it was an organisation coming in purely to do the job. They were contracted to the stadium for repair and maintenance works on an annual basis, and have been for the past two years.

THE CHAIR: But that would be a different contract?

Mr Harley: Yes, but there is a level of trust associated with that arrangement.

THE CHAIR: There was a level of trust in the signing of documents on the overnight loan too, I would assume, with the Bruce Stadium earlier. But the level of trust does not allow—

Mr Quinlan: Can I pick you up there? In relation to the overnight loan at Bruce Stadium, there was never a question of trust—there was a question of legality, Mr Smyth.

THE CHAIR: It was always about the guidelines, Minister.

Mr Quinlan: And an illegal act clearly contrived to mask previous illegal acts, I think.

THE CHAIR: It has been put to me that contracts were signed before the approval and that, when it was brought to your attention, those contracts were torn up. Were any documents destroyed which were signed before the minister wrote you the letter, Mr Harley?

Mr Harley: No.

MRS DUNNE: There were no documents signed prior to that?

Mr Harley: No.

MRS CROSS: This is a new issue, Minister. As a new member of this place and as a member of this committee, I'm more interested in the process. What is the standard process? When we look at making improvements or building something, is a gentlemen's agreement considered a contract?

I've heard you say, Mr Harley, that a handshake was basically what clinched it.

Mr Harley: No.

MRS CROSS: You said, "We shook hands on it." I'm only interested in the process—I'm not interested in getting into the politics of who did what, when or wherever. I'm only interested in knowing the following: if someone was contracted to do a job, was that agreement accepted on a handshake, or was it accepted on a signature on a piece of paper which was approved by the minister and the work then started? Was there a deposit paid in advance? How did it all work? Could you explain it to me?

Mr Harley: First of all, a request for tender goes out. That request went out in late August or September for submissions for the two jobs that were occurring—the club stadium extension and the improvement to the media facilities.

MRS CROSS: This was for two things in one contract? The club stadium extension was one contract?

Mr Harley: Two separate contracts—that's right.

MRS CROSS: And the media room was another?

Mr Harley: Yes. There were three applicants, or three tenderers, who replied. The request for tender clearly states that, in the absence of a formally signed contract, their submission will be the acceptance of the contract until that is formally signed. That's the stipulation in all construction work contracts.

MRS CROSS: Yes. Okay.

Mr Harley: When we got to the final selection of the successful applicants, the work on the club stadium extension, which is a separate contract for less than \$500,000, was approved and commenced in mid-November.

MRS CROSS: I know. Anything over \$500,000 has to go to the minister.

Mr Harley: That's right. It got to the stage where we had a successful tenderer for the media facilities improvement. We realised that, as the bid was more than \$500,000, we needed to get the approval of the Treasurer, in accordance with section 7 (1) (a) of the Stadiums Authority Act, which we duly did. From the letter we sent on 14 November, we received the approval from the minister on 22 November.

MRS CROSS: Sorry—what happened on the 14th?

Mr Harley: We sent the letter to the minister.

MRS CROSS: You sent the letter to the minister seeking approval?

Mr Harley: Seeking approval. Once the tender board had come up with the prescribed contractor for the job—or the successful tenderer—we got the approval from the minister on 22 November.

MRS CROSS: Okay, perhaps we can take this a bit more slowly. On the 14th, a letter is sent, seeking approval from the minister. While that's happening, the tender board makes a decision on who will get the tender?

Mr Harley: No. The tender board had made the decision on the successful tenderer.

MRS CROSS: When?

Mr Harley: On the 12th.

MRS CROSS: So before the letter went to the minister, you advised him of who had won the bid and how much it was going to be for?

Mr Harley: Yes.

MRS CROSS: You requested the minister's approval?

Mr Harley: Yes—in accordance with section 7 (1) (a).

MRS CROSS: Okay, great. Please continue.

Mr Harley: The minister signed off on 22 November. The whole project—or the timeline—had been pushed back because of a standard sort of lag from when it started in September. As we had tight timeframes for getting the facilities completed for the first Brumbies game in March, as soon as we got the approval from the minister on the 22nd, we sent the fax to the successful tenderer saying that they could commence work. They commenced work—the preliminary demolitions and the like—on the 25th.

MRS CROSS: When was the fax sent to the tenderer?

Mr Harley: On Friday the 22nd.

MRS CROSS: The same day as the minister signed the approval?

Mr Harley: That's right. They commenced work on 25 November.

MRS CROSS: Was there any money exchanged in that interim period?

Mr Harley: No.

MRS CROSS: There was no money exchanged?

Mr Harley: No.

MRS CROSS: How does it normally work with something like this, when someone wins a tender? Do you give them a sort of down payment or deposit?

Mr Harley: They get periodic payments. They have a schedule.

MRS CROSS: How are the payments made? Are they made monthly, quarterly or weekly?

Mr Harley: Generally, in a tender, it works on the basis of 25 per cent, 50 per cent, 75 per cent and 100 per cent—through the project.

MRS CROSS: The work started on 25 November?

Mr Harley: It was completed on 8 March.

MRS CROSS: It was completed on time?

Mr Harley: Yes.

MRS CROSS: There was no problem with the supplier?

Mr Harley: No.

MR STEFANIAK: You've taken Mrs Cross through a process starting in August. There were the key dates of 12 November, 14 November, 22 November, 25 November—and then completion. I take it you still hold documentation in relation to this particular tender—the whole process?

Mr Harley: Yes.

MR STEFANIAK: I seek that documentation for the committee's benefit. Could you provide that?

Mr Harley: We have previously provided all the documentation and details of timing, in answer to questions on notice, to Mr Smyth.

THE CHAIR: I'll dig them out.

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MR STEFANIAK: I'm referring to the documentation, not just answers to questions on notice.

Mr Harley: The documentation's all there.

MR STEFANIAK: You have provided that already?

Mr Harley: Yes.

MRS DUNNE: Mr Harley, presumably you have seen the brief which was annotated by staff in Mr Quinlan's office, as to their not being happy—and the minister also not being happy—about the claim that the contract had been let before the minister's approval. When you saw that, what did you do about it—if that wasn't the case?

Mr Harley: We received the letter from the minister on 6 January.

MRS DUNNE: No. There was an annotation on the minister's approval.

Mr Harley: No. I didn't see that. I haven't seen that.

MRS DUNNE: There is the minister's approval to spend the money in the contract. On the same page is an annotation from a member of the minister's staff, saying the minister was not happy about the fact that contracts had been let prior to his approval being sought. It's on the same page.

Mr Harley: No. I haven't seen that.

Mr Quinlan: But that goes back through the bureau.

MRS DUNNE: On this page it says, "Recommendations: it is recommended that you approve the media facilities." It goes on, "Agreed, not agreed." The word "agreed" is circled. It was signed by the minister on 22 November, and there is an annotation on that page. You've never seen this?

Mr Harley: No, I haven't.

MRS CROSS: How could you not see it, if you got this approval?

Mr Quinlan: There's a letter that goes with it.

MRS CROSS: Another letter?

Mr Harley: The letter went out on 6 January.

MRS DUNNE: It's a minute that's come from Ms Marriage. That is the approval for the upgrade of the stadium. Who got the approval? How did you know that you had the approval?

Mr Harley: I got the letter from the minister on 22 November.

Ms Marriage: There was a letter attached to that brief, which went to Mr Harley.

MRS DUNNE: You got the letter which says: I recommend that you approve facilities and sign the attached letter to Mr Blunn. There was a letter attached to this, and that went to Mr Blunn. This went back to you, Ms Marriage.

Ms Marriage: That's right.

MRS DUNNE: What did you do when you found out that the minister's office believed—we've now been told erroneously—a contract had been let without ministerial approval? What did you do to set the record straight?

Ms Marriage: We made contact with Mr Harley and asked for similar information to what Mr Smyth has sought, over the time. I also presented it to the Stadiums Authority Board, at a future meeting, to highlight that fact. I can't remember the date.

Mr Harley: That meeting would have been in February.

Ms Marriage: It was around February.

MRS DUNNE: You got an answer that said, "Look, there's been a mistake; there's been a mess-up in the system; there's been a misunderstanding in the minister's office. We didn't let a contract without ministerial approval." When did you find that out?

Ms Marriage: I might leave that to Mr Harley.

MRS DUNNE: No. I'm asking you, Ms Marriage. When did you find out?

Ms Marriage: I can't give you the date right here, but there was a response then sent back from the Stadiums Authority to the minister.

Mr Harley: It was 15 January.

Ms Marriage: Thank you—on 15 January.

MRS DUNNE: But, somewhere along the line, someone drafted a letter to Mr Blunn, for the minister's signature, which was signed on 6 January.

Mr Harley: That's right.

MRS DUNNE: That's nearly six weeks. Nearly six weeks had gone by, while the minister's office was labouring under the misapprehension that you were in breach of your act—and, therefore, in that sense, that the minister was in breach of the act. You let the situation go on so far that the minister wrote to your chairman to protest the situation. You didn't set the record right?

Mr Quinlan: The minister wasn't in breach of the act.

MRS DUNNE: You weren't in breach of the act?

Mr Quinlan: No.

MRS DUNNE: Okay, you weren't at any stage potentially in breach of the act?

Mr Quinlan: Someone writes to me and says, "Please approve this." I say, "Yes—that looks fair enough. Has everything been done properly?" If they say, "Yes," then I approve it. That is required of me.

MRS DUNNE: Yes, you're right. Had anyone been in breach of the act, it would be the Stadiums Authority, not the minister.

Mr Harley: That's right.

Mr Quinlan: Yes—that's right.

MRS DUNNE: On 22 November, there's an annotation on a brief that says that the minister's not happy—not happy, Jan. Had I been the minister, I wouldn't have been happy.

On 6 January—that's five weeks later—the minister wrote to the chairman of the Stadiums Authority saying, "I'm not happy that this has happened." How was the minister left labouring under this apprehension for five weeks? Didn't someone advise him, saying, "Look, Minister. You shouldn't write this letter, because it's not the case"? How did that happen?

Ms Marriage: I'd have to look at the letter that was sent to the Stadiums Authority at the time.

MRS DUNNE: To take on notice, I'd like to know who drafted the letter to Mr Blunn. It might be that it was drafted in the minister's office. I don't know, but it doesn't look like the sort of letter that would be drafted in the minister's office. I'd like some chronology of how it was that the minister and/or his staff laboured under this apparent misapprehension for five weeks about a breach of the act.

Ms Marriage: I'm happy to take that on notice.

MR HARGREAVES: Can I get something clear in my head—as to what is being asked? You're asking them to tell you why it was that the minister was labouring for five weeks under a misapprehension over a breach which didn't occur?

MRS DUNNE: That is right. Mr Harley and Ms Marriage tell us that the breach didn't occur.

MR HARGREAVES: You want to know why the officers didn't ease the minister's mind—because it wasn't something that happened at all?

MRS CROSS: Yes.

MR HARGREAVES: Okay, I understand it now. In other words, why did they leave him dangling for that length of time?

THE CHAIR: There is another thing that remains unexplained. Why were the letters to both the successful tenderer and the unsuccessful tenderers dated before your approval was given, Minister?

Mr Quinlan: I don't know of those letters at all.

Mr Harley: The only glitch here is an administrative one. The letters were drafted—they were dated the 11th, but they were not sent.

The fax sent to the successful tenderer is in the documentation I provided to you, which shows that it was sent on 22 November. With the unsuccessful tenderers, it doesn't really matter. They weren't successful and there was no contract being let, or anything like that.

However, there was an administrative glitch, as far as the date on the letter itself is concerned. I'm aware of the administrative glitch, but there was no contract let. There was nothing given prior to the minister approving the contract on 22 November.

THE CHAIR: You said earlier that the work commenced on 25 November, but the contract wasn't signed until 16 January.

Mr Harley: That is right.

THE CHAIR: Is it normal, Minister, that work would be started two months before a contract was signed?

Mr Quinlan: No, it's not.

THE CHAIR: Can we have an explanation as to why that occurred?

Mr Harley: With construction work, that is not uncommon. In a lot of commercial arrangements, it's not uncommon for that to occur. The tender documentation clearly states that, in the absence of a formal contract being signed, the tender fits the bill of the contract. The signature is purely a formality at the end of the day.

THE CHAIR: Except that, under your act, the signature is not a formality. You must have the minister's signature before you can sign a contract—before work can commence.

Mr Harley: We had the approval of the minister. The signing of the contract is a formality. The physical contract itself is a formality. In tort law, it's a formality.

THE CHAIR: Have other major works or upgrades at the stadium started before contracts were signed?

Mr Harley: In the past, sponsorship arrangements have commenced and payments have been made before contracts have even been signed for a supply arrangement, in respect of the signing of a physical document. Sometimes it bounces from lawyer to lawyer for months on end, but an agreement is in place. Once you make an offer, it is accepted and you start to go through the process of that agreement. Then, by all legal accounts, you've got a contract.

THE CHAIR: Is that normal practice, Minister?

Mr Quinlan: I'll take Mr Harley's word for it. I've not been involved in the issuing of contracts within the construction game. I've been involved with various companies, to the point of knowing that, when variations and substantial changes are made, they are virtually done before the contracts are signed. That's been within my experience. Nevertheless, let me say that I'd still prefer to think a contract could be signed before works commence.

MRS CROSS: May I make a suggestion, Mr Chair? I think we need to have this checked out further, to see if there's been a breach. I don't believe there's a problem because, under contractual arrangements in many situations, you have people who start providing services before all the formal arrangements are in place. That is something I've seen happen in business. I'm not sure about the government situation. I guess that's something which must be clarified by us, or by you—so we can clear it up, to make sure.

Minister, can you provide us with a couple of other examples of work which has commenced on a government initiative before a contract's been signed? You can then show precedents, if indeed there are precedents.

Mr Quinlan: Is Bruce Stadium included in the example?

MRS CROSS: I wasn't going to say anything like that—not at all. If this is something that happens regularly, then there is no issue here, in government terms. I know that it happens in business. It's not a problem in business.

Mr Quinlan: How about the Manuka refurb?

MRS CROSS: This is not about political point-scoring—it is simply a matter of addressing process.

Mr Quinlan: Let me say that, on Sunday, a football game took place where commitments were made and plans put in place!

MRS DUNNE: Minister, on 22 November, your staff wrote on a brief that you were unhappy about an apparent breach of the act. On 22 November, were you unhappy about an apparent breach of the act?

Mr Quinlan: As I recall, yes.

MRS DUNNE: Why did you think there had been a breach of the act?

Mr Quinlan: I can't remember the particular information I received. However, as I understood it, when I received the brief, a commitment had already been made. I don't know whether it was in the brief or whether it was verbal advice.

MRS DUNNE: It apparently wasn't in the brief, because it says, "The brief should have reflected this information."

Mr Quinlan: Right—so it wasn't in the brief.

MRS DUNNE: So, presumably, you didn't read it in the brief?

Mr Quinlan: Somebody has told me.

MRS DUNNE: Somebody, somewhere has been in your ear, or in the ears of your staff.

Mr Quinlan: You're looking at the contract. I really can't recall the incident, I have to tell you. I see a few briefs, as you can understand.

MRS DUNNE: I understand that.

Mr Quinlan: I would have been asking questions like, "Why did he get it? Who are they? What are they?" I'm presuming that, during the questioning, they'd say, "That mob—there're already engaged". Hang on! That shouldn't happen.

MRS DUNNE: Could you take this on notice? You might consult with your staff, find out and inform the committee how you came to think that this contract had already been let, without your approval?

Mr Quinlan: Yes—if that's possible.

MRS DUNNE: It is really dependent upon collective memories. Following on from that, when did you become aware that there wasn't a breach of the act?

Mr Quinlan: I can't recall. I was told. Someone said that it wasn't right, but I can't recall.

MRS DUNNE: Ms Marriage, when the minister signs a letter in the department—the letter's probably generated by the bureau of sport, or it relates to sport—does it go back through your department before it's dispatched, or is it dispatched from the minister's office?

Ms Marriage: It's dispatched from the minister's office.

MRS DUNNE: The DLO dispatches it, or someone in the office dispatches it, straightaway?

Ms Marriage: Absolutely. I don't know who dispatches it, but it's gone. We get a signed copy of it back, with the brief.

MRS DUNNE: Okay, but it isn't physically dispatched by the bureau of sport?

Ms Marriage: No—it's gone.

MRS DUNNE: I've already asked if you could tell us who drafted the letter. Minister, didn't you feel a chump when somebody came along, after you had written to Tony Blunn and given him a rocket for this, and you found out that nothing of the sort had happened?

Mr Quinlan: Yes, somewhat—but not particularly. There’s nothing wrong with letting them know you’re around—that you’re not just a rubber stamp. As it was, this was a fairly compacted process. If you write to someone of the standing of Tony Blunn, putting a rocket up him, and find out that it’s not exactly well placed, well yes—but I wasn’t entirely mortified by it.

MR HARGREAVES: Weren’t you relieved to find that the officers were vigilant enough to think there might have been a problem, and then tell you later on that there wasn’t one? They did you a favour in the long run!

THE CHAIR: That raises a question. If there wasn’t a problem, why did you wait so long? Clearly your office knew that, and I assume you also knew. Your senior adviser signed off on the brief before you signed it. Why did you wait from 22 November to 6 January to write your letter delivering the rocket that was no longer necessary?

Mr Quinlan: I wait for the machinery to produce correspondence. My best recollection of this correspondence is that I wasn’t happy with the first draft that came across to me. I can’t give you a date, I’m sorry.

MRS DUNNE: That’s part of the 10 per cent!

Mr Quinlan: Yes. That was part of my 10 per cent—where I said, “No, I don’t like that language. Can we please have that changed?” As Mrs Dunne rightly points out, this was a matter of some importance, as I was writing to a gentleman of Mr Blunn’s standing. I wanted the words changed—and chosen better.

The result you can see. I don’t even know whether the previous draft exists—it probably doesn’t. It should have been hoicked anyway, because it never left—but it certainly went a couple of iterations. Remember, I wasn’t trying to right a wrong or anything—I was just trying to say to the Chairman of the Stadiums Authority that the thing, that I thought had happened, bloody well shouldn’t have happened.

THE CHAIR: If there were a couple of iterations, that means there was a process between 22 November and 6 January where, through the department, or in your office, you were getting new versions of a more suitable letter.

Mr Quinlan: One new version.

THE CHAIR: One iteration?

Mr Quinlan: Yes.

THE CHAIR: One redraft. In that time, nobody managed to say, “We don’t need to do this”?

Mr Quinlan: Certainly after I sent the damn letter, of course. Otherwise there was no point in sending the letter, was there?

MRS DUNNE: People had said everything was hunky-dory and above board. Ms Marriage had raised the annotation on the briefing with the Stadiums Authority, and there was at least one iteration of this letter. I'm surprised that no alarm bells went off and no-one said, "We shouldn't make the minister look like a complete turkey in sending a letter about something that didn't happen."

I'm sorry but, having been a ministerial adviser, I'd like to protect my minister from making himself look a turkey by sending a rocket to somebody about something that didn't happen.

MRS CROSS: Perhaps I can add to that. In this instance, on the face of it, I don't think you're the concern here, Minister. I think you've been put in a vulnerable situation. Correct me if I'm wrong, but it appears to me that someone has bypassed you, made a decision and asked for your signature as an afterthought. In fact, whoever's done that should be kicked out of the department.

THE CHAIR: It's his senior adviser!

MRS CROSS: No, it is not. I like the minister's staff—they're very nice. The minister's staff are the ones who have highlighted the fact that the minister is not happy that someone outside the minister's office approved this contract before it was seen by the minister to be signed. That's what I see from this page. The minister's staff are not the problem, and I want the *Hansard* to reflect that. It seems to me that whoever said yes to the deal before this was sent to the minister is in breach of something.

Mr Quinlan: No. The first letter I wrote was just approved. Nothing happened—on the evidence you've received—until that approval was signed.

MRS CROSS: But this says, "Minister not happy at all with a contract being entered into without ministerial consent. Not to happen again."

Mr Quinlan: What date is that?

MRS CROSS: It is 22 November.

THE CHAIR: It is signed by your senior adviser.

MRS CROSS: "Brief should have reflected this information." This tells me that you were deliberately kept in the dark—that someone has gone above your head and approved something they had no right to approve. Someone deserves a big kick up the back—you know what.

Mr Quinlan: At this point, we thought the deal had been struck. I don't know what's happened, in the context of people thinking they've got a job or not, but the mail that came back to us indicated that the contract had already been let.

MRS CROSS: This is the empire building theme that I've been using for the past week.

Mr Quinlan: No. It doesn't fit under empire building.

MRS CROSS: Someone in the public service has gone over your head, and they deserve to be reprimanded.

MR HARGREAVES: No. There's a misunderstanding in here, as I understand it.

MRS CROSS: His own adviser couldn't have got it wrong—could he?

MRS DUNNE: Mr Harley, in your experience of letting construction-type contracts, can you usually let a contract on a Friday and have them all turning up bright-eyed and bushy-tailed on the Monday to start the job?

Mr Harley: As I said before, if it was someone coming from outside—an external business organisation or construction company—I wouldn't necessarily expect it to happen that quickly. But they don't all roll in on the start date. The only people who turned up on the Monday were the demolition people. They came to knock walls out—they were not bringing in any equipment, as such.

MRS DUNNE: On the Friday afternoon, this fellow had got a tip-off and, on the Monday morning, he had a demolition crew there. I'm impressed!

Mr Harley: As I said, the company which got the job—that was our repair and maintenance construction team.

MRS DUNNE: I must get their number! I need some repair and maintenance work done.

Mr Harley: They do a very good job, as well.

Mr Quinlan: They will knock over a wall, anyway!

Mr Harley: To knock a wall out, all you need is a sledgehammer.

MR STEFANIAK: Mr Harley, apart from yourself, how many office staff do you have in the Stadiums Authority?

Mr Harley: Seven.

THE CHAIR: I have a final question. Maybe I'm sensitive over the word "stadium" but I think all politicians, and perhaps all bureaucrats, these days are a little more sensitive about the word "stadium" if it appears in a brief. Surely, on an issue as sensitive as this, Minister, contracts should be signed. This is taxpayers' money—and \$620,000-odd is a significant amount of taxpayers' money. Surely a contract should be signed before any work commences.

Mr Quinlan: We've just canvassed the issue of custom and practice. My initial answer to that was yes. You heard that—it's on record. I don't know what you're driving at now. You've heard Mr Harley's opinion that, in the construction industry, often it's on a nod and a handshake—and sort out the paperwork later. It's within Mrs Cross' experience and within my experience—at least with contract variations—that it's a matter of get on with it, and we'll sort out the paperwork later—because it's dependent upon your timetables and the availability of the people doing the job for you.

I said earlier that I would prefer it if there were a signed contract in place before work is done, and therefore there is no exposure to debate at a later stage. What if they were to have walked in and knocked over the wrong wall, for example, on the Monday?

THE CHAIR: That's the point.

Mr Quinlan: So that's something with which I don't necessarily concur. In fact, I've got to inform you that I didn't know the date of the signing of the contract until today.

THE CHAIR: Does that concern you?

Mr Quinlan: It concerns me only this much: there is the whole Stadiums Authority, chaired by Mr Blunn. There are a number of people, of quite some substance, who make up that authority. They are charged with running that stadium.

As a function of the legislation, there is a requirement for the minister to approve contracts above \$500,000. That one came to me, with the word that deals had already been struck. I don't like being treated like a rubber stamp. Per medium of the note that went back to the bureau on the briefing, and then in a letter—a letter not sent out in haste, rushed, or whatever, because the thing had already been done—to Mr Blunn, I communicated my displeasure at that process.

I've since been told that it might have looked that way, because it was all concertinaed into a day, or a day and a half. At this stage, I'm assured that that's what happened. It is concerning that some work had been done without a signed contract. I've seen the work since, and it looks pretty neat.

THE CHAIR: The work's fine.

Mr Quinlan: The work's fine.

THE CHAIR: Bruce Stadium is fine, too.

Mr Quinlan: That might be more good luck than good judgment. It was probably done on price, and Bruce Stadium wasn't.

THE CHAIR: That's not quite true.

Mr Quinlan: Yes, I have concern—and I'm on record as expressing that concern.

THE CHAIR: Ms Marriage, referring to the comment received from the minister's senior adviser, the second sentence is the one I'd like to talk about. It says, "Brief should have reflected this information." So, clearly, the information wasn't in the brief that was signed off with this note.

How was that information brought to the attention of the minister, if it wasn't in the brief you sent to the minister, and the minister came away from the meeting—or after reading the brief—with the impression that the contract had already been signed?

Mr Quinlan: I can't tell you myself, because I don't remember who said it.

THE CHAIR: That's the question: how does this information come to the attention of the minister in the first place?

Ms Marriage: We're the administrative link to the Stadiums Authority and, therefore, I'm also an observer on the board of the Stadiums Authority. I'm purely an administrative link from Danny. We base our briefs on the information with which we are provided by the board.

That brief was written according to the information presented to us. Perhaps the minister was advised otherwise, by whatever source. Unfortunately, I don't follow him around, and I'm not necessarily in the same circles as he is, so he might have found out information that I didn't. Nevertheless, from my relationship with the Stadiums Authority, I put in the brief exactly what I was aware of the position being.

MRS CROSS: I have a supplementary question, which is more of a process question. When we go into a contractual arrangement—whether it's by handshake or whatever—the workers compensation aspect on site is covered by the person supplying the service?

Mr Harley: By the contractor—yes.

MRS CROSS: So the government is not liable, if anything happens to the workers who are doing the job?

Mr Harley: That's right. It is the same as public liability.

THE CHAIR: With regard to other parts of the stadium, I refer to a recent event, which was Celtic Crossroads. I note that, in the outputs for this year, you're hoping to have six cultural events at the stadium. Last year we aimed for four and only got two. How will we achieve the six this year?

Mr Harley: You say that last year we aimed for four and only got two. We achieved our target last year—as in 2002-03.

MRS DUNNE: What was your target last year?

Mr Harley: We aimed for a target of six day events for 2002-03. We achieved that with five—being Riverdance and Celtic Crossroads. We had one surplus, because we had a soccer game—and we included the ACT junior rugby union grand finals. That met the target, or met the figures—being a supplementary event.

For this year—2003-04—we're projecting six other events. They include the four rugby live sites for the World Cup finals. We are planning a concert in November, and we also have the ACT junior rugby union grand finals again—to be held over three days in late August. We're expecting an attendance in excess of 10,000. We judge the events based on either a revenue figure—as far as what we bring in—the cost of the event, or the number of days the event takes up.

MR HARGREAVES: Mr Harley, what colour's the grass?

Mr Harley: Green.

MR HARGREAVES: Is it a natural green, or bottle green?

THE CHAIR: That is very witty, Mr Hargreaves!

MRS CROSS: Where's Sue Baker-Finch?

MR HARGREAVES: This is leading to a serious question. I wanted to know about the state of the ground. I'm hearing of a lot of production stuff, as well as football games and that sort of thing. I know the impact which staging those productions can have on the grass. Are we using a specific surface which can easily weather that sort of stuff?

Mr Harley: The Motz stabilised turf system was implemented in September 2000, prior to the Olympic soccer. In the intervening period between then and now, we have replaced less than two square metres of turf, having held up to 100 training and event days per annum.

That in itself is a feat, when you consider that Colonial Stadium in Melbourne, which has the same turf, has replaced its pitch on average twice a year in the same period—that is 17,000 square metres. I don't know whether we have the ideal growing conditions. I would argue that that's not the case in winter, but certainly we have enough sunlight to provide a period of stability through the colder months.

MRS DUNNE: The lesson is: don't put a roof on Bruce Stadium.

Mr Harley: The Motz stabilised turf system has been such a success that their business has grown considerably. They are making inroads into the United Kingdom, where traditionally there are wet pitches. They're being looked at now for replacement turf for Millennium Stadium, which has been a disaster. They've recently gone into Eden Park in Auckland. The word is that they will probably go into a few other places which are experiencing similar difficulties to those we had prior to the turf system going into place. It's turned out to be a resilient system.

MR HARGREAVES: Good stuff! That's what I wanted to hear!

THE CHAIR: Regarding the Rugby World Cup, are we all go for that?

Mr Harley: I hope so.

THE CHAIR: Did I hear the other day on the radio that 95 per cent of the tickets have been sold?

Mr Harley: Well, 94 to 98 per cent of the tickets allocated to the Australian Rugby Union at this stage, which is 50 per cent of the total. Fifty per cent went to the IRB. The take-up in the ACT has been the highest, compared with any state, for the four games. That doesn't necessarily mean that 98 per cent of those people are going to turn up.

Many people have bought tickets—or got in at the bottom end to buy tickets—so they will qualify for finals tickets. That’s a discrepancy that will occur now, as we see bums on seats. We are certainly progressing. From the stage where we initially had a budget of about 12,000 people attending, we’re now planning for more than 20,000 per game.

THE CHAIR: That’s fantastic. Given that 98 per cent of the tickets that can possibly be sold in Australia, or in Canberra, have been sold, will we continue to undertake marketing activity?

Mr Harley: The marketing you see now is generated by the Australian Rugby Union, and it’s a national program. What you see on TV is not driven by us, it’s driven by the Australian Rugby Union.

Our focus with Rugby Celebration Canberra, which was a project to build the tourist impact of the Rugby World Cup, has been mainly on international and interstate regional visitors. That will continue until the cup itself occurs. We have also had links with the Welsh Rugby Union, to entice Welsh tourists and the like out here for the period.

THE CHAIR: What’s the responsibility of the Stadiums Authority with regard to the marketing? Is it something that CTEC’s doing; is the stadium doing it; are you doing it together; or is some other body doing it?

Mr Harley: An organisation called Rugby Celebration Canberra was brought together, in August last year, to concentrate on maximising the benefit of the tourist dollar to the ACT. That committee consists of representatives from Canberra Tourism Events, the Stadiums Authority, Business ACT and the ACT Rugby Union.

THE CHAIR: What’s their budget?

Mr Harley: The CTEC aspect of the budget is roughly \$798,000.

THE CHAIR: And the stadium’s part of the budget?

Mr Harley: The stadium’s part of the budget is purely related to the four Rugby World Cup events, which total approximately \$495,000. Of that, following the 2000-01 financial year, \$200,000 was committed by the government from our surplus funds to secure the rights for the events.

THE CHAIR: How much is Business ACT putting in? Are other people putting in other amounts of money?

Mr Harley: No.

THE CHAIR: So it’s the \$495,000 plus the \$798,000?

Mr Harley: We expect a return of about \$270,000 from car parking, gate, catering, and the like, from those events.

THE CHAIR: Most of that advertising will take place interstate and overseas?

Mr Harley: Yes. Most of our advertising is geared towards bringing in regional, interstate and international visitation through the Rugby Celebration program.

THE CHAIR: How will we advertise internationally?

Mr Harley: Through such things as the *International Rugby Magazine*. That magazine is produced prior to all the major tests—for example, the Bledisloe Cup test series this year and the Wales v Australia test in Sydney in June. We produced postcards that went across to Wales, with a whole range of paraphernalia. We're advertising in Australia House in London. There's an ambassador who roves the Welsh business community.

THE CHAIR: How do you get that job? How do you get the job of ACT rugby ambassador in Wales?

Mr Harley: Obviously, there are a lot of friends of rugby. Joe Roff's an ambassador, as far as the image of Rugby Celebration is concerned. The network has grown. It has been strong, and it continues to grow as we approach the tournament. We're now focusing a little more on the Italian community, because of the Italian games here.

THE CHAIR: Is that job up for grabs? Do we have to speak Italian?

MR HARGREAVES: I'll pay for the lessons!

Mr Harley: We're focusing on the domestic Italian community—as in the Sydney and Melbourne markets—as opposed to the international, given the Italians' poor attendance at Six Nations games.

MR HARGREAVES: The take-up on the tickets has been fantastic—or at least the bookings. Has there been any corresponding take-up and forward booking of accommodation—hotels, motels, et cetera? Do you get any feedback on that?

Mr Harley: Yes—I think so.

Mr Quinlan: We'll get back on that. CTEC is heavily involved in this as well, with the celebration committee and the rugby fraternity. As Danny was saying, you've got Joe Roff. I was talking to Peter Ryan, who owns my local dry cleaning place. He is an ambassador. He's involved in some other do's and deals between now and then. There's a lot happening.

THE CHAIR: The Ryan boys are at work!

Mr Quinlan: Peter loves it, as you'd understand.

THE CHAIR: Yes.

Mr Quinlan: If you like, we can give you an on-notice reply from CTEC. They've got a program of what they're doing—as well as the operational arm of the committee.

THE CHAIR: Is there a cost benefit analysis of the benefits all this will provide to Canberra? Has that work been done?

Mr Quinlan: I wouldn't think that there's a cost benefit analysis in great detail, although we have probably made the wild assumption that it will be pretty damn good.

THE CHAIR: We're going to spend almost \$1.3 million on a wild assumption that it will be pretty damn good?

MR HARGREAVES: Is that \$7 million less than the last pretty damn good shot?

THE CHAIR: Can you confirm whether or not there's a cost benefit analysis?

Mr Quinlan: I'll get back to you on the detail and depth of it.

THE CHAIR: Could you provide it to the committee?

MR HARGREAVES: With the speed of a V8!

Mr Quinlan: I don't expect that it was in great depth—for something that's fairly obvious.

MR STEFANIAK: If you haven't done it, will you do it? Will you do an economic impact study after the event?

Mr Quinlan: Yes, we'll look at it. We'll certainly do our post mortem—so we know what it's worth. There's not much point in doing a prospective cost benefit analysis, now that we've made commitments. Nevertheless, it would certainly be worth our while to look at exactly what happened over the town. Whichever multiplier is used—whether it's Professor Mules' multiplier or Treasury's multiplier, we can get you any answer you want.

THE CHAIR: Are there any more questions for the Stadiums Authority? No. Any other questions members might have, we will put on notice and move on to the Gambling and Racing Commission. Thank you, Mr Harley.

Mr Harley: Thank you.

THE CHAIR: As the minister responsible for the Gambling and Racing Commission, would you like to make an opening statement?

Mr Quinlan: I will quote from *Law Matters* by one Richard Brading, principal solicitor of the Wesley Community Legal Service. It says:

On 1 December 2002, with little fanfare, the Australian Capital Territory introduced what is probably the most radical gambling harm minimisation program in the world.

MRS DUNNE: If I were you, I would have done that with more enthusiasm.

THE CHAIR: Yes. Can we have that once more, with feeling? Mr Curtis, would you like to expand on the minister's opening statement?

Mr Quinlan: No. We're happy to take questions.

MR HARGREAVES: You're wearing that with a badge of honour.

THE CHAIR: Yes—and you should. Minister, I note the opening statement and the comment. There's a great deal of concern, not just from the committee but also in the community, about problem gambling. Is the commissioner able to tell us the effectiveness of the harm minimisation program—or what effect he has seen since that has been put in place?

Mr Curtis: I am Tony Curtis, Chief Executive of the ACT Gambling and Racing Commission. The code of practice came into effect on 1 December last year. There were some provisions which didn't take effect until 1 May.

As members of the committee would be aware, there has been a media campaign conducted in respect of the promotion of the code of practice. That was done in two phases—initially following the introduction in December. About a fortnight ago, we followed that up with a similar campaign.

The ACT government has noticed that there have been a number of follow-up phone calls to the commission. We had hoped that those phone calls would have gone directly to service providers—for example, Lifeline or Gambling Care—but we're finding that our own switch is taking a number of calls. In fact, I've recently fielded a couple of those calls myself.

I believe it has heightened community awareness that problem gambling is an issue in the community—if we didn't know that already. It's also heightened awareness within the gambling industry generally that the industry must take some responsibility for the causal harm which comes from providing that service to the community. The commission has been working with the industry, to educate staff involved in the provision of gambling services.

We've also had involvement through community groups, and through our gambling reference group, which consists of the peak community groups—for example, ACTCOSS and Lifeline. It's probably too early to gauge what effect that is having on reducing problem gambling, but I'm pleased to say the early indications are that there is some response from the community.

THE CHAIR: We've helped to sponsor the Chair of Gambling at the Australian National University Centre for Gambling Research. Where's that project at?

Mr Curtis: Professor Jan McMillen, who was previously with the University of Western Sydney, has taken up the chair. That occurred approximately three weeks ago. There was a delay. I mentioned at the previous estimates that we were on the verge of announcing the appointment. There were contractual arrangements with the University of Western Sydney which delayed her appointment.

MR STEFANIAK: A bit slower than the stadium!

Mr Curtis: I'm pleased to say that the research centre at the University of Western Sydney has closed down. The contents of an immense library located there have been donated to the ANU. It has come with Jan and the staff. Jan has brought a number of people with her, and also a number of projects which were on stream with other organisations.

Members would probably be aware that there have been two seminars conducted in the first month of her taking up the chair. Professor McMillen met with the commission and the community gambling reference group last week. I understand that, in coming weeks, she will also meet with the ACTCOSS gambling reference group—which is largely made up of service providers. I think we'll see the products of her appointment over the next 12 months.

We've already had discussions about potential research topics. I mentioned at the last Estimates Committee hearings that an Australian Research Council grant application had been made. We're hopeful of hearing, within the next fortnight, something positive in relation to that.

That relates to adolescent gambling in the community. The commission saw that as an area of immediate concern—based on advice from Professor Deverenski—a world-renowned expert in this field in Canada who visited Australia last year—that this was probably the area within the community where government and the community could make the biggest impact.

MR HARGREAVES: What form is adolescent gambling taking? Is it poker machines, horses—or two flies on a wall?

Mr Curtis: We don't know. World experience and, in particular, Canada is that kids are engaged in all forms of gambling—from buying scratchies and betting on the internet to visiting TABs. I don't think Australia would be any different.

MRS CROSS: Can kids buy scratchies? I thought they had to be over a certain age to buy scratchies.

Mr Curtis: They do have to be.

MRS CROSS: They're provided by governments! Sorry.

MS DUNDAS: On the question of adolescents' access to scratchies, were you concerned to hear about what was going on in the public housing area, where they were giving out scratchies as an incentive to return a survey form?

Mr Curtis: Through you, Mr Chairman, my knowledge of that has come only through media reports in recent times.

MS DUNDAS: It was uncovered at estimates last week. The minister admitted that scratchies were being used as an incentive to get surveys returned from tenants in public housing. Do you see that as a concern?

Mr Curtis: I don't know the full circumstances. It may well be a concern. We'd be happy to look at that, if it were referred to us.

MR HARGREAVES: It would depend on whether the scratchies were given to underage tenants, wouldn't it?

MRS DUNNE: I have a range of questions, but I'll start with the numbers. We've got an anticipated \$49 million from gambling taxes this year. How does that compare with what was budgeted for last year?

In BP 2, it says that we anticipate \$49 million. That's in the breakdown of taxes, fees and fines within the budget proper in BP 3. I can find a percentage breakdown, but not a numeric breakdown, of gambling taxes. What was budgeted for in 2002-03, compared to what is budgeted for in 2003-04?

Mr Curtis: I might hand over to Mr Collins, the manager, coordination and revenue, to field that question.

THE CHAIR: Only if he sings his answer!

Mr Collins: I'm very untalented in that regard, Mr Chair.

THE CHAIR: My apologies, Mr Collins. It's late on day seven of the estimates!

MRS DUNNE: The Gambling and Racing Commission always comes late, doesn't it?

Mr Collins: For the 2002-03 budget, in taxes, fees and fines, there's \$46.69 million, and our estimated outcome is \$48.436 million. We're expecting the rise to come from an increase in Victorian lotteries revenue. The sale of tickets in the Victorian lotteries in the ACT comes back to the ACT. The increase there is due to jackpots, which we obviously can't predict. Of course, jackpot activity increases the revenue there. We're expecting an increase in gaming machine revenue of about \$500,000.

MRS DUNNE: Sorry, can you repeat the figure please, as to the increase in gaming machine revenue?

Mr Collins: An increase in gaming machine revenue of \$542,000.

MRS CROSS: From what? Why are you expecting that increase?

Mr Collins: The level of activity. That's from the budget to the estimated outcome. It's just the level of activity.

Mr Collins: Again, it's difficult to forecast the level of activity across the year. That's the increase between the budget and the estimated outcome.

MRS DUNNE: But is it not the case that, over the past two or three years, your outcomes have been higher than your estimated outcome—higher than your budgeted outcome?

Mr Collins: It's been fairly close. A complicating factor two years ago was the GST. The problem was that, after the introduction of the GST, rather than paying the money to us, the clubs pay it in the form of GST—and the money comes back. That affected the forecasts. Nevertheless, the forecasts for last year and this year have been fairly close. The other increase is in the fees for regulatory services. The increase there is about \$230,000. Most of that was in sports betting turnover fees.

MRS DUNNE: Earlier today, we had ACTTAB here. There was some talk about the fall-off in TAB revenue from premium betters. Obviously we're not seeing that in gaming machines. Are we seeing a fall-off in revenue from other sources?

Mr Collins: No, we're not.

Mr Curtis: No. Mr Chairman, in respect of that matter, my advice is that the premium punters are a fickle group who are likely to go where the best odds are. Whether that's with the TABs, the corporate bookmakers, or, in more recent times, betting exchanges located in the UK or offshore, that's where they'll go. It's a highly competitive market.

I don't know what ACTTAB's response to that question was, but it could affect revenue, in respect of the movement of three or four major punters, to the tune of \$5 million or \$6 million a year.

MRS CROSS: What is the definition of a premium punter? Is that a person who bets \$1 million or more a year?

Mr Curtis: My understanding is that they're professional punters who may turn over millions and millions of dollars in a calendar year.

MS DUNDAS: On page 352, there's been a small increase in employee expenses, which will remain high. Are you following the trend and moving to more permanent staff, as opposed to casuals? What's going on there?

Mr Curtis: We've had a particularly difficult year with employees. We've been unfortunate in having two or three absent on long-term leave—one of those at a senior level—which has necessitated the engagement of contractors.

There are a number of factors which impact on staffing, not the least being interactive gambling. With the fact that that was probably going to be the growth area a couple of years ago, it remains unknown what effect that's going to have on the ACT and, in particular, on the commission and its staffing.

There's a review of the Commonwealth legislation underway now. If media reports are to be believed, there could be a relaxation of the prohibition on interactive gambling. It could follow that we would be required to deploy additional staff in that area.

I think our numbers are probably going to remain largely as they are now. We have approximately 35 staff engaged in the full ambit of regulatory activities. I don't expect any major increase in that.

Mr Collins: The increases beyond the budget year are the EBA salary increases. There are no forecast salary increases or staff increases.

MS DUNDAS: Are you maintaining the level of contractors, or do you expect that they will drop off as people come back from leave?

Mr Curtis: It's difficult to assess. There are a couple of people on long service leave, who were formerly employed solely as casino inspectors. In the past 12 months, they have become part of a more generic compliance area, where they're engaged in conducting all forms of audit and compliance checks across the full spectrum of gaming activity.

Some of those employees have opted to look for opportunities further afield. I suspect we're going to lose a couple of them. That will mean that people who are currently on contracts may subsequently be contesting permanent positions.

MS DUNDAS: Moving on to a different topic, page 351 of BP 4 shows, at dot point 2, a highlight of completing and implementing the outcomes of reviews of a number of ACT gaming laws. I was wondering if you could expand on what you hope to be doing over the next financial year, with regard to that?

Mr Curtis: As members would be aware, the commission has reported to government in relation to the review of the Gaming Machine Act 1987. I understand a response to that is imminent. We hope to be subsequently implementing the outcome of that response, in the form of new legislation.

We're also currently in the throes of reviewing lotteries and pools betting legislation, and there is also a review of the sports betting rules. That came about as a result of concerns expressed in the Assembly, and through other sources, about credit betting. The aspect of credit betting will be taken into account in the review of the rules.

MS DUNDAS: Minister, would you like to comment on the status of the review into the Gaming Machine Act?

Mr Quinlan: As to when, if, and how high?

THE CHAIR: Soon, real soon, longer soon or extended soon.

MRS DUNNE: Not very soon?

MS DUNDAS: When will the government be responding, so the commission can get on with implementing it?

Mr Quinlan: Fairly promptly. In fact, the response is in the process of preparation now, but it still has to effectively go through cabinet. I've been through it with my officers, in saying what I believe our response should be, but it's not a case for me to decide by myself. It will go through a couple of loops and then hit the light of day.

MRS CROSS: While we work out where the profits go?

MR STEFANIAK: A month, five months?

Mr Quinlan: Yes.

MRS DUNNE: Not Friday?

MR STEFANIAK: Which one?

Mr Quinlan: Yes—not Friday.

THE CHAIR: Not Friday—a month is likely.

Mr Quinlan: Not Friday—not tomorrow.

THE CHAIR: You're almost expansive, now that it is late in the afternoon, Minister.

Mr Quinlan: Yes, I know.

MS DUNDAS: Regarding the outcome of the review, following on from a question Brendan asked, do you think you're doing enough to combat problem gambling and the risks?

Mr Quinlan: You missed my introduction, didn't you?

MS DUNDAS: I did—I'm sorry. I was walking down here to talk to you about it.

THE CHAIR: Do it again, Treasurer.

MRS CROSS: It was good, Ros.

THE CHAIR: One more time, with feeling!

MS DUNDAS: I can read *Hansard*.

THE CHAIR: No. You need to hear this.

Mr Quinlan: This is from a Richard Brading, principal solicitor of the Wesley Community Legal Service. It says:

On 1 December 2002, with little fanfare, the Australian Capital Territory introduced what is probably the most radical gambling harm minimisation program in the world. Forget arguments over smoky gambling dens or mandatory shutdowns, the A.C.T. Has a straightforward approach to stopping problem gambling.

MRS CROSS: Shakespeare you ain't!

Mr Quinlan: And a Shakespearian actor I ain't!

THE CHAIR: The time is 12 minutes to five.

Mr Quinlan: We think we're doing okay.

MS DUNDAS: Thank you, Treasurer.

MR STEFANIAK: You've sort of answered one of my questions as to when you are going to respond. How long is a piece of string? I won't expand on that, Minister. As of a couple of weeks ago, there were some 5,068 poker machines, all but 66 of which were class C. The other 66 were class B—in licensed premises. Have any more poker machines been either allocated, or approved for allocation, to establishments entitled to get them since the Assembly last sat?

Mr Curtis: No. There are a number of applications in train. In one instance, the commission has gone back to the applicant to seek additional information. It's possible that at least two of those applications will be dealt with in the next month, depending on the response to the request for additional information.

There's also the potential surrender of a licence by the Tradesmen's Union Club at Dickson, which involves about 60 machines—and their Downer Club. It's unfortunate that it's not just a case of surrendering licences. The legislation, being as antiquated as it is, provides that we must go through a process of disciplinary action to have the licence surrendered and the machines handed back. There are probably another 60 machines to be added to that pool.

MR STEFANIAK: With regard to sports betting, I thank you for the answer to the question on notice that there are still six sports betters here. What is the current turnover for sports betting? What income do we get in the territory as a result?

Mr Collins: The estimated outcome for income is \$1.38 million. That's forecast to fall in the outyears, because of Canbet moving from the territory to the UK. As to the turnover, we'd have to give you that on notice.

MR STEFANIAK: If you would. I understand that, last year, the income was around \$2 million, prior to Canbet leaving.

Mr Collins: Yes. In fact, our budget was \$1.2 million—and last year was similar.

MR STEFANIAK: With regard to Canbet leaving, I think that had a lot to do with interactive gaming. Have you done any estimation as to, as a result of the federal rules, how much potential money the territory's now got onshore as a result of interactive gaming?

Mr Curtis: No. It's difficult to gauge the impact it's had nationally. Members of the committee would be aware that the territory is involved in what's known as a cross-border betting taskforce, looking at issues related to a whole range of matters relating to wagering generally. The focus of that working group has shifted recently to betting exchanges.

Another report is being prepared, which looks at the impact of betting exchanges. The licensing of those organisations in the UK is certainly having an impact on the wagering industry, and that will need addressing. The survival of the racing industry rests on deriving the moneys from turnover of wagering. There's a real concern that, if this issue is

not addressed by racing ministers in the immediate future, we can expect a dramatic increase in or effect on revenues from racing. I don't know when racing ministers will meet to discuss these issues, but I expect it will be in the next three months.

THE CHAIR: At the spring carnival!

Mr Curtis: If there's any relaxation of the interactive banning legislation which the Commonwealth introduced, I expect there may be further applicants for licences in the ACT.

MR STEFANIAK: With interactive gambling, 99 per cent of betters we are dealing with are offshore betters, aren't they? They're not ACT punters.

Mr Curtis: No. The majority of the money wagered with Canbet was derived from North America. I think that's the case with the major operators in the Northern Territory—most of the money is sourced offshore.

MRS DUNNE: Mr Chair, Mr Stefaniak's question segues beautifully into mine and goes back to the famous contretemps with the former racing minister in New South Wales.

Mr Quinlan: A prominent consultant!

MRS DUNNE: A prominent consultant in the racing industry—about access to TAB services and things like that, which has been threatened for a long time. How have you progressed this?

Mr Quinlan: We think that particular problem doesn't loom as large as the prospect of the abandonment of the gentlemen's agreement. In fact, that whole imbroglio has focused states and territories back on the essentials. There's no doubt that the gentlemen's agreement favours the ACT, inasmuch as we don't repatriate a slice of money received from interstate, and we don't repatriate money to the providers of the product—we keep the money here. Through the racing development fund, we allow funding through to our own racing industry here, which is growing bit by bit.

Nevertheless, there are still battles to be fought in trying to maintain the gentlemen's agreement and not get into the complex process of sharing the margin on each bet. I understand that, a month or so ago, the new New South Wales racing minister went to the races, for the first time in his life.

MRS DUNNE: Do you have a more civilised environment in which to do this, now that there's been a change of personnel in some of the jurisdictions?

Mr Quinlan: I don't know.

THE CHAIR: Are you talking about racetracks or office venues?

Mr Quinlan: Will I be in the committee room of the BRC ever again, in morning coat and tails? No, I won't—and I haven't been.

MRS CROSS: I can't imagine you in that outfit!

MRS DUNNE: I wanted to go back to the code of conduct that the minister started with, and which Mr Curtis spoke about before. This morning we spoke about the code of conduct, and Ms Dundas asked ACTTAB about the code of conduct. As of 1 December, ACTTAB and other gambling providers must provide training to their staff about problem gambling. What does the commission do to ensure that this has happened, and that it continues to happen?

Mr Curtis: We're working with the education providers. So far, I understand we have approved eight staff training programs for licensees. The commission's also involved in the provision of that training. We're providing the government input to that aspect of their training. We've recently conducted an audit program and, prior to 1 May 2003, we'd conducted 147 audits of gambling providers across the board.

MRS DUNNE: That's not just gaming machine venues—that's across the board?

Mr Curtis: That's across the board, in relation to compliance with the code. Since that date, we've conducted a further 14 audits.

The approach we've taken in respect of that compliance audit is one of education of the providers. That entails me, or a member of staff, writing to those who aren't in compliance—or those we believe not to be in compliance—pointing out the particular aspects of the code they may not be complying with, or which we believe they are not complying with.

MRS DUNNE: It's not punitive—it's still educative at this stage?

Mr Curtis: It is educative, yes.

MRS DUNNE: I know the gambling industry is a highly casualised work force, in many places. I had a conversation with someone at lunchtime today in relation to this.

This person had not received any training in the gambling venue up until recently, when they were shown a piece of paper saying that a particular person has been excluded and told, "You're not to serve this person if he comes in." When she asked why, the answer was, "Oh well, we've got this responsibility." but there hadn't been any of the backfilling. This was someone who had been employed in this venue for six or eight months. There's still a process of making sure that these providers know what their responsibilities are.

Mr Curtis: Yes. We've taken the approach that we don't think sanction is an appropriate response at this point in time, given that the industry has had to endure, and face up to, mammoth change. Despite that, I guess the time will come—and not too far down the track—when, if operators aren't compliant with the code, more stringent action will have to be taken.

MS DUNDAS: Following up on that, 161 would be the total figure of the places that have now been audited. Would you care to give a figure to say how many are compliant or otherwise?

Mr Curtis: No, I don't have those details. It's difficult to estimate, but I imagine that fewer than 20 are not compliant. That may be on just one aspect of the code, or on multiple aspects. For example, in recent times, we've had to correspond with people who have internet websites, to remind them of the obligation that there be a link to counselling services provided on those websites. It is an education process. I don't think some operators have taken the code seriously, but—rest assured—they will be.

MS DUNDAS: Regarding the audits you have completed, is there a report the committee can see—or is it not at that stage?

Mr Curtis: No. It's done by people from the compliance and investigations team. They have a program of visiting the providers. They come back and prepare a report in respect of each individual. Bear in mind that, when most of these audits were conducted, some aspects of the code weren't mandatory.

It's interesting to note that we've had reactions from some providers saying, "It wasn't mandatory that we comply with this when you conducted the audit." We've gone back and said, "Look, we're just trying to educate you. That was the whole purpose of the audit." So I guess it's a matter of working with the industry, to ensure their compliance.

MRS DUNNE: Mr Curtis, this year, when you do your gaming machine committee contribution report, you have to report on women's sport, and the contribution which has been made to women's sport. No, you don't have to do that.

MS DUNDAS: It's now another criterion.

MRS DUNNE: It's now another criterion. How will you judge whether or not the money's actually gone to women's sport?

Mr Curtis: You'll note from our reports to the minister in relation to compliance with the community contributions aspects of the Gaming Machine Act that last year—I think it was about 14 June—this particular provision, or amendment to the legislation, took effect. Bearing in mind that operators were not obliged to report until 30 June, I think the initiative was little known within the industry generally.

MRS DUNNE: It will be crunch time this year.

Mr Curtis: I think so. From recollection, we had reported \$118,000 in actual contributions, which translated to \$157,900 adjusted. It may be that some of the expenditure reported last year was directed to women's sports, but the operator hadn't been in a position to define what percentage of their contributions had gone to women's sport.

MRS DUNNE: My question was really: what will you be doing to verify that, if a gaming machine provider says they made X contribution to women's sport, it has actually gone to women's sport?

Mr Curtis: When we receive the annual reports, we conduct a process of verification of those claims, but it's done only randomly. It would be impossible and not cost effective for us to verify every contribution a provider claims to have made. But I've found in the past that, when they report, they generally give us far too much information.

MRS CROSS: They're trying to snow you!

Mr Curtis: Possibly. It's not unusual for us to reject claims against the specific criteria on which they report. In fact, we've ended up in the AAT on a couple of occasions, with some of those claims being disputed—but none relating to women's sport at this stage.

MRS CROSS: They're coming.

MRS DUNNE: Let's take an example from the debate. There's an ice-skating club in Canberra which operates out of the ice-skating rink. It is contributed to by a club. My kids used to be members of the club, and I would say that 90 per cent of the members of the club are girls. That could be a Club X.

MRS CROSS: I never knew you went there, Vicki!

MRS DUNNE: How do you work it out? Do you rely on them to tell you, or do you go out and check?

Mr Curtis: If the detail provided was as brief as that, I think we would be going back to them, asking for further particulars. It's a time-consuming process. It normally takes four of our staff, working full-time for anything up to eight weeks, to go through the claims, verify them and go back to the operators as required.

MRS DUNNE: Your minister made it more complicated this year!

MS DUNDAS: Do you believe that the changes to the legislation will be an effective way of directing more money towards women's sports? Do you have any idea of that yet, or do we need to wait until after the annual reports?

Mr Curtis: I suppose members have noted that only 1.2 per cent of total contributions reported last year were attributed as having gone to women's sport. The amount that will be reported this year is anybody's guess. I think the introduction of that particular provision will have some impact, in that clubs will see as a benefit the four-for-three contribution benefit. I expect there will be an increase in moneys being directed to women's sports—or at least we hope so.

THE CHAIR: Minister and Commissioner, thank you for your attendance. I declare the meeting closed for this afternoon. Members of the committee might stay for a quick meeting.

The committee adjourned at 5.09 pm.