

**LEGISLATIVE ASSEMBLY FOR THE  
AUSTRALIAN CAPITAL TERRITORY**

**SELECT COMMITTEE ON ESTIMATES**

**(Reference: Appropriation Bill 2004-2005)**

**Members:**

**MR B STEFANIAK (The Chair)  
MS K MacDONALD (The Deputy Chair)  
MS R DUNDAS  
MRS V DUNNE  
MR J HARGREAVES**

**TRANSCRIPT OF EVIDENCE**

**CANBERRA**

**WEDNESDAY, 19 MAY 2004**

**Secretary to the committee:  
Ms S Leyne (Ph: 6205 0490)**

**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).

19 May 2004

**The committee met at 9.19 am.**

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

Economic development, business and tourism portfolio

Mr Mike Harris, Chief Executive, Chief Minister's Department

Mr Karl Phillips, Financial Controller, Corporate Finance, Chief Minister's Department

Mr Phil Hextell, Director, Accounting Branch, Treasury

Mr Peter Gordon, Executive Director, Business and Tourism, Chief Minister's Department

Mr Geoff Keogh, Director, BusinessACT, Chief Minister's Department

Mr Ross MacDiarmid, Chief Executive, Australian Capital Tourism Corporation

Ms Sarah Hitchcock, Manager, Corporate Services, Australian Capital Tourism Corporation

Mr Chris Sanchez, Chief Financial Officer, Australian Capital Tourism Corporation

**THE CHAIR:** You should understand that these hearings are legal proceedings of the Legislative Assembly, protected by parliamentary privilege. That gives you certain protections and 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, because giving false or misleading evidence will be treated by the Assembly as a serious matter. I ask the people giving evidence to state their names and the capacity in which they are appearing. Those at the table can do so now and the people who are called up should do so as soon as they are called to the microphone.

**Mr Harris:** Mike Harris, Chief Executive, Chief Minister's Department.

**Mr Gordon:** Peter Gordon, Executive Director, Office of Business and Tourism, Chief Minister's Department.

**Mr Keogh:** Geoff Keogh, Director, BusinessACT, Chief Minister's Department.

**Mr Quinlan:** Ted Quinlan, minister for a few things.

**THE CHAIR:** If you are taking a question on notice, please clearly identify that you are doing so. It is then your responsibility to check the transcript and respond to the question. Responses to questions taken on notice are required within three full working days. The transcript will be emailed to the minister and the departmental contact officer for distribution to witnesses as soon as it is available.

We may have some delays with the transcripts because of the late sitting last week. I suggest that officers take note of questions taken on notice in case there is a delay with the transcript. Also, members should clearly identify whether they want a question to be taken on notice. Please give any page references that are relevant. As you know, these proceedings are being broadcast to government offices.

First up we will have output class 2, economic development. I will get the ball rolling with a few questions on output class 2.1. Firstly, I commend the revised break-up of activities into more appropriate output classes. It is more logical to have economic development grouped and then sport and recreation grouped together but separated from economic development. There are still some questions in relation to not enough information being provided in the output classes, but at least the break-up is more logical and I do commend that.

I have a question in relation to the figures on page 46. I note that the actual revenue and the expenses are due to drop in the outyears, and not inconsiderably—the revenue from \$40 million to \$33 million and the expenses from \$40 million to \$36 million in the outyears. What is the basic reason for that?

**Mr Gordon:** The change in those levels mainly reflects differences in funding the knowledge fund.

**MRS DUNNE:** Can you expand on that, Mr Gordon? What are the reductions in funding?

**Mr Gordon:** The knowledge fund has fluctuated from between a bit over \$2 million a year to up to \$5 million a year and, depending on the delays in when the grants are actually made, the amount of knowledge funding in the outyears is less than it was in the years leading up to 2004-05.

**MRS DUNNE:** But in the initiatives on page 168 of BP3 it is said that the small and micro business programs initiative provides for an increase in the knowledge fund to support development and commercialisation, et cetera. The budget papers say that there has been an increase in the knowledge fund of \$3-odd million over this year and the outyears, but you are saying, Mr Gordon, that there is to be, in fact, a decrease in the knowledge fund over the outyears.

**Mr Gordon:** On a year-by-year basis, the decrease for the knowledge fund rollover was \$2.361 million. There is a decrease in the financial years 2007 and beyond for the ICT centre of excellence funding. The decrease in 2006-07 from 2005-06 is a discontinuation of the knowledge fund, which takes out \$3 million.

**MRS DUNNE:** Sorry, can you say that again, please?

**Mr Gordon:** Geoff Keogh would be able to explain it more clearly.

**MRS DUNNE:** So we're having a discontinuation of the knowledge fund in which year, did you say?

**THE CHAIR:** It was 2007, wasn't it?

**Mr Keogh:** Sorry, in the knowledge fund for 2004-05 and 2005-06 there is a total of \$5 million, which is the \$3 million that the government allocated a couple of years ago.

**MRS DUNNE:** And \$2 million of new money.

**Mr Keogh:** Plus \$2 million. Following 2005-06, the \$2 million continues and the government decided to wait until 2006-07 budget to make a decision about whether to continue the \$3 million that's flowing through from these years. So in 2004-05 and 2005-06, the knowledge fund is \$5 million. From 2006-07 it's \$2 million guaranteed, but to be revisited in the 2006-07 budget.

**MRS DUNNE:** Okay. Minister, why, on page 168 of BP3, does it say that there is an increase in the knowledge fund? There is an increase this year, but there is a decrease next year with the chance that the government might put some more money in to maintain the existing level of funding on the never-never. So it's \$5 million this year but it is going to drop to \$2 million.

**Mr Quinlan:** What we'll do is we'll take it on notice and we'll give you a statement of the funding over the years from the current financial year through the budget.

**MRS DUNNE:** Is what Mr Keogh said correct, that the government is going to decide for the next budget whether the \$3 million that is currently there—

**Mr Quinlan:** What the government has done, as you know, through the third appropriation bill this year has put \$10 million into the commercialisation fund, which is anticipated would overlap into the function of the knowledge bank because the knowledge bank was used for smaller grants. Therefore, we believe that we have made far more contribution, and far more positive contribution, to the development of business in the ACT than has ever been done before, but we have to set reasonable limits; we can't just spend, spend, spend. I noticed Mr Smyth claimed that the knowledge fund was a failure in one of his press releases.

**MRS DUNNE:** It's looking pretty convincing.

**Mr Quinlan:** I don't know whether you're arguing passionately for it or against it.

**MRS DUNNE:** You introduced the knowledge fund a couple of years ago.

**Mr Quinlan:** Yes.

**MRS DUNNE:** You now can't guarantee its continuation in any meaningful sense. Do you think it's a failure? Why are you pulling money out of it?

**Mr Quinlan:** No, I don't think it's a failure, but you have to say, given that previous governments did pretty well nothing and had some quite—

**MRS DUNNE:** No, we're not talking about history; we're talking about what you're doing.

**Mr Quinlan:** I'm just putting it in perspective, Mrs Dunne; please do me the courtesy of allowing me to do so.

**MRS DUNNE:** No, I'm actually asking you a question about whether you think it's a—

**Mr Quinlan:** I'm sorry, I'm not going to go through that exercise of answering exactly

19 May 2004

the way you would like it answered so that you can somehow draw idiot conclusions from it. Let me just say—

**THE CHAIR:** Just answer the question. You used the word “idiot”.

**Mr Quinlan:** Excuse me; I don't need to take directions from Mrs Dunne as to how to answer the question, thank you.

**THE CHAIR:** All right. I think you used the words “idiot conclusions”. Can we keep a civil tongue?

**MRS DUNNE:** Also, Mr Treasurer, I don't expect to hear idiot conclusions from you, so keep a civil tongue in your head.

**THE CHAIR:** I'll do that, Mrs Dunne. I'd like you to withdraw the word “idiot”.

**Mr Quinlan:** Okay.

**THE CHAIR:** Thank you. Please continue.

**Mr Quinlan:** Right, where was I? Yes, that's right, I was just saying that the knowledge bank commenced after what we would describe as a void in business assistance, some fairly classic and quite spectacular failures or misdirection of funds. There was at that point in time when we came to government a need, if you like, to take up considerable slack, and we have. I think that what we need to do beyond that is to apply reasonable resources, having taken up that slack that existed at the time we came to government.

**MS DUNDAS:** You might need to take this on notice: can you please inform us why the knowledge fund has been rolled over, or some of the knowledge fund has been rolled over, for every year it has been in operation? In the context of that, how much money has actually gone to businesses out of the knowledge fund?

**Mr Quinlan:** There will always be rollovers in the process because we offer assistance in a staged process, so that if someone makes an application—Mr Keogh will be able to describe it a bit better than I—we don't just give a lump of dough, but there are milestones to be achieved and therefore, within the fund, there is commitment contingent on certain things being achieved by the recipients, so there will always be a rollover process.

**Mr Keogh:** That is right, yes.

**Mr Quinlan:** And if we don't spend it all—we haven't even committed it all—we don't see why we shouldn't take it forward.

**MS DUNDAS:** No, I'm glad that it's not disappearing back into consolidated revenue, but I would like to know how much has gone to business since the fund commenced.

**Mr Keogh:** All the funding that has been allocated has gone to business. The only reason that there is a rollover is, as the minister said, we are milestone-based and we require grant recipients to meet milestones, normally three or four milestones for each grant.

Once a milestone is met, the amount of funding allocated for that milestone is paid. A grant of \$150,000 might have three milestones of \$50,000 each. Some of those milestones, because the program for the business will run for 12 months or so, will fall into the next financial year. Therefore, we roll over the funding for those milestones that haven't been met. But when those milestones are met, that funding is paid.

**MR HARGREAVES:** So the full allocation is actually committed, but the cash expenditure is the one that's actually rolled over.

**Mr Keogh:** The full allocation is committed each year. The cash amount is rolled over to the next year for those milestones that have to be met, and then in that next year the full amount is allocated and, if some of the milestones aren't met, the cash is rolled over to the next year.

**MS DUNDAS:** What is done to help businesses achieve those milestones? If they look like they're not going to make the third milestone, is there assistance provided to help them reach the target?

**Mr Keogh:** We have client managers who work with all the recipients of grants to ensure that they're meeting their milestones and there has been very few cases where the milestones haven't been met because we negotiate the milestones with the successful applicants before we enter into the agreement.

**MS DUNDAS:** And each milestone or achievement is individual for each case, so you can't give me, I guess, a general list of what those milestones are.

**Mr Keogh:** That could be in product development. It could be that you might get to the prototype stage and get a payment for that and then you get to the next stage where you've got the product ready to go to market and then you've got the product at market. That's a general example. They are specific for each grant, for each company, but that's a general indication of the types of milestones.

**MS DUNDAS:** What returns are you asking for?

**Mr Keogh:** Return? In terms of the grant, the company has to expend the same amount, so they're dollar for dollar grants.

**THE CHAIR:** What return, if any, has been generated through the use of funds from the fund to this point, Mr Keogh?

**Mr Keogh:** I can take it on notice, but we estimate about \$11 million, I think. But I'll take it on notice.

**THE CHAIR:** Thank you.

**MRS DUNNE:** Have we got a figure for how much money has actually been expended in the knowledge fund since it was introduced?

**Mr Keogh:** That will be contained in the answer to your question.

19 May 2004

**MS DUNDAS:** When Vicki was asking her question about what was happening in terms of outyear funding for economic development, you mentioned the removal of funding for NICTA through to the outyears. Why is money being taken away from NICTA?

**Mr Gordon:** The government's commitment to NICTA was a \$20 million package of assistance broken down into three broad areas. One was a \$10 million contribution to provide land for the development. Another area was a \$5 million payroll tax relief over the first five years of operation of NICTA. The third area was \$5 million in grants. The grants were specifically for industry development and scholarships in the ICT area and the scholarships were particularly to be targeted at women. The deal was five years funding and, once the five years is up, the financial relationship between the territory and NICTA is concluded.

**MS DUNDAS:** Why was it even listed for the 2007-08 year that you would be giving NICTA \$1.5 million?

**Mr Gordon:** Because that was the shape of the financial assistance from 2002, which was when the decision to fund NICTA was created, to 2007, which would be the end of our financial relationship.

**MS DUNDAS:** But the financial relationship will actually end in the middle of 2007, not the middle of 2008.

**Mr Gordon:** It was a five-year commitment and it lasted for as long as—

**Mr Harris:** I might be able to help. When the budget is prepared, the next outyear of the forward estimates is automatically rolled over from the database; so it had in the forward year \$1½ million, which then had to be zeroed out, if you like, to come back to the funding arrangement that Peter has just described, and it happens frequently through the budget.

**MS DUNDAS:** In last year's budget, we accidentally allocated the money for the fifth year, as it was.

**Mr Harris:** And it's in the column, yes.

**MS DUNDAS:** So that when we see the next budget, we actually take that money back.

**Mr Harris:** That's right.

**MS DUNDAS:** And it happens across-the-board?

**Mr Harris:** In one-off cases, not in ongoing cases, so you will always see adjustments happening, but if they're ongoing funding programs—wages and salaries is a classic example, indexation attached to wages and salaries is provided in that year that you don't see. When the database is rolled over the number comes up. When the new indexation number is factored in the number changes, but because wages and salaries are escalating in any case you don't notice the change. But one-offs you do because they have to be zeroed out. Did I get that right, Phil?

*19 May 2004*

**MR HARGREAVES:** It sounded pretty good to me.

**MR SMYTH:** Talking about NICTA, the tender has gone out, I understand, for 25,000 square metres.

**Mr Gordon:** 20,000.

**MR SMYTH:** But the tender documents or the adverts said 25,000.

**Mr Gordon:** A corrigendum went out with 20,000 in it.

**MR SMYTH:** How long after the original did the corrigendum go out?

**Mr Gordon:** As soon as it was found out there was a mistake.

**MR SMYTH:** Has that led to people withdrawing their tenders?

**Mr Gordon:** There are three organisations still competing for the work.

**MR SMYTH:** How many withdrew?

**Mr Gordon:** I'm not sure.

**MR SMYTH:** Could you take that on notice?

**THE CHAIR:** How was that mistake made?

**Mr Gordon:** We are talking about someone else's arrangements here. The arrangement that the territory had with NICTA was for them to build a 20,000 square metres development on London Circuit. Their development advisers, GHD, worked with NICTA in developing the tender documentation. The tender documentation somehow included provision for a 25,000 square metres development which, for reasons of unfortunate circumstance, went through the Land Development Authority and was approved for advertising. It was advertised at 25,000 and as soon as it became clear that the 25,000 square metres provision was included, GHD issued a correction notice and the development of 20,000 square metres was confirmed.

**THE CHAIR:** What timeframe are we talking about before the error was picked up?

**Mr Gordon:** It was a matter of weeks.

**MRS DUNNE:** When was it advertised?

**Mr Gordon:** I'm not sure.

**MRS DUNNE:** When you answer the question about the number of people who aren't continuing, can you tell us when it was advertised and when the notification was made about the changed circumstance?

**Mr Gordon:** Yes.



*19 May 2004*

**THE CHAIR:** Have there been any consequences for people involved in preparing those tender documents?

**Mr Gordon:** Other than those groups that pulled out, all the other groups that have spoken to me confirmed that they were planning on 20,000 square metres before the documentation went out. They were surprised to see the 25,000. They are still working on a 20,000 square metres development. They're very keen to get the work.

**THE CHAIR:** We have talked about the knowledge fund and the rollovers there. There was, I think, \$1.7 million rolled over to 2003-04. In this budget we have \$2.361 million rolled over. You've given some reasons for that, but why put in the additional \$2.06 million, given the size of the rollover and given, I suppose, the track record in terms of how many projects you need to assist?

**Mr Keogh:** Sorry, the rollover is not available for allocation; it has already been allocated. It doesn't add to the amount of the allocation for 2004-05.

**MRS DUNNE:** So all of that money is allocated to grants.

**Mr Keogh:** All that money is allocated.

**MRS DUNNE:** All the money in the knowledge fund is allocated.

**Mr Keogh:** All the money that has been rolled over in the knowledge fund is allocated. The new funding in the knowledge fund is not allocated. The 2004-05 funding is not allocated and the money that has been rolled over from 2003-04 to 2004-05 has been allocated and is just waiting on the grant recipients to meet the milestones and it will be paid to them.

**THE CHAIR:** Can you tell me what use has been made of the knowledge fund during 2002-03?

**Mr Keogh:** What use has been made of it?

**Mr Quinlan:** Who got the money?

**Mr Keogh:** We provide proof of concept grants, we provide commercialisation grants and we provide industry development grants. There was a question on notice that Mr Smyth asked just a couple of months ago that lists all the successful applicants for the knowledge fund. I can table that, if you wish.

**THE CHAIR:** That would be helpful.

**Mr Keogh:** It was on 3 March 2004 and lists for each financial year and each round the recipient companies, the amount of grant and the purpose of the grant.

**MS DUNDAS:** Does BusinessACT provide financial assistance to businesses other than through the knowledge fund?

19 May 2004

**Mr Keogh:** Yes, we do, through programs like the business acceleration program, which provides again dollar for dollar funding. I think all of our programs are based on the businesses making at least dollar for dollar contributions. For the business acceleration program, a company may wish to do a business plan, a marketing plan, and may wish to have a diagnostic done on their business. They seek approval. We approve them having a business plan done. They pay for the cost of the business plan. They send us a copy of the business plan and the invoice and we reimburse them half the cost up to a maximum of \$10,000.

Similarly with the export growth program, you receive assistance on a dollar for dollar basis for putting on an export development manager, for having work done on your product to make it ready for overseas markets. We also have the high-tech start-up program, which is particularly aimed at, obviously, high-tech start-up businesses that need assistance with developing their business management skills and they can receive up to 75 per cent of the cost of doing business skills.

**MS DUNDAS:** Can you provide us with a breakdown similar to the question that was asked about the knowledge fund—who is accessing these services and how much money they're getting out of them?

**Mr Keogh:** Yes. Mr Smyth asked a question just a couple of months ago on exactly the same thing. We provided him with a list of all the grant recipients.

**MS DUNDAS:** I will have to start reading my *Hansard* with a little bit more attention.

**Mr Keogh:** That was, again, on 3 March and it lists all the business grants that have been awarded under all the programs, including the business acceleration and the trade development program.

**MS DUNDAS:** Businesses can't access funding through BusinessACT outside of those programs; they have to go through particular rounds to access support.

**Mr Keogh:** Have to go through particular rounds?

**MS DUNDAS:** Ask for grant funding to get support. There's no other way that they can get monetary support through BusinessACT; it's only through the grants programs.

**Mr Keogh:** Only through the grants programs, yes.

**MR SMYTH:** Treasurer, how much new money is there in the budget for business? With the rollovers and carry forwards, how much has business actually achieved in terms of a budget outcome this year?

**Mr Keogh:** Do you want me to answer on the grants?

**Mr Quinlan:** Yes.

**Mr Keogh:** In terms of grants, there's an additional \$2 million for the knowledge fund on top of the \$3 million that's already in there from the forward estimates; \$500,000 for the export growth program.

**MRS DUNNE:** Are you going to read us what's in the initiatives on page 168?

**Mr Keogh:** That's a pretty good start.

**MRS DUNNE:** In addition to what's in the initiatives on page 168.

**Mr Keogh:** There's the list there: the small business employment ready program, the new mentoring program and the industry capability network, which totals \$3.395 million.

**Mr Quinlan:** We don't want to overstate it, though, because some of the funding that goes into this budget is a continuation of programs that were only budgeted for the current financial year and had a drop-off; so that they, in fact, have been incorporated into future budgets. No doubt, you would have picked this up last year, but from the scene you saw last year to what you're seeing now, you're seeing some \$3 million-point something in small business programs.

**Mr Keogh:** It is \$3.395 million over and above the forward estimates. And then there's the \$300,000 for the office of film and television, which is new funding as well.

**MR SMYTH:** It's about \$3.7 million.

**Mr Keogh:** Plus the tourism one.

**Mr Quinlan:** The tourism one looks like \$7 million again, because it had a cut-off, which we all discussed a year ago, but that is now in as well as a further three point whatever.

**MR SMYTH:** Has the office of small business commissioner got new money as well?

**Mr Quinlan:** That's not new money; that's to be established out of existing resources.

**MR SMYTH:** What programs have been cut to allow BusinessACT to have \$340,000 for the office of small business commissioner?

**Mr Keogh:** We're looking at our priorities for next year at the moment.

**MRS DUNNE:** Is this part of the low-hanging fruit exercise?

**Mr Quinlan:** Yes.

**MS DUNDAS:** Could I just clarify that? You've made the commitment to put in roughly \$300,000 for the small business commissioner without yet doing the work to identify where the money will be coming from.

**Mr Harris:** No, that's not the case. I have a vacant deputy chief executive position within the departmental structure that has not been filled since I've been there and some of the money for this will come from reallocation of that money.

19 May 2004

**MR SMYTH:** How much is that worth, the vacant deputy chief?

**Mr Quinlan:** With overheads, et cetera, it would be a great proportion of it.

**Mr Harris:** About \$300,000, I'm told.

**THE CHAIR:** And that position is not going to be filled now.

**Mr Harris:** It may well be in the future, but, for the present time, that's unallocated money which is sitting in my budget which can be reapplied to partially meet the cost of the office of small business.

**MRS DUNNE:** So that's money that you're going to roll over from this year out of staffing into next year.

**Mr Harris:** It's in my base allocation.

**MR HARGREAVES:** Could you consider it as part of that savings regime that you're able to identify?

**Mr Harris:** That was the second part of the answer I was going to give, thank you, Mr Hargreaves. I appreciate the prompt. The answer I gave on Monday about just general efficiency moves within the organisation would also apply to the balance of funding for the office of small business commissioner. So the efficiencies aren't designed to provide that whole sum of money.

**MR SMYTH:** The economic white paper, to implement it all would cost how much?

**MRS DUNNE:** Sorry, *Hansard* can't actually pick that up. The minister went "Mm"

**THE CHAIR:** He was just wagging his fingers.

**MRS DUNNE:** Stunned looks, yes.

**Mr Quinlan:** We will have to take that on notice. We would have to give you an assessment and some.

**MR SMYTH:** You haven't done such assessments, Mr Treasurer?

**MRS DUNNE:** Are you serious, Minister?

**Mr Quinlan:** Yes. There is a whole table there. I just don't have it at my fingertips. We'll have to get it and just let you know what we've already introduced. It will be my great pleasure, actually, to give you that, to let you know how many of the recommendations directly cost funding and then how many already are being catered for and how many are not catered for. I think that's what you're looking for, isn't it?

**MR SMYTH:** Yes, vaguely. The economic white paper is to be implemented over five years, is it? Is that the timeframe for implementing the white paper?

**Mr Quinlan:** Yes. What we've done is we've said that these are the things that we want to do. A lot of the things in the white paper are directional; they are as much an approach. It details, I think, again for the first time, a decent articulation of an approach that the government might take in relation to economic development. It has a substantial and reasonably specific range of recommendations, effectively, or commitments, but all of those commitments bear the qualification of when and if we can.

One of the prime ones would be payroll tax, for example. That's something that we would like to do, but nevertheless it has to take its place in a queue because, if you're talking to business, they will say that payroll tax is a tax on employment and, if you provide payroll tax relief, you'll stimulate employment. You might. On the other hand, you just might be making someone just a bit richer.

We've at this stage opted for the initiatives that actually apply money to business development and consequentially directly into job creation, as opposed to speculating on whether an employer might use the windfall gain of a change in payroll tax for more business or just for more profit. But it's one that's out there. We can give you a range of costs of what it would cost to change payroll tax thresholds or change the whole payroll tax formula—lower the threshold and change the rate, parallel with New South Wales or parallel with Australian averages or whatever you like.

There are, quite clearly, in the white paper some directional commitments over and above some specific commitments. We are committed to those things. As I said, it is the first time there has been a decent plan in place.

**MR SMYTH:** You may assert that it is the first time there has been a decent plan. There was a strategic plan that had far greater targets back in 1996. The assertion is good, but it's not quite accurate, Treasurer.

**Mr Quinlan:** What happened after the photo opportunity?

**MR SMYTH:** Treasurer, did I just hear you say that you'd be happy to provide the committee with those numbers on payroll tax, on how much each of the thresholds would cost in changing the rates?

**Mr Quinlan:** Yes, we can give you that.

**MR SMYTH:** You can do it? Okay. I just want to clarify something. You can't tell me how long the economic white paper will take to be implemented, over what timeframe?

**Mr Quinlan:** No, I won't commit to saying every one of those things will be done by such and such—no child will be in poverty stuff—but what you will see—

**MR SMYTH:** So, what's the purpose of it?

**Mr Quinlan:** Have a look at it.

**MR SMYTH:** I did have a look at it and it didn't tell me anything.

**Mr Quinlan:** We'll give you a return that shows you just how much of it has already

been done, and that should be quite informative.

**MR SMYTH:** All right. We look forward to the return as well. But what's the purpose of a plan that doesn't have a timeframe to it? It's like doing west Civic over 30 years. None of us will be here in 30 years.

**MRS DUNNE:** They will be taking the funds out of that as well.

**MR SMYTH:** So you can't at this stage tell the committee what the timeframe will be and you can't tell us what the costings are on all the commitments?

**Mr Quinlan:** I can give you the costings on the commitments. I can give you indicative costings, because some of the commitments are not absolutely precise in that we will give that many dollars to this exercise. This is a directional plan, a first time directional plan, and, as I've said, quite a substantial amount of those commitments that do have resource implications are already implemented; so watch this space over the next four years.

**MR SMYTH:** So it will be implemented over five years.

**Mr Quinlan:** I would think so, but I'm not going to sit here in four or five years time and have you say, "There are two left. You lied, Mr Quinlan. There are two of these commitments, No 48 and No 73 or something, undone." I've read the press releases.

**MS DUNDAS:** Part of the economic white paper was a commitment to a commercialisation fund that was funded in the third appropriation bill. What return will we see for the commercialisation funding going out to businesses?

**Mr Quinlan:** I'd expect that, rather than a cash return to government from the commercialisation fund, we will see a growth in the commercialisation fund itself, because we would like to think that what returns we make would fold back into the fund, at least in the foreseeable future. The strategy with the commercialisation fund—I'll hand over to Mr Gordon to give you the details—is to provide a base for a commercialisation fund that will be over and above the \$10 million that we're putting in.

**MR SMYTH:** If I might interrupt, you see that you allowed further funds for that in coming years.

**Mr Quinlan:** No, I see that, given that there is an established fund, that already there is interest expressed in external participation in the same fund and the fund will be a larger fund than the initial \$10 million. We can't give you all the details of the negotiations that are taking place right now, but we can give you a general indication.

**MR SMYTH:** So other sources of finance have seen your ad and have come along and said they'd like to join in.

**Mr Quinlan:** It's more than that, but yes.

**Mr Gordon:** The reason governments get involved in being the first investor in these funds is that, essentially, it reflects the fact that, without that government incentive,

19 May 2004

normal venture capital doesn't form in the right places or to the right extent that governments would like. So the basis of the government contributing the first \$10 million to a new fund, a new unspecified fund, is designed to attract significant amounts of complementary investment from private sources.

It's also designed to create an enhancement to the skills base of people working in the commercialisation space in Canberra. Canberra doesn't have a venture capital fund of any real scale and this will be the first time in this marketplace that we've created the financial and human capability all designed to identify and to commercialise ACT-generated intellectual property.

The negotiations with prospective co-investors are ongoing. We advertised a public consultation a couple of months ago. Twenty-five people came to the public consultation. Most of the major Australian-based venture capital firms were represented and some of them have consequently made presentations about how they would see their particular view of a venture capital fund working in the ACT.

**MS DUNDAS:** That's how the fund will operate. The fund will be giving money to businesses in the ACT, as you said, to commercialise other issues. What kinds of returns are you looking for in terms of that investment?

**Mr Gordon:** Any venture capital manager will expect normal commercial rates of return over the life of the fund. Most venture capital funds have a specified period of investment, many up to 10 years, so the venture capital investors by their nature are high risk and so therefore high return. Many of the investments do not provide any return at all and some overachieve in a sense. So the normal investment protocols around venture capital fund returns mean that they would be looking to achieve a significantly greater rate of return than they would have otherwise made in the venture market. So whatever current interest and bond rates are, the venture capital manager is looking for significantly greater returns than what those rates currently are.

**MS DUNDAS:** Can you just remind me—I know these questions have been asked before—who will be making the decisions about who wins the commercialisation fund money?

**Mr Gordon:** The government will make a decision about who the venture capital fund manager will be and therefore in which company the government's \$10 million will be invested. Part of the decision about that will be demonstrating its normal commercial decision-making process, so the venture capital fund manager will be making the decisions about which particular investments the fund will make.

**MS DUNDAS:** That will not be a government employee?

**Mr Gordon:** No.

**MS DUNDAS:** Contracted to the government but in a sense through the administration of the government's fund?

**THE CHAIR:** When is that decision likely, Mr Gordon?

*19 May 2004*

**Mr Gordon:** In the next three or four weeks.

**MR SMYTH:** Just on the fund, Treasurer, did I hear you say earlier that there will be some overlap between the knowledge fund and the commercialisation fund?

**Mr Quinlan:** No. I have said that in stimulating business we came in to fill the void with the knowledge fund, which is about business grants.

**MR SMYTH:** Well, you renamed the existing funds programs. I doubt you are filling a void.

**Mr Quinlan:** Beyond that we have now, if you like, spread by virtue of the commercialisation fund the support for business development in the territory. So, what I am saying is effectively in the overall effort to build an innovative economy, which the government must take an active role in, the commercialisation fund is in a sense taking over part of that role, even though it is an investment fund. The other knowledge fund is effectively a grants program.

**MR SMYTH:** But how do you explain the overlap then? I can see that one might come after the other, but how would they overlap? You used the word overlap this morning.

**Mr Quinlan:** Well, are we just going to sit here and quibble over words, Mr Smyth? I am just saying that in business promotion and development in the territory, we are in a grants program. We are continuing the grants program but overlaying over that an investment program. Now, quibble over the words if you will.

**MR SMYTH:** No, I just wondered whether you were going to divert money from the knowledge fund into the community development fund, if there was to be an overlap. I am just asking for clarification. They are your words we are clarifying.

**Mr Quinlan:** No, the numbers are there. We give you the numbers of what we are putting into it and how we are doing it. I am very pleased with the way it is gone so far and it is a very responsible knowledge bank. It has been administered in a very responsible way. We are going to give some of the grants to businesses that are not going to make it. But we are making sure that we minimise that and that they have to meet their goals along the way to get the complete grant. Firms that have received knowledge grants are now kicking goals in the overseas market. Good firms are coming into the ACT. It is a great place.

**THE CHAIR:** This may have been partly answered, but have such things as operating guidelines, applicant requirements and associated information been determined yet?

**Mr Gordon:** The venture capital fund?

**THE CHAIR:** Yes.

**Mr Gordon:** No. All of those things would be brought to the table by the fund manager. They each have their own unique way of managing investments and that is part of the decision-making process. They would make a decision on the fund manager who brings the right package of management of their relationship with essentially start-up



businesses, how they find additional financial capability to increase the value of investment and how they can use their own networks to create access to markets that the company would not normally have had itself.

Each venture capital organisation is unique. They focus on specialised areas of the market and one of the challenges that we have is that the vast majority of Australian venture capital firms do not focus at that end of the market that we want to focus on, which is the very early stage high skill level, high technology level of the developments that are looking to be turned into a business. So we have to convince ourselves that the skill and the orientation of the organisation that we will be contracting with are focused on the right end of the market—that very early stage start-up end of the market.

**MS DUNDAS:** You said that any money that is generated from the commercialisation fund will go back into the fund so it grows and self-perpetuates. But will there ever be a dividend? Is there a plan for a dividend to be paid back to the territory?

**Mr Gordon:** Again, that is part of the negotiations, but we would be looking to see the mix of return that the organisations are proposing.

**Mr Quinlan:** I think that would be a long way down the track. If we are to build an innovation economy, which is what we want to do, it is likely it would be some years before we would not be investing in that process. There is a possibility that there will be at some point in time a quantum shift. We have set up our end of NICTA. We are setting up our end of NICTA here. The federal budget contains \$270 million or \$250 million—one or the other—in outyears for NICTA. Some 30 per cent of that will flow through Canberra. Our anticipation is that NICTA will be the nucleus of a business cluster that we will build.

If we build our commercialisation fund, particularly building a relationship with the ANU—which is the only university in the southern hemisphere in the top 50 in the world and has as a high proportion of research versus students—we are building a relationship with that through the fund. There is the possibility that there will be a quantum shift and we are working towards that. This is not just puddling around, this is trying to get to the point where, when innovative economies are discussed, wherever they are in the world, Cambridge or whatever, Canberra is mentioned amongst them.

**MS DUNDAS:** Sorry, you said that there would be some years still before we were not investing in this entire process?

**Mr Quinlan:** Yes. I would anticipate that, yes.

**MS DUNDAS:** But that does not necessarily mean that we will see more money from budgets going into the commercialisation fund?

**Mr Quinlan:** Not necessarily so, no. That will be a decision of governments of the day but there is not another injection in these budgets for that. But, who knows, in five or six years' time and if things are improving or whatever direction is taken, the government of the day might want to invest or change its attitude, call a dividend, whatever.

**MR SMYTH:** The structure of the fund has not been determined yet and that is subject

to the outcome of negotiations. Do we have a view as to what form it should take or are we just letting the market form your view of what it will become?

**Mr Harris:** We are leading the market through an EI process to give us the benefit of a wide range of views about what these funds might look like. There are several alternatives, as there are with all investment funds. When we get those responses we will make an assessment about which one or how many of those various responses best meet the objectives that we are looking for. We do not know yet.

**Mr Quinlan:** We start this with a concept in mind that it is a fund where the government puts in the first layer. A fund manager comes in. The fund manager or venture capitalist is not just someone who lends money and walks away. They usually guide, nudge and monitor their investments. That is the process that we want to engender into the ACT. When the San Diego model was set up its development authority pursued Biotech. It knew immediately what it had to do. The first thing it had to do was get the venture capitalists on the doorstep. They are an absolutely necessary ingredient to commence. That is the simple concept of a venture capitalist coming and doing that, and that is virtually the model we have in mind. However, already some interesting offers and propositions have come forward that may even be better.

**MR SMYTH:** And we will know shortly what form it will take?

**Mr Quinlan:** Definitely before the election, Mr Smyth.

**MR SMYTH:** So it is not just soon, it will just be shortly?

**THE CHAIR:** Convenient.

**MR SMYTH:** Is it planned at this stage that the fund will be allowed to invest outside the ACT?

**Mr Quinlan:** It is designed for the ACT, but we do have a regional focus. It is hard to say in two or three years' time what shape a company that we might be involved with will be in. CEA Technology is one of the ACT successes. It has an office in San Diego. Tower Software has an office in Boston and an office in Washington.

**MR SMYTH:** Groups that benefited from previous investment from previous companies?

**Mr Quinlan:** Softlaw has offices here and there as to protocol. Now, it is possible that some companies like that—companies who started here—will be a whole different shape as they grow.

**MRS DUNNE:** Somewhere you have said, Treasurer, that the fund will be dedicated to ACT-focussed businesses, or words to that effect. What does that mean, especially in the context of the previous question—something along the line that if the system is going to work they are not going to be just ACT focused?

**Mr Quinlan:** We are anticipating that there would be a high level of integration between the fund operation and developments within the ANU itself and the intellectual property

that flows out of the ANU, but not exclusive to that. This was a fund set up in the ACT and will operate in the ACT for the benefit of the ACT now. I do not think we have set a boundary that says if Ben Green, who has a place in Queanbeyan and who is world renowned, would not be involved in that.

**MR SMYTH:** Will a percentage limit be set? Can somebody come along and snap up all \$10 million, or will there be limits?

**Mr Quinlan:** I should not think so, and I hope it is more than \$10 million.

**MR SMYTH:** Well, I do too.

**Mr Quinlan:** We are anticipating it is a lot more than \$10 million actually.

**Mr Gordon:** But the reality is that the sorts of investments we will be looking to make are not \$10 million-style investments. They are in the \$1 million, \$2 million, \$3 million band. Canberra is not a \$10 million start-up environment.

**Mr Quinlan:** Sure.

**MR SMYTH:** But will limits be put on how much somebody can borrow?

**Mr Gordon:** No.

**MR SMYTH:** So somebody could conceivably come along and at least apply for the whole lot?

**Mr Gordon:** Could conceivably. And if we found that \$10 million start-up in Canberra I think we would all be pretty happy.

**MS DUNDAS:** I have some more questions on the office of the small business commissioner. Where will they be sitting? Will they be sitting in BusinessACT?

**Mr Keogh:** It is proposed that they sit within BusinessACT but have a separate office, that sort of thing, but be co-located with us, yes.

**MS DUNDAS:** As part of the initiatives explained on page 169, there is the description that the primary function of the office will be to build better and stronger relationships between small business and ACT government agencies, which is what I thought BusinessACT was meant to do. How does what the small business commissioner is doing differ from the core functions of BusinessACT?

**Mr Keogh:** I suppose the best way to explain it is that over the past few years, going back to the Carnell Government, there was a red tape taskforce that I was given the honour of implementing. We went through a process of implementing recommendations. One of the recommendations coming out of that was culture change within government. When the current government came in there was a red tape review taskforce that I sat on. Again, the issue of culture change within government played a big role in that taskforce. My experience is that the culture of government has changed but there is a need for somebody who is independent of government to assist business when it is dealing with

government.

I see that being done in two ways. One, requiring government agencies to put in place small business service charters to report to government through cabinet and to the Assembly on the implementation of small business service charters, and the second being a point for small business to approach the independent government when it has an issue with an ACT government agency. It might be a planning approval that is taking a long time, a bill payment, those sorts of things.

We in BusinessACT can and do carry out that role, but we do not have the independence that is necessary. We do not have the power that statutory independence will give the small business commissioner to be able to make major change in the culture of the government. In the white paper the government signed off on the aspiration to make the ACT the most small business friendly jurisdiction in Australia. We believe the small business commissioner is an important role in achieving that.

**MS DUNDAS:** This would be a statutory authority. Does that mean we will be seeing new legislation in the June sittings to establish this body?

**Mr Quinlan:** I do not know that we will get it. Some of that will depend on the parliamentary draftsman. He is a bit busy at the moment.

**Mr Keogh:** But we are in discussions with the parliamentary draftsman and we plan to get the legislation in there.

**MS DUNDAS:** And the body will have an advocacy role, like supporting small businesses making claims against the government?

**Mr Keogh:** Yes.

**Mr Quinlan:** Yes. We hope it is not focussed on making claims against but certainly having problems resolved and finding pathways through. I think we discussed some of this yesterday. A lot of businesses as they grow go through phases. They only have to go through this phase once, but there is a whole lot to learn. If they get assistance they can be ushered through a process, and they do not have to learn all the intricacies of registrations and the things that we already do, like employment ready programs, that sort of stuff. Let us say it is planning, setting up, working out where they might locate, what we are now doing with the NTEC estate in expanding or building their business. They need expertise to get through once, but they do not really need to become experts. We can complement them. We help them stick to their knitting and develop their business while we sort through the necessary problems.

**MS DUNDAS:** For the past 18 months at least there has been an ongoing review of statutory oversight bodies in the ACT. It has looked at the disability commissioner, at the office of community advocate, and also the complaints commissioner. As far as we are aware it is still in discussion phase. We have not yet seen a final report from government. We are being told through various means that any reforms to any of those oversight bodies are pending the outcome of that review. How did you manage to get around that review to set up a statutory oversight agency outside of that review?

*19 May 2004*

**Mr Quinlan:** Well, when the Assembly passes this budget, we will have to virtually take on board all of the things that that review has unearthed and those recommendations that are put forward and accepted. There is still work to be done, admittedly. We will not instantaneously say, “Here is the small business commissioner; he is ready; here it goes.” This is in the budget and it is going to be passed in June.

**MS DUNDAS:** The money has been allocated but the form that the commissioner takes can be influenced by the outcome of the statutory oversight review?

**Mr Quinlan:** I think so, yes.

**MRS DUNNE:** There are a couple of issues around us, Minister. We have a statutory officeholder. Again this is an issue that, when it comes into the budget it is not thought through because we do not have the legislation. You do not know when the legislation is going to appear. When did this idea get into the budget? Was it a last minute thing?

**Mr Quinlan:** It is in the white paper, Mrs Dunne.

**MRS DUNNE:** Okay, so there is this little white paper. You put it in the budget. You still do not have the legislation that underpins this?

**Mr Quinlan:** No.

**MRS DUNNE:** Why?

**Mr Quinlan:** Because we have been doing other things. This is what we said we would do in the year 2004-05 budget.

**MRS DUNNE:** So you have \$300,000—essentially money for the whole year—but it is not going to be on deck at the beginning of the year. When is it going to be on deck?

**Mr Quinlan:** As soon as is possible. Soon. That’s a soon.

**MRS DUNNE:** That is a soon. That is Friday.

**MR HARGREAVES:** Mr Chairman, can I go down that—

**THE CHAIR:** In a minute, Mr Hargreaves.

**Mr Quinlan:** I just do not understand this sort of panic. We have not done it all. Can’t you find any better criticisms than that? Can’t you do any better than that?

**MRS DUNNE:** We have here an admission, Minister, that the government has failed because after all of this time we are talking—

**THE CHAIR:** We have Mrs Dunne, Mr Smyth and then you, Mr Hargreaves, on this issue.

**MR HARGREAVES:** I do not want to lose the thread of that one, Mr Chairman, otherwise I will just forget it.

19 May 2004

**MRS DUNNE:** Well, go and get a cup of tea, Mr Hargreaves, and settle down.

**MR HARGREAVES:** No, I do not want to talk to you, Mrs Dunne.

**THE CHAIR:** Just continue with the question, Mrs Dunne.

**MR HARGREAVES:** If you want to start an argument in here, go for it.

**THE CHAIR:** Just continue with the question.

**MR HARGREAVES:** It is not a question; just continue with your diatribe.

**MRS DUNNE:** What you have here, Minister, is an admission that the government has failed. You have admitted you have not had the culture change that you need. What we are seeing here is another person to hold people's hands to get them through the mire of ACT bureaucracy. So we have somebody doing this in aged care, we now have somebody doing this in business and this person is going to help some poor flog through the business mire, through the planning mire. The white paper said we had to fix up the planning mire, and that is not happening. When are you going to admit that you need not more layers of bureaucracy or more layers of special commissioners with statutory authorities; you just need to roll up your sleeves and make the processes more transparent and easier for average people to get through?

**Mr Quinlan:** As far as I am concerned, Mrs Dunne, that is arrant nonsense. Whether we like it or not, because of the need for decent, reasonable regulation of affairs in an administration, it is necessary to have applications and approvals, processes et cetera. As I have explained previously, where we have a series of necessary processes—maybe evolving, maybe being streamlined through time—whatever improvements are made, it seems to us to be commonsense, as part of what a small business commissioner would do, to provide that expertise to the poor flog that you mentioned when they are going through this process possibly once in their business progression.

We think it would be a decent service to provide to give them access to that expertise. We would also like to include the capacity for the small business commissioner to be a guide to other services not just within ACT business but whatever other services small business in the ACT might want. Maybe there are services that are provided by the commonwealth, but this is intended to be and I think will be a positive initiative to help small business. That is the process. I am sorry that everything in this budget and everything in the white paper cannot happen instantaneously, but they will happen.

**MR SMYTH:** It does say that the whole purpose of the commissioner is to gain faster and more reliable access to government information and services. Does that mean that small business now gets slow access and unreliable access to government information and services? That is what BusinessACT is there for. It is what they do. Is this a criticism of BusinessACT?

**Mr Quinlan:** No.

**MR SMYTH:** I am yet to find a businessperson who is interested in a small business

*19 May 2004*

commission. What they want is less regulation. They do not want another layer of bureaucracy; they do not want another bureaucrat.

**Mr Quinlan:** Some business representatives stated publicly, with the release of the white paper particularly, that this was a positive initiative. Now, if you have not heard people saying that, you are not listening and you are not connected to business.

**MR SMYTH:** I did not say representatives; I said businesspeople. Every businessperson I have spoken to does not care about an office of small business.

**Mr Quinlan:** Do you know any businesspeople?

**MR SMYTH:** I know marginally more than you do, Treasurer, and have for about 30 years.

**MRS DUNNE:** Sorry, can I just finish my question?

**MR HARGREAVES:** I would not mind having a go myself. It is half past 10, Mr Chairman.

**THE CHAIR:** Mr Hargreaves is patiently waiting. It is 25 past, actually.

**MR HARGREAVES:** It is 25 past, and I have been waiting for quite a while.

**THE CHAIR:** Finish your question, Mrs Dunne, then Mr Hargreaves, who has been waiting.

**MR HARGREAVES:** In that case, Mr Chairman, I will not bother to ask my question because I have noticeably aged while waiting to ask it.

**THE CHAIR:** I doubt it. A couple of minutes surely will not matter, Mr Hargreaves.

**MR HARGREAVES:** I do not think I shall bother.

**THE CHAIR:** Finish your question, Mrs Dunne, then Mr Hargreaves.

**MR HARGREAVES:** I would rather have a cup of tea, and then Mrs Dunne can have her Bex.

**MRS DUNNE:** First of all, will the office of small business commissioner be charging a fee for service or is all of this fantastic work going to be done on \$340,000 in the first year? Secondly, will he have the capacity to advise and make recommendations to government on how to fix the mire that he is trying to help people through?

**Mr Keogh:** That was outlined in the white paper. That is exactly what the white paper says the small business commissioner will do. He will be an independent body providing advice to the government on issues that affect small business, as I said earlier, and also through annual reports to the Assembly. So, he would be dealing with small business and also dealing with government to try to meet the government's goal, making the ACT the most small business friendly jurisdiction in Australia.

*19 May 2004*

**MRS DUNNE:** Will he be charging a fee for service?

**Mr Keogh:** He will not be charging.

**MRS DUNNE:** So he is going to be doing all of that on \$340,000 a year?

**Mr Keogh:** That is right.

**MRS DUNNE:** Do you have a reasonable expectation that that is enough?

**Mr Keogh:** Yes, I do.

**THE CHAIR:** Mr Hargreaves, you've now aged two further minutes.

**MR HARGREAVES:** Thank you very much, Mr Chairman. I will just apply for my pension and then I shall ask this question. In fact, I might ask an arithmetic question because that is going to be something new and innovative, instead of going on fishing trips, because I am fed up with it.

**THE CHAIR:** Just ask it. Just ask it.

**MR HARGREAVES:** It is related by way of example to any number of the initiatives in the economic development paper but it is also one that ranges right across all the portfolios and probably something the Treasurer can answer. I notice there are quite a number of initiatives in this budget that presume to kick off on 1 July in the sense that they have an amount in 2005-06 and which is marginally increased over 2004-05. Historically it is rare that things do kick off on 1 July. Some do. I notice an example in education. Provision is made for a start-off halfway through. Has there been a deliberate factoring in to that the start-up costs of programs? Is that deliberate or is that just a budgeting technique?

**Mr Quinlan:** I think you have seen in past budgets that it has happened a lot. You put in a full year's allocation and it might take some time to get through. On the other hand, there might be a few start-up costs with it. Once we have the budget passed it is possible that we can be recruiting and setting up the office of the small business commissioner while using the capacities of the person appointed to build the framework that is necessary. So the resources are there to build what the small business commissioner will do.

If the appointee happens to be someone with detailed experience—and we will not know that till it happens—we may be able to draw on the benefit of that as we set up the framework within which the commissioner would work. So in that case, yes. But I will accept that we put the budget together and the intent is to get these things going as soon as is possible. It may be that in the first year you do not have it for the full 12 months, but it is nitpicking unless it is huge amounts of money.

**THE CHAIR:** Ms MacDonald, you have been waiting patiently for a question on something.



**MS MacDONALD:** I believe you might have spoken about it before and I apologise for not having been here when you were speaking about the small and micro-business programs. I was curious specifically about the business acceleration program, the small business employment ready program and the mentoring assistance program, and the ways that they will operate. Specifically, I understand there is going to be some rejuvenation of the use of business incubators, is that correct? If you would speak a bit about those programs?

**Mr Gordon:** I am happy to start with the incubator side of the question, if you like, and I will hand over to Geoff after that to talk about the specific programs. The range of business assistance capability that the government provides for includes the means by which people can essentially move out of their house and move into a serviced office, an incubator, which has accounting and other business advisory services structured inside the phenomenon. Canberra has a range of incubators. The biggest network is operated by CREEDA. CREEDA operates incubators in Downer, Narrabundah and Erindale. We have for the past little while been talking to them about how they can continue to evolve and the concept of incubators within the territory.

They accept that there is probably a reasonably urgent need for them to renovate their orientation, the policies and the operations of the network of incubators. They are going to come back to us in the next little while with some views about how their role as the major provider of incubated business services in Canberra can be improved and better integrated with the broader range of business assistance that is available in Canberra, some of which is funded by BusinessACT. So, there is no real sense that we need more incubators necessarily but 2004 is a very different business environment to that which pertained when the incubators were set up a number of years ago.

**MS MacDONALD:** Mr Keogh was going to give some more information about the programs?

**Mr Keogh:** The business acceleration program, as I mentioned earlier, is a dollar-for-dollar program that helps businesses with strategic planning, business planning, market planning, personnel practices, those sorts of things. It is on a dollar-for-dollar basis up to a maximum of \$10,000. We allocate the funding on a monthly basis. Normally most businesses that apply get what they ask for but we do check through each application to ensure that the funding is being properly used. As I said earlier, we ask the business to pay the cost up front and they send us the invoice. If they have a marketing plan done they send us a copy of the marketing plan and we reimburse them half the costs of the invoice.

The small business employment ready program provides services to businesses that are considering taking on an employee. So it is a contracted program that runs seminars for businesses, talks about things like occupational health and safety, awards, personnel practices, how to manage people in the workforce. We have found from previous programs we have reasonably good outcomes. I think about 160 people were employed as a result of those seminars in the last program.

**MS MacDONALD:** Were many of those people who are employed in those small businesses taking on employees, trainees and apprentices or were they not going through a traineeship process, they were already trained?

**Mr Keogh:** I do not know the figures about how many were trainees or apprentices but certainly that is the sort of thing that is covered in the presentations and the information that is provided, different ways to take on employees. You might want to take on a trainee or an apprentice; you might not. So they are the sorts of issues that are covered. I do not know exactly how many there were. The other one I think you mentioned was the mentoring program. One of the things we have found—particularly with the knowledge fund and small companies starting up, commercialising ideas—is that they need assistance to help them grow, to help them tackle some of the issues that they are facing.

This program will put in place a panel of business people who will donate their time. It will have a co-ordinator and some funding for promotion of the program, so that those sorts of start-up small companies can come before a panel of mentors, discuss how their business is going and get feedback. They might come for three or four months meeting with mentors and hopefully it will assist them through those start-up and growth phases of their business.

**MS MacDONALD:** Who is going to be administering that?

**Mr Keogh:** We have not decided as yet but we will probably contract it out. We will advertise in the next couple of weeks for somebody to run the programs, put together the group of mentors to do the advertising and to arrange the sessions with the mentors, that sort of thing.

**MS DUNDAS:** I asked the Chief Minister about the rollover of the bushfire assistance program grants. I was told to ask BusinessACT about that.

**Mr Keogh:** Yes. The \$94,000 that was rolled over was for the funding we received. The government received \$1 million from the commonwealth to assist businesses affected by the bush fire, those in the forestry industry. That funding was matched by the ACT government. That \$94,000 is funding of ACT government funding where the businesses have not as yet called upon the ACT government's share of that funding.

**MS DUNDAS:** So all of the federal government's fund money has been expended?

**Mr Keogh:** The federal government's \$1 million has been expended.

**MS DUNDAS:** And you expect that the \$94,000 will be expended?

**Mr Keogh:** The \$94,000 will be expended but again there were certain milestones that businesses had to meet to get the ACT government share of the funding.

**Meeting adjourned from 10.37 to 10.50 am.**

**THE CHAIR:** We will resume. I have a couple more questions in relation to what is, effectively, budget output classes 2.1, 2.2. In relation to the small business employment ready program on page 168, it has, for this current year we are looking at, \$258,000 and it drops down the outyears to \$103,000. What is the reason for that? The program is described on page 168 in BP3.

**Mr Keogh:** We think that the program needs some assistance in the first year to start developing its profile—marketing material and that sort of thing. But then in the outyears it will just need less funding. It will just be an ongoing program.

**THE CHAIR:** Is there any particular rationale behind the actual figures there? I hear what you say but is there any rationale behind those figures?

**Mr Keogh:** I don't have the break-up with me but it was just our best estimate of what it would cost to run the program on an ongoing basis as opposed to establishing it.

**THE CHAIR:** Does the figure relate to someone actually employed in the office and the ongoing costs there, or is it something else?

**Mr Keogh:** I can't remember but, as I said, a lot of the money in the first year was to try and raise the profile of the program; to use it for marketing the program, getting brochures and websites and that sort of thing done to promote it and then just an ongoing person to run the program.

**THE CHAIR:** So there is a person dedicated to running the program?

**Mr Keogh:** Yes.

**THE CHAIR:** Okay. I just have a general question in relation to performance indicators. In output class 2.1 on page 47 of BP4 you have got a number of targets. What are the details of the various indicators and what do the actual numbers in the target mean? For example, (a) is 25, (b) is 14 and (c) is six. I am particularly interested in quantity (d). What does the figure 1 mean?

**Mr Keogh:** All of the targets relate to implementation of the white paper—actions in the white paper. So, for example, the 25 relates to the economic white paper actions that are to be taken by ACT government agencies that are outside of BusinessACT. So we will have an ongoing role in monitoring the implementation but we won't be directly responsible for the implementation of those actions.

The second one, (b), where there is 14: they are the ones for which we in BusinessACT will have direct responsibility for implementation. So there are 14 white paper actions that we will directly have the responsibility for. The third one, (c), where there are six, relates again to white paper actions. And then (d) relates to action 40 of the economic white paper.

There is a break-up of which actions go against which of these targets. We tried to split them up into the ones that related to supporting business, the ones related to the priority industry sectors and then the leveraging of intellectual assets, which are three of the themes of the white paper.

**MS DUNDAS:** So between outputs 2.1 and 2.2, if I'm reading it right, there are 52 white paper recommendations being implemented?

**Mr Keogh:** There are actually 47 because some of them in part belong to BusinessACT or partly belong to Canberra Partnership. So it doesn't add up to 47. That's why it adds

up to 52 because some are in two categories.

**MS DUNDAS:** From the conversations we were having earlier this morning, that is not all of the recommendations of the white paper.

**Mr Keogh:** That's all—there were 47.

**MS DUNDAS:** Forty-seven recommendations.

**Mr Keogh:** Forty-seven actions, not recommendations.

**MS DUNDAS:** Okay. That is where I was getting confused. In terms of economic development and the outputs that you have here, do you think that just saying that there will be actions overseen or implemented out of a white paper is a good enough indicator of where economic development in the ACT is going?

**Mr Keogh:** Well, the economic white paper is not recommendations. It is actions. The government has signed off on that policy direction. So that is the policy framework in which we now operate. Relating back to the work that we do, to the policy framework established by the government, is the best way of measuring what we do because we were delivering the policy that the government established.

**MS DUNDAS:** I don't have the white paper in front of me but, from memory, some of those actions also were supporting—and this one that is being, I guess, implemented by education—young people to follow their pathways or supporting any number of businesses to expand their services. These targets will oversee these actions being implemented. They are not “we expect X amount of people to take up that initiative or we expect X number of businesses to take up this or we are going to aim to have X number of businesses with an expanded export component as part of these targets”. I think that would be a better way of actually seeing how the implementation of the white paper and economic development is going—by actually having some targets set in a more specific sense.

**Mr Gordon:** The policy framework that the economic white paper comprehends requires the work that we do to be categorised according to the principles and priorities that have been set down. Each of our actions and the economic development actions that the other agencies take have to be able to be explained according to those strategic directions and principles. How we have tried to organise this, the reflection of these targets, is, as I say, built up and reflected in the government's commitment to a certain set of principles, which include being, as Geoff said, the most small business-friendly jurisdiction in Australia, leveraging off our intellectual assets.

We are building on the skills of the population and focusing on development of jobs internally rather than externally. So you can then sort of translate that into any particular demonstration of activity that you like. But we believe it was important for us to be able to account for the work that we are doing according to the policy direction that has been set down in the white paper.

**MS DUNDAS:** But how will you know if you are being successful? You can implement six competitive advantage and priority actions through BusinessACT and you can

oversee the implementation of 25 actions for agencies outside of BusinessACT. But how do you know that they are going to be successful, that you are actually achieving what you are trying to implement?

**Mr Gordon:** By having a specific program for each of those initiatives, and all the disciplines and accountability for each of the actions are reflected elsewhere in the accountability process.

**MS DUNDAS:** Reflected elsewhere. Where?

**Mr Gordon:** In our program management systems.

**MRS DUNNE:** But where is it here? Where are these measures set out here and why aren't they set out here? This is the reporting process, not through your internal documents.

**Mr Gordon:** The way that we comprehend targets in the budget documentation has always been a vexed issue. It doesn't preclude nor does it suggest that we would be looking to account on a program-by-program basis, which is what we do.

**MS DUNDAS:** And that would be something we would see in annual reports?

**Mr Gordon:** Certainly the annual report is the main accountability document, yes.

**MS DUNDAS:** Okay. You can oversee a program being implemented and I can imagine next year's budget papers saying "Oversight of implementation, 24". Maybe one was not implemented because of funding reasons or whatever. There will be a possible explanation. But we then have no idea whether those other 24 programs were successfully implemented—if they could actually pick up a number of trainees or if businesses did actually get changed. You can put a program out there and it is not always going to work. These budget figures won't tell us that information.

**Mr Gordon:** They simply lead us to asking the questions. I would refer you back to a year or two ago when in these budget output documents the measure would have been one which would have been implemented in the economic white paper.

**MS DUNDAS:** Yes, and it got rolled over and came up in this discussion.

**Mr Gordon:** And so, yes, we would suggest that this is a little bit more obvious and transparent than that, but the program-by-program response is reflected in our reporting in the annual report.

**THE CHAIR:** I have a general question on budget output class 2.2. You have got performance indicators there. What do those mean? I think it seems very similar to what we had on Monday. You have got targets, one, which does appear to be somewhat ridiculous, in three of the four areas.

**Mr Quinlan:** Yes, but it's just force-feeding a number of specific things that these guys are doing into the format that exists within the budget. It's just the way it is set out.

**MRS DUNNE:** Yes, there is a format in the budget that is about quantity and quality and effectiveness and timeliness. But the really interesting thing is that this is BusinessACT delivering services to whom? Whom does BusinessACT deliver services to? Minister?

**Mr Quinlan:** Well, in the long run I think you would say we deliver services to the ACT community—

**MRS DUNNE:** Through?

**Mr Quinlan:** and you would do that via a number of—

**MRS DUNNE:** But who are the beneficiaries of services from BusinessACT?

**Mr Quinlan:** The ACT community.

**MRS DUNNE:** And people in business more specifically?

**Mr Quinlan:** Yes.

**MRS DUNNE:** Under “Quality/effectiveness” we have the minister being satisfied 90 per cent of the time but there is never any indication whether the clients are satisfied. Do you do client satisfaction surveys of any sort?

**Mr Keogh:** Yes, we do. We do surveys on a regular basis of users of our phone service, for example—a 1800 number. And we do surveys of our clients of the programs.

**MRS DUNNE:** Has it ever crossed your mind to synthesise those into an indicator of how you are doing your business?

**Mr Keogh:** I think as Mr Gordon said, going through the budget process and trying to come up with indicators that reflect the need in the budget is—

**Mr Quinlan:** If we do surveys, I think you are right. I think it’s a good idea if we actually included those in those things.

**THE CHAIR:** Well, other areas do, it seems. Are there any other questions on output classes 2.1 or 2.2?

**MS DUNDAS:** I have a question about output class 2.2, which has oversight of the University of Canberra. Is that \$10 million to the University of Canberra? Is that right?

**Mr Quinlan:** Yes.

**MS DUNDAS:** And what will that money actually be used for?

**MRS DUNNE:** Is that the nursing one? The allied health one?

**Mr Quinlan:** Yes. That is used to extend their capacity in allied health professional development. That will be used by the University of Canberra to expand its capacity for allied health professional development.

**MS DUNDAS:** So in terms of bringing in new teachers or providing scholarships or—

**Mr Quinlan:** I think it expands their physical resources mainly and that will then permit them to increase their teaching resources and to attract students. Some of those will be fee-paying students. They have got a sort of philosophical objection to too many fee-paying students, I think.

**MS DUNDAS:** Well, not the current regime at the University of Canberra. So that is just a direct grant—\$10 million to the University of Canberra—that will be acquitted in the 04-05 financial year?

**Mr Quinlan:** Yes.

**MS DUNDAS:** And the government return is to be an increase in the number of allied professionals in the territory, working in the territory?

**Mr Quinlan:** Yes. And this is one of those that definitely casts bread upon the waters. We are not bonding; there is no bonding of students in the process. It is a case of expanding the capacity and the capability of the university, which, in itself, I think, is an investment in the territory. The general trend is that a proportion of students educated here will settle here and that by the time they have graduated they will have formed ties with the place anyhow.

**Mr Gordon:** And a significant new international student—

**Mr Quinlan:** Yes. In terms of the investment side of it, there is an expectation of a whole raft of international students coming in and the associated economic benefit of those. The economic white paper canvasses the value of international students. It is quite high. I think you talked about acquitting it in 04-05. We will be acquitting it, hopefully, before 30 June this financial year.

**MS DUNDAS:** I was going to ask that because it is not listed as a change to appropriations, as a new initiative for the 04-05 year. Government payments for outputs is where I found it. Was it a budget initiative last year?

**Mr Quinlan:** No, the third approp.

**Mr Harris:** It is listed on page 38 under third appropriation.

**MS DUNDAS:** Okay, yes.

**MRS DUNNE:** I think that this is a good initiative, Minister. I just want to pursue with you, if I could, very briefly: is there scope for other sorts of partnerships, for cooperation, with tertiary institutions to expand or build on their strengths; to have an ACT government involvement in expanding the capacity of institutions like UCAN in particular areas that may be advantageous to the territory?

**Mr Quinlan:** Well, as ever the potential, I think.

**MRS DUNNE:** But you don't have any? We are not thinking of any at the moment?

**Mr Quinlan:** Well, for example, we are putting an additional \$9 million over four years into CIT, into VET.

**MRS DUNNE:** Sorry, into?

**Mr Quinlan:** Into vocational education and training, to expand their ability. That is more an investment directed at youth unemployment and trying to tailor to the needs of business, which is now finding difficulties attracting appropriately skilled staff in a lot of areas. Our unemployment rate, I think, is even lower than 3.8 right now, which is ground zero.

**MRS DUNNE:** In terms of expanding the capacity of tertiary institutions and, therefore, the territory in specific areas, you are not contemplating other moves, apart from the allied health?

**Mr Quinlan:** Just in response to your question, I would be assuming that there will be overtures from UCAN from time to time and because, one success, why not try again? The analysis in the economic white paper says that one of our industries is education, as well as providing the community with their rights is an industry which the territory does work on and has built. The previous government built relationships with China, with Guangzhou and Beijing, and those relationships will continue. So I am sure that that sort of thing will rise again.

In terms of UCAN, it's early days yet. But, as I said earlier, we have had quite substantial and ranging discussions with ANU and how we might work with ANU, how we might embrace the fact that we are, amongst other things, a university city, and to use that as one of our strengths for mutual benefit. There may be in the foreseeable future some considerable movement on that front.

**MRS DUNNE:** And is it easier to deal with UCAN over the ANU because UCAN has an ACT act, or does that not make a difference?

**Mr Quinlan:** We are dealing with ANU from a completely different dimension and that, in itself, doesn't present insurmountable difficulties. But there is nothing simpler than throwing a heap of money at University of Canberra and getting them to sign up to a heads of agreement on how it will be used.

**MS DUNDAS:** Now that you are providing more support and resources to the University of Canberra, and you have indicated that might grow in the future, will you be asking for more accountability from the University of Canberra?

**Mr Quinlan:** We certainly don't want to get involved in their student politics, as was put forward in this place, in this Assembly, in the last couple of years. That is why there is a measure in this budget that says, "These people will be working with the ANU to make sure that we get our value—"

**MS DUNDAS:** The University of Canberra.



19 May 2004

**Mr Quinlan:** The University of Canberra—“that we get our value for the investment that we have made.” But do we want to have the university answering to the ACT government? I am not sure about that question.

**MS DUNDAS:** Or following guidelines and laws, as written by the ACT government in terms of accountability?

**Mr Quinlan:** Well, we have had that debate, I think.

**MS DUNDAS:** I was actually asking in relation to the council and the Chief Minister’s appointments. I wasn’t interested in the student politic aspect of it at all. There have been a number of vacancies of the Chief Minister’s appointments to the University of Canberra council for a long time. He has worked in the last few months to fill those vacancies. The University of Canberra council was having problems reaching a quorum due to the fact that the ACT government was not moving as quickly as it should in terms of filling those vacancies. But if we continue to give them support and resources and money, I think we should be then asking for accountability back from that.

**Mr Quinlan:** Is that a statement?

**MS DUNDAS:** Well, I will put a question mark at the end of it and raise my voice. But I think it is important that we do follow this path.

**MS MacDONALD:** But it is more of an issue for the Chief Minister and it is one that we have been taking up with the Chief Minister from the education standing committee. So Ms Dundas, I think, is just expressing frustration.

**Mr Quinlan:** As she is wont to do.

**MR PRATT:** The Treasurer is nodding.

**MRS DUNNE:** At least we have got some animation around the table.

**Mr Quinlan:** I haven’t got into the detail of the composition of the council of my alma mater.

**THE CHAIR:** Vicki, do you have anything more?

**MRS DUNNE:** Can we just accept that I have given my usual rant about the lack of performance indicators. We can read *Hansard* from the last two years and—

**Mr Quinlan:** Yes, that’s all right.

**THE CHAIR:** That’s all right. And you have also raised specific questions today and that’s fine.

**MRS DUNNE:** But just put it on the record.

**Mr Quinlan:** Standard recommendation to the estimates committee.

*19 May 2004*

**MS MacDONALD:** Goodness, Vicki, you are getting tired of it, are you?

**MRS DUNNE:** No, I'm not getting tired of it. I just thought I would save the time.

**Mr Quinlan:** But we love to see in the estimates committee report examples like today. That helps.

**MRS DUNNE:** Okay.

**Mr Quinlan:** Rather than saying they're all crap, because that's easy.

**THE CHAIR:** No, fair comment.

**Mr Quinlan:** But there is a specific example that was discussed this morning.

**MRS DUNNE:** Can we have general agreement that they are all crap?

**Mr Quinlan:** Yes.

**THE CHAIR:** I think that is coming through loud and clear—

**MS DUNDAS:** You are not supposed to say that.

**THE CHAIR:** what they did with the Chief Minister. I think that is reasonable.

**Mr Harris:** I am saying nothing.

**MRS DUNNE:** You are taking notes, though, Mr Harris?

**Mr Harris:** I made my comments on Monday.

**THE CHAIR:** Mr Harris made some excellent comments, I thought, on Monday. They were full and frank.

**MRS DUNNE:** I think it was; he is on to it. It was the one that I was particularly keen on.

**Mr Harris:** I am not sure what I am on to.

**THE CHAIR:** Output class 2.3, tourism, at page 40: what do these performance indicators mean? Again, it seems that there is more detail required. I would specifically think that tourism would probably lend itself to some very good performance indicators.

**MRS DUNNE:** Yes, arrivals, bed numbers.

**THE CHAIR:** Mr Keogh has withdrawn and we have a new witness.

**Mr MacDiarmid:** Ross MacDiarmid, CEO of Australian Capital Tourism. Those output class measures: the six there refer to the two events and four seasonal marketing campaigns. However, having said that, we have put on the public record through the

19 May 2004

publishing of our business and marketing program last year that there are performance targets that we work to, and again this year we are working with a set of performance targets that are about number of overnight visitors and length of stay.

**MRS DUNNE:** So could you expand on those a little bit, Mr MacDiarmid, with a view to us having a think about whether or not they should be? We can make a recommendation to the minister that something more fulsome should be here, in the spirit of cooperation.

**Mr MacDiarmid:** We certainly provide the information in the annual report as to the outcomes we have achieved against the targets that were set. To give you an indication, this year—that is, the current financial year—we are looking at a 100,000 increase in overnight visitation from the domestic market and, given the state of the world tourism industry with SARS and the war in Iraq, of course, we said no growth in the current financial year.

I can report to you that for the first six months of this financial year we have actually well exceeded that target. We have actually got a 148,000 increase overnight visitation compared to the same six-month period of 2002.

**MRS DUNNE:** So you have exceeded your target in the first six months?

**Mr MacDiarmid:** Yes.

**MRS DUNNE:** Well done.

**Mr MacDiarmid:** And we have actually got 10,000 increase—

**Mr Quinlan:** We had a world cup.

**MRS DUNNE:** Yes.

**Mr MacDiarmid:** World cup and Masters Games. World cup represented 25,000 combined and, based on the Bureau of Tourism and Research data, we have also had an increase in international visitation by 10,000.

**MRS DUNNE:** And how much of that would have been taken up by the Welshmen during the world cup?

**Mr MacDiarmid:** Probably quite a few. We don't give a breakdown by region or by country of origin.

**MRS DUNNE:** Your 148,000 so far—25,000 was the world cup and Masters Games?

**Mr MacDiarmid:** That's our estimate. That includes domestic and international.

**MRS DUNNE:** So what you are actually saying is that if you took out the extraordinary events—

**Mr MacDiarmid:** Still well above.

**MRS DUNNE:** you are still well above.

**Mr Quinlan:** Yes. And the anecdotal evidence that we are receiving even today is that occupation rates are good.

**MS DUNDAS:** To follow up on that: are you seeing the See Yourself in Canberra campaign as a seasonal or an ongoing campaign?

**Mr MacDiarmid:** That's a brand campaign and ongoing. The seasonal campaigns are very tactical in nature and they sit underneath, I guess, what you would describe as the umbrella brand campaign that we launched in February. We had a really good reaction to it, from anecdotal evidence and also from responses in terms of visitation.

To give you an indication of the sort of impact that some of the things we have been doing have had, you may recall that last year—I am not sure I mentioned it here, but it was certainly mentioned in some public forums—we had a very low level of awareness as a visitor destination. When you actually looked at it from a prompted awareness level, in the case of Adelaide, where obviously we have been doing a bit of work and running two specific campaigns, we had a less than 2 per cent awareness level. As a result of the tactical activity we did there prior to the end of December, we have taken that to a 14 per cent awareness level, and that was even before we ran the brand campaign. So we are anticipating at the end of March when we get the Roy Morgan research information that we would have well exceeded the 14 per cent awareness level.

To give you an indication as to how that translates into visitor numbers: we have actually had extraordinary numbers of potential visitors contacting us from Adelaide and South Australia asking for accommodation details and what to do and see in the ACT and the region. And in one month alone, which was February—so February just gone, 2004—compared to 2003, we had a 60 per cent increase in the number of passengers coming from Adelaide to Canberra, and that translates into about 7,000 extra visitors to Canberra as a result of the activities we did in Adelaide.

**MS DUNDAS:** What are then the performance measures for the See Yourself in Canberra campaign? Are they judged separately to the other performance indicators that you have said are as part of your—

**Mr MacDiarmid:** It's all part of an integrated approach to marketing, private industry development. However, having said that, Ms Dundas, I can tell you that each campaign we run pre and post, we attempt to do a survey pre and we do a survey afterwards using Roy Morgan Research and other research methodologies and organisations to assess what the impact has been of any particular campaign. We are waiting at the moment on the Roy Morgan Research at the end of March to determine the impact we have had in terms of awareness levels in Sydney and Adelaide. We got it for December, which I mentioned, which didn't include the brand campaign, but we will have it at the end of March and we are anticipating a significant increase in awareness level. I think the point I am trying to make here is that there is a direct correlation between raising awareness, as evidenced in Adelaide, and the number of visitors who actually come here. It is all basically fairly logical and commonsense.

19 May 2004

**MS DUNDAS:** Can you provide me with roughly how much of the actual Tourism Corporation budget is spent on doing those surveys, to make sure that all the programs are working?

**Mr MacDiarmid:** I can give you a breakdown of the amount of resources we spend on research generally, which includes the Bureau of Tourism Research, pre-imposed campaigns—there is a whole raft of things. About 4.6 per cent of our total funding is spent on research and that was up from about two percentage points two years ago of our total funding.

**MS DUNDAS:** From reading the statement of intent I note that there has been a decrease in user charges because of the cessation of a tourism publication, which meant you lost advertising revenue. Why did that publication stop and are there any plans to bring it back?

**Mr MacDiarmid:** That publication hasn't stopped. We just completely revised the whole approach to developing the marketing collateral; and the process of change from what was there previously, which was one document was being used to sell Canberra in any one year, which was called *Celebrate Canberra*. I received a fair amount of industry support. So as part of the change process in convincing them we needed to go to four seasonal campaigns as well as having a single holiday planner and other publications, we went to the industry to say, "Look, let us show you how we can actually significantly improve not just the publications but their distribution and so on, and then progressively we'll come back and be looking to attract a contribution from the industry into those publications." And that is what is reflected in the increasing revenue we are anticipating over the four years.

**MRS DUNNE:** So it's a "build it and they will come" approach?

**Mr MacDiarmid:** Absolutely.

**MS DUNDAS:** And at the same time there is also a decrease in the outyears of user charges revenue you would expect to be getting from ACT government.

**Mr MacDiarmid:** It is part of the argument that says that, over time, once the investments are made by the government programs that are starting to make a difference, we will start to attract interest from the industry and from the institutions and other sources of funding into supporting the overall program and holding our \$20 million investment, which I have got to say gives us a chance now to compete against other states and territories, which up until the last 12 months or so we have found very difficult.

**MS DUNDAS:** A \$25 million investment?

**Mr MacDiarmid:** Twenty million dollars. The total investment in tourism activities will be around about \$20 million.

**MS DUNDAS:** Okay. Also, you received, I guess, unexpected other revenue in the financial year 03-04 of \$63,000. What was that other revenue?

**Mr MacDiarmid:** \$63,000?

**MS DUNDAS:** I am looking at page 15 of the statement of intent.

**Mr MacDiarmid:** Thanks—I knew that. It's a sale of the assets from the V8 super cars. We have been progressively selling off assets. We have still got some of the barriers but as we are working our way through, we have almost got most of those assets sold.

**MS DUNDAS:** Do you do the comparison with other states about the amount of money, as part of the whole \$2 billion we set aside for the budget that is actually then spent on tourism? I know New South Wales spend less than 0.1 per cent on their tourism campaign.

**Mr MacDiarmid:** There was some work undertaken by Match Point of View about 12 or 18 months ago that compared the states and territories' expenditure in absolute terms, as well as a comparison against their total government investment in, I guess, economic development. I don't have that information with me, but I am certainly happy to show you Match Point of View, which was a public document.

**MS DUNDAS:** Well, point us in the right direction so we can find it either way. Although I have some other questions, I am happy to let somebody else have a go.

**THE CHAIR:** I have just got a couple on the convention centre and then over to anyone else. There is \$10 million—I refer to budget paper No 4 at pages 33 and 40. What are the timings for the project and what are the timings for that spend of \$10 million?

**Mr Gordon:** The provision in 2004-05 is \$10 million, followed by \$30 million the following year. The decision to upgrade the existing facility substantially has been taken and we are now formally in negotiations with the InterContinental Hotels Group. The facility is a working convention centre, so that the decision to stage the development makes sense: we don't want the convention centre to close down. It has, essentially, a full book for next year.

**THE CHAIR:** So you're saying that in the following financial year, 2005-06, there will be \$30 million.

**Mr Gordon:** Yes, in the outyears.

**THE CHAIR:** You've probably answered why those funds are being sourced entirely from this year's budget, that \$10 million. Do you anticipate spending all of that this year?

**Mr Gordon:** Yes.

**THE CHAIR:** Will the government use any borrowings to fund this project?

**Mr Quinlan:** Not at this stage, there is no intention.

**THE CHAIR:** Have you received any expert advice on the optimum strategy to fund it, as \$40 million is a pretty big project?

**Mr Quinlan:** Yes, but, given the state of the ACT's finances, borrowing just doesn't enter into the equation at this stage. The money that we put into that will be an investment in Canberra's future, but it's not an investment that's going to pull a direct return. They are the sorts of facilities you have and hopefully you will get the spin-offs.

**MRS DUNNE:** Minister, could you give us an exposition or rundown on what happened? You went out for expressions of interest and the Crowne Plaza group, InterContinental, or whatever form they're in, was one group to put in an expression of interest. Were there others or was there only the one?

**Mr Quinlan:** Yes. Mr Gordon can give you the details of the consortia.

**Mr Gordon:** Two consortia submitted. One was a group that was centred on the InterContinental Hotels Group, which is the operator of the existing facility. Another group was brought together by the Macquarie Bank and included significant ACT and national building partners.

**MRS DUNNE:** How did the expressions of interest work? Did you go out with pretty much a blank sheet and say, "Come and tell us what you can do in terms of a convention centre in the ACT?"

**Mr Gordon:** I wouldn't describe it as a blank sheet.

**MRS DUNNE:** Is that too simplistic?

**Mr Gordon:** Yes. The government was very clear in the objectives that it set down for the response, in that it wanted a convention facility of a certain type, in that we didn't want fewer convention seats than we have now, fewer theatres. We wanted twice as much, if not more, exhibition space. We wanted the facility to work better than the current one does in terms of public circulation and it had to provide state-of-the-art technology and had to look good.

**MS DUNDAS:** Was disabled access part of the criteria?

**Mr Gordon:** Yes. The facility, wherever it was to be, had to be state-of-the-art in all senses—in terms of OH&S access, technology, the whole lot. The government also identified some blocks of land that may be suitable and the expressions of interest process was calling for entrepreneurial responses, commercially oriented responses, that would deliver the territory its outcomes and may also include related commercial development, and there were two responses.

**MRS DUNNE:** When did the expressions of interest process close?

**Mr Gordon:** I can't remember.

**Mr Harris:** We can provide you with a specific date, because there was a specific termination date that closed that process.

**MRS DUNNE:** You went out for expressions of interest. They closed at a particular

time. When was it—March last year, June, something like that?

**Mr Harris:** No. It was in the second half of the last calendar year and then there was an assessment process that it went through. That assessment process terminated in the first quarter of this calendar year with a recommendation to me, as the delegate, that the process be terminated. I should point out that neither of the submissions were complying submissions.

**MR SMYTH:** Is that why it was terminated?

**Mr Harris:** Yes, essentially. We had no complying submissions that would allow us to enter into negotiations with, if you like, a complying tender.

**MRS DUNNE:** So that it took us three or four months to determine that they weren't complying.

**Mr Harris:** It was a complex analysis. There was a procurement plan and the appropriate safeguards attached to the process.

**MRS DUNNE:** Did either of those businesses ever receive an acknowledgment for their expressions of interest?

**Mr Harris:** Yes, and they were both offered debriefs at the end of the process.

**MRS DUNNE:** Can we have a timeline for when all those things happened, including when they closed and when they received their acknowledgments?

**Mr Harris:** Yes.

**MRS DUNNE:** We are now in a different sort of negotiation with one of those people. Is it just coincidental because one of those people happened to be the operator of the—

**Mr Harris:** They've got the lease over the—

**MRS DUNNE:** Over the current facility, so—

**Mr Harris:** No. It's important to be clear about this. We are not in direct negotiation with either of the groups that submitted proposals in the EOI process. We are in direct negotiation with the current owners/operators of the convention centre to see if we can strike an arrangement to redevelop the existing site. There's a significant difference between the two.

**MRS DUNNE:** Yes, I understand the difference. So we've got Chinese walls in the InterContinental Hotels Group, in a sense.

**Mr Harris:** No. We are talking with the InterContinental group. We are not talking with the consortia that submitted an EOI that included the InterContinental group.

**MRS DUNNE:** Sorry, that was the distinction I didn't understand.



**Mr Harris:** That's the point I'm trying to make.

**Mr Quinlan:** The InterContinental group, I think, tend to manage hotels but not build them.

**Mr Harris:** Yes.

**Mr Gordon:** And under the EOI the consortium submitted four alternative propositions. In our negotiations directly with IHG, we are disregarding and we're not taking into account those propositions that were put forward under that because they were all assessed as not complying. So they've got to come up with a new proposition.

**MR SMYTH:** Have the issues regarding spending taxpayers' money on a facility that is privately leased been addressed? There were difficulties with the Auditor-General some years ago as to whether or not that money came off the bottom line and it would be seen as a grant rather than a capital work.

**Mr Harris:** The answer to that question will be able to be given when we know what the final arrangement is, if indeed there is a final arrangement. At the moment, we are in conversation about trying to get to an end point about how we would redevelop a facility and government make a contribution towards that. We don't know yet in what way that contribution will be made. We don't know what the arrangements between the parties might be. So the answer to your question at this point in time is no, but it will have to be done before the process is concluded.

**MRS DUNNE:** So at the moment what you're actually saying is that the money is parked in capital works as a convenient place to signal that you're going to spend \$40 million, rather than its actually being finally processed through the capital works.

**Mr Harris:** I would describe it as an appropriate place to identify the appropriation rather than a convenient place to park an amount of money.

**MS MacDONALD:** Mr MacDiarmid, going back to tourism promotion, within the initiatives we've got quite a substantial amount, as per the economic white paper, in order to increase domestic and international visitation. You've talked about the domestic promotion, which has had a very positive impact. I wish to ask about the international promotion. How will Australian Capital Tourism be promoting Canberra to international markets?

I say that, keeping in mind that recently I had some international visitors and the only reason they came to Canberra was that I met them away from Canberra and I encouraged them strongly to come and take a look at Canberra. They had a great time and said that if I hadn't told them about Canberra, they wouldn't have come but we're really glad that they did. One of them is an architect and the other an interior designer, so they were particularly interested in what Canberra had to offer in the way of architectural features and designs, et cetera. I'm just interested to know how we will be promoting Canberra to international tourists.

**Mr MacDiarmid:** Clearly, 4.7 per cent of your total investment in international or available funds is not going to enable us to do major campaigns overseas, which is why

it's important for us to work with the Australian Tourist Commission, soon to be renamed Tourism Australia, and Tourism New South Wales, who do have people in the market in both Europe and throughout Asia. We're in negotiation at the moment with Tourism New South Wales about getting some resources—they'll be in-market resources, on-ground resources—and working through them to promote both the ACT and the capital region, more than likely based in Singapore, to help us establish a position in that particular market.

With One Australia, which is a new concept being developed in Europe and the UK, all the states and territories have actually pooled their resources and are establishing a single approach to marketing Australia in the Europe-UK market and then doing the tactical stuff at the state or more a territory level underneath that sort of umbrella approach. We'll play a minor role in that organisation. In fact, if anything, all we have done is bought ourselves a seat at the table for any strategic planning, because again we don't have the resources and Tourism New South Wales need to help us where they can in providing us with some support.

Those are the fundamentals, if you like. We need, as I said, to leverage the ATC's positions all round Australia—remind them, by the way, that we are actually the national capital of Australia and we should be on their maps—and work with Tourism New South Wales, which will give us some in-market support in certain countries and certain geographical locations in countries as we start to try to use our limited resources to run some marketing activity in those places.

I'll give you an example. One of the things we're looking at is a marketing campaign in a very targeted way in Singapore, so that the person based in Singapore can hopefully receive inquiries and have a conversation with people who are actually starting to say, "I've seen some of your advertising and some of your PR and media activity in the Singapore market. We'd like to talk to you about perhaps having tours here." I just wanted to give you that as one example, because over the next four years we're hoping to specifically target countries within the Asian region and regions within those countries to try to stimulate some interest in coming to Canberra, but again leveraging off the relationship with ATC and Tourism New South Wales. We are very confident that if we can get those relationships right and if we use our resources effectively in target ways, certainly in both a PR and a media marketing sense, we can achieve the targets we've set by 2007-08.

**THE CHAIR:** Is there anything more on the convention centre?

**MR SMYTH:** Yes, I have one on the convention centre. What is the expectation that Six Continents might put into this project? Are we just doubling up with all the money or is it expected to be matched dollar for dollar or at some sort of ratio?

**Mr Quinlan:** It's early days for negotiation but I would like to think that their contribution goes to reorientation of the hotel, that there's a precinct there that involves the hotel, the casino and the convention centre that's a whole lot better than it is now, and we need to work through that. Some of the contribution they make may be just purely in development of their own resource as well to complement what goes on, but it's early days.

**MR SMYTH:** So you don't have an expectation or you're not negotiating with a view that they would put money into the convention centre as well.

**Mr Quinlan:** Yes, we are, but given the position we're in where the expectation is not high that they are going to spend a whole lot of money on it unless they see value and they're going to make an absolutely commercial decision. But a commercial decision that they could make is to put their front door where their back door is, effectively, and build a whole precinct which could enliven access to the casino, get a far better approach to the convention centre than we have now in Constitution Avenue—it's pretty crappy—and whatever.

**Mr Harris:** We've only had two meetings so far and the first one obviously was very exploratory on both sides as to how we were going to do this. The second one, in part, got down to a bit more detail, but was still, "What are the rules of engagement and how do we protect our various interests?" with them telling us, "You have to understand we will act in a commercial way," which is the comment the Treasurer just made, and us saying to them that we understand that but, again as the Treasurer just said, there is a precinct there and why don't they think about the precinct rather than just this particular block, to the point where we're saying that the precinct doesn't necessarily represent the boundaries of their particular pieces of property at this point in time, there are other pieces of property around that we might be able to negotiate on as far as getting a better outcome is concerned, to do with access and stuff.

**MR SMYTH:** So the government is not against, potentially, the idea of, I think, Coranderrk Street being the major entrance for the Crowne Plaza and the casino.

**Mr Quinlan:** No.

**MR SMYTH:** So all options have been covered.

**Mr Quinlan:** Because we haven't got to that point, I haven't got the planning authority on side yet, but it doesn't take a lot of imagination to stand in Coranderrk Street and look at the convention centre, casino and hotel from there, ignore the residual of the food hall, and see there could be a very attractive precinct set up.

**MR SMYTH:** Sure.

**Mr Quinlan:** Much like what Burswood has with the hotel and their casino and their convention area.

**MR SMYTH:** Are the owners of the food court block being involved in this discussion?

**Mr Quinlan:** Certainly on an informal basis, I can assure you of that, but the way we're operating we expect that the Crowne Plaza might be talking to them as well.

**MR SMYTH:** What do you expect to get for the \$40 million? What will actually happen on the site?

**Mr Quinlan:** Well, \$40 million worth of improvement. The original assessment, I think, put in one theatre and clean the joint up and I think that was the \$40 million gone.

**MR SMYTH:** So we won't end up with a larger exhibition hall, for instance?

**Mr Quinlan:** I don't think so. It's a fairly substantial hall now. We'd like it bigger, but it's no small hall.

**Mr Gordon:** Depending on the nature of the conversations, it's certainly one of the options that we're asking the InterContinental Hotels Group to come back with some development options. There are some minimum requirements that we're looking for. The way that the facility addresses its environment on each of the three sides is really important. How it relates to the other commercial facilities that are in the precinct is also important. How it provides better public access and public circulation, public access in all forms, is important. We're essentially waiting for them to come back now with some development options.

**MR SMYTH:** But at the core of it, Treasurer, is that the problem with the existing convention centre is that you can't have a large trade exhibition and a large dinner at the same time because there's only one space. To have it as an effective convention centre into the future, what is needed is either an exhibition hall larger or, indeed, two exhibition halls. Would the \$40 million be well spent if we did not get that primary objective of additional display space?

**Mr Gordon:** I'd be very surprised if all the options didn't include significant expansion of the exhibition hall.

**MR SMYTH:** Would that require extra money above the \$40 million?

**Mr Gordon:** Part of our conversation with them is that we're saying to them quite clearly what our expectations are—exhibition space, public access, OH&S, disabled access, technology. The government is clear in terms of what it's looking for. Part of the market response, the EOI response, was that the market said that to get all of the things that we wanted for \$40 million is not feasible, so now we're in negotiation with the direct operator to find out what is feasible and what leverage we can insert to encourage them and others to make related investments.

**MR SMYTH:** And this will happen; it isn't just a ploy of negotiations to push it past the election date.

**Mr Harris:** I'm in serious negotiation with at least two private enterprise companies who have made it very clear to me that they have a significant interest in pursuing this and that they wish to pursue it in a shorter timeframe, not a longer timeframe, because the longer it takes the more money it will cost them by way of sunk cost and what they are saying to me is that they are keen to participate in this discussion, they are keen to explore the opportunities that might be there.

**MR SMYTH:** So you're looking for a completion date at the end of the financial year 2005-06.

**Mr Harris:** Completion of what?

**MR SMYTH:** The refurbishment or whatever it is you intend to spend the \$40 million on.

**Mr Harris:** The \$40 million will be spent under the current estimates by the end of 2005-06, so you're talking 30 June 2006 under the current plan.

**MS DUNDAS:** One of the major problems that I've encountered in terms of the current convention centre is that if you have presenters who are disabled they can't present in a whole lot of the theatres because they can't get down the stairs. Is that going to be fixed? Is that one of the key measures that you're trying to address?

**Mr Gordon:** It's pretty close to the top of the list, yes.

**THE CHAIR:** There being no further questions on the convention centre, I turn to pages 371 to 375 of BP4, relating to the Australian Capital Tourism Corporation. The first highlight refers to undertaking research to profile the market and determine trends and motivators in visitation. Shouldn't that be an ongoing activity?

**Mr MacDiarmid:** Yes, it's a continuation of work we start doing in the current financial year.

**THE CHAIR:** Naturally, that would be ongoing in the future and would be almost like core business, so why is it in there as a highlight?

**Mr MacDiarmid:** To reinforce the fact that it's absolutely essential that we have that sort of information, to make sure that not only do we have the funds allocated to that sort of research activity but also it's flagging to the industry that we as an industry need to be getting data as well.

**THE CHAIR:** What progress has been made on obtaining a permanent site for Floriade?

**Mr MacDiarmid:** We are still in negotiations with the NCA and those negotiations are going reasonably well.

**THE CHAIR:** Are there any other sites for displays apart from where we have it at present? Is that part and parcel of the negotiation?

**Mr MacDiarmid:** Other sites for consideration?

**THE CHAIR:** Yes.

**Mr MacDiarmid:** No, we have focused our attention on Commonwealth Park.

**THE CHAIR:** You also mentioned regional cooperation. Have many activities been developed with New South Wales, either the New South Wales government or local authorities in the surrounding communities? If there have, could you give us details of those?

**Mr MacDiarmid:** We are obviously working with Tourism New South Wales and have got their enthusiastic support for the relationship that we have with the two regional

tourism organisations on either side of us—Capital Country, which roughly covers from the Southern Highlands out to about Young and down to, I guess, Braidwood, and then the Snowy Mountains, which is anywhere south of Michelago. We've also got a reasonably good relationship with the South Coast and with those three organisations we are either on their boards or work in providing some financial support to the development of products within those areas in conjunction with Tourism New South Wales.

One thing we've been stressing, I guess, over the last two years is that for us to get people to come and stay here longer we need to give them a greater experience than just national institutions, which we know are fantastic in their own right and I'm in no way suggesting anything else, but the ability to hold them here and get them to actually experience more than just institutions requires us to build a product in both the ACT and the region. Therefore, working with those tourism organisations to the south and the north of us as well as to the east of us, and with the enthusiastic support of Tourism New South Wales, is absolutely essential. Those relationships have been something we've focused on very strongly, to the point where we now hold a board position on each of the two boards, Capital Country and the Snowy Mountains.

**THE CHAIR:** And you provide some funding to assist.

**Mr MacDiarmid:** And we've been providing very limited funding to assist, but one of the objectives this year is to look at matching some of the dollars that are going to the product development marketing of those regions as a way of getting people to come and stay here longer.

**THE CHAIR:** Have you got details of the funding that has been given?

**Mr MacDiarmid:** No, because we actually haven't finalised that yet. We're still in negotiation with Tourism New South Wales, remembering they've just gone through a significant reorganisation and they haven't had a chance to focus on that. We'd obviously be looking at making sure that whatever resources were provided to support development within those regions was going to benefit the ACT, which in essence it does anyway because, as the region grows, the ACT economy benefits.

**MS DUNDAS:** Budget paper No 3 talks about eight interdependent program strategies. Budget paper No 4 calls them—I assume that they're the same—eight business and marketing programs. What are those eight things?

**Mr MacDiarmid:** Research, which will receive 4.26 per cent of our total investment; product and industry development, which will receive 8.87 per cent; marketing, 24.2 per cent; events, 24.5 per cent; national sales, 11.4 per cent; the Canberra Convention Bureau, 4 per cent; international sales, 4.72 per cent; and the community gets 2.2 per cent. The point about the integrated nature of those programs is that we work with a concept of the supply chain, because we need to understand what the customer requires. Once we understand that customer requirement, we obviously build a product or the product is available. We then go and market it. It needs to be sold. Once it's sold, we need then to assess the experience and that goes back into the supply chain process. One thing we've introduced in this last 12 months, and is well supported this year, is this whole notion of community.

**MS DUNDAS:** I was going to ask about that.

**Mr MacDiarmid:** You would recall that the *Canberra Times* did a survey of the Canberra community about three months ago and they actually asked a question about whether we are enthusiastic—

**MS DUNDAS:** They phoned 100 people.

**Mr MacDiarmid:** It doesn't matter. I think it's a reasonably good representation. If you ask it in open conversation with people you get the same reaction. Fifty-two per cent of those 100 people indicated that they were not as enthusiastic as they should be in selling Canberra. There are a number of reasons for that. One is that we are constantly, as you well know, bashed by the media as being "Canberra said", which doesn't ever help our cause. We don't have the depth of knowledge occasionally that we should have as a community about the products we have in the ACT and somewhere in the region.

What we're looking to try to do is to build an active sales force. Wouldn't it be great to have 320,000 Canberrans, whether they're toddlers or they're elderly people, going out and espousing the virtues of this wonderful place? What we want to do is to have people who are less apologetic about what Canberra has to offer, the way Queensland and Tasmania have. So our focus on community is quite deliberate. Add to that the fact that a substantial part of our overnight visitation comes from visiting friends and relatives and you therefore have a significant influence on being able to get your friends and relatives to come here. If you have the knowledge and you have the enthusiasm, you will probably find more of them will come.

**MS DUNDAS:** In terms of how that community development program will work, will you be conducting your own surveys of the Canberra population?

**Mr MacDiarmid:** We've done that recently, actually. I don't have the research results here, but it's quite disturbing that even people in the business community don't see their business connected to tourism to the extent that you would expect they would. That's really quite sad, because we're talking about retailers and people in the hospitality industry. That's the challenge we face. If tourism is going to be a significant driver of the economy, which it already is but it can certainly be greater, we need to have the whole community involved and understand the impact they have on a visitor so they make sure they have a good experience and go away and provide word of mouth advertising support for what we're trying to do.

**MR SMYTH:** Is that survey available?

**Mr MacDiarmid:** Yes, it is.

**MS DUNDAS:** Can we get a copy?

**Mr MacDiarmid:** Yes.

**MS DUNDAS:** Thank you. Just making it clear: that's a question on notice. We'd like it.

**Mr MacDiarmid:** Yes.

**MR SMYTH:** The Treasurer has managed to get you about \$3½ million extra for advertising, and well done, Treasurer; it's good to see it has gone up some. It hasn't gone up as far as the Canberra Liberals have promised. What will you actually spend that extra money on?

**Mr MacDiarmid:** The majority of that will be on marketing campaigns there to print media or TVC and also giving us the opportunity for the first time to get into some of the other geographical markets we haven't been able to get to simply because of the lack of resources. We did Sydney, Adelaide, and we've done Perth in a tactical sense. We haven't been to Perth with a brand position. Clearly the major markets of Brisbane and Melbourne are the ones we want to focus on next, in that order by the way—Brisbane and then Melbourne.

By the way, Perth, even though it was tactical in nature—and when I describe “tactical”, what I mean is there's a call to action; it's a specific and quite cheeky campaign that says, “Why the hell would I want to go to Canberra?” And then we go and give them 10,000 reasons why they should, and at the end of it we have a call to action to say, “And contact this number for more information,” or, “You can book through this particular service.” In the case of Perth, it was through Qantas. Even the red eye is going exceptionally well, which just confirms for us that, if we're able to go into these markets and convince people that there's another dimension to what Canberra and the region has to offer, we'll get substantial increase in the visitation.

It is a long answer to your question, Mr Smyth, but resources are predominantly going into the marketing activities.

**MR SMYTH:** I notice the government contribution goes down in the outyears and the non-ACT government user charges go up. What constitutes the non-ACT government user charges?

**Mr MacDiarmid:** Sponsorship, commissions, cooperative advertising are the three main areas, and our expectation is that as we continue to demonstrate the value of the programs we're running we'll get support from both the industry and the institutions in doing a lot more destination marketing. And that's effectively the difference between the two.

**MS DUNDAS:** I was going to ask about the see yourself in Canberra campaign, which has been the major promotion. This may have been provided in the Assembly, but can you give us a breakdown of just how much that program cost?

**Mr MacDiarmid:** Yes.

**MS DUNDAS:** On notice?

**Mr MacDiarmid:** On notice.

**MS DUNDAS:** I'll just rephrase that question.



**Mr MacDiarmid:** I can answer that question by saying it costs \$1.4 million in total.

**MS DUNDAS:** I guess that will do. Who actually came up with the idea, the concept, of the see yourself in Canberra campaign?

**Mr MacDiarmid:** A combination of the agency that was contracted as well as our own organisation through many long discussions.

**MS DUNDAS:** So when you went out to tender to get a company to develop an advertising campaign, what parameters did you lay down for them?

**Mr MacDiarmid:** We didn't go to the industry or to the advertising industry to ask for them to respond to an advertising campaign; we went out to contract an advertising company who would then be involved in the discussions around brand positioning, tactical activity and providing us with a range of advertising services. And that was a very exhaustive process. We went through procurement guidelines and the procurement process to arrive at a decision through an independent evaluation as well, and the agency brought their creativity and their creative ideas to the organisation.

We then developed the concept. I've got to say that, if you haven't seen the Sydney ad, there's a fairly similar look about it. If you heard Joe Hockey this morning on the *Today Show*, he talked about the need to actually present Australia in terms of its experiences and creating a tear in the eye. I think we should all be quite proud that we've created something here that is in the market first and actually attempts to do the same thing.

**MS DUNDAS:** So what kind of, I guess, market research was done to underpin the concept? If the concept was being developed as you were working with the ad agency, did the ad agency then, before it was actually launched, do some kind of market research to find out what we would do?

**Mr MacDiarmid:** Absolutely. Before the concept was finalised we took on, as part of our research function, focus group work in Sydney, Brisbane and Melbourne and tested with those markets, as I said, through focus groups, a number of concepts; and the one we arrived at was the one that had the most significant impact.

The brief to the agency was always: we had to have something that was going to be emotive, that was about experiences—not about the traditional views of icons and buildings and lakes and so, which most other places could probably provide. It was: what does Canberra actually mean as the national capital of Australia? What do the institutions actually provide in the way of experiences? I think that, if you haven't seen it, they came up with a very good response to that.

**MS DUNDAS:** And why were no focus groups conducted in Adelaide, considering it was the first major area to receive this campaign?

**Mr MacDiarmid:** We felt we would get a diverse enough—is that good English? It'll do.

**THE CHAIR:** Yes, it's good English, I think.

**Mr MacDiarmid:** Thanks very much. We thought we'd get a significantly diverse response from those cities to be able to help us determine the final product. Adelaide became the market we focused on—where it is very cost effective to be advertising, by the way, by comparison to other places—because we did a tactical campaign there coinciding with the Virgin service. And just on the basis of the reaction we got to that particular tactical campaign, we thought we could probably impact quite significantly on that market with a brand campaign following on from the tactical stuff. So it was almost more opportunistic than it was necessarily a plan.

But the reactions we got from Sydney, Brisbane and Melbourne gave us a really good insight into how we had to refine the concept so that it became more relevant to each of those markets. Sydneysiders understood the concept and said, “Yes, that’s what we think about the national capital.” Brisbane people have a slightly different version or view. Of course Melbourne people—I won’t be derogatory about Melbourne people—also had an interesting view.

**MR SMYTH:** They still thought they were the capital, didn’t they?

**Mr MacDiarmid:** They thought they were the capital; that’s exactly right.

**MS DUNDAS:** Can I just clarify the process? You called for an ad company to help with the brand positioning. With the ad company you developed a number of concepts that were then taken out to focus groups for testing before the final one came through.

**Mr MacDiarmid:** Correct.

**MR SMYTH:** Can I interrupt? Who won that tender?

**Mr MacDiarmid:** A company in Melbourne.

**MR SMYTH:** Called?

**Mr MacDiarmid:** Bristow, Prentice, Lambaart and Budd.

**MS DUNDAS:** They did the Victorian “run, rabbit, run” campaign as well.

**Mr MacDiarmid:** Regional. They were involved in it, yes.

**MS DUNDAS:** I’ve already asked this question on notice and I got a quite detailed answer in relation to why Bristow was chosen to run this advertising campaign. Without asking, the answer also included a list of ACT companies that have been used by Tourism ACT recently. Why wasn’t more support given to ACT advertising agencies to bring their knowledge of the capital into this process of developing the major marketing campaign for the ACT?

**Mr MacDiarmid:** There are two answers to that question. Firstly, if you asked a lot of the industry, the industry was pleased that the result was that there was an outside agency employed for a two-year contract with a chance to roll over on a one plus one basis, because they would bring a new perspective. I think that’s an interesting view; it’s a view I share. They’ve got some great agencies here that can provide some

extraordinarily creative work. I've seen the work The Zoo, for example, and Grey3 do worldwide.

But when you go out to a tender process, what you're looking for are two fundamental responses. One is: what is the creative thinking in their organisation supported by, I guess, some strategic perspective? The second is: what are you going to get in terms of what's your best judgment about what you're going to get in the way of value for money? That was the basis on which, ultimately, the decision was taken.

As I said, we used that and we had someone external as well on the evaluation panel. We had a number of agencies that submitted tenders. We went short-listing; then we went down to a presentation format; we did reference checking; we did all the normal sorts of things you do in any contracting process. And the judgment of the panel was that this agency was the one that had the best creative ideas and will give us value for money.

Once we went through that process, we are then reliant on them to give us advice on what production house is more capable of producing that style of ad than perhaps others. After they did an assessment as well—and I understand they did an assessment of the local industry, production houses; not agencies, production houses—their view was that they would employ a Melbourne-based production company.

Having said that, as you've seen in that list of agencies and organisations we use here, a substantial part of our funding is actually spent with local companies on producing marketing collateral, advertising campaigns and the like.

**MS DUNDAS:** When did that two-year contract begin?

**Mr MacDiarmid:** It started on 1 July.

**MS DUNDAS:** This year?

**Mr MacDiarmid:** This current financial year.

**MS DUNDAS:** 1 July 2004?

**Mr MacDiarmid:** No, 2003. It goes through to the end of 2005, with a rollover option of one plus one, based on performance assessment and a review every 12 months.

**MS DUNDAS:** But now that the major campaign is up and running, what do you see them doing over the next two years or over the next three years or over the next four years? What's the extended contract for?

**Mr MacDiarmid:** Ms Dundas, it's not about the brand; it's actually about the tactical activity as well. They do help us with seasonal campaigns; they're involved with a company called Starcom in the media-buying process. They do more than just simply the brand positioning, but that was a significant piece of work in its own right. We will, in this next review period, which we're about to enter now, look at whether there are more effective ways of working, which I suspect there probably are; and that may result in a renegotiation of elements of the contract.

**MS DUNDAS:** If you're just talking about tactical activity, now that the brand is up and running, that's something that you could look at supporting an ACT company to do.

**Mr MacDiarmid:** At this stage all I will say is that we are going to do a review and that might be an outcome.

**THE CHAIR:** I have just got a couple. The first is on page 372 of BP4, under "grants and purchase services, \$200,000". That continues into the outyears. What's that for and what are the purchase services?

**Mr MacDiarmid:** The national capital education tourism project is a project that is set up to facilitate access from students, predominantly primary students, around Australia to a rebate arrangement to suit the federal government to get them here.

**Mr Quinlan:** Gary Watson.

**Mr MacDiarmid:** Gary Watson.

**THE CHAIR:** Thanks. I take it this next thing I'm asking about is probably in supplies and services. Do you have still a certain figure to help get events to Canberra—sporting events, cultural events?

**Mr MacDiarmid:** We have, in our total event funding, \$500,000 that is used to support events through event applicants putting in an application that's then assessed by an independent panel. We are just in the process of revising the guidelines for that, trying to focus again on a decent return on investment and getting some more rigour into the approach that comes from those event companies in their application process as well as the way they run and market those events.

**THE CHAIR:** So what assessment panel do you have? Is that within the department or is—

**Mr MacDiarmid:** No, we actually use people from a number of different departments or agencies within the ACT government as well as one or two independent people.

**THE CHAIR:** It's been brought to my attention that, on several occasions recently, in relation to sports tourism and a lot of mass participation events, from a very small outlay—often you might have to outlay \$5,000 or \$10,000, which makes a huge difference—you can get a very large mass participation event which might bring 2,000 or 3,000 people to Canberra for a few days. It's been mentioned to me by ACTSport on several occasions in the last couple of months that some of the sporting bodies are getting a bit concerned because they sort of seem to be missing out on any assistance there which one would think they probably could get from this particular program.

**Mr MacDiarmid:** I'm surprised actually. Most of the organisations that receive funding through that events assistance program fund are actually for sporting events. Mr Stefaniak, it's a fund that's available to be utilised through application. Sure, ultimately the test for the panel and the guidelines that will be used is: what is the best return we get for the utilisation of that \$500,000? Yes, and how well the application is

put together. We don't simply rely on just the application; we'll do a bit of searching, if we need to, to establish whether there's an event that's got some really good potential.

I think what we need to do in terms of events—I'm sure you've made this statement before—is ensure that we've got some really good events, which we have here in the ACT, which quite frankly are not well marketed and can be significantly enhanced so that hopefully they will become self-sustaining. I think our focus should be as much on trying to work the events we have a lot harder than necessarily going out trying to find larger and bigger ones.

That doesn't mean we wouldn't support small ones that should be logically based here, which is what we're trying to do as well. But it's not about the big events when we've already got events that we don't market as well. The best example I can think of is Floriade. For the first time this year, we'll actually be advertising it in Adelaide, Perth and south-east Queensland, including Brisbane. They haven't actually done that for the last five years.

**THE CHAIR:** I think actually one of the groups whom I must have spoken to was Sailability which apparently used to run national championships here. It's a disabled sailing class thing which probably most members are familiar with because most of us have had a go at it. They told me that they get 3,000 to 4,000 for the nationals. Basically they were probably only after \$5,000. I don't know; they may not even have approached you, but they were certainly a little bit miffed that they could not find assistance. My first question on that is: can you recall being approached by that group?

**Mr MacDiarmid:** No, I really can't. We received something like 50 applications for funding last year and we supported something like 24 different organisations. As I said, the majority were actually sporting events. Whether they were one of those, I don't know, Mr Stefaniak; I really couldn't tell you.

**THE CHAIR:** Do you have contact with ACTSport?

**Mr MacDiarmid:** Absolutely. ACTSport sit on that evaluation panel, yes. And we are, in a few weeks time, actually having a joint meeting between Mr Gordon and me and Environment ACT, Maxine Cooper, to get much better understanding and coordination of activities between a number of our agencies so we all know what we're trying to achieve.

**THE CHAIR:** That helps.

**MS DUNDAS:** Whom did you say was on that working party?

**Mr MacDiarmid:** At this stage it's a small group of Mr Gordon, me, Maxine Cooper from Environment ACT, who looks after heritage, Harriet Elvin from the Cultural Facilities Corporation and Sue Marriage from ACTSport.

**MS DUNDAS:** I was just wondering about that. There are a number of cultural events that happen in the ACT. The Multicultural Festival is one that springs to mind. Are you actually trying to market those week-long events or those other activities as a tourism draw card? Is that on the agenda?

**Mr MacDiarmid:** We try to draw a distinction between events that have got substantial visitation potential as opposed to those that are fundamentally community based. It doesn't mean we don't support them and, as evidence, we can show that we've actually supported those events like the Multicultural Festival or like Australia Day in Canberra. We do actually advertise and market those through our marketing collateral, so we're already involved in marketing those.

But in terms of whether they would constitute a huge investment from our organisation, because ours is about visitation, they'd have to demonstrate, I think, that there was a serious visitation potential attached to that particular event—external visitation potential as opposed to a community event. Otherwise we'll find ourselves caught up in supporting community events and not achieving our fundamental objective, which is bringing people to Canberra and getting them to stay as long as possible.

**MS DUNDAS:** The Multicultural Festival does put on a lot of shows over the two weeks that aren't shown anywhere else in Australia, in terms of local visitation. You'd expect that there should be some tourism market there.

**MRS DUNNE:** On the subject that was raised by Mr Stefaniak: I noticed in the press in the last little while there was funding this year for the Kanga Cup. Is that coming out of Sport and Rec or is it coming out of tourism? It's tourism money. And that's the first time that's happened?

**Mr MacDiarmid:** No, they've been receiving funding through the event assistance program funding for the last number of years. All we've managed to do is set aside some funding through that particular fund to ensure that they stay here for four years. Again, what we're doing is we're helping them with marketing and sponsorship support. So we actually provide the resources to help them build a sponsorship package, take it out to the market place and try to attract sponsorship, the intention again being that, over a period of four years, hopefully they'll become self-sustaining and therefore not reliant on government funding.

**MRS DUNNE:** I have been to events where people have been in my ear saying that they weren't receiving very much assistance from the government.

**Mr Quinlan:** Initially they weren't and certainly the level of assistance has grown over time and it's become more formal. It was a bit piecemeal before. The Kanga Cup has been recognised for what it is. It brings a tremendous amount of visitors for a week and maybe a bit longer for some of them.

**MRS DUNNE:** And that's the thing that Mr MacDiarmid was talking about before, taking these little things. Last year, there were kids from Texas and all over the place, and that's not normal. Those groups wouldn't normally come to Canberra. They came here to play because the kids played soccer. That's a very powerful marketing tool.

**Mr MacDiarmid:** Absolutely. Let's remember that a lot of the organisations in the ACT that are putting on events are flat out just putting on the event, in that they often use volunteers. So what we're doing is providing not just some funding but also, within the tiers or our organisation, helping to market in some cases and, as I said, helping to try to

*19 May 2004*

develop some sponsorship so that in fact the event can achieve its potential as a visitation event.

**Mr Quinlan:** I have to say, with regard to the Kanga Cup, when I first virtually stumbled across it, I was amazed at the number of people. I've got to say at the same time that they've been through a period, now past, where they didn't sell themselves all that well in terms of settling down and working with agencies or whatever to get funding. It was a case of they just got on and did it and then, at the last moment said, "Why don't you help us?" We start a bit earlier. We've got that formalised now. There's a relationship now that we start at the same point.

**MRS DUNNE:** Yes, but that's part of the function of being a volunteer group that is really interested in putting on soccer matches.

**Mr Quinlan:** That's right. It's just something that has grown fabulously and there are so many jurisdictions around Australia that would like to pinch it, because it's just become the success that it has.

**THE CHAIR:** Has anyone else got any questions on tourism? No. We'll adjourn now. We'll resume at 2 pm for Sport and Recreation.

**Meeting adjourned from 12.19 to 2.05 pm.**

19 May 2004

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

Sport, racing and gaming portfolio

Mr Mike Harris, Chief Executive, Chief Minister's Department

Mr Karl Phillips, Financial Controller, Corporate Finance, Chief Minister's Department

Mr Phil Hextell, Director, Accounting Branch, Treasury

Ms Sue Marriage, General Manager, Bureau of Sport and Recreation, Chief Minister's Department

Mr Danny Harley, Chief Executive Officer, Stadiums Authority

Mr Tony Curtis, Chief Executive, ACT Gambling and Racing Commission

Mr Phil Collins, Manager, ACT Gambling and Racing Commission

Mr Malcolm Gray, Chairperson, ACT Gambling and Racing Commission

**THE CHAIR:** Welcome. You should understand that these hearings are legal proceedings of the Assembly protected by parliamentary privilege, which gives you certain protections and also certain responsibilities. It means you are protected from certain legal action, like defamation, for what you say. It means you have a responsibility to tell the committee the truth because giving false or misleading evidence will be treated by the Assembly as a serious matter. Would new witnesses please identify yourselves and the capacity in which you appear.

**MRS DUNNE:** Mr Harris, at the end of the day we're going to run a test to see whether you can recite that back!

**THE CHAIR:** I imagine he can recite it back verbatim.

**Mr Harris:** It's a bit like the safety warning on planes.

**THE CHAIR:** Under sport and recreation in budget paper 4, on page 50, I note that, under expenses, we've got grants and purchased services of \$4,896,000 for this year and a similar estimate for the outyears. Then there's a drop for 2006-07 and 2007-08. Why is that dropping? What exactly is covered by grants and purchased services?

**Ms Marriage:** Sue Marriage, Director of Sport and Recreation, ACT. I'll answer the second half of that question first, which might help the first part. Under the grants and purchased services there is the sport and rec development grants program—the Kangaroos agreement, also the Raiders and Brumbies performance agreements and Manuka Oval as operating subsidy. The reason it cuts out in 2006-07 and 2007-08 is that the Kangaroos agreement ceases at the end of 2005-06.

**THE CHAIR:** That looks logical. Why don't you split it up? I can recall that, in previous years, the sport and recreation development grants program was highlighted and other items were then listed. Why, in this particular year, is it all lumped under that?

**Ms Marriage:** In the past we haven't had agreements like that with the Kangaroos—and the Raiders and the Brumbies. The Raiders and Brumbies agreements have, in the past, been funded via the stadiums authority and the Kangaroos agreement was funded via



tourism. In fact, they are seen as grants under legal definition. That's why they all go into the same category.

**THE CHAIR:** Could we have a breakdown of exactly how much is in each of the categories you've mentioned?

**Ms Marriage:** I can give them to you now. For this year the grants program is \$2,582,000; \$250,000 is for the Kangaroos, \$1.825 million is for the Raiders and the Brumbies, and \$240,000 is for Manuka Oval.

**MRS DUNNE:** How do you break up the Raiders and the Brumbies?

**Ms Marriage:** For the Brumbies it is \$700,000 and for the Raiders it is \$1,124,500.

**THE CHAIR:** Does that correlate to the number of games they play?

**Ms Marriage:** That's basically it, yes.

**THE CHAIR:** Was CPI applied to the sport and rec grants this year?

**Ms Marriage:** Yes.

**THE CHAIR:** What was the CPI you applied?

**Ms Marriage:** The difference between the two years was \$2,518,000 last time and it was \$2,581,000 this time. That would be \$63,000.

**THE CHAIR:** That's 2.5 per cent.

**Ms Marriage:** Yes.

**THE CHAIR:** On the next page is output class 3.1, programs and services. Again we have this output class and programs and there is one target only. You've got programs for targeted populations of four and education and training programs of 14. Is that the number of programs?

**Ms Marriage:** That's exactly right. When it comes to the targeted populations, we're referring to our disabled program, our women's program, our indigenous program and our aged program. Those are the four programs that we're delivering.

**THE CHAIR:** And the 14?

**Ms Marriage:** The 14 are skilling programs, club development programs and coaching programs. There are a number of those. For example, there are a couple of mentoring programs and things like that. That number is the whole total of the programs that are delivered.

**MS DUNDAS:** In the next output, which is the ACT Academy of Sport athletes, if you go back and look at the last budget papers you find that the target for 2003-04 was 275 athletes. We ended up with 250 and now we're planning on 265. Why is there a

decrease of 15?

**Ms Marriage:** When it comes to academy athletes, we're trying to get quality athletes who are going to make national and international standards. That's the whole purpose of bringing them through the program. It varies from year to year and it very much varies between sports and seasons as well. It's very hard for us to calculate it because we work with each individual sport to identify how many athletes we can bring on. For example, we will bring on a certain number of athletes in a particular sport one year but the next year it might be identified that we want to bring on less athletes. It's not necessarily a government decision, as such; it's a decision between us and the Academy of Sport. It's very much dependent each year on that.

**THE CHAIR:** In relation to the academy, I see this figure of 265 that Ms Dundas refers to. What is the government's policy towards encouraging athletes to enter the academy? Have there been any changes to this policy? If so, could you give details?

**Ms Marriage:** I'm not sure what you mean by "policy".

**THE CHAIR:** The policy, or criteria perhaps, towards encouraging athletes to enter the academy. Is there any change in the government's policy in relation to the programs?

**Ms Marriage:** The selection criteria and the application process are the same as they have always been for the academy. It really comes down to working with academy coaches—those coaches aren't employees of the academy, they're employees of the sports—in identifying the most suitable athletes for us to continue with. It's really a case with the academy that you're trying to get the performance for the athlete. It's no good bringing in 500 athletes if you're only going to get to the point where 13 of them are successful in the national or international stage. The policy hasn't changed.

**THE CHAIR:** I can't see the expenditure on the academy listed anywhere in the budget papers. What is the funding for the academy for this projected financial year?

**Ms Marriage:** I'll give you the figure for the last, or this, financial year. The academy's total budget is \$1.43 million. That's salary and discretionary budget. There is a revenue expectation that their commercial services will bring in \$193,000 as well.

**THE CHAIR:** Is that over and above that?

**Ms Marriage:** No, that's inclusive in that.

**MRS DUNNE:** Did you say \$14 million?

**Ms Marriage:** \$1.4 million. If it were \$14 million, I'd be very happy!

**MRS DUNNE:** I'm pretty sure I mentally moved the decimal point place. Of that \$1.4 million just over \$1.2 million is the government contribution?

**Ms Marriage:** That's correct, yes.

**THE CHAIR:** That has come down, hasn't it?

**Ms Marriage:** No. It's consistent with previous years. There hasn't been a great increase.

**THE CHAIR:** Has there been any increase at all, or has there been a reduction?

**Ms Marriage:** If you're talking in real terms, you probably do have a reduction because the costs of servicing in elite sport has gone up quite substantially. But there hasn't been a reduction in government contribution.

**THE CHAIR:** That has remained static, has it?

**Ms Marriage:** Absolutely.

**THE CHAIR:** Has there been any increase for CPI?

**Ms Marriage:** No, there hasn't.

**MRS DUNNE:** So it has gone down.

**THE CHAIR:** When did that stop, or has it simply remained at a certain figure for a period of time?

**Ms Marriage:** I don't believe we increased it by CPI at any point—not while I've been in this position.

**THE CHAIR:** Since you've been in this position it's been static—no CPI?

**Ms Marriage:** That's correct.

**THE CHAIR:** Thank you for mentioning the number of athletes in the last few years. I seem to recall a figure of 275 a few years before that. You've mentioned the figures of 250 and 265. Given that that amount of money is static and that other academies are being established and are running in Australia and overseas, have you lost any staff or athletes to programs in other parts of the country or overseas?

**Ms Marriage:** Not so much to other parts of the country or overseas. I think our biggest disadvantage is the fact that we've got the sports commission and the AIS right next door. The other institutes and academies have the advantage of distance—they are a fair way away. A lot of our staff, in particular in our scientific area and in our strength and conditioning area, get poached across to the AIS because they're right at the door and it means that they're not having to transfer people from interstate. So there are disadvantages in being that close to the AIS. In saying that, our staff are very highly skilled and I have an expectation that the ACT Academy of Sport is a stepping stone for them

**THE CHAIR:** With your funding effectively being static—and in fact probably slightly reducing in real terms because of the CPI increasing—what impact is that having on the number of athletes? Do you envisage losing, or simply being unable to service, some of these programs unless there's a major injection of funds into the academy?

**Ms Marriage:** I think it's a case of reviewing the type of servicing that we are providing. A lot of services that academies of sport provide are questionable—I'm talking about in general, across all academies of sport—because they are seen as the nice-to-have things for athletes. But you're trying to determine the things that enhance performance, and that's the important thing. I don't think we've disadvantaged any athletes or cut the number of athletes so that we can service to a quality standard. A lot of the scientific services are quite expensive and very specific services. You therefore want the cream-of-the-crop athletes to be able to service them.

**THE CHAIR:** You said they're expensive but surely they're services you have to provide, are they not?

**Ms Marriage:** They are.

**THE CHAIR:** If funding remains static or, in real terms, continues decreasing, it's going to be harder and harder to pay for those services, is it not?

**Ms Marriage:** I think the challenge is in getting an innovative approach with the sports. This is not just a government service; it is a partnership with the sports. The sports are getting something out of it too. They're getting an elite team and they're getting an elite coach who is getting support from the Academy of Sport, so there has to be some contribution by the sport too. In the last couple of years we've worked quite hard with the sports to make sure we can deliver the programs. I don't want us to be in a position where it is seen as a government handout, as a government service. It really is a partnership between us and the sports.

**THE CHAIR:** What contribution are the sports making? Are they making a financial contribution?

**Ms Marriage:** Some of them do. Some of them provide value in kind, in that they provide their facilities as servicing facilities. If we're having functions and educational activities, we're having them at their facilities. That's the way we have to do it. The hardest part in elite servicing is IT—keeping up with the technologies of some of these coaches. That's where the challenges are. We have to work with some of the sports to see if they might have sponsors in the IT field, so they will be able to use those sponsorships for their elite sports. There are challenges.

**THE CHAIR:** How much money would those sports be providing—say in the last year?

**Ms Marriage:** I will take that on notice.

**THE CHAIR:** It just seems to me that, unless the funding remains static with those additional costs you've identified, there would have to be a reduction in the number of athletes and programs.

**Ms Marriage:** I think it's how you deliver the programs. You have to ensure that you're using the most effective and efficient way of delivering those services before you say that you're cutting the true core services.

19 May 2004

**THE CHAIR:** The output class itself indicates that the purpose is to encourage greater participation in quality sport. It mentions a few other things and it says it is to support selected elite athletes. The academy has always serviced a reasonable number of athletes—indeed an estimated number of 265 this time around. Surely you'd want to continue to provide that level of support to that number of talented athletes in Canberra, given that there are always large number of people coming forward showing talent who would benefit from these programs, as has been the case in the past.

**Ms Marriage:** I think the definitive word there is “selected”—it's how they are selected. At this point in time they're selected by the sports and us. I've had no instances where we have not allowed athletes who haven't met the criteria to come into the program.

**THE CHAIR:** Over the last five years, what have been the targets for the academy? What number of students have been taken into the academy? If you don't have that there, by all means take it on notice.

**Ms Marriage:** I'll take that on notice, too.

**THE CHAIR:** Minister, I am concerned about the static funding here. Is this a case of the government perhaps taking its eye off the academy ball after the euphoria of the Sydney Olympics and the fact that they have gone out of the public's mind, so that this area has been put on the backburner?

**Mr Quinlan:** Yes, I think you could describe it as that—the euphoria has died. I wasn't aware that the academy wasn't getting at least indexed funds. Certainly there are indexed funds going into the Chief Minister's Department. That's an area we will look at.

**MRS DUNNE:** Ms Marriage, on the subject of scholarships, could you provide the committee with a rundown not on who but on which sports, and how many athletes are currently being serviced through the scholarship program?

**Ms Marriage:** I think the best way to deal with that is to take it on notice, purely because there are about 20 sports represented and there are individual scholarships as well. I'll take that on notice.

**THE CHAIR:** Minister, as of now I have not received replies to questions on notice on the dragway. Then again, I think they may not be due until the end of today. Is that right? No doubt I'll get some very interesting answers and documents in relation to potential sites, but perhaps you could tell us: what is the status of the evaluation of any potential sites for the dragway?

**Mr Quinlan:** Ms Marriage could probably tell you as much as I can about sites. It's down to about two possibilities.

**THE CHAIR:** Maybe she can elaborate if you need assistance.

**Ms Marriage:** There has been an assessment right across Canberra of all of the sites that may potentially be available.

**THE CHAIR:** When was that done? Was that a recent assessment? I know there have

been a lot done in the past.

**Ms Marriage:** Some of it has been using old data—old information from old studies—going right back to 1992. Some of it has been going back with ACTPLA now to look at various other sites to see if there are more available. Bearing in mind that the Canberra International Dragway Group have quite specific criteria as to where their site needs to be in relation to the city area, the Majura Valley appears to be the only suitable area to cater for a dragway. It is down to two potential sites in the Majura Valley.

**THE CHAIR:** Which are they?

**Ms Marriage:** The two old sites that have been identified, which are Block 51 and Block 52.

**THE CHAIR:** Block 52 was the one identified as the best site in the 2001 study, I think, and Block 51 was where the prison was going until you moved it to Hume. Is that right?

**Mr Quinlan:** Yes. I'm not sure exactly where the last prison site was. Land was going to be sold by the Commonwealth around that area—there are quite a number of blocks. All of a sudden that was held up with considerations for the needs of the airport. The sale was just stalled. We are willing to acquire some of that land. I'm not sure if it was the last site for a prison but it was certainly considered.

**THE CHAIR:** I think there might have been two. There was one in August 2003 that was closer to Queanbeyan. Block 51 was the site that the committee that Mr Hargreaves was on, I think, said was one of the better sites.

**MR HARGREAVES:** It was one of the many sites.

**THE CHAIR:** Yes. It seemed to be the site the government was looking at up until about August last year. You've identified two likely sites. What work has been done in relation to taking that further, with a view to acquiring the better of those sites?

**Ms Marriage:** A complete report written by an interagency working party has just been finished. Planning, urban services, Treasury and ourselves were involved in doing a complete assessment of the dragway, including the economic impact and how much potential construction costs would be. That is due to go to cabinet very shortly.

**THE CHAIR:** When is "shortly"?

**Ms Marriage:** Within the next couple of weeks. It has only just been completed.

**THE CHAIR:** When would that be likely to be made public—unless, of course, things are leaked?

**Mr Quinlan:** Soon!

**THE CHAIR:** As opposed to "shortly". I think Ms Marriage at least said it would go to cabinet in the next couple of weeks. Are we looking at within a month, approximately?

19 May 2004

**Mr Quinlan:** I haven't looked at it yet, so I can't tell you. There are considerable difficulties with the two sites. I think there is greater difficulty with Block 52 than with Block 51. I think 40 per cent of Block 51 is controlled by the Commonwealth.

**THE CHAIR:** There's a bit of an interest there or something like that, yes.

**Ms Marriage:** That is Block 52.

**Mr Quinlan:** That is Block 52—whichever. So Block 52 is the likely candidate but it needs two things from here. It needs the Commonwealth to agree and it then needs to pass noise evaluation. The noise standards have changed. There's a requirement for noise assessments to be done under conditions of inversion as well as just raw noise on a clear day.

**THE CHAIR:** Inversion being what?

**Ms Marriage:** Temperature and cloud.

**MRS DUNNE:** It is when you've got cloud and it's stopping the noise. It's a technical term.

**Mr Quinlan:** That is where the weather virtually bounces the noise back down. The indications I've had—and I haven't seen any numbers—are that neither of those sites is going to pass. We're heading towards a situation of total impasse within the territory boundaries.

**THE CHAIR:** You say the noise standards have changed in the last 12 months. Have you given any thought to making a more amenable noise standard that would be applicable to that?

**Mr Quinlan:** The noise standards are orders of magnitude. The noise credit requirements for a dragway operating as the dragway group would want to operate are orders of magnitude greater than the whole noise credit structure that we have out at Fairbairn Park now.

**THE CHAIR:** I wouldn't doubt that but on both those spots you're under a flight path. Surely that should assist.

**Mr Quinlan:** Possibly. Look, I hope it passes. I dearly hope that with one of those blocks it is, "Okay; yes; right. Off you go and do it."

**THE CHAIR:** I'm sure you can always change noise standards, like you can with any law or regulation.

**Mr Quinlan:** No. I think they're national standards.

**MR HARGREAVES:** Mr Chairman, did you hear Mr Quinlan say that they're national noise standards?

**THE CHAIR:** I heard that, yes.

**Mr Quinlan:** It's true. Ms Marriage has reminded me that I was able to stabilise the noise credits at Fairbairn Park, rather than having them descending, as they were when we came to government.

**THE CHAIR:** No, I don't think they were. Your environment commissioner wanted that. But at least you haven't taken them any further away, which was suggested about 18 months ago. That is a positive sign. What estimate of costs is now being used as a guide for the cost of developing the dragway? We had the 2001 study that I commissioned and you received.

**Mr Quinlan:** There has been a fair bit more work done.

**THE CHAIR:** I note you've put into your budget exactly the same as we indicated, in October last year, we would do if we were the government—\$4 million for each of the outyears. What estimates costs are being used now?

**Ms Marriage:** In the first instance the Canberra International Dragway people, who we have met with over the time, have indicated that \$8 million will still build the facility they require. There have been some extensive consulting engineering costs done, that are part of the report. They indicate various options of standard of facility and estimated costs. We have gone past 2001; we're not working on the 2001 study.

**Mr Quinlan:** There are gradations of dragways.

**THE CHAIR:** Exactly, yes. I've been to them.

**MRS DUNNE:** I thought you needed it to be straight; I thought you needed it to be flat.

**THE CHAIR:** That would also affect noise.

**MRS DUNNE:** you said before, Ms Marriage, that the Canberra International Dragway had a particular set of criteria. Could you enumerate what they are?

**Ms Marriage:** Yes. They wanted a quarter of a mile facility of an international standard. That is a standard higher than what they previously had as a facility. They wanted it to have the capacity for 500 participants and 12,000 spectators and in proximity to Civic of a maximum of 30 minutes. That restricts quite a few areas, as you can appreciate.

**MS DUNDAS:** Not knowing the block and section numbers in the Majura Valley off the top of my head, the—

**MRS DUNNE:** You should spend more time on this!

**Mr Quinlan:** Don't come in here ill prepared!

**MS DUNDAS:** I go to sleep with the budget paper but not with the planning documents! The site of the former dragway is now in great disrepair, but up until 10 years ago it was being used as a dragway facility.



19 May 2004

**Mr Quinlan:** Up to four years ago.

**MS DUNDAS:** Why is that not being considered?

**Mr Quinlan:** Because it's under Commonwealth control. I have written a couple of times to Senator Nick Minchin asking to be allowed to reinstate the dragway there. So far we've been refused.

**MS DUNDAS:** The Commonwealth closed down that facility?

**Mr Quinlan:** When it closed down I think the Commonwealth Liberal government was prepared for a five-year lease. The dragway group demanded a 10-year minimum and that was the impasse. It was based on the dragway group's stated intention to invest a considerable amount of capital in upgrading that facility, which they wouldn't get a return on in five years but they might in 10. There's been a stand-off for some time.

**MS DUNDAS:** Does that site meet the criteria?

**Mr Quinlan:** No, it's back in the provincial elements—it is a club-level track. It's only an eighth of a mile.

**THE CHAIR:** It is a club-level site. It's not a quarter of a mile, which you need.

**Ms Marriage:** It's in a state of disrepair. It has been closed since 1998.

**MS DUNDAS:** You've got \$8 million to play with. It would be easier to take a site that has already been used as a dragway and improve it, as opposed to starting from scratch.

**Ms Marriage:** That was our first port of call.

**Mr Quinlan:** We'd be very happy to refurbish the existing site. We've written to the Commonwealth a couple of times trying to get that site freed up but there are claims that the site, when lit up, might distract aeroplanes. Someone might end up putting a jumbo down on it.

**MS DUNDAS:** Are there two problems? What if the federal government had a change of heart, or if there were possibly a change of government and negotiations progressed further?

**MR HARGREAVES:** Pigs will fly! It will never happen.

**MRS DUNNE:** If there is a change of government, pigs certainly will fly!

**MS DUNDAS:** Is the only issue with that site the fact that the federal government is refusing to let it go? Could the site be extended to be a quarter of a mile?

**Mr Quinlan:** The latest advice we've had in the whole stalling of the Commonwealth land release is that Mr John Anderson has said that they are reviewing the use of all land the Commonwealth controls within Majura and that that study will be completed by the end of this year.

19 May 2004

**MS DUNDAS:** But if you were able to get your hands on that site, could you upgrade it to be a quarter of a mile, and then all the other issues would disappear?

**Mr Quinlan:** I don't know. Could we?

**Ms Marriage:** Firstly, I don't think so and, secondly, I don't think the Canberra Dragway people would want that facility.

**MRS DUNNE:** I think there's a hill in the way.

**Mr Quinlan:** There's a hill.

**Ms Marriage:** It is quite a small block. For the size of the facility the Canberra International Dragway people want, including a quarter of a mile track, it wouldn't fit on the site, in the first instance. Secondly, from the discussions with them over a period of time, it's not their most favoured block for a facility. You would have to overcome those things, as well as the Commonwealth land issue.

**MS DUNDAS:** The Commonwealth land issue appears to be a problem with two other sites that you have—Blocks 51 and 52.

**Mr Quinlan:** One of them is encumbered by the fact that 49 per cent of the land is within the Commonwealth zone.

**MS DUNDAS:** So we won't know the future of those sites until John Anderson releases his report at the end of the year?

**Mr Quinlan:** Possibly.

**Ms Marriage:** The blocks that have the Commonwealth component.

**Mr Quinlan:** I'm not getting a lot of help here, you know.

**MRS DUNNE:** You know what planning studies are like: they always come out on time and say something useful.

**THE CHAIR:** I have one more question on the dragway. I wait with interest for the other answers to the questions on notice. Minister, about this time last year the government wrote to the dragway proponent saying that it was not going to give them any money but was going to assist them with the purchase of a block of land.

**Mr Quinlan:** Yes.

**THE CHAIR:** I am interested to see your change of heart. You have put money in the budget, for which I commend you. Can you advance any reason for the change of heart from the position of 12 months ago?

**Mr Quinlan:** More particularly, we find ourselves in a better position to be able to do so.

*19 May 2004*

**MRS DUNNE:** I think the answer was bumper stickers.

**THE CHAIR:** Cynics could possibly suggest something else. That is fair enough. I think it could be, but I don't expect you to answer to that extent.

**Mr Quinlan:** I can't imagine what, Mr Stefaniak.

**THE CHAIR:** Are there any more questions on the dragway?

**Mr Quinlan:** I don't know what cynics might have said about the \$50 grand you dropped on them before the last election.

**THE CHAIR:** Cynics would say lots of things. Ms Dundas, you had something?

**MS DUNDAS:** Could we move back to pages 50 and 51 of the budget papers. I don't know if Mr Stefaniak asked this question first off, so if you have already answered it, that is fine. The government payment for outputs goes up by one per cent, down by 1.5 per cent and then up by one per cent through the outyears and fluctuates up and down through 2005 to 2008. What is the reason for that?

**Mr Quinlan:** Refined estimation you would call that, I suppose.

**MRS DUNNE:** Which page are we talking about?

**MS DUNDAS:** Page 50.

**Mr Harris:** One of the major factors driving it is the fluctuation in the indexation rate that is being applied across the forward estimates. The CPI, adjusted year on year to December last, was 2.7 per cent. In this budget it is two per cent. So there is actually a reduction in the CPI indexation components.

**MS DUNDAS:** But a reduction in CPI indexation doesn't necessarily mean that a figure goes backwards.

**Mr Harris:** Yes it does. Last year's budget had a 2.7 per cent indexation; this year's budget has a two per cent indexation. So there is a reduction of 0.7 per cent to maintain real terms value of the dollar.

**Mr Quinlan:** But there is still the money.

**MS DUNDAS:** Yes. Generally you just get less money, but you are still getting two per cent more as opposed to 2.7 per cent more, whereas this is actually reducing by 1.5 per cent.

**Mr Harris:** Yes, and there are some other factors that lead to that, but the reduction of CPI in the outyears is one component and that accounts for around \$100,000 of change in 2005-06 from 2004-05.

**MRS DUNNE:** Mr Harris, these figures are fluctuating one per cent either side. You are saying that that can be explained by, amongst other things, the fact that the CPI factor is

19 May 2004

changing from year to year. The CPI factor is going up every year, just by a different rate?

**Mr Harris:** Yes.

**MRS DUNNE:** So why are some of these figures going down?

**Mr Harris:** I have some numbers on this piece of paper, which I was going to provide. I have got to the first one.

**MRS DUNNE:** Okay.

**Mr Harris:** The first one is a reflection of a reduction in the indexation applicable from one year to another, which has led to a reduction of \$100,000. The cessation of funding for the Australian Football League of \$250,000 is another component. As Sue mentioned before, that is now reflected in another part of the estimates. Another increase in indexation between 2006-07 and 2007-08 in the outyears accounts for a fluctuation upwards. It is a combination of ons and offs and transfers within line items within the budget.

**MS DUNDAS:** Why is there an initial increase between 2004 and 2005? Is that just CPI?

**Mr Harris:** Between 2004 and 2005?

**MS DUNDAS:** Yes, there is a one per cent increase in the 2004-05 budget and the 2005-06 budget. Is that just CPI?

**Mr Quinlan:** That would probably be indexation. I don't know. Phil, do you want to give us the full detail? There is some money coming off because of—

**MS DUNDAS:** Which is the AFL money?

**Mr Quinlan:** Yes.

**MS DUNDAS:** Where is that going?

**Mr Quinlan:** They use Manuka more, so they don't actually need—

**MS DUNDAS:** Sport and rec money.

**Mr Quinlan:** Yes.

**Mr Harris:** One of the other driving forces is employee expenses, so wage increases are impacting as well.

**MRS DUNNE:** But that does not explain why they are going down in the outyears?

**Mr Quinlan:** They are going down because of the reduction in the AFL.

**Mr Harris:** The \$250,000 transfer and the AFL grant used to be there. It is now down to

19 May 2004

grants and registered services.

**Mr Quinlan:** There is a line going up, down and up again.

**MRS DUNNE:** The principal reason that causes it to go down under the \$10 million mark in 2006-07 is the Kangaroos.

**Mr Quinlan:** No, it is the AFL.

**MRS DUNNE:** The AFL. Sorry, that is different from the Kangaroos.

**MS DUNDAS:** It is ACTAFL.

**MRS DUNNE:** ACTAFL.

**Mr Quinlan:** Is that right?

**Ms Marriage:** Kangaroos.

**MRS DUNNE:** It is Kangaroos.

**Mr Quinlan:** That is as far as the deal goes.

**Ms Marriage:** That is exactly right. The Kangaroos agreement only goes to the end of 2005-06.

**MRS DUNNE:** That is right.

**MS DUNDAS:** So it is not that it is reflected elsewhere in the estimates?

**Mr Quinlan:** No.

**MS DUNDAS:** It just ceases at that point?

**Mr Quinlan:** Yes.

**MS MacDONALD:** The “User charges—Non ACT government”—

**Mr Harris:** Sorry, I just need to clarify that point; otherwise I might be accused of misleading.

**THE CHAIR:** Yes, do so.

**Mr Harris:** That particular grant ceases in that year, but the ongoing grant to the Kangaroos is now reflected in “Grants and Purchased Services” rather than as it was in this case in the “Government Payment for Outputs” line.

**MRS DUNNE:** So there is an ongoing grant to the Kangaroos?

**MS DUNDAS:** But when does it finish?

19 May 2004

**MRS DUNNE:** Does it finish any time in the outyears?

**Mr Harris:** When does the new agreement with the Kangaroos finish?

**Ms Marriage:** The current agreement finishes in 2005-06. It will be open for negotiation again at that point.

**MRS DUNNE:** So there isn't money in "Grants and Purchased Services" after that?

**Mr Quinlan:** That is right. It goes down.

**Ms Marriage:** Yes, it goes down.

**THE CHAIR:** Did you have some questions, Karin?

**MS MacDONALD:** Yes, separate from that.

**MRS DUNNE:** I think I get it. I will just hold onto it for a moment and make sure that I have got it.

**MS MacDONALD:** The non-ACT government user charges are very small—\$8,000 in this budget and \$7,000 in the outyears. Where does that come from? I would have thought that it would have remained relatively steady, even though it goes down by only \$1,000. We are not talking about a huge amount; I am just curious. I just thought I would throw one in. What the hell!

**MRS DUNNE:** It is going down and we could have a debate about the level.

**Mr Quinlan:** The accountants are working on that one.

**MRS DUNNE:** Is it 12½ per cent?

**Mr Harris:** I could do the indexation.

**MS MacDONALD:** I am just curious as to what they are, for a start. I have managed to stump everybody. That is good.

**THE CHAIR:** You have done very well actually. There are about four people at the back madly moving around.

**MS MacDONALD:** My job for the day has been done. I can go home now.

**THE CHAIR:** That could be the question of the day. We may have an answer.

**Mr Quinlan:** Where did you get the \$7,000 from, Phil?

**MRS DUNNE:** Where has the \$1,000 gone and do we have to have a whip around before you leave?

19 May 2004

**Mr Hextell:** I am the director of the accounting branch. The \$7,000 to \$8,000 is the sum fees received centrally of an overall corporate nature, which need to be allocated across all output classes. All your central corporate services are an overhead to all your output classes. If you want a more detailed answer as to exactly what the \$7,000 and \$8,000 amounts are, I would have to take it on notice. The nature of the cost is the allocation of a centrally-received user charge across all the output classes.

**Mr Quinlan:** Are you happy?

**MRS DUNNE:** We have to come back later to see whether we need a whip around.

**MS MacDONALD:** It is not necessary. Don't worry about it; that is fine. I am not going to lose sleep over it.

**THE CHAIR:** Do you have any more questions on that, Ros? I have some questions on Manuka Oval.

**MS DUNDAS:** Yes, I do.

**Mr Quinlan:** I am glad we got that sorted out.

**MS DUNDAS:** I have a question on the output classes. In terms of the costs of programs and services, which has a measure reference of zero, the target for this year is \$10 million; last year the estimated outcome was \$11 million, a little above target. Why have the costs dropped in the 2004-05 financial year? It is something more than \$7,000.

**MRS DUNNE:** Is it because we are spending less—

**MS DUNDAS:** It is something more than \$7,000.

**MRS DUNNE:** Or \$1,000. Is it because we are having fewer athletes? No, that's not—

**MS DUNDAS:** No, the number of athletes is up from the estimated outcome for 2002-04.

**MRS DUNNE:** That is true, yes.

**MS DUNDAS:** It is down from target, but still up.

**Ms Marriage:** I will take that on notice.

**MS DUNDAS:** Fair enough. Also, there are two new measures mentioned here—(m) and (n)—the implementation of the Good Sport Monitor project and the Kids at Play project. Are they new initiatives? I could not see them listed in the initiatives. I wanted to find out what both those programs are and how much funding they are getting.

**Ms Marriage:** They are actually new projects that we are bringing on, but they are not new budget initiatives as to definition. One of them, the Good Sport Monitor, is a joint initiative between the Sports Commission and ourselves; therefore, we are getting Sports Commission assistance to pilot the project so that they can examine its suitability in

other jurisdictions.

A number of trial strategies are being developed to encourage coaches, participants, players and parents to come to junior sporting events with the attitude of being good sports as such and not having unruly and bad sportsmanship behaviour. We are trialling that at the moment with netball, soccer, basketball and tennis. There is an intention that we will be expanding that program a little further, but that will be utilising current operational money, so they are not actually new budget initiatives.

**MS DUNDAS:** And the Kids at Play project?

**Ms Marriage:** The Kids at Play project is to look at the emerging social trends that we have regarding obesity and to try and determine how we can get kids more active. The program involves the development of an implementation of an active children's play program for the zero to 14-year-old age group, so that we can encourage them to play in the four key settings—at home, the neighbourhood, after school and also in community programs. That is going to be rolled out very soon as well.

**MS DUNDAS:** Is that linked into the ACT Health project?

**Ms Marriage:** It isn't. What we have done is that we are talking with Health regarding the physical activities strategy. We are also talking to the Department of Education, Youth and Family Services about the children's plan and trying to incorporate it into all of those. It is an initiative of sport and rec but it is certainly going to go right across the board.

**MRS DUNNE:** How much does it cost, Sue?

**Ms Marriage:** At this particular point in the development phase, there is \$30,000 from the Sports Commission on the Good Sport Monitor. With the Kids at Play program it is about \$50,000 in the first instance.

**MS DUNDAS:** And that is also money coming from the Sports Commission?

**Ms Marriage:** Yes, the Sports Commission is funding the pilot program of Good Sport Monitor. At any opportunity we try and get the Sports Commission to pay for pilots.

**MRS DUNNE:** Cost shifting to the Commonwealth. I love it.

**THE CHAIR:** What is the total amount of funding you give to programs such as this? I think there is an indigenous program you run as well.

**Ms Marriage:** Do you mean from the commission?

**THE CHAIR:** Yes.

**Ms Marriage:** There is \$158,000 that comes from the Sports Commission for various programs. There is the indigenous sport program and there are coaching and officiating programs and various other pilot programs. In some years additional moneys can be given from the Sports Commission as we negotiate new projects.



**THE CHAIR:** I note that the ACT used to either amass that or contribute. I seem to have a figure of \$400,000 in my mind, some of which was from the Commonwealth and some of which was from the ACT. Is the ACT contributing to any of those programs as well or any additional programs?

**Ms Marriage:** To indigenous sport?

**THE CHAIR:** Yes, special programs such as that which the bureau funds and which are used—

**Ms Marriage:** The value in kind part of it is the important part from ACT with the indigenous sport. The indigenous sport unit applies for various grants with community groups as well. That is the government's contribution to that. But we house them and provide them with a car and computer—everything—and all that adds up as well. When it comes to all the other pilot programs and things that we deliver, of course the government contributes to those. You have to bear in mind that Commonwealth programs are being delivered here. A lot of that is the staffing costs and the actual delivery costs on the ground.

**THE CHAIR:** Have those programs been reduced?

**Ms Marriage:** No. The money from the Commonwealth is not increased or reduced either; it stays the same.

**MRS DUNNE:** Can I just check this again, Ms Marriage? There is \$30,000 for Good Sport Monitor and \$50,000 for Kids at Play. They are both pilot projects and are currently being funded by the Sports Commission?

**Ms Marriage:** No. The Good Sport Monitor project is being funded by the Sports Commission; the other is a territory project being funded from operational funds.

**MS DUNDAS:** You took on notice a question of the cost of programs and services and how it changed the plan. The discontinued output is listed on page 56; output 3.1 is the new output.

**Mr Harris:** Which I can now answer for you.

**MS DUNDAS:** Can you also answer for me why, on page 56, the old output, Programs and Services, disagrees so drastically with the 2003-04 budget papers?

**Mr Harris:** I will start with the first question that you asked. There are two components. The \$4½ million for the hockey centre, which is in the third appropriation, comes out; the bit over \$1.8 million for the Brumbies and the Raiders comes back in. We are reconciling between two numbers with two very large movements. There are a couple of other smaller ones, but they are the two key components that explain the difference between the number on page 56 and the number on page 51.

**MS DUNDAS:** So that is the movement from the \$11 million to the \$10 million. Last year's budget paper had a 2003-04 target of only \$6.9 million.

**MS MacDONALD:** I notice that in this year's budget paper you have "Conduct the National League Team program"; you didn't have that in last year's. That is one thing.

**Mr Harris:** I refer you to note 1 on page 56. It states:

The 2003-04 Targets have been revised to reflect the impact of the Second and Third Appropriation Acts ...

**MS DUNDAS:** But that doesn't actually sit anywhere.

**MRS DUNNE:** There is \$4½ million for the hockey centre.

**MS DUNDAS:** Yes, but the footnote doesn't actually relate to that.

**MRS DUNNE:** \$6½ million and \$4½ million is \$11 million. We are now only short of \$600,000. What are the other elements? Did I get that arithmetic wrong? I have got every other bit of mental arithmetic wrong. I think that was right.

**THE CHAIR:** I think so. I don't think it sounds wrong off the top of my head.

**MRS DUNNE:** Six and a half million dollars and \$4½ million is \$11 million?

**THE CHAIR:** Yes, that is correct.

**Mr Harris:** There are quite a number of ons and offs. I will get back to the original proposal and give you a written breakdown.

**MS DUNDAS:** Are you going to provide that breakdown on notice?

**Mr Harris:** Yes.

**MS MacDONALD:** How much does it cost us to administer the performance fee agreement for the Raiders and Brumbies to play at the Canberra Stadium?

**Ms Marriage:** I cannot answer that question because we have not done most of the administration. The agreement only came into place as of January. The administration, negotiations and the like are just absorbed costs. We sat down across the table and never really costed how much work went into that. But the agreements have only been up and running since January; therefore, even the first milestones have not been reached.

**MRS DUNNE:** Can I just clarify this? This is not actually new work; it is just money put in a different allocation.

**Mr Quinlan:** No, the agreements changed.

**MRS DUNNE:** The agreements have changed as well.

**Mr Quinlan:** Yes, the agreements have changed. They have been tidied up a whole lot.

19 May 2004

**MRS DUNNE:** Is there a change in the quantum of money?

**Mr Quinlan:** There would be less now, wouldn't there?

**Ms Marriage:** The overall quantum of money has reduced. For the two individual parties, one has had a reduction and one has had an increase.

**MRS DUNNE:** Before that was in the Stadiums Authority. Is that right?

**Ms Marriage:** It used to go through the Stadiums Authority in one group.

**Mr Quinlan:** There are so many puts and takes in it that it took Sue a long time to sort through.

**THE CHAIR:** Thank you for giving us a breakdown of the \$240,000 for Manuka Oval. What analysis is provided in the budget for the operating costs of Manuka Oval?

**Ms Marriage:** I am an observer to the board. I get the monthly financial statements of the Manuka Oval. Through that process, we are always working out whether it is matching up with their business plan. They are required to put in a business plan every year and we do an analysis with that.

**THE CHAIR:** I am glad you get that. What has been the financial performance of the oval and, in particular, have the operating costs exceeded budget or been less than budget?

**Ms Marriage:** It was very hard to tell in the first year because the Manuka Oval Management Company and the management agreement were introduced in August 2001. The first year was only a 10-month assessment. We have only really had the last two years, like the year that we are finalising now. From the business plans that have been put in place, it now appears that we have got the operating costs at a pretty stable level of about \$300,000 to \$310,000 a year.

**THE CHAIR:** That is the operating costs.

**Ms Marriage:** It is very hard to judge in those first years. But now the turf agreement, catering agreements and things like that are in place.

**THE CHAIR:** Is there enough then in the budget to cover the additional running costs? You were talking about \$240,000.

**Ms Marriage:** The management agreement indicates that at the moment it is \$240,000. It is an incentive or a disincentive for the two sports that are part of the management company. Any deficit that appears at the end of each financial year is split 60-40 with the territory, with a capped amount from the two sports of \$10,000 each. As they are managing the facility, they are very aware that, if they mismanage it in any way, they will end up paying some of the costs.

You can clearly say on paper that the numbers don't add up: you have a \$240,000 operating subsidy and \$310,000 could be the costs; therefore, you have a

\$70,000 difference. The revenue from the function room at this particular point is going a lot better than anticipated. When it comes to negotiating new events, the organisation has the potential to bring in some new events as well. We have reduced things like the insurance costs quite substantially over the last couple of years, which, quite frankly, went from about \$20,000 to about \$95,000 to \$100,000 in one year. So we are slowly eating away at that. Will the two match? I am not too sure at this point.

**THE CHAIR:** I suppose to an extent you have possibly answered this question. I was going to ask you about the impact on operating costs and the financial performance in relation to a boost in activities at the oval in recent times—you mentioned some extra activities. Are there any additional costs incurred as a result of that boost in activities?

**Ms Marriage:** When it comes to the function area, it is in the catering agreement with Rydges. Rydges cover all the operating costs. One of the things you have to weigh up when you are bringing in other events as well, obviously, is whether it is going to incur more costs to have the event there. So at this particular point, I would say no to that.

**THE CHAIR:** It is a relatively expensive facility to run. I seem to recall some problems with the quality of the screen being used during the Kangaroos games. I recall it going black and white when it should have been in colour and there was also some problem with the sound. Have you got any complaints in relation to that?

**Ms Marriage:** Because I am not the direct management of the facility, I have not had any. I understand that the management company have had some concerns. The VRB is hired from the Stadiums Authority, so Danny might be able to answer that question.

**THE CHAIR:** We can ask him that when we do the Stadiums Authority. We will direct those questions to him then. Are there any other questions on Manuka Oval?

**Ms Marriage:** If it is okay with the chair, I would like to make a correction regarding the indexation to the academy. I have done the calculations and there is indexation to the academy. Certainly some of the increased scientific costs mean that the indexation does not necessarily cover those costs, but indexation is provided to the academy.

**THE CHAIR:** What percentage?

**Ms Marriage:** It is \$72,000 between 2003-04 and 2004-05, so that would be about two per cent I think.

**THE CHAIR:** So the academy has been indexed?

**Ms Marriage:** It has been indexed.

**MS DUNDAS:** On a different point, with the management of the funding agreement for the Lynham Hockey Centre, it appears that there are three identified milestones. What are those identified milestones?

**Ms Marriage:** At this stage they will be part of the negotiations. We have not finalised an agreement with the hockey facility. We have tried to identify—

*19 May 2004*

**Mr Quinlan:** You are in a good bargaining position.

**Ms Marriage:** At this particular point we are, yes. What we wanted to do—

**MRS DUNNE:** This is a lot of money.

**Ms Marriage:** The milestones are to identify three clear construction milestones so that we can report against those and make sure we are meeting the outcomes. At this stage, this is the territory's position and, as I have said, we have not fully negotiated. We would be looking at things like the main field being resurfaced, which is a key part to it, by December 2004; one of the buildings being finished by May 2005; and the grandstand being completed by September 2005. The event is in October 2005. It is a very tight timeframe, but they will be clear construction milestones that we will be able to see.

**MRS DUNNE:** When it is all done, what will we see? We are getting a grandstand. What else is happening?

**Ms Marriage:** All the pitches will be upgraded and you will be getting improved media facilities.

**MRS DUNNE:** Both pitches?

**Ms Marriage:** Yes.

**MRS DUNNE:** There are only two pitches?

**Ms Marriage:** There are three.

**Mr Quinlan:** Three: as you stand in the grandstand, the main one and the sand pitch.

**Ms Marriage:** As per any international event, the media facilities will need to be upgraded. All the spectator facilities are being upgraded. There will be some temporary seating, a grandstand constructed and also a relocation. At the moment the academy gym is in the main facility and will be relocated to the other facility. It is a 10-year plan for hockey. It is quite an expensive sport and this will be an opportunity to have a facility that meets international standard for quite some time.

**MRS DUNNE:** There is currently a grandstand. Are you upgrading that one or building a new one?

**Ms Marriage:** We are improving that. There is also—

**Mr Quinlan:** One on the northern end.

**Ms Marriage:** the northern grandstand.

**MRS DUNNE:** On the northern end?

**Ms Marriage:** Yes.

*19 May 2004*

**Mr Quinlan:** The tennis centre end.

**MRS DUNNE:** The tennis centre end.

**Ms Marriage:** Yes. And then there will be temporary seating on the other side.

**MRS DUNNE:** Are you going to re-line the fields?

**Mr Quinlan:** There is room to do that.

**MRS DUNNE:** You will have the grandstand at the goal end rather than down the side.

**Mr Quinlan:** There is another pitch behind here.

**Ms Marriage:** There will be temporary seating on the other side too.

**MS DUNDAS:** Can I throw in one more question before we go to the Stadiums Authority?

**THE CHAIR:** Just before we do, I have one more thing. You might take this on notice. I would like to know how much government money has gone each year to ACTAS and whether the \$72,000 is the first time for some time there has been an increase or whether there have been CPI increases?

**Ms Marriage:** I will take that on notice.

**THE CHAIR:** I am quite concerned about keeping these programs up there, if you could take that on notice. What has been the amount of government funding and the amount of additional funding from other sources for the last five years?

**MS DUNDAS:** This is also a question you could take on notice: can we have a list of the 17 educational training programs that ran over the 2003-04 year. The target is 14 for this year. Does that mean that three programs will miss out?

**Ms Marriage:** I will answer it in general and then I will take it on notice to give you all of the information. All of those educational programs are based on the demand of the sports. We might indicate to the sports at the beginning of a year that we are going to deliver a mentoring program. We have found that it is so popular that we need to deliver a second mentoring program. In some years we excel. For some things like the member protection program, we put an awful lot of sports through member protection training in one year. So we have done a lot of the executive directors and we do not need to train them again next year; therefore, you have fewer. I will take it on notice to provide you with the whole list.

**MS DUNDAS:** The list of the 17 programs that ran over 2003-04 would be interesting.

**Ms Marriage:** That is fine.

**MRS DUNNE:** Sorry, I have a brief question.

*19 May 2004*

**THE CHAIR:** That is okay. I just thought of something else to do. Go on, we might as well finish it.

**MRS DUNNE:** There is \$715,000 for a boundary fence at Manuka Oval. Is that around the oval or around the complex?

**Mr Quinlan:** The complex.

**Ms Marriage:** The complex.

**MRS DUNNE:** I am just checking.

**THE CHAIR:** It is a lovely little picket fence around the oval. Hopefully it wouldn't cost that much.

**MRS DUNNE:** It is not a cute little picket fence?

**MR HARGREAVES:** There goes your umpire's job.

**Ms Marriage:** No.

**Mr Quinlan:** For an oval the standard of—

**MRS DUNNE:** It is a wire mesh fence rather than a picket fence.

**Mr Quinlan:** For an icon of Canberra, it is a pretty crappy external fence.

**MRS DUNNE:** I don't have a problem. I was just checking because I had in my mind that it was a cute little picket fence.

**Mr Quinlan:** No.

**MS DUNDAS:** Make it less sharp so that if someone falls over they don't hurt themselves.

**MRS DUNNE:** The nanny-state rules again.

**MR HARGREAVES:** Boys feel no pain.

**MS MacDONALD:** Boys feel pain more than girls do.

**THE CHAIR:** From having jumped the fence to see a world champion wrestling match in 1968! I have one further question on the dragway before we go to Stadiums Authority. You were talking about the need to be 30 minutes from Civic. You mentioned, Treasurer, a novel concept that is looking at land in New South Wales. Is that effectively on the backburner or is it still a possibility?

**Mr Quinlan:** I will be meeting with these people again this week. At this stage, the dragway group is virtually saying, "Canberra or nothing." At this point, nobody can stand up in Canberra and say, "I've got a block of land for you." You cannot do it. We

19 May 2004

have to perhaps get to that situation. The final analysis on block 52 is that if it can be freed up and cleared of 40 per cent of Commonwealth controls and it passes muster under noise restrictions, then there is a chance. Nobody at this stage has got a block in mind and can say, "There you go. Put it there and all things are solved." There isn't one of those.

**THE CHAIR:** No. I am just thinking about New South Wales where you are obviously under different laws. A different state too would govern it even if you found a block there.

**Mr Quinlan:** Yes. You would still be back at square one; you have got bloody hurdles. The trouble with a dragway is that you can say, "We want one of those", but one of those actually has a huge footprint in terms of its impact and alienation on the use of land around it. It is no small ask actually.

**MRS DUNNE:** I think "alienation" is the operative word.

**THE CHAIR:** It is rather cruel to call it alienation. I suppose some people think of it that way.

**Mr Quinlan:** Sorry. You know what I mean.

**THE CHAIR:** I know what you mean. We will go to the Stadiums Authority now, to Canberra Stadium.

**MS DUNDAS:** I don't have many questions, but I will start off with what I think are the easiest. We were told yesterday or maybe the day before that the Chief Minister's Department has, in its budget, the return of unused funds to the tune of \$585,000. We were told this was for the Stadiums Authority but I cannot find the \$585,000 in the Stadiums Authority budget documents. Do you know anything about this \$585,000?

**Mr Harley:** I am the CEO of the Stadiums Authority. Yes. If you look at the budget papers they show that the 2003-04 budget on the left—

**THE CHAIR:** Can you tell us what page of the budget papers you are talking about?

**Mr Harley:** Page 382 of the budget papers.

**THE CHAIR:** Of budget paper No 4?

**Mr Harley:** Yes.

**MS DUNDAS:** Page 382 in my budget paper No 4 is blank.

**MR HARGREAVES:** Try page 377. That is where it starts.

**MRS DUNNE:** Page 382 is blank.

**Mr Harley:** Try page 378 then. I am sorry.



**THE CHAIR:** On page 378 there are some figures under “Statement of Financial Performance”.

**Mr Harley:** Sorry about that. On page 378 in the left column under the heading “2003-04 Budget” the user charges for ACT government were \$3 million.

**THE CHAIR:** Yes.

**MRS DUNNE:** Yes.

**Mr Harley:** That has subsequently been revised. The estimated final outcome is \$2,315,000, which is a reduction of \$685,000. That is the reduction you are talking about.

**MS DUNDAS:** The figure in these papers is \$585,000 not \$685,000.

**Mr Harley:** It is \$685,000.

**MS DUNDAS:** Why?

**Mr Harley:** It is to do with the conclusion of the revenue guarantee. The old system expired at the end of the calendar year 2003, yet the appropriation was originally factored forward to include the financial year 2003-04, which is obviously another six months; therefore, a subsequent figure of \$685,000 has been allocated to close off the full financial year which, in actual fact, was not required at the end of the day because the agreements only went through to December 2003.

**MS DUNDAS:** That clears it up. Treasurer, could you just check—it could just be a typo—that we have not lost \$100,000 somewhere in the transfer?

**Mr Quinlan:** Yes.

**THE CHAIR:** On page 377 of BP 4, you have indicated the number of events in 2004-05. What is the optimum number of events that is desirable for the stadium each year? For example, in 2002-03 there were 24 events—18 sports and six cultural. You actually held 18 sports and two cultural. In the current financial year, 2003-04, you budgeted for 29 events—23 sports and six cultural. You have still got a month and a bit left. Next year you are looking at 21 events—18 sports and three others, which apparently are also all sport. My question is: do you have any idea of the optimum number of events and are there any cultural non-sporting events planned? I see that doesn't seem to be the case for next year.

**MR HARGREAVES:** A Johnny Farnham concert perhaps?

**Mr Harley:** We could probably handle one or two Super 12 finals each year and then we would not have to worry about anything else. As far as the other events are concerned, when it comes to cultural or music events we take them on a case-by-case basis. The lead time for planning can be anything from six months out to 18 months—Riverdance, for example. So they will cross over in financial years and budgets. It is a case of understanding or being in a position to be attractive to promoters. Canberra is not

attractive to promoters in a big concert sense. There is a lot of risk associated with coming down here and obviously history lends itself towards probably erring on the side of staying in Sydney, Melbourne, Brisbane and the other cities.

We certainly look at it on a case-by-case basis. If there is an opportunity, the relationship is there, we think we can share costs and the risk is lowered, then the board decides on that basis. It is not something that we could obviously factor in planning for one or two events each year. The other events, the smaller sporting events and things that we have introduced in the last couple of years—in particular, the junior rugby union grand finals—this year will include the league grand finals and some events in the Kanga Cup. That is an idea, I suppose, to promote the use of the facility to the broader community.

In the junior rugby union grand finals, we had initial attendance in the first year, two years ago, of over 4,000; last year we had over 7,000. We know that those events are going to attract a lot of support and, obviously, goodwill as far as the community and the stadium's reputation are concerned.

**THE CHAIR:** Page 378 of BP 4 refers to user charges under "Revenue". What is the basis for the reduced funding for the stadium? It goes down from \$2,315,000 to \$590,000 in the next financial year.

**Mr Harley:** The bulk of that reduction is the removal of the revenue guarantee from the Stadiums Authority's books. The \$590,000 in 2004-05 relates to the residual payments required on the video replay screen—the last seven months of the payment, which is the first half of that financial year—and then it is zero thereafter; that is, the stadium is forecasting to operate free of government financial support on the basis of our zero based budget planning on the security of the major tenants over the next six years and on the basis that they will be reasonably competitive. We believe in that sense, with the other business that we have built up on top of that, that we can operate with a slight surplus each year without appropriation.

**THE CHAIR:** Good luck. Have the new hiring agreements arrangements had anything to do with that? Does that assist your aim there?

**Mr Harley:** The new hiring agreements assist us in an accounting sense more than anything else. Removing the revenue guarantee does certainly remove a lot of the fluctuation and uncertainty associated with an agreement that is based over calendar years versus the financial aspects, which are based over, obviously, financial years. With the Raiders, for example, their season falls over two financial years which always causes issues in an accounting sense or in the treatment of accounts. Certainly with the video screen being paid off, as in February next year, we no longer have those large commitments associated on a monthly basis, so we are able to control our cash flow and are able to meet our expectations as a business. That is it.

**MRS DUNNE:** I have two questions on the video screen and the major scoreboard, which has not been in operation most of this current rugby season. Last Saturday night I noticed that it was partly dismantled; the front is off. What is the story with that? Is it going?

**Mr Harley:** It is not going. You will see a vast difference on that scoreboard this

19 May 2004

Saturday night. The old scoreboard, which was put in place, I think, in 1977, is essentially a light globe city for scoring. It was costing the authority around \$15,000 a year to operate. In layman's terms it sucks a lot of juice in a power sense in the provision of a large score system.

**MRS DUNNE:** Fifteen thousand dollars?

**Mr Harley:** Yes, it is a very heavy power user.

**MRS DUNNE:** That is a lot of light bulbs.

**Mr Harley:** We converted that through technology. You will notice that we have the score now superimposed on the video screen. We had three score systems and three timing systems operating that weren't synchronised, so you had three different—

**MRS DUNNE:** You had the little scoreboard and the—

**Mr Harley:** Everything was manual. We now have it synchronised, with the two scoring systems on the video screen and the smaller one at the southern end. The old scoreboard has been converted into a tri-vision signboard. It is a pyramid system that turns three times. You can put on three big 103-square metre signs. We have sold that off and there are long-term benefits: it is now creating a revenue line as far as the Stadiums Authority is concerned rather than an expense line. That is part and parcel of obviously promoting the stadium as a business to those willing to be part of—

**MRS DUNNE:** It is not going to be a scoreboard anymore?

**Mr Harley:** It won't be a scoreboard anymore, no.

**MS DUNDAS:** It will be a big billboard.

**MRS DUNNE:** It will be a big billboard instead.

**Mr Harley:** It will be a big billboard.

**MRS DUNNE:** A moving billboard. On the subject of the replay screen, there is too much advertising and you cannot see the replays. You are sitting there and there are ads from various people, and you are going, "What's going on over there?"

**Mr Harley:** That's showbiz.

**THE CHAIR:** Just in relation to the replay, I note last year the authority proposed to establish a separate business unit to manage the video replay board. What is the current status of that proposal and what has been the outcome?

**Mr Harley:** The reason why we went in that direction was that the way our assets are treated under the recoverable amounts test means that the Stadiums Authority, with the appropriation provided, would not generate enough revenue to be able to provide a fair valuation of those assets in the accounting term. So essentially the assets are written off. Whilst the revenue guarantee was in place, there was no room to move as far as

revaluing any part of the business that was linked to the actual sport played at the stadium in relation to the revenue guarantees. The video screen is a different kettle of fish in the sense that we have been in the business of taking it away to other events such as Manuka and into Victoria for racing events. It generates its own revenue independent of the stadium football operations.

**MRS DUNNE:** So the video screen is not fixed?

**Mr Harley:** It is portable.

**MRS DUNNE:** Only in a very loose sense.

**MS DUNDAS:** You can't take it home with you.

**Mr Harley:** We are able to take it out of the business of the football associated aspects of the stadium itself and create its own revenue line, which meant that it can be treated separately. That is why the revaluation of the assets came back into the books last year and that was the reason for the business case treatment.

**THE CHAIR:** Have there been any additional costs that were not budgeted for in previous years arising from the establishment of that particular unit?

**Mr Harley:** Depreciation. Obviously we did no depreciation previously.

**THE CHAIR:** How many big screens are there?

**Mr Harley:** There are 60 metres of screen which can be broken up into—

**MRS DUNNE:** As one unit.

**Mr Harley:** We can operate, essentially, two 30-metre screens or three 20-metre screens. Last year we had one 52-metre screen for the bulk of the year and one nine-metre screen in the Canberra Centre. So we have some flexibility in how we operate it.

**THE CHAIR:** What are the costs to hire the screen or screens?

**Mr Harley:** It varies. We are very competitive compared to the one or two operators that do this in a national sense. A screen on average is around \$13,000 to \$14,000 a day, but it fluctuates depending on whether it is new technology, because the cost is coming down all the time like other aspects of technology, whether it is vehicle mounted or whether it requires a heavy structure like the one at Manuka to support it. The structure at Manuka is taken to Victoria for the racing events because they need a much bigger screen. It supports a much bigger screen and, obviously, you have costs associated with cranes, semitrailers and the like to move it around.

**THE CHAIR:** Do you own the screen at Manuka?

**Mr Harley:** The authority owns the screen, yes.

**MRS DUNNE:** How many screens are there?

*19 May 2004*

**THE CHAIR:** Which organisations have hired out the screens?

**Mr Harley:** There are 60 metres of screen.

**MRS DUNNE:** There are 60 metres of screen but they could be in different places.

**Mr Harley:** As I said before, it can be broken up into two or three depending on how many supports you have.

**MRS DUNNE:** What is at the Canberra Stadium at the moment?

**Mr Harley:** As you saw last week, there is one 60-metre screen.

**MRS DUNNE:** That is the 60-metre screen.

**THE CHAIR:** Does that include the part that comes from Manuka?

**Mr Harley:** That includes the part that comes from Manuka, yes.

**THE CHAIR:** I take it the screen is used for the AFL games at Manuka?

**Mr Harley:** Yes, that is right.

**THE CHAIR:** Which other organisations have you hired the screen out to, apart from hiring it out to Manuka?

**Mr Harley:** At Manuka it is a very competitive rate compared to what it would be on the outside.

**MRS DUNNE:** Mates rates.

**MR HARGREAVES:** Mates rates.

**Mr Harley:** You also asked about the number of other events?

**THE CHAIR:** Yes.

**Mr Harley:** With the event business nationally, most contracts such as catering, cleaning and the like tend to be renegotiated each year for a maximum of two-year rates.

**THE CHAIR:** Which other organisations have hired the screen?

**Mr Harley:** Racing Victoria, Telstra Dome, the Australian Open Tennis, the Salt Lake Winter Olympics, rock concerts in Indonesia and the Canberra Centre for the World Cup.

**MRS DUNNE:** So it has a passport?

**Mr Harley:** It has got a passport, yes.

*19 May 2004*

**THE CHAIR:** It must have. It is very good at it.

**MRS DUNNE:** On the day we had an AFL game and a rugby union game, as soon as you were finished the AFL you were hotfooting it across town.

**Mr Harley:** We had to.

**THE CHAIR:** That is how it works.

**MRS DUNNE:** I am impressed.

**THE CHAIR:** You might have heard me ask some of the previous witnesses in the sport and rec component about the screen at Manuka. There were some problems with it: it was black and white instead of colour, sometimes there was a bad picture and there were some problems with the quality of sound. Have you had any complaints about that?

**Mr Harley:** From the Kangaroos yesterday. Firstly, the issue of sound has nothing to do with our involvement. The poor sound is the PA system at Manuka; it is not a great system.

**THE CHAIR:** Okay.

**Mr Harley:** With regard to the screen, we have had two games this year where we have done the operation of the screen, which we have done in the past, as well as the production, which is the advertising and everything else that goes on that we don't like. In the first game with the Swans, we had an issue with the screen. It was one of those unfortunate issues where one of the security guards had placed his chair on the sideline on top of the cabling and every time he sat down he compressed the cable.

**MR HARGREAVES:** Every time they showed the score!

**Mr Harley:** When he stood up it was fine again. It was one of those things we just could not work out until half time. In the second game, when we had the black and white picture, that was not meant to be a revisit of the 70s and Keith Greig. We had to be in two places at the same time: the Brumbies were starting that afternoon and the AFL had a 2 o'clock start. We had the capacity to put two screens in at the same time, but we don't have redundancy. We had an issue with a major breakdown, which meant that we could not convert some signals; therefore we had a black and white picture instead of a colour picture. We need to have a situation where we don't have clashes on the same day. We can certainly handle things on the same weekend but not on the same day when it comes to moving that sort of produce around.

**THE CHAIR:** Will those problems have any implications? Will you have to reimburse any of hirers or make any payments to any dissatisfied hirers as a result of the problems you had?

**Mr Harley:** We did not charge the Kangaroos for production that day and have substantially reduced the hiring fee to Manuka as well on that basis.

**THE CHAIR:** Can you give details of how much that involved?

*19 May 2004*

**Mr Harley:** We are still discussing those details.

**THE CHAIR:** Do you have any idea? Can you give us some ballpark figure? Are we talking about just a couple of thousand dollars or is it in the tens or twenties of thousands?

**Mr Harley:** No. We are talking about a couple of thousand dollars.

**THE CHAIR:** Are there any other locations where the screen has been hired out—it is good to see that it is moving around and getting a fair bit of use—and it has not worked or where there have been some technical problems as well, apart from those that you have told us about at Manuka?

**Mr Harley:** No.

**THE CHAIR:** None at all?

**Mr Harley:** As I said, we go to Racing Victoria each year for the spring carnival. We are thrown in there with about 17 other screens on location with the big companies. On an independent audit done last year, ours was the best performing screen, so it certainly is up there in terms of quality.

**MS DUNDAS:** Can I go on to something else?

**THE CHAIR:** Yes.

**MRS DUNNE:** It is up to you.

**MS DUNDAS:** It is not about the screen.

**THE CHAIR:** Are there any more questions on the screen?

**MRS DUNNE:** I think we have done the screen to death.

**MS DUNDAS:** It is not that I am not fascinated by the screen, but I have some other questions.

**THE CHAIR:** Other questions?

**MRS DUNNE:** I am fascinated by the screen, but I think we have done it to death.

**MS DUNDAS:** There are some quite disturbing things that are mentioned in the statement of intent such as the building structure and how the stadium does not comply with the current requirements of the Building Code of Australia, including the fact that the western stand stadium does not have an adequate roof access ladder that complies with Australian standard requirements and the access ladder to the eastern stand cannot be located. There are problems with the three-metre high grass embankment on the southern side not meeting government requirements, the tie down details of muster tents and quite a number of problems with the way in which the stairs were constructed and

19 May 2004

other issues. There were some quite major problems with the way in which the Canberra Stadium is meeting safety standards, yet these problems are not necessarily listed as some of the upgrade and major repair works that have been identified for the next financial year. Can you explain why?

**Mr Harley:** First of all, the documentation you are talking about is part of our strategic asset management plan or maintenance plan that we consulted on last year. The organisation of strategic facility services came up with a 10-year plan. We based it on three aspects: what we needed to spend each year to maintain the current facilities and what we needed to look at with priority 1, 2 and 3 improvements in respect of their audit. We had planned for those internally within our budget over the course of the next 10 years. Some of the ones that relate to things such as the building compliance codes will be ongoing until such time as we get an opportunity to repair them, simply because the codes do change over the course of time. The codes that applied in 1998-99 when the major redevelopments were conducted do not comply anymore.

**MRS DUNNE:** Just to interpose there, Mr Harley: what you are saying is that it complied when it was built; it is just that the code has moved on?

**Mr Harley:** Yes, that is right. The code has moved on. That is what most of them are.

**MS DUNDAS:** I made it clear in my question that there are other issues.

**Mr Harley:** We treat them on a case-by-case where there is obviously a safety issue concern. You might have noted that we have repaired the glass balustrades on the western and eastern open box fronts. The glass met the code in 1999 but did not meet the code subsequently. We have had a few instances where the glass collapsed. What we have done is put in place laminex and railings to strengthen the glass so that the issue does not become one that would be of concern on a game day. These are repairs that we have put in place outside our budgeting, but are certainly things that we take into account from a safety point of view. Other than that, it is done on the basis that over the next five or six years we repair bits and pieces as we go along, as far as the budget can allow.

**MS DUNDAS:** Is there an access ladder to the eastern stand roof?

**Mr Harley:** No, there is not.

**MS DUNDAS:** Is one going to be put in? Is one required?

**Mr Harley:** No, because we can hire a scissors lift or a cherry picker to get up there, as we require.

**THE CHAIR:** What is a scissors lift?

**Mr Harley:** The same as a cherry picker.

**Mr Quinlan:** It is like a concertina.

**MS DUNDAS:** The maintenance program also indicated that there are—



**Mr Quinlan:** Describe a spiral without moving your hands.

**MS DUNDAS:** concerns about fire spreading from one section of the stand to another as the voids behind areas have been penetrated as new systems have gone through and the holes around the new systems have not been plugged. Is that going to be addressed? Containing fire in a stadium of that size is quite important.

**Mr Harley:** Yes, it is. Bear in mind that the stadium is 90 per cent concrete. In terms of the seating structures—

**MS DUNDAS:** Chairs still melt.

**THE CHAIR:** No.

**MS DUNDAS:** Damage can still spread.

**Mr Harley:** As I said, they have been placed in a priority 1, 2 and 3 ratio. Where they are priority 1 they have been rectified in the first two years of the program. Priority 2 and 3 are down the path. But, certainly, where it is a safety issue they have been given the appropriate level of priority.

**MS DUNDAS:** On page 27 of the statement of intent there is a list of a number of issues that I have been through. Can you tell me which of these are priority 1, 2 and 3? I am happy for you to take this on notice.

**Mr Harley:** Will do. Thanks.

**MS DUNDAS:** Also, the statement of intent contains the estimated maintenance budget for the 2003-04 financial year, which talks about life cycle preventive maintenance and other professional fees and designs. What is the actual budget for the 2004-05 year—it is a two-part question—for those three different categories? Also, in the 2003-04 year, what was the actual estimated expenditure as opposed to that in the budget?

**Mr Harley:** Page 26 talks about the recommended preventive maintenance budget of \$114,000 a year. That is what we spend on things such as lift maintenance, fire alarms and those types of things—\$114,000 a year.

**MS DUNDAS:** You can tell me that, in the 2003-04 financial year, you spent \$114,000?

**Mr Harley:** That is right—on those things. On top of that, you have the recommended life cycle maintenance budget—over 10 years what we repair under the priority 1, 2 and 3 aspect—of \$283,750. That is what we will spend on those projects that we deem to be conducted over the course of that financial year. They are priority 1, 2 or 3 maintenance or repair related or the upgrading of a code related maintenance task.

**MS DUNDAS:** The 2004-05 budget is basically the same as the 2003-04 budget. Has it been increased?

**Mr Harley:** It works on a basis of about \$440,000 a year over the next 10 years—the next nine; it actually started last year.

**THE CHAIR:** I might just stop it there. We will adjourn for afternoon tea and be back at quarter to. There are quite a few more questions.

**Meeting adjourned from 3.33 to 3.49 pm.**

**MS DUNDAS:** Can that list include what you prioritised as priority 1 for the 2003-04 financial year—what work you did as priority 1?

**Mr Harley:** Yes—and additional.

**MS DUNDAS:** Just to clarify the question about the budget, there will be, for the next nine years, \$440,000 set aside to do repairs?

**Mr Harley:** Just for repairs and maintenance.

**MS DUNDAS:** You're not expecting that budget to increase or decrease? It's going to be maintained at \$440,000?

**Mr Harley:** Yes, that's right. There are slight increases, as far as the CPI is concerned, over the 10-year period but essentially that's the budget in real dollars this year. It doesn't take into account things such as turf and the like; it's purely the repairs and maintenance to the building, and the improvements.

**MRS DUNNE:** It was reported a while ago, when the ICRC increased the water charges, that Canberra Stadium was concerned about the impact that would have on their running costs. Have you done any assessment yet about what impact increased water charges would have on your running costs?

**Mr Harley:** We weren't concerned, we were just aware. We audit how much water we use and how much has evaporated. We have the computerised systems in place to do so and we are aware that, based on the expected increases going forward, we could be paying from \$15,000 to \$20,000 a year in addition to what we have been budgeting thus far, which we're able to meet within our own budgeting requirements.

One of the problems is that at least half of that is the sewerage component. I suppose the issue there is that we have 281 flush units at the stadium and we use them on probably 30 days a year. We pay similar rates to other aspects of the AIS in total, which probably use it on a more regular basis. So we are sort of caught with that increase. We certainly manage our water usage on the turf itself but, unfortunately, we're a big bowl and, that being the case, we have a high evaporation rate. We are very mindful of the fact that we do meet those restriction requirements by improving our evaporation against irrigation rate by 40 per cent, which we've met in the last two years. We'll go forward in doing that but, at the same time, it's going to cost us \$15,000 to \$20,000 a year more to keep everything green.

**MRS DUNNE:** You say that you're meeting your water restriction requirements. So you've been able to tweak your regime to use less water for effectively the same result?

**Mr Harley:** Yes, that's right.

**MRS DUNNE:** That is good. From a user's point of view, I'm glad you mentioned the loos because I'm very conscious that you have lots of loos. Are you confident that you've got the right measures in place there? From my experience of the last couple of events, there was much discussion in the ladies' loos about the fact that the automatically turning off taps don't turn off. You've got people there saying, "We're under water restrictions. How do I turn these taps off?" They don't turn off; they just run and run—and there are toilets that flush and flush. What are you doing about that? When they're not being used—we leave on Saturday night and nobody comes back for a week or, in some cases, two or three weeks—do you turn all that water off?

**Mr Harley:** They get switched off, yes. On event days it gets pumped up. You tend to have a bit of an overflow occurring on event days because you are backing up the system, so to speak. We have to be mindful of the fact that—this is something that we've had to remedy in the past couple of months or so—we will have issues with sewage smells and odours coming out of lines which sit dormant. What happens is that, if it dries up, you get a dormant sort of sewage left in place in the pipes. Once it gets flushed through on event day you'll get a rise in the odour, or the methane. We've got to be mindful of flushing through every so often, which we do on a regime now, with appropriately approved chemicals and the like, bearing in mind Actew's requirements. We have an ongoing review of how we can reduce wastage of water, in the sense of reducing the flow from taps, urinals and the like.

**MRS DUNNE:** There were no complaints about the smells but, on two or three occasions in the last two events that I've been to, people have been commenting, "When you press the button in this toilet it flushes and flushes"—or, "When you turn on the tap it won't turn off." Four or five people could wash their hands under it before it turns off. Because yours is such a large facility you're using an awful lot of water in one hit. Are you aware of these problems with the bathrooms? I presume it's happening in the boys' loos as well.

**MS DUNDAS:** They just don't talk about it!

**MRS DUNNE:** That was a very interesting topic of conversation. "Gee, it was a good game; gee, I wish these taps would turn off."

**Mr Harley:** Most certainly. As I said, we have to overcompensate on the days we don't run water to allow for that additional sewage from 20,000 people coming in one day, to make sure it flushes out. That's why you have probably an overpressure situation on game days as opposed to nothing during the weeks. It is compensated for. That's right.

**MS DUNDAS:** What is the future of the naming rights of the stadium?

**Mr Quinlan:** Would you like me to answer that?

**MS DUNDAS:** I'd be happy for you to, Treasurer.

**MRS DUNNE:** Ted Quinlan Stadium.

**Mr Quinlan:** Yes, that would be good—or the Ted Quinlan Canberra Stadium. We

would certainly like to ensure that the name of the stadium identifies it with Canberra. We think that's of value. It's a government decision that cuts across the commercial decisions that the stadium authority would quite rightly make. From our perspective we want to pinch a bit of the glory of the events that occur there—particularly, say, the World Cup. The World Cup was an example where ActewAGL had made an offer for the naming rights. We made a judgment and said, “Across the world that's going to be ‘Actwaggle’ or God knows what”—some Aboriginal word for “meeting place”.

We asked the stadium to stay their hand, if you like, and let it remain the “Canberra Stadium” so that, whenever the stadium was identified, Canberra was identified with it. We would certainly like to think that will continue. If someone comes along with a corporate name that still retains “Canberra” in it somewhere that satisfies both, that would be fine as well, I suppose. That's for the future.

**MS DUNDAS:** Is the stadium actively searching for a naming sponsor that meets the government's criteria?

**Mr Quinlan:** Probably with less enthusiasm than they were before!

**MS DUNDAS:** Basically there was a political, government, decision to step in and say to the Stadiums Authority, “You can only have a naming sponsor if the name fits this criteria”?

**Mr Quinlan:** Yes. First of all we changed it from Bruce Stadium, because who wants a stadium called Bruce?

**MS DUNDAS:** Talkback radio showed that a whole lot of people were very wedded to the idea.

**THE CHAIR:** Much like they probably were to “Manuka” when they tried to change that in 1995.

**Mr Quinlan:** I'm reminded of Monty Python and some scene in Australia where they were calling each other Bruce.

**MRS DUNNE:** That's why I wanted it to be called “Bruce”.

**THE CHAIR:** It doesn't matter, as long as we win!

**Mr Quinlan:** It's now a stadium formerly known as “Bruce”. We think there's a benefit in its being “Canberra Stadium”. We remain open to suggestions, but that is the criterion we'd like to see.

**MS DUNDAS:** Why were you able to intervene in the ActewAGL offer through the stadium's end and not through the ActewAGL end? Actew being a statutory authority, why did you come in at that end as opposed to stopping the bid before it happened?

**Mr Quinlan:** I didn't come in anywhere. The communication came through and we effectively made our preference known to all parties. All parties were happy with that—they said they were, anyway.

19 May 2004

**THE CHAIR:** Have you had any expressions of interest in relation to naming rights recently?

**Mr Quinlan:** I don't think so.

**Mr Harley:** Since that time?

**THE CHAIR:** Yes.

**Mr Harley:** Not formally, no.

**THE CHAIR:** Informally?

**Mr Harley:** There are always—

**THE CHAIR:** Anything promising?

**Mr Harley:** It's not infrequent to have a question asked about naming rights. That's right. I think that has been a lot to do with the fact that, by renaming it and rebranding it as "Canberra", we've lifted the profile nationally and given it some pull, so to speak. Of course the performance of the two hirers in the last couple of years, in particular the Brumbies and the Raiders last year, has meant that it is regarded at a higher level.

**MS DUNDAS:** If there were another serious application for buying up the naming rights of the stadium, would that process also go through cabinet? Is it through cabinet or through the minister?

**Mr Quinlan:** I'm sure that the stadium would like to discuss it at least with the minister. Just to clarify that, I'm reminded that any contract that the stadium enters into over the value of \$500,000 has to come across my desk.

**MS DUNDAS:** It has to go across your desk, but not necessarily through cabinet?

**Mr Quinlan:** No.

**THE CHAIR:** In relation to the Brumbies semi-finals and finals, I've had a couple of concerns raised with me, and I've also heard some concerns raised in the media, about the ticket pricing for the Brumbies final. One that I received related to the price of tickets for the additional temporary seating, which indicated that some of the seating was priced above \$100. Is that true? This is the temporary seating plan.

**Mr Harley:** As in seating?

**THE CHAIR:** Yes.

**Mr Harley:** No. No seat has been priced above \$100. Packages are above \$100 if it's a corporate package, which includes parking and beverages.

**Mr Quinlan:** There are corporate boxes put in there as well.

*19 May 2004*

**Mr Harley:** Yes, but certainly no seating—

**THE CHAIR:** Was there a range of prices for the seating?

**Mr Harley:** Yes, there was.

**THE CHAIR:** Especially the temporary seating: was there a range of prices for that?

**Mr Harley:** Prices are related to the location within the stadium. Category 1 is along the sidelines in the grandstand; category 2 is along the sidelines outside of the grandstand—not under cover—and category 3 is the ends and beyond. Bear in mind that we don't set the price for the ticketing; it's set by the hirer, which is the ACT Rugby Union.

**THE CHAIR:** What about the temporary seating? What's the price for that? Does that have a set price?

**Mr Harley:** The temporary seating on the concourse is category 2, which for the semi-finals and finals is \$50 a seat. The price for the corporate seats in the temporary corporate facilities are in line with the total package, including catering and the like, associated with the corporate package. The seat price is exactly the same as it is for the end. It would be \$40 a seat, but you add all the bells and whistles onto it.

**THE CHAIR:** Will this additional and temporary seating be in place this weekend?

**Mr Harley:** Yes.

**THE CHAIR:** How much did it cost to hire the extra seating?

**Mr Harley:** The total package to put in place the extra seating and the temporary standing facilities was around \$70,000.

**Mr Quinlan:** For two matches.

**Mr Harley:** That's it—\$70,000 covers the whole period, which in this case is for two matches.

**Mr Quinlan:** It could have been one, but it's two.

**THE CHAIR:** How much extra seating is there? What are we talking about in that regard?

**Mr Harley:** There are 1,320 extra seats, and standing room for 1,500. We had that increased to 2,000 today, after further consultation with the fire brigade, given the flow. I'm happy to report that we have just about sold out for Saturday.

**THE CHAIR:** What will the total capacity be with the extra seating plus the 2,000?

**Mr Harley:** Nearly 28,000.

*19 May 2004*

**THE CHAIR:** So basically the cost for you guys to hire that extra seating for the two matches is something like \$50 a seat?

**Mr Harley:** To put in the concourse seating it is about \$28 per seat. Of course with two games we've returned our investment and picked up a healthy surplus, I suppose. It was done as a joint venture with the ACT Rugby Union.

**THE CHAIR:** Have there been any complaints about the sound quality at Canberra Stadium?

**MR HARGREAVES:** Only from the spectators!

**Mr Harley:** Yes, there have been some complaints over the years. From my own perspective, the sound quality in the corporate suite level is very poor. That's something we're working on remedying before the 2005 season.

**THE CHAIR:** What's the cost of the remedial action?

**Mr Harley:** We don't know. We're going to have to go through a tender process with it and sound out the requirements. Sound systems, speakers and the like will vary depending on the quality. We're looking at providing a system above and beyond the current PA safety system—one that's more in line with modern entertainment multifaceted events.

**THE CHAIR:** I think at last year's estimates there were some concerns about the media centre. I think the Auditor-General was going to do an inquiry into the centre in relation to the approval process. That was all as a result of last year's estimates. Has anything happened in relation to that?

**Mr Harley:** The auditor has done the report. It has all been conducted in accordance with the appropriate guidelines.

**THE CHAIR:** Is that report available?

**Mr Harley:** The letter from the Auditor-General—that's right.

**THE CHAIR:** What capital works are planned as part of the 10-year master plan for Canberra Stadium?

**Mr Harley:** At this stage nothing is planned. We're investigating options, looking at the lie of the land, the licence, where we're going to be affected by the GDE and car parking going into the future and what the AIS's plans are. We're looking at it from the view of what the stakeholders require and how we can best use the facility, or the resources, we have and then ones we develop to provide an ongoing business concern.

**THE CHAIR:** You don't have any indicative costings or any potential plans?

**Mr Harley:** No costings. We have some initial sketches in looking at a concept for a development at the southern end. We're looking predominantly at the southern end being where we would like to go without touching the existing sidelines—the east and west

19 May 2004

ends. They meet our expectations for the foreseeable future.

**THE CHAIR:** You don't have any costings or any indicative costings on that?

**Mr Harley:** Nothing at all at this stage; no.

**THE CHAIR:** How many full-time employees are employed by the Stadiums Authority at present?

**Mr Harley:** At present, nine.

**THE CHAIR:** That's an increase. I think it was seven last year.

**Mr Harley:** Eight. Actually, we had 10 last year during the Rugby World Cup. It went up to 10 and back to nine. We fluctuate depending on the demand on us.

**THE CHAIR:** It went from seven to 10?

**Mr Harley:** From seven to eight, to 10 and to nine.

**THE CHAIR:** What extra full-time positions does that involve? It's either one or two extra from last estimates, when I think you said there were seven. That's 12 months ago. I can appreciate you'd need more for—

**Mr Harley:** It was seven in 2001-02. In 2002-03 and 2003-04 we've had to increase the number, because of the additional number of events, to what we had in 2001-02. The increase relates mainly to the marketing facilities requirements and, when we're in marketing mode, to provide the ability to sell products. It is certainly well and truly conservative compared with other stadiums, in a benchmarking sense.

**THE CHAIR:** Thank you very much. That completes the Stadiums Authority. We now come to the Gambling and Racing Commission. You've heard the warning given from the card I've read out. Please give your full name and the capacity in which you appear before this estimates committee. Mr Collins could do the same.

**Mr Curtis:** Yes, I heard that. My name is Tony Curtis. I'm the chief executive of the ACT Gambling and Racing Commission.

**Mr Collins:** I am Phil Collins, manager of the ACT Gambling and Racing Commission.

**THE CHAIR:** I refer to budget paper 4, at page 395. There were reviews underway of various pieces of gaming legislation. What is the status of those reviews? What outcomes are being sought from them?

**Mr Curtis:** As the committee would be aware, it is a statutory function of the commission to review legislation. In that regard we've got an ongoing program of legislative review. The first major piece of legislation to be reviewed was the Gaming Machine Act 1987, which was considered a priority. If I remember rightly, there was a request from the government to review that. As the committee would be aware, the commission completed that review, the government responded and draft legislation was



tabled last week, to be debated in June.

In addition to that there's a review of the Casino Control Act underway. We sought public comment in April and we're now in the process of developing a detailed options paper. That will, again, go out to the community and stakeholders for comment, probably in the next six weeks. It's expected that a policy paper will be finalised later in 2004.

We're also conducting a review of the Lotteries Act 1964 and the Pool Betting Act 1964. That is pretty antiquated legislation and certainly doesn't cater for the number of applications that we're receiving in this day and age, particularly in relation to promotions for lotteries. We have a number of lotteries that might in one term be determined to be private lotteries and then, on the other hand, they could be viewed as public lotteries, depending on how they're marketed. The lines are pretty well blurred. It will be a priority during this current year to conduct a review of that legislation.

We're in the process of reviewing the Gambling and Racing Control (Code of Practice) Regulations that were brought into force in December last—12 months ago—at the moment. That review has only just commenced, with a public consultation process. We're expecting that that review will be finalised fairly quickly—in the next couple of months—once we've assessed the community responses and prepared an options paper, which we'll go to the minister with.

The review of the Interactive Gambling Act 1998 was suspended pending a Commonwealth review of their own banning legislation. I understand that the responsible federal minister has received that report and we're still awaiting the outcome. I understand it has been with the government for about three months. It's pointless, as far as we're concerned, reviewing our own legislation until we know the outcome of the federal legislation review. I think that about sums up what we've got on the plate at the moment.

**THE CHAIR:** I see also that an important activity for the commission is to undertake broad community consultation. What consultations were undertaken during the current financial year, 2003-04? What were the outcomes from those?

**Mr Curtis:** There are various forms of consultation taking place. I suppose the most important is reviewing legislation. We write to stakeholders numbering somewhere in the vicinity of 50 to 60—mainly community groups and peak community organisations—that are considered stakeholders in gambling legislation, and gambling providers. We also have what's known as a gambling advisory reference group. That, again, consists of the peak community organisations—for example ACTCOSS, the council of churches, CARE financial advice and Lifeline. We meet bi-monthly with those groups.

We're also, on occasions, asked to participate in community forums. For example, Mr Collins attended a multicultural meeting last year, organised by the Chief Minister's Department, where all the multicultural groups were gathered. I think that was at the Hellenic Club. We provided input into that by advising the attendees of what the commission does and what our role is. I think we received some responses back from that.

We occasionally, of our own volition, go to what we might consider to be relevant community groups. One that comes to mind is that, when looking at particular cultural or ethnic groups, we might occasionally be made aware of a problem. We'll go directly to the group to get the appropriate information we need to resolve the issues. With the gambling providers there is ongoing liaison with the various peak groups. For example, we meet regularly with the senior executive of ClubsACT, as we do with the racing industry and sports bookmakers.

**MS DUNDAS:** And the casino?

**Mr Curtis:** And the casino.

**THE CHAIR:** What developments are anticipated with the commission's community development strategy?

**Mr Curtis:** We're always looking to improve it. For example, at a meeting this morning with our gambling advisory reference group, ACTCOSS raised with us how we might have been tapping into the Aboriginal and Torres Strait Islander groups—and the cultural sensitivities in dealing with the different groups in that respect. It has given us some thought as to how we might progress that in the next 12 months. That was an issue raised only this morning, but it's something we'll take on board.

**Mr Collins:** We provided a briefing to the tavern owners with regard to the new legislation. I'm sure we'll do similar briefings and, I guess, workshops for new legislative requirements as they come as a result of these legislative reviews.

**THE CHAIR:** Where is that at? I think the legislation was passed in March and there was a period of about eight weeks when things were to happen. When can they expect to get their two class B machines?

**Mr Collins:** We haven't received an application yet. We had a pretty good roll up to the workshop—about 45 to 50 people. Application forms and appropriate documentation—advice that had been put together by commission staff—was taken away, but we're yet to receive an application.

**THE CHAIR:** How long ago was the workshop?

**Mr Curtis:** Approximately a month ago.

**Mr Collins:** Yes—three to four weeks ago.

**Mr Curtis:** So I suspect it's not far away.

**MS MacDONALD:** Yesterday we had ACTTAB before us. I thought there must be a typo because they had resources from other revenue going up by 189 per cent in the outyears in a couple of years time. It is not a typo, it's based on an aspirational aim to have a new betting product based on a virtual race, which would probably be marketed through the clubs, ACTTAB and so on. Would they have had any conversations with you about that sort of thing so far?

**Mr Curtis:** There has been a preliminary meeting, just to discuss the concept. It's nothing new. As I understand it, it's very similar to Keno. It is based on the same technology. As far as I'm concerned it would entail a similar licence to that which we issue for Keno. As I understand it, it is pretty popular in a number of overseas countries.

**MS MacDONALD:** Those would be countries in Asia?

**Mr Curtis:** No; for example, the US. I've been doing a bit of research there pending a visit later this year. I note there are a number of jurisdictions where simulated racing is something that's mentioned consistently as being provided at racetracks. I don't know whether that relates to phantom race meetings. They have a meeting every day because there's no actual horse racing taking place. I understand it is very popular and I know that ACTTAB have great aspirations as far as that's concerned. But I'm not in a position to comment on their optimism of 189 per cent.

**Mr Quinlan:** It's in their "other revenue"—it's not a huge amount in absolute terms.

**MS MacDONALD:** No. It wasn't their main revenue source, that's for sure. It went from around the \$500,000 mark in one year to over the one million mark in another year. I just thought it was huge.

**Mr Curtis:** I think it is being trialled in a number of venues in Victoria but I'm not aware of how successful it is.

**MS MacDONALD:** You obviously wouldn't have had a chance to have a discussion with the advisory group you were just talking about, about anything like that?

**Mr Curtis:** No. The conversation we had with ACTTAB several weeks ago was very informal. They indicated that, if they wanted to proceed with it, they'd come forward with a formal proposal. We haven't heard any more.

**MS MacDONALD:** I don't have any ethical issues with it. I was just curious.

**MS DUNDAS:** There are general savings, I think to the tune of \$66,000, which have been met by the Gambling and Racing Commission under, I guess, part of the government's push for savings across the board. How did you find the \$66,000?

**Mr Curtis:** We haven't quite found it yet. It's an ERC measure, applied from within Treasury. The commission, as a Treasury portfolio agency, incurred a cut of \$66,000. How we'll manage that will be by using our discretionary expenditure. I guess there'll be cuts right across the board.

**MS DUNDAS:** Do you think those will impact on staffing numbers?

**Mr Curtis:** No. We'll absorb those cuts. The chair of the commission and I met with the Acting Under Treasurer, Andrew Weeks, after we were advised of the cuts to discuss those. We indicated that we were prepared to play our part in absorbing those cuts as required.

**MS DUNDAS:** You weren't consulted with before the final decision was made about

how much you were being asked to find?

**Mr Curtis:** In terms of the process, no; there wasn't consultation. I understand it was a paper exercise conducted by the Expenditure Review Committee. That's not to say it may not have taken place within the upper echelons of Treasury. We were advised that it was to take place. We subsequently met with the Acting Under Treasurer to discuss it and accepted what was being proposed.

**MRS BURKE:** I'm looking specifically at the highlights for 2004-05. You've got a very good strategic and operational overview of what you're going to do. Presumably you are a fair way through some of those things now, which I think you alluded to in your opening. I'd like to ask you a little bit more about developing the commission's community engagement strategy—building on strategic lengths with its stakeholders. How does that happen in practice? How often do you meet?

**Mr Quinlan:** That's already been asked—before you came in.

**THE CHAIR:** We've just done it.

**MRS BURKE:** I beg your pardon. Looking at all that, I was sitting and thinking that \$90 million or so has been given back to the community by the clubs. Is that right?

**Mr Quinlan:** I haven't got the figures in front of me.

**MRS BURKE:** It was announced recently, wasn't it, at the awards night? I was just reflecting on the fact that we are getting some great money back into the community from clubs, mostly from the proceeds of gambling. How are we coping with all of that? There is an exponential increase of moneys that we get from the clubs, which we certainly don't knock back in the community sector. How are we working as far as the problems with gambling, which are on the rise, are concerned? How are you improving the relationship with the stakeholders to make sure that we are adequately addressing the needs of problem gamblers?

**Mr Quinlan:** Could I make a couple of statements first? I refer to the recent public commentary on what the ACT has done by the Brotherhood of St Laurence, for example.

**MRS BURKE:** Sorry—by whom?

**Mr Quinlan:** The Brotherhood of St Laurence international describes the regime, the code of practice, that exists in the ACT. That was developed by the commission and introduced in a cooperative manner with the clubs industry as probably the strongest in the world. So we've got it in place. I know it's easily said. Problem gambling is certainly with us but is it on the rise? I'm not sure that that is necessarily the case.

**MRS BURKE:** How do we know that it is not, though?

**Mr Quinlan:** No. You said it was. Right?

**MRS BURKE:** That's our understanding, isn't it?

**Mr Quinlan:** Well, no. I'm prepared to ask Mr Curtis to comment on that.

**MRS BURKE:** If the moneys given by Clubs ACT is rising exponentially over the years, wouldn't that suggest—

**Mr Quinlan:** It's not rising exponentially.

**MRS BURKE:** It isn't? They didn't give more this year than they did last year?

**Mr Quinlan:** "Exponential" means "orders of magnitude"—it's not exponential.

**MRS BURKE:** I thought they had given a considerable amount. Notwithstanding that, I still think there is a problem with gambling in the community. You've talked about working with community groups. Other than working with the Brotherhood of St Laurence, which I don't deny is an excellent—

**Mr Quinlan:** No, we didn't work with them. A national magazine made the observation. That's backed up by the fact that, around the same time, the Productivity Commission put out a review that they'd done. They virtually complemented what's being done by saying that prohibition is not the way to address that.

**MRS BURKE:** No, I'm not suggesting that. I am asking: is what we're doing sufficient, in your opinion? Given the number of reviews and looking at effectiveness, you've obviously got some doubts. Or are you just keeping on the ball? I hope that's going to be the answer—that you're just keeping fully on top of what's going on. Or are the indicators that gambling is becoming an increasing problem? What mechanisms have you got in place other than the things the minister has alluded to?

**Mr Curtis:** The last comprehensive study was done in 2001—the survey of gambling and problem gambling. I think the indication was that about two per cent of the community were problem gamblers. We've progressed a fair way in addressing problem gambling since then. One of the most notable achievements as far as gaming machines is concerned is probably the relationship that was developed between Lifeline, Gambling Care and Bet Safe, which the Labor group became involved with. Gambling Care was a relationship with Clubs ACT involving, I think, 12 of the major clubs.

**MS MacDONALD:** It is called Club Care.

**Mr Curtis:** Club Care—sorry. We've worked with that organisation in respect of input to the syllabus and training. Our manager, legislation policy review, Greg Jones, has been involved closely with those groups in respect of the syllabus and delivery of the training. The commission approves the training. So we've got input into that, to ensure that the training is appropriate.

The relationship we have with the ANU Centre for Gambling Research I think is about to bear fruit. Jan McMillen has established a rapport not only with the industry but also with the same stakeholders that we deal with. They're now inputting into the research and there are a number of research projects underway. That is only just the start—it will lead to further research.

In addressing problem gambling—with the fact that this relationship with the gambling industry has been developed, that they're paying for it and the government is not paying for it, which is probably the thing that would please the minister and the government most—I think this is a great step forward. Certainly the anecdotal evidence that we're getting from Lifeline is that there has been an increase in referrals. That indicates that people are picking up the information, that they are aware of the program and are going back to the organisation to seek help. We haven't done anything to formally measure that yet but would hope to in the future. We're doing a review of the gambling code of practice at the moment.

**Mr Collins:** Perhaps I can add that, as far as the money is concerned, the rate of growth of taxation revenue from gambling—particularly gaming machines—is increasing at a small rate, particularly relative to other jurisdictions. I represent the commission on the national regulators responsible gambling working party. We benchmark and look at each other's harm minimisation measures, legislative initiatives and those types of things.

Certainly from a national perspective the ACT is right out there. Our code of practice is the only mandatory legislated code of practice in Australia. It is generally acknowledged that that is an excellent code. As the minister pointed out, it is acknowledged by independent people looking at the industry and it is also acknowledged by other regulators. I often take phone calls from people at my level in other jurisdictions asking questions about how we go about certain aspects of it.

**MRS BURKE:** No doubt when we have very responsible club owners; and you only have to go into your local club to see how responsive and responsible they are being. But I guess it is just to make sure that what we are doing is of the best, and it's great to hear you say today that that's the case.

**Mr Curtis:** I mentioned before you came in: we have a fairly good relationship with the gambling providers and meet regularly with, for example, the senior executive of ClubsACT. So we are discussing these issues at least bi-monthly, if not weekly.

**MRS BURKE:** Bi-monthly, yes.

**Mr Curtis:** I would speak to Bob Samarcq at least weekly on issues relating to gambling.

**MRS BURKE:** Excellent. Thank you.

**MS DUNDAS:** In relation to the code of practice, I understand that there were sections of the code that actually started on 1 May this year?

**Mr Curtis:** Yes.

**MS DUNDAS:** Do you believe that all licensees were aware that these new parts were starting on 1 May and have been able to comply with them?

**Mr Curtis:** I have no reason to doubt or to believe otherwise. There has certainly been extensive communication, particularly through, for example, ClubsACT. But there are a number of providers that are not part of that organisation and we have gone out

separately to those that are not members.

In terms of the code of practice itself, I think I mentioned at the last hearing that we intended to conduct comprehensive audits to ensure compliance with a code of practice, and that had only just commenced last time we spoke. I am pleased to say that in the current financial year we have conducted 155 audits in respect of the code of practice. That involves all licensees—there have been multiple audits—and there have been 43 breaches identified, most of those in the early part, following the introduction of the code of practice. So I think that probably indicates that the level of compliance is certainly very high. We have not had occasion to take formal disciplinary action against any licensee in respect of a breach of the code of practice.

**MS DUNDAS:** So you are sure that those 43 breaches were rectified within the timeframes?

**Mr Curtis:** Yes, we follow those up by formal letter and then a follow-up visit to ensure compliance. My understanding is that they related to display of signage and display of literature or similar issues. There have been no reports to the commission, that I am aware of, of breaches of the code of practice. I would have thought, following the extensive media campaign we conducted and community awareness, that if there were licensees that were not compliant we certainly would have received a number of reports. But I am pleased to say that the number of complaints that we get from the community about gaming machine licensees is very little. I have not got the numbers here, but I would be surprised if we had more than a phone call every three to four weeks. I suspect what is happening is that if people have an issue they take it up with the club at the time.

**MS DUNDAS:** So are you confident that all gaming licensees actually have a gambling contact officer who has received the appropriate training?

**Mr Curtis:** We have. What happened when the audit was done and we found that there were some that had not notified us, we actually went out to them and advised them of their obligation to notify us. So we followed up where they had not advised and ensured that they have appointed a gambling contact officer and they have been trained.

**MS DUNDAS:** And who is doing that training? You said that you were involved in the training of the Club Care. Are you involved in the training of these contact officers?

**Mr Curtis:** No, not directly. There are a number of organisations that have received approval—for example, Lifeline and Bet Safe, the organisation in New South Wales. I understand there are a couple of others that have been approved.

**MS DUNDAS:** Approved to impart the training?

**Mr Curtis:** Yes.

**MS DUNDAS:** You said you took 155 regular audits throughout 03-04, and that I assume is part of the whole making sure everybody understands what was going on and complying. What is going to be the regular program of audits into the future?

**Mr Curtis:** We have got within the compliance and investigations team a program of

19 May 2004

audits. I can't tell you exactly how many times each person will be audited but every licensee, on those figures, would be audited, I suspect, probably twice a year at least and then there would be follow-up audits.

**MS DUNDAS:** So you are still going to maintain a level of around 155 audits a year?

**Mr Curtis:** Yes, certainly, and in fact increase them.

**Mr Collins:** We have identified the number of audits that we intend to do in our statement of intent under the non-financial performance measurement section. For this year we have actually itemised or numbered the different types of audits that we do to make it more transparent and easier to understand. So we have certainly enhanced our auditing program and I think we have set it out in a more transparent manner in the SOI.

**MS DUNDAS:** Is that page 27?

**Mr Collins:** It is, yes.

**MS DUNDAS:** I want to move off the code of practice.

**THE CHAIR:** Okay. Jacqui has just one question in relation to this and then we will go back to you, Ros.

**MRS BURKE:** I apologise again if you have already highlighted this. You talk about your gambling research projects and assessing the findings or recommendations. What are the projects, firstly, and where is that up to?

**Mr Curtis:** I actually hadn't run through that. There are a number of major projects underway at the moment, all being conducted within the ANU Centre for Gambling Research. We have the adolescent gambling prevalence risk factors and opportunity for controls and interventions—that is a project jointly funded by us and an Australian Research Council grant. The survey work has been completed and the data is currently being analysed. That involved a survey within 18 schools—a combination of government, independent, Catholic education system schools—involving 926 students aged between years 7 and 12. The survey was conducted in term 4, calendar year 2003, and term 1 of calendar year 2004.

**Mr Collins:** That was years 7 to 12 at school.

**MRS BURKE:** Yes.

**Mr Curtis:** We are expecting a report, as I understand it, late June or July.

**Mr Collins:** Probably August actually, by the time they finalise it.

**Mr Curtis:** Mr Collins met with them this morning.

**MS DUNDAS:** The statement of intent indicates that the commission has completed the adolescent gambling review, whereas the rest are still being commenced.



19 May 2004

**Mr Curtis:** The survey work is completed.

**Mr Collins:** The survey work has been completed and they are in the process of analysing the data at the moment.

**Mr Curtis:** We are waiting for the report.

**Mr Collins:** We got a progress report earlier this year.

**MS DUNDAS:** The statement of intent says that you have completed the research project, which I take as meaning the whole thing. So it was the intention to have it finished by 30 June but now it is going to have to roll over?

**Mr Collins:** That is right. In fact, they wanted to do more surveying in term 1 of 2004 to just get a larger sample for the survey.

**MRS BURKE:** So that would involve the 926 that you talked about in total?

**Mr Collins:** That's right—that is the total number of students that they have sampled.

**MRS BURKE:** Are there other projects?

**Mr Curtis:** There are a number of other projects that have largely come about as a result of a specific request from government, following our review of the Gaming Machine Act, that we conduct additional research or specific research. The first of those is the use of ATMs in ACT gaming venues—an empirical study. This involves a survey of 755 Canberra residents. The survey has been concluded and a progress report has been provided to the commission and it is due for completion at the end of June this year.

**MRS BURKE:** Were the residents chosen obviously at random? How was that conducted?

**Mr Collins:** At random, yes.

**MRS BURKE:** By telephone or in person?

**Mr Collins:** By telephone. They were contacted by telephone and asked a number of survey questions. In fact, a number of them were then followed up and agreed to complete diaries on their gambling activities. So it is a fairly comprehensive survey. In fact, it is the first survey in Australia of ATM use or behaviour in that regard.

**MRS BURKE:** Okay, great.

**Mr Curtis:** The next one, which I think there is a lot of community interest in, is "Gaming Machine Accessibility and Use in Suburban Canberra: A Detailed Analysis of the Tuggeranong Valley". This project is surveying approximately 2,000 residents and will result in a detailed mapping of gaming and non-gaming facility use in clubs in the Tuggeranong Valley area. The survey component has been completed, data analysis is being undertaken and a progress report provided to the commission. Again, it is anticipated that we will have the final report in June 2004.

Another project is “Help-seeking by Gamblers, Friends and Families in the ACT: A Focus on Cultural and Gender Issues”. This study seeks to identify how and where problem gamblers and their families and friends seek help. It also aims to identify any barriers they encounter, and suggest measures how to overcome these barriers. A progress report, again, has been received. Data gathering is underway, as far as I understand, and we expect a report from the university in August of 2004.

Another one that I think that will have a fair bit of interest in the community is a review of the ACT government’s harm minimisation measures. This particular study is evaluating the effectiveness of restricting total stake amount in relation to gaming machines, which is currently \$10; restricting the operating hours—currently a three-hour shutdown in the 24-hour period; and limiting the maximum payout amount on stand-alone machines and progressive jackpots. Again, we expect a report to be concluded during August 2004.

**MRS BURKE:** Have you got anything in writing that you could provide me with about an overview of all of those reports that you have talked about?

**MS DUNDAS:** They are in the statement of intent.

**MRS BURKE:** They are all fully detailed in there?

**MS DUNDAS:** I think what Mr Curtis was just reading out was from page—

**MRS BURKE:** So everything that you have said is in there?

**Mr Curtis:** Essentially, yes. On pages 12 and 13.

**MRS BURKE:** That’s fine. That’s all I wanted to know. Thank you.

**MS DUNDAS:** It was indicated earlier that the government desires that the new gambling/gaming legislation that was tabled last week be debated before the end of June. That debate could benefit from a number of those reviews being available, especially considering that the government’s legislation is seeking to change the operating hours of poker machines and other issues. Is Treasury interested in delaying the debate on these pieces of legislation until we actually have the data that you have paid for?

**Mr Quinlan:** Weren’t you one of the ones asking, “Where the hell’s the legislation? Get on with it”?

**MS DUNDAS:** Absolutely, but now that we know their reports are coming through—

**Mr Quinlan:** Because we make considerable changes to legislation as a function of the recommendations of the commission, we are certain it does not mean that the whole gambling debate will go away. The material and the studies that have been done will cover what the government does and will all be made public, as I am sure will what other members of this Assembly do in a race to be the one that changes the act next, as we see from time to time. So just because the act may be changed in June, it doesn’t mean that it will be frozen. We would have liked that legislation to be through by now. It is at the

19 May 2004

parliamentary drafting stage. When you have got an act of considerable size and a number of other acts going through and getting priority—a lot of them ours, like the bill of rights and stuff—

**MS DUNDAS:** I tried to help it get priority, Treasurer; I did my best.

**MR HARGREAVES:** He even sympathises with you.

**Mr Quinlan:** Huge lumps of legislation that have, in one way or another, appeared before the Assembly mean that this one is only now compiled and is before the house. But it doesn't mean that any discussion or any evolution in gambling regulation and legislation will halt, because it won't; I am sure it won't.

What will happen with the funding of gambling studies at the ANU is that there will be continued review, and we have asked for that review. Part of our legislation that we brought forward ignores a recommendation in relation to ATMs.

**MS DUNDAS:** I'm very aware of that.

**Mr Quinlan:** Yes. But it doesn't mean, "Oh, we have said no." What we have said and what the government has said is, "No, we are not going to pick that up but we will make sure that there is some empirical evidence." As far as I am concerned, there has been too much intuitive thinking—people seem to know what is good for gamblers and what is not—and sometimes not enough information. So what we want to do is inform the debate and that is what we are doing.

**MS DUNDAS:** But in terms of operating hours and maximum machine limits and—

**Mr Quinlan:** And note acceptors. We said, "Look, what we will do is, looking at that record, I know it looks reasonable but we won't go all the way so we're cutting the top off the denominations that can go through note acceptors and we'll see how that goes."

**Mr Curtis:** Mr Chairman, just to add to what the minister has said. The conversations that we have had with the university would suggest that this research that is being conducted is just the start. Jan McMillen has certainly raised the prospect of conducting further projects flowing on from these because, I suspect, it is not going to deliver the answers that we want; it is probably in fact going to cause us to ask more questions. So I think, just to support what the minister has said, the process of research and interrogation of some of this data that is appearing in the media will be an ongoing process and part of our process of reviewing legislation, which will be ongoing.

**MS DUNDAS:** You said that these specific issues of interest have come about as a result of requests from government.

**Mr Quinlan:** Some of it.

**MS DUNDAS:** Some of them have. How are these areas of priority generated, and who chooses what we look at?

**Mr Curtis:** We have had issues raised in discussions, for example, with stakeholders, the

Gambling Advisory Reference Group. Also, the select committee report on the status of women, for example, raised issues relating to gender and help seeking by, in particular, women. So we have wrapped that up in a wider project. Some might argue, "You are trying to get too much done in that single project." But we are also aware that there are cultural issues relating to particularly ethnicity and particular groups in that regard.

We, as a commission, thought it would be best to get some research done or under way, bearing in mind that we appreciated at the time that we would probably need to do more detailed analysis or further research somewhere down the track. So it was a case of trying to maximise value for the dollar in the limited dollars that we have got for gambling research.

**MS DUNDAS:** I have other questions, but I am happy to—

**THE CHAIR:** I have got just a few. At page 396, BP4, I see there that under "Total Equity from Start of Period", the commission made a distribution to the government of \$2.2 million during 2003-04. My questions are: why was this distribution made; was it required under the control act; was there a request from the government to make it; and was it not competent for the commission to consider possible uses for these surplus funds?

**Mr Curtis:** Mr Chairman, how this came about: you may recall that when the commission was established it was funded from hypothecated revenue and I think it was about two years ago that we moved to an appropriation base. What we had accumulated in the bank, I think, at that stage was probably in excess of \$3 million. It was from that \$3 million that we funded the establishment of the gambling research centre at the ANU with a contribution of \$1.1 million.

We had not been utilising those monies and, of course, the interest was ensuring that it grew by, I think, somewhere in the vicinity of \$100,000 or \$200,000 a year. During discussions with the Under Treasurer concerning potential for cuts as a result of the ERC recommendations, whatever they may have been, the issue of the bank account came up. I had raised previously that those monies may have been better utilised and it was from those discussions that we arrived at a decision, with the Treasury, to return \$2.2 million to the Treasury. You will also note there that in regard to interest there is a fall of approximately \$100,000. That is the consequence of returning the \$2.2 million to Treasury.

**Mr Quinlan:** They delivered the cash-flow statement. In the last line of the last statement you will see that the commission is okay.

**THE CHAIR:** Well I certainly hope they didn't spend it on silly things like the bill of rights.

**MS DUNDAS:** So, Treasurer, it went back to consolidated revenue and you reused it for many other merry things.

**Mr Quinlan:** They were good things.

**MS DUNDAS:** Which is what Mr Stefaniak was trying to ask.

**Mr Curtis:** We have had discussions with Treasury and, in fact, the minister concerning perhaps the requirement to conduct longitudinal research at some stage—for example, replicating the 2001 survey, which we may want to do again next year and, in that regard, we will make a specific budget proposal for funding for that.

**THE CHAIR:** And just one thing on the gaming machine cap: how many machines have actually been distributed so far? How many are remaining under the cap? What have we got left there now?

**Mr Curtis:** The cap is currently 5,200. I think we have got 120 to be allocated, and that has been fairly stagnant for the last couple of years.

**THE CHAIR:** Yes, it has been for 12 to 18 months. So that's ample in terms of the class B machines, if and when the taverns put in their request?

**Mr Curtis:** Yes, we would assume that, providing the majority of those apply for their two machines, the cap would be reached.

**THE CHAIR:** And I take it you have situations of some clubs handing machines back?

**Mr Curtis:** There is always the possibility of a club going under and machines being returned, but what has occurred of late is that the commission has received requests for transfer of licences to other organisations. Under the legislation, the existing licensee can apply to have a licence transferred to that identity. For example, yesterday the commission approved the transfer of the Royals' licence to the Raiders group. So that club will continue to trade as Royals rather than shut its doors and hand the machines back.

**MS DUNDAS:** Can I just clarify that: have you had any machines returned?

**Mr Curtis:** We have. I couldn't tell you exactly how many but I am aware that there have been a couple over the last few years—smaller clubs, for example, handing back 20 machine licences.

**MS DUNDAS:** Can you take that on notice and indicate how many machines have been returned over the last two financial years?

**THE CHAIR:** That would be interesting. Also, could you tell us if there are any new clubs or any fresh requests for machines that you are aware of at this stage that might impact on—

**Mr Quinlan:** Does that include the casino, Bill, or would you just take that as a standing request?

**THE CHAIR:** That's still there, is it?

**Mr Quinlan:** Of course it is.

**Mr Curtis:** One that came to mind was the Slovenian-Australian club that eventually

handed its licence back because of dwindling numbers and not being able to survive in the location it was in the middle of Phillip. There are a number of clubs that have sort of had machines on ice over the 12 months—for example, Easts, while they were looking for a new location. I am pleased to say that they have now relocated to the Brumbies. Easts hold the licence of the Brumbies. That is an example of where the existing—

**THE CHAIR:** So they will be able to use those machines?

**Mr Curtis:** Yes. It is an example of where the existing licence was handed back, and that was 20 or 25 machines, I think.

**THE CHAIR:** Okay.

**MS DUNDAS:** Do you actually keep figures on the number of licences and machines that are issued but are not being used, that are sitting in somebody's back room, as you say, on ice?

**Mr Curtis:** I am aware of only one example of that, and that was, I think, the yacht club run by the Southern Cross Club, which had a couple of machines in a back room. There have been representations from time to time, where, for example, that licensee holds a number of other licences, to move them from one premises to another. But that is not permitted under the legislation.

**MS DUNDAS:** So you are pretty confident that the 5,080 machines that are out there are actually all accessible to the public?

**Mr Curtis:** Yes, except for that one instance. I haven't checked on that for some time. What happens when we do an audit of the clubs is that part of the audit is checking that the machines that are on the floor are those that are licensed by the commission. So they check the serial numbers as part of the audit to ensure that the licensees are complying with their obligations.

**MRS BURKE:** What happens with club amalgamations? You have got two clubs joining, and you can possibly see that happening in the—

**Mr Quinlan:** It's the Royals/Raiders example now.

**MRS BURKE:** Yes. Both clubs have so many licences. They can still come together and keep all those or is it reassessed—

**Mr Curtis:** No.

**MRS BURKE:** or reaudited?

**Mr Quinlan:** There is a limitation on not only just licensing but also licensing in situ. So you can't just move them around because you own them.

**MRS BURKE:** And that is obviously covered in the audit. So do you audit them as soon as they are amalgamated? If you know a club is amalgamating—

19 May 2004

**Mr Curtis:** We won't approve it until one licence has been surrendered.

**MRS BURKE:** Got you. I just wanted to make sure.

**Mr Curtis:** The Easts/Royals/Brumbies Club would be the best example, I think, where for the last 18 months they were toing-and-froing about who would move in there, how they would do it. In the end, Royals had to surrender the licence and the machines before Easts could move in.

**MRS BURKE:** That is just what I was wondering—so, they surrender them.

**MS MacDONALD:** Ms Dundas says she has one last question, then we might finish.

**MS DUNDAS:** I said one-ish.

**MS MacDONALD:** We are aiming to finish by 5 o'clock.

**MS DUNDAS:** The budget papers indicate that there has been an increase of \$2 million in estimated outcome through taxes, fees and fines et cetera due to an increase in gambling activity specifically in the area of gaming machines—and this is of the expected level for 03-04. Do you have any analysis of why there has been an increase in gaming machine use over the last 12 months?

**Mr Curtis:** Yes. The estimated increase in gaming machine revenue is \$1.4 million, which does seem extraordinary. I can't offer an explanation. There are no more machines out there. It is not unusual, it is a national-wide trend, but we are not growing to the same magnitude as perhaps in some other jurisdictions.

**MRS BURKE:** I guess that was my question: is gambling becoming more of a problem or not?

**Mr Collins:** But as I said in answer to that question, that level of increase is not significant, particularly compared to other jurisdictions. That rate of growth, which represents—I worked it out before—about 4 per cent, is not a significant increase in terms of, as I say, other jurisdictions and I think also in terms of the leisure entertainment industry as a whole. It may appear significant but, as I say, I don't think it is a significantly large figure.

**Mr Curtis:** I think an observation would be that in days gone by the gaming machine manufactures when they were dealing with the industry, with the gambling providers, would trot out the line that you need X number of machines to generate X number of dollars in revenue. What seems to have happened with a cap in place is that gaming machine licensees are actually rationalising their gaming machine stock and they are taking note of what are popular machines, what aren't popular machines, and they are keen to ensure that they are delivering to the people that want to play the machines something that they want.

A number of club managers have actually related that experience to me after they have had in the last two years applications for new machines knocked back. They have come back and said, "Oh, well, it's funny: by doing what we have done we have actually

increased turnover.” That is interesting.

**MS DUNDAS:** How do you know what the national trends are? Can we have access to these? Is that data—

**Mr Curtis:** National trends?

**MS DUNDAS:** Yes. You were saying that the 4 per cent increase isn’t anything to worry about because it is less than what is happening in other jurisdictions.

**Mr Collins:** Well, I didn’t say it was nothing to worry about.

**MS DUNDAS:** Sorry, I am putting words in your mouth. I do apologise Mr Collins.

**Mr Collins:** In relative terms it is not a large increase.

**MS DUNDAS:** What are the other increases—take this on notice if you need to—in jurisdictions?

**Mr Collins:** The chairman of the Productivity Commission gave a speech in, I think, November 2002 at the National Gambling Association conference and he referred to the various growth rates of gaming machine tax and the like across jurisdictions. As I say, certainly the ACT was a small rate of growth.

**MS DUNDAS:** But this appears to be a significant increase in the last year, which is 03-04 not November 2002.

**Mr Collins:** Yes. But the increase of the year before was of about that order as well.

**MS DUNDAS:** So it was a projection this year more than any increase?

**Mr Collins:** Well, perhaps. But as I say, in \$32 million a million and a little bit is not a huge percentage.

**MRS BURKE:** What was the expected activity, if you are saying it is higher than expected? Maybe it’s just the way it is worded here. What is an expected activity?

**Mr Collins:** Well, I guess that is the difficulty. At this time of the year we have to make a forecast and it is very difficult to forecast the level of gaming machine activity. It can fluctuate monthly; it can fluctuate in relation to promotions run by the clubs; it can fluctuate according to weather conditions—all those sorts of things. So we have to make an estimate based on trend analysis, last year, that sort of thing. We know the different rates for the month.

In terms of gaming machines, our budget was \$31.4 million and when we had to provide the figures for the budget in April our estimate was \$32.8 million. The actual return for April and for May so far in fact has been less than we thought. So on figures now we anticipate that the expected outcome will be about \$1 million higher than our budgeted forecast. But as I say, it is not easy to get it absolutely right because there are a huge number of factors that go into people making the decision to play the poker machines.



19 May 2004

**Mr Curtis:** I think disposable income is probably the most important factor and if there are interest rate increases, which we have seen in the last quarter, that could very well impact, and if there are further increases we may see it reduced.

**Mr Collins:** Wage increases—all that sort of thing.

**MRS BURKE:** Increased taxes.

**Mr Quinlan:** Increased taxes a year or so ago.

**MRS DUNNE:** Cost of petrol.

**Mr Collins:** Yes, all those sorts of things. I am certainly not saying it is nothing to worry about but I am saying that in relative terms it is not a high rate of growth compared to other jurisdictions.

**THE CHAIR:** You have something to say about South Australia, Mrs Dunne?

**MRS DUNNE:** I do have a question for the minister. I noticed the other day that the Rann government has introduced legislation to cut back their cap. I am not quite sure, but from my reading they are proposing a staged cutback. There is the first cutback. What is your view on that and can you say whether there might be application in the ACT?

**Mr Quinlan:** Well, at this stage we do not see a need to reduce the cap. I think the day will come. A cap, because of its arbitrary nature, is a very unsophisticated process. It gives us a warm glow in the Assembly that we have got some control. As the town grows and different clubs emerge and want poker machines, unless we are going to enter a prohibition stage or wind back in other areas, the cap is pretty much an unsophisticated process. It is difficult, though. I don't know what particularly South Australia—

**MRS DUNNE:** Can I quote you on that when we get to water as well?

**Mr Quinlan:** What's that, that the cap is—

**MRS DUNNE:** The cap is pretty unsophisticated.

**Mr Quinlan:** Exactly what South Australia is attempting to do and where they intend to wind back the number of machines actually in place. I have previously given an example. As most members would know, I have spent some time involved in the club industry and if you look at under-performing machines or clubs that have got machines that apparently they do not need, that might be a temporary situation.

I got involved with a club when it was not performing well at all, losing money, and if someone had done an assessment they would obviously have said, "You don't need anything like the machines you've got; they're under-utilised." But the club only survived and then prospered because it maintained those machines and made them work, put them back, got the business back that it was progressively losing.

So it is pretty hard to look at machines. I have discussed it with the commission when I

*19 May 2004*

have met with them as to what would we do, how do we manage to keep the numbers down. Maybe what we do is, probably in a more sophisticated way, charge a higher up-front fee for the machine; change the ratio of the A, B, X equation—increase the A and maybe lower the X; and lower the rate of tax, increase the licence fee. And that puts a price mechanism on the machine. Then the organisations have to make what I would think was a more rational, reasonable decision. That is why I would prefer to be looking down that road than an arbitrary path, because some will win and some will lose and it may not be any justice in the way that is done.

**Mr Curtis:** I think I mentioned at the last hearing that there was evidence coming to notice from overseas that gaming machine revenue was in decline in, for example, the USA and it is possible that that would flow on to Australia eventually and that gaming machines might be a generational form of entertainment that could very well be replaced by something else in the future.

**MS DUNDAS:** Watching fake racehorses run around a screen.

**Mr Quinlan:** And what's your problem? Your problem is?

**Mr Curtis:** I think the club industry is certainly aware of that and they are looking at other ways of ensuring their revenue streams.

**THE CHAIR:** Are there any further questions? Gentlemen, thank you for your attendance before the committee today.

**Committee adjourned at 5.09 pm.**