



LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES

(Reference: Appropriation Bill 2005-2006)

Members:

MS K MACDONALD (The Chair)
DR D FOSKEY (The Deputy Chair)
MR R MULCAHY
MS M PORTER
MR Z SESELJA

TRANSCRIPT OF EVIDENCE

CANBERRA

WEDNESDAY, 18 MAY 2005

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).

The committee met at 9.35 am.

Appearances:

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

Department of Economic Development

Mr Shane Gilbert, Chief Executive

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

Mr Phil Collins, Manager, Co-ordination and Revenue, Gambling and Racing Commission

Mr Geoff Keogh, Executive Director BusinessACT

Mr Ian Cox, Director Business and Economic Development Policy, BusinessACT

Ms Henny Oldenhove, A/g Director, Sport and Recreation ACT

Mr David Moore, Senior Policy Officer, Sport and Recreation ACT

Mr Danny Harley, Chief Executive Officer, Stadiums Authority

Dr Michael Schaper, Small Business Commissioner

Australian Capital Tourism Corporation

Mr Ross MacDiarmid, Chief Executive Officer

Ms Sarah Hitchcock, Corporate and Community Programs Manager

Mr Chris Sanchez, Chief Financial Officer

ACTTAB Ltd

Mr Anthony White, General Manager

Mr Simon Wheeler, Chief Financial Officer

Department of Treasury

Mr Phil Hextell, Chief Financial Officer

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

Can witnesses on coming to the table state their name and the capacity in which they are appearing? You will also notice at the side of the room there are little name tags. If you could grab your name tag when you come up and stick it up here, it would be helpful to the secretary. Please clearly identify when you are taking a question on notice. It is then your responsibility to check the transcript and respond to the question. Responses to questions taken on notice are required within five 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.

Can members please clearly identify if they are wanting a question to be taken on notice, plus give any page references and of course the budget paper number? Proceedings are being broadcast to specified government offices, and the media may be recording proceedings and taking visual footage. Can all witnesses and members please ensure that

mobile phones are not used in this room? Of course, as I said yesterday, Mr Seselja has a dispensation. Morning tea will be at approximately 10.30 am and afternoon tea at 3.30 pm. The lunch break is planned from 12.30 pm to 2 pm, but of course we seem to be running at least five minutes behind schedule so far this week.

Minister, would you like to make an opening statement?

Mr Quinlan: I do not think it is necessary, I think during the course of yesterday's discussions we outlined pretty well what the government's approach to economic development is. I will not bore the committee with repetition.

THE CHAIR: At the moment we are dealing with the overview statements and capital works where relevant. Then we will move on to output class 1, and I will attempt not to get everybody confused as I did yesterday. I might start, minister. Can I ask you about the Kids at Play Program, which is mentioned on page 197 of budget paper 3, or should I ask somebody else at a different time?

Mr Quinlan: It depends on how much depth you want, but at the shallow level the program has been a great success. It is very much in demand, to the point where we have had to expand it. It is a program that not only provides activity and encourages activity amongst kids, but also involves university students in the management and running of the program and the visits they make here and there. It has been quite a success.

DR FOSKEY: Can I ask a follow-up question to that? I understand that there will be an expansion of this program to double its capacity to service programs in after school settings and at community events. Does that mean there will be four vans rather than two? How is that expansion going to be made manifest?

Mr Gilbert: Dr Foskey, the answer is there will be two more vans on the roads very soon. That will make it four. The staffing will be by undergraduates who are currently in training in this field, in sport, from Canberra University. We hope to have the vehicles leased within the next two months with the necessary sign-writing on them, and fully operational in a couple of months. As you can see on page 196 of budget paper 3 under "Agency Funded Initiatives," in 2005-06 we are talking about \$100,000 to fund the extra two vans for Kids at Play this year.

If I could go on a bit: that program, as the minister has indicated, has been extremely popular, attending Canberra schools after hours, and the feedback to the department through sport and recreation has been tremendous. So, we expect the performance of the additional two vans will be very well received. We also believe it is consistent within our overall strategic indicator, mentioned in budget paper 4, of not only keeping Canberra the No 1 jurisdiction in Australia in participation rates, but also starting to increase that, and this is part of the overall effort in that regard.

DR FOSKEY: I take it then that the outlook for this program over forthcoming years is very positive?

Mr Gilbert: Yes. The answer is yes. Without predicting too far into the future, as resources become available this is one of the programs we would certainly seek to continuously expand until we reach the level where we believe it is plateauing, and we

would maintain our resources at that level.

DR FOSKEY: I support the ACT government athletes in schools program and the holistic approach that it takes by addressing physical activity, diet, sun smart behaviour and opposing smoking. Could the department please provide me with the current and past government allocation towards the athletes in schools program and inform me whether it is increased on a CPI basis?

Mr Gilbert: The answer is that it will be increased. I do not have the number right now. I am sure the current Director of Sport and Recreation will have that number.

Ms Oldenhove: The athletes in schools program is funded through a grant from the Healthpact. The current level of that grant is \$25,000 a year and that supports the athletes in schools program. It is administered out of the ACT Academy of Sport through ACT Academy of Sport staff.

DR FOSKEY: So that question is better directed to Healthpact?

Mr Gilbert: A bit of both.

Ms Oldenhove: We continue the program whilst we continue to receive the Healthpact grant.

DR FOSKEY: How long has this program been running, do you know?

Ms Oldenhove: I will take that on notice exactly. But I think this is the fourth year.

DR FOSKEY: And are all schools involved in it, all primary schools? Do the schools have to signal their desire to be involved?

Ms Oldenhove: Schools indicate to the Academy of Sport that they would like athletes to visit the school. The academy then co-ordinates the linkage for the athletes to visit those schools at the appropriate times.

DR FOSKEY: Are there any programs for high school? We have seen a focus on preschool and primary schools. Is there anything for high schools, because this is often the area where kids drop out of healthy activities in general, but certainly sport?

Ms Oldenhove: My understanding is that the athletes also visit high schools. Probably not the colleges, but certainly the early years of high school.

DR FOSKEY: Is there any way that these programs are evaluated?

Ms Oldenhove: Again I will take that on notice. My understanding is that they are evaluated through a satisfaction survey through the schools, but I will take that on notice.

DR FOSKEY: How does the Australian Sports Commission involve itself in these programs?

Ms Oldenhove: We have an agreement with the Australian Sports Commission,

particularly with respect to coaching development, officiating development, industry development and the disability education program through an agreement with the commission to the value of \$158,000 a year. Independently of that the Australian Sports Commission is currently running an active after-schools communities program, which is a federal government initiative. We have four staff of that program co-located with us at Sport and Recreation ACT, so that we can get the communications and the synergies, and our kids at play program is a service provider to the sports commission's active after-schools communities program.

DR FOSKEY: Is that part of the current childhood obesity thrust?

Ms Oldenhove: It is part of the federal government's initiative on a healthier Australia, which is a \$110 million dollar four-year program.

DR FOSKEY: Does the Australian Sports Commission have any programs specifically in relation to childhood obesity?

Ms Oldenhove: The sports commission's contribution to that federal initiative is the active after-schools communities program, which is targeted to redress the level of physical inactivity of children, and hopefully therefore contribute to reducing levels of obesity.

MR MULCAHY: Do you want go back to economic development?

THE CHAIR: Yes. We did start going down another path but we are doing an overview.

MR MULCAHY: Minister, page 89 of budget paper 4 shows the government payment for outputs increasing from \$33.4 million to \$50.8 million approximately, and then it falls away in the subsequent period to \$44.5 million. Can you give us some indication as to why these substantial changes are occurring?

Mr Gilbert: Mr Phil Hextell from Treasury has put together these tables on behalf of the department, and he will talk about those. I will certainly add to those if that is necessary.

Mr Hextell: The main reason for the increase in 2005-06 and then falling away in the outyears for GPO is rollovers. There's an impact of rollovers through to 2005-06 of grants funding, mainly knowledge fund, and then it falls away into the forward years. It's quite possible at the end of some of those years that there may be rollover to the next year, but that's unknown at this stage.

MR MULCAHY: That's \$5.7 million, I think, is it?

Mr Hextell: That's right, yes.

MR MULCAHY: So that would take you up to, in rough figures, about \$38 million or \$39 million.

Mr Hextell: Yes.

MR MULCAHY: What's the balance of the \$11 million?

Mr Hextell: The other impact is the full-year impact of the AAOs. You've only got, in 2004-05, part-year funding because it was transferred across in November. Then you have the full-year impact of the funding for the department.

MR MULCAHY: So the typical performance is more likely to be that outyear figure of \$44 million?

Mr Hextell: That's right.

MR MULCAHY: Okay. Thanks for that.

Mr Gilbert: Mr Mulcahy, I will just add to that. On page 92 there is reference, buried in there, about the effect of the AAOs. It's also mentioned equally in the preface on page viii, under the Department of Economic Development, as to why these sorts of numbers appear as they do. It's simply a manifestation that this is a new department, the administrative order took effect on 3 or 4 November; therefore you basically have eight months of the year applying to those numbers. That's why you can get it wrong, if you just look at those numbers thinking that they're full-year numbers. They're not; they're basically two-thirds of the year. So it's the funds that were transferred into this department under that administrative arrangements order. We might have a bit of this throughout the day, so I'd just like to flag that up front: to the extent that any of your questions are related to that, please be aware of it, and we'll try to explain it the best way we can, on that basis.

MR SMYTH: The note on page 92 says:

... increased rollover of BusinessACT program funds (mainly the Knowledge Fund grants - \$6.108 m ...

When you say "rollover", is that money not committed that has been rolled over, or is it money that's committed that's just carried forward into the next year because that's the year that it's to be delivered in?

Mr Gilbert: I'm going to refer that to Geoff Keogh and I'll probably add to his answer at the end if there's anything that I'm aware of. There is a very good reason for this: we've had this discussion before at the estimates, so you'll get that answer from Geoff.

Mr Keogh: This is a perennial question. The reason is that when the knowledge fund and the previous R&D fund were established, they were given full funding in the financial year. But the way the grants programs have been set up is that we don't pay money up front; we pay money on a milestone basis. So each of the grants has three or four milestones over the period of the grant and that normally takes between 12 and 18 months. So the money is fully committed. The money that's rolled over from year to year is the money from the grants for that financial year that will not be paid until the next financial year because the company hasn't met the milestone. If we did upfront payments of the grants and just got the money out the door, we wouldn't have rollovers. But because we're milestone based we've just got through a recent round of the knowledge fund. Because we're coming to the end of the financial year, the companies won't meet their milestones until the next financial year, so that \$1.8 million will roll into next

financial year, plus some of the grant funding from the earlier rounds will also roll into next financial year. It's mainly knowledge fund, but also both our export growth program and our other programs are milestone based, so you always get a shift into the next financial year.

Mr Gilbert: I can add to that. It's not the case that the companies aren't very keen to apply for funding under the knowledge fund; it's simply the matter of administering in the proper way, so the payments are made at the proper time.

MR SESELJA: Just on the knowledge fund: the DED performance report for March quarter reports that a grant was provided from the knowledge fund to ACT Home Based Business Association. Are you able to tell us a bit about that? What application process was undertaken for the grant and under what knowledge fund category was the grant made?

Mr Keogh: That's March quarter this year?

MR SESELJA: Yes.

Mr Keogh: I assume they went through the normal process of a grant round. We don't do knowledge funds outside of the grants process, but I'll double check that for you and let you know.

MR SESELJA: That would be great. Could you also tell us how much is the grant and what cash or in kind will be contributed, and also some of the outcomes that are sought from the use of the grant?

Mr Keogh: For the home based business association, sure.

DR FOSKEY: Are there any other areas where unspent funds have been rolled over, apart from the export growth program and the knowledge fund—any other programs that have been affected?

Mr Keogh: I'll check. There are a number of other grant programs and they're all milestone based, exact amounts. The major one is the knowledge fund, because it has the largest amount of money in it. But for the export growth program, perhaps some of the business acceleration program, because they're all milestone based, I can let you know how much is being rolled over from each one.

MR SMYTH: Just to follow up on that: on page 86, under changes to appropriations, technical adjustments, it does say that there's also a rollover from BusinessACT out of the 2004-05 budget of \$3,054,000 into the 2005-06 budget. Is that knowledge fund money as well? If you're looking for the \$6.108 million from the knowledge fund as a rollover, we seem to have inconsistency just in terminology. Is it a rollover? Is it a carryover? \$3 million is identified in the changes to appropriations, but \$6 million is identified when you get to the operating statement.

Mr Keogh: That \$6.108 million figure that's shown elsewhere is a bit confusing, because, in fact—Phil might prefer to explain this—the difference between the two years is that \$3.054 million comes off 2004-05, \$3.054 million goes on to 2005-06, and

\$3.054 million plus \$3.054 million is \$6.108 million, that difference. So that rollover of the grants funding brings one year down and pushes the next year up. So the actual difference is \$6.108 million. It's the same amount.

MR SESELJA: I go back to what Mr Gilbert talked about before in terms of how the department started in November and so that's affecting the figures. I note also for employee expenses it's \$4.2 million up to \$6.4 million, about a 50 per cent increase, which would correlate, I guess, with the period from eight months going to 12 months. Is that a net increase and are you able to just give us an idea of whether that will mean increase in staff or a decrease in staff or whether it's likely to stay the same?

Mr Gilbert: Over this particular coming budget period, in 2005-06, on the staffing issue, across the department and indeed the portfolio, we would expect to see about 10 people leave the organisation through a natural process of attrition. That's the best estimate of my SES colleagues and the management team at this stage. In fact, one or two people have recently left us, just in the last week, when we're adjusting our particular operations to accommodate that change. But the answer is about 10 people over the coming 12 months in terms of the number. I know that has been a topical issue in recent days. So at the front we would expect, from this portfolio, about 10 people.

MR SESELJA: So it's 10 through natural attrition; no redundancies?

Mr Gilbert: No redundancies at this stage. I would just add that we will obviously be reporting on this monthly to the central agencies on what's happening and obviously you'd be entitled to monitor what is actually happening in the department on a monthly basis. In terms of our overall way we're going to manage our affairs as a department, we're not a department that is anticipating a significant recruitment drive in 2005-06. We're a department that believes that we can meet our objectives, meet our outputs, by actually purchasing off the government with the existing resource base that we do have.

To give you a slightly broader context: this department came into being in November and when I got my feet under the table back in March I looked at the staffing profile and one of the things I found out about the functions was that we didn't have a separate allocation for, if you like, corporate governance or corporates. So we as a department, rather than come back to the government and wanting more resources for that particular function, have adjusted the way that we've operated—pulled people out of different areas to provide the corporate governance functions that are not provided centrally by the Chief Minister's Department and Treasury, and we're operating on that basis.

I'd like to be able to say to you that we're operating this particular department as efficiently as we possibly can on the human resources side—not overstressing people to the point where it's going to be a problem—but I believe that, because we're approaching it this way and expecting 10 people to leave the organisation over the 2005-06 period, that is a manageable issue. If I believe it's not a manageable issue at any point in time, I'll certainly address it.

MR SESELJA: Just a couple of follow-ons from that: do you have an idea of the profile of those 10 jobs that will be lost in terms of senior versus junior staff?

Mr Gilbert: No. We haven't actually gone into any—if I could loosely describe it as—

targeting arrangement. From what is known already among the SES colleagues in the department, we've identified about 10 people who we believe or who have already expressed an intention to us that they may be leaving the city for a whole range of reasons or are for looking for other sources of employment. So we're fairly comfortable that there won't be a shock, if you like, on the labour side of the organisation in the forthcoming budget period.

MR SESELJA: And what is the total number of staff in DED?

Mr Gilbert: In the portfolio, counting contractors, counting casuals and bearing in mind we have ACTTAB in the portfolio—if we need to go to all these details, I'll give them to you—the total number is 331.

MR SMYTH: But that doesn't include the tourism commission?

Mr Gilbert: Yes, it does. That includes the tourism corporation; they're about 55.

MR SESELJA: If you take away ACTTAB and tourism, what's the core sort of department numbers?

Mr Gilbert: I'll take that on notice to give you the exact figure, if you want. There are a lot of casuals in the ACTTAB side, in the delivery arm, the retail network. I'll just give you some rough ideas: we're in the mid 40s for BusinessACT, we're in the 20s for sport and recreation, 55 for the Australian Capital Tourism Corporation, and I think there are about 30 in the gaming and racing commission. Those are rough figures; I can give you the precise numbers on notice if you wish.

MR SESELJA: Yes, precise numbers would be helpful and, if you could, a breakdown of the permanent employees, casuals and contractors would be helpful. Another question on staff before we move on: when the department was created, what were the changes in particular in senior staff? Was there a gain or a loss in senior staff? Obviously it might be hard to judge but if you can—

Mr Gilbert: The answer to that is that the previous director of tourism and BusinessACT has separated from the organisation—last Friday effectively, Friday the 13th, so that's a net loss of an SES officer. Since then, however, I have invited—and that invitation has been accepted—an SES officer from the Chief Minister's Department, the ex-director of sport and recreation, to rejoin the department and pick up the role of corporate governance. As a new organisation, a business if you like, we don't have our corporate governance systems in place and operating properly. That position has been accepted. It's Sue Marriage; she's here today—you may hear from Sue later—and so you'd say roughly it's a zero sum game: one has left and I've invited one in and so that's the situation.

MR MULCAHY: Can I just follow up on a line of questioning on staffing that Mr Seselja raised yesterday with the Treasurer. I'm assuming it's a territory-wide issue, but there has been pronounced criticism in the *Canberra Times* by Mr Paul Malone commenting on the issue of redundancies and reductions in staff of the well-known practice—certainly I've seen it happen in the commonwealth, and it has been suggested that it happens at the territory level—where people leave one day and are back, almost

instantaneously, as an independent contractor, paid substantially more doing the same sort of work, which might create an appearance of reductions in staff numbers but certainly doesn't deliver the taxpayer any saving. Can we have an assurance from you, or the minister may be more appropriate, that as a territory-wide practice people will not be re-engaged as contractors within 12 months after they have been let go or the positions have been done away with?

Mr Quinlan: I'd leave the assurance that because you've taken a redundancy you are barred from working within the service for 12 months to the Chief Minister and the public service commissioner. But what these staff reductions or efficiencies are based on is a reduction in budget. As I think I tried to demonstrate yesterday, or tried to make the point yesterday, none of the departments and the government can spend money if it is not appropriated, so departments, unless they're going to bust their budgets by extreme amounts of money, will have to cut their cloth anyway. That doesn't exclude the possibility. Whether it's a heinous crime or not, I don't know—that depends on your philosophy—that someone can take a package, a bundle of money, and be back within a month or so, I'll leave to the Chief Minister and the public service commissioner; but overall we will be looking for efficiencies in delivery of services.

MR MULCAHY: I understand that, but I assume—

Mr Quinlan: And I like to use the best people to do that.

MR MULCAHY: Yes, I understand that, but I think you would agree, minister, would you not, that the public would be rightly sceptical of perceived reductions in outlays if they are simply juggling around and people come back in under another capacity, which I understand has happened?

Mr Quinlan: I'm pretty sure that you could present that situation in a way that might stir people to be concerned. But the point is that what we want to do is deliver efficient and effective service and to manage the overhead costs of administration. That's the thrust. The philosophy of re-employment, partial re-employment, within 12 months I'll leave to the public service commissioner and the Chief Minister. But there may be times when someone's left but, by gees, it would be good to get them back for a week because they know where some of the bodies are buried in relation to a particular issue, and the most efficient and effective way might be to tap that corporate knowledge. But, again, I don't know whether we have such a rule or not, and I'm prepared to go with the rule that is laid down—for the service as a whole.

MR MULCAHY: I will ask that of the Chief Minister, but in terms of your own department, minister, that's not likely to be something that we are going to be seeing?

Mr Quinlan: It's not likely. What we're aiming at is a reduction in overhead costs. We want to deliver better service, but we want to deliver it effectively and efficiently. If there were no particular guidelines—and there may or may not be; and Mr Gilbert may know of them instantaneously—it wouldn't worry me, particularly, if somebody came back on a short-term appointment within 12 months of having left the department, if that's the smartest way to do something.

Mr Gilbert: Can I just add to that, Mr Mulcahy. Across the department, across the

organisation, we have no one in that situation today, and it is not even in contemplation that we would have to operate in that way over the 2005-06 period. We've discussed this in the senior management team; it's just not on our radar at the moment.

THE CHAIR: Can I ask, Mr Gilbert: you've undertaken in response to a question from Mr Seselja to provide the breakdown of figures. Just in overall approaches of the department—it's a question I've been asking everybody so I'll ask you as well—there's a tendency within the government service to advertise positions on a full-time basis but we would like to actually start being a little bit more family friendly, I suppose, in allowing both mothers and fathers to spend more time with their families, if that is at all possible. Can you comment on the department's approach to offering permanent part-time positions, especially to parents of young children?

Mr Gilbert: Our overarching philosophy is for this department to be an employer of choice, and part of that mix to build ourselves into that position over the next 12 months as a new department is to get the balance right between family and work. Already at the senior executive service level in the organisation it is taken as a matter of principle that they should keep their family, their personal lives and their work lives in balance as much as they can. That just doesn't stand for the senior executive service—it goes right through the organisation—and I'd like to see after the first 12 months of the operation of our corporate plan, which will be out at the end of June, that some of those staff will be recognising the management, the leadership, of this organisation as an organisation that is an employer of choice that does take seriously into consideration—not just says it but does it—the need to get the balance right between their family and their work lives. That's a given.

THE CHAIR: That's good to hear, and I hope that it is more than just lip-service—and that's no criticism of you, Mr Gilbert.

Mr Gilbert: That's fine.

THE CHAIR: There are plenty of places that talk about providing family-friendly workplaces and part time.

Mr Gilbert: That's right, and I don't take it as a criticism. What I'd like is to be judged—on not what I say but what I do—when we're next before you, perhaps in 12 months time, and we'll follow up on that.

THE CHAIR: Sure. Mr Seselja wants to follow on, and I understand Mr Smyth has a point of clarification—he thinks the numbers don't add up on something—and then we're going to Ms Porter, who's been waiting very patiently.

MR SESELJA: Just quickly: often public service departments will offer existing permanent full-time employees the sort of ability to scale back, but it's not often that you see them actually advertising out for a 20-hour week or 25-hour week job, which does make it difficult for mothers looking to return, in particular. There's probably no policy, but are you aware that you do actually advertise or you will be advertising for permanent part-time positions?

Mr Gilbert: We have a lot of permanent part-time positions already in the department. If

you want me to give you the exact number, I might be able to give it to you later in the day. I do know someone sitting behind me who has probably got those numbers, but I don't have them right here in front of me. But, yes, please accept that that is, in terms of our modalities, how this department will be managed, is being managed; take that as a given as well.

MR SESELJA: Great. Thank you.

MR SMYTH: I notice in the ownership agreement between you and the Treasurer on page 41 it actually says that the number of staff FTEs is only 123, but you quoted there were 331 staff. What does the 123 refer to? Is that the department less the agencies—tourism, racing and ACTTAB?

Mr Gilbert: Yes, it should have a footnote there to explain it, Mr Smyth; I agree with you. This is the first ownership agreement between this department and the minister and, if we did it again, we would certainly put all the staffing issues in there, and the next one that you will see will have all of it across the portfolio. That particular number 123 and the profile analysis post, on pages 42 and 43, stem from that number. That number is for BusinessACT, sport and rec and, I think, the gambling and racing commission. So it's not the complete picture—I accept that—and we certainly, in response to Mr Seselja's question, will clarify in complete detail the staffing numbers both full time and part time right through the portfolio for you. Thanks for drawing that to our attention; we were aware of it.

MS PORTER: My question is in relation to the Canberra Partnership Board. Page 75 of budget paper No 4 mentions strategic and operational issues to be pursued in 2005-06. It talks about drawing on and utilising the collective skills of the Canberra Partnership Board and building a critical mass in key industry sectors in accordance with sector development strategies. I was wondering whether you could just enlarge a bit about the board generally and what you are hoping to achieve.

Mr Gilbert: Ms Porter, I will take that question. I have attended one meeting of the Canberra Partnership Board since I have been in this position. From that meeting the Canberra Partnership Board has penned a note to the minister outlining future directions and how it would like to see it itself operating. I am very pleased to say that the Canberra Partnership Board, with its membership from the private sector and public sector and the line of advice that it takes into government, which gives the government another source of advice outside its bureaucracy, outside its department, is very keen to start to look at some of the big key issues that will be affecting the national economy and, by definition, the ACT economy over the next five years.

In correspondence to the minister, the board has indicated that it would like look at the following issues: skills shortages in the ACT and what that means for our industry sectors, particularly key industry sectors like ICT. Obviously the government has made some announcements about that in recent times. The second area that it is looking at is really work force availability driven by demography. Are we actually going to have enough population in the territory to meet our labour needs? If you look beyond 2007 onwards, that really is anticipated to be the crunch time when we are going to start to feel these pressures.

Thirdly, the Canberra Partnership Board has agreed to look at the infrastructure requirements of the territory, not that we really have an infrastructure need in the territory in relation to transport, but certainly in relation to infrastructure for things like a central business district and other things. They are certainly prepared to participate in that debate and offer their views. As you know, that is an issue currently running in the body politic of Canberra.

Fourthly, and importantly, the Canberra Partnership Board wants to play a part in commenting on measures to ensure that Canberra is the most business-friendly place in Australia and to maintain that number one position. It is prepared to look at measures coming out of all the jurisdictions, out of the federal jurisdiction, as well as within the ACT.

Fifthly, and lastly, I am very pleased to say that, building on the initiatives that have been taken to date, the Canberra Partnership Board is very keen to look at how to leverage more of the \$700 billion savings pool that has been built up over the years, since the mid-80s under mandatory superannuation policy, to leverage that into the commercialisation hub in Canberra, to start to leverage more small to medium enterprises out of that commercialisation hub to stay in Canberra and continue to grow their private sector economic footprint.

They are real things. They are the sorts of issues which very soon will be on the COAG agenda, I am sure, and in that respect this department, as announced by the minister in his press statement in the budget pack, has been tasked to have a look at those issues and make sure that the private sector economy in Canberra is not only not left behind, but is also leading the debate on some of those things and positioning itself with policy responses and, indeed, if that is necessary, programs. I am sorry. It took a while to answer that fairly simple question.

Mr Quinlan: There are some very smart people in the partnership board, a pretty clever board.

MS PORTER: It sounds like it. You mentioned there was a mix of public and private representation. I was going to ask how the board was actually selected, and is that an equal mix? How would you describe it?

Mr Gilbert: This pre-dates me. I can certainly offer a view.

Mr Quinlan: It is certainly a board that is populated by invitation.

MS PORTER: Right.

Mr Quinlan: So it has been, effectively, an invitation from me, but under advice. It contains some very clever people, some really good thinkers, and we need that capacity. I would love to have the resources to do everything that they suggest immediately.

DR FOSKEY: Is it possible, as a question on notice, to have a list of the members of the board?

Mr Quinlan: Yes. Geoff, you know it pretty well. We can have a crack at it now, if you

like.

THE CHAIR: If Mr Keogh would like to provide us with what he can recollect and anything else can be provided to us on notice, that would be great.

Mr Keogh: The Chairman is Ian Chubb. There is Michael Delaney from the MTAA; George Wasson; Ben Greene from Electro Optic Systems; David Malloch from Malloch Digital Design; Professor Penny Sackett from the ANU; Professor Anne Harding from the University of Canberra; Derek Volker and Shane Gilbert. I think that is the lot. Have I missed any?

THE CHAIR: The last four that you mentioned, especially the ANU and the University of Canberra people, what are their backgrounds and qualifications?

DR FOSKEY: We do not need Shane Gilbert's.

Mr Gilbert: I can tell you about me.

THE CHAIR: Sorry, yes.

Mr Keogh: Professor Penny Sackett is in charge of—I do not know what the school is called, but it's the astronomy school at the ANU. She runs Siding Springs and Mount Stromlo. Professor Anne Harding is the director of NATSEM, the National Centre for Social and Economic Modelling at the University of Canberra. Derek Volker is a former secretary to commonwealth departments and is currently chair of the Canberra tourism board, the Australian Capital Tourism Corporation. Also he chairs the Council of Education Export. Shane Gilbert is sitting there.

THE CHAIR: Yes.

MR MULCAHY: Who has got a background in venture capital there?

Mr Keogh: Both Michael Delaney and George Wasson run—

MR MULCAHY: Michael Delaney is the CEO of an industry association. I have known him for many years. He is not a venture capital specialist. Who was the other one?

Mr Quinlan: He is a big investor.

Mr Keogh: Michael Delaney has got about \$4.5 billion under management through the—

THE CHAIR: I suppose that is a matter of opinion.

MR MULCAHY: No. He is a trustee of a super fund. He is not a venture capital specialist.

Mr Keogh: No.

MR MULCAHY: Whom do you have with a venture capital background that would

know what they were doing in that field?

Mr Quinlan: Derek Volker is directly involved in—

MR MULCAHY: But Derek is a former public servant.

Mr Quinlan: Former. He is now involved in a number of business enterprises, including Canberra venture capital.

MR MULCAHY: Yes. I am just wondering where your expertise in venture capital terms is, because this is pretty serious money you are playing with.

THE CHAIR: Mr Mulcahy, can you let the minister answer.

Mr Quinlan: We have, as you are aware, set up a venture capital fund with a lot of assistance from the MTAA, and that has a management board of its own chaired by David Gall.

MR MULCAHY: Are you talking about their super fund?

Mr Quinlan: No, I am talking about the venture capital fund. The commercialisation fund that we have set up has a board of its own, which is chaired by David Gall.

MR MULCAHY: All right.

THE CHAIR: Can I ask, in relation to—?

MR MULCAHY: I am sorry; I still do not quite have an answer. I am looking for the people with specialist experience in venture capital activity.

Mr Quinlan: The partnership does not run a venture capital fund and it is not the only thing we wanted them to talk about. But certainly Derek Volker is at this stage involved in a business enterprise, which includes, with John Hindmarsh—

Mr Keogh: He is the trustee of Australian Capital Ventures Limited, John Hindmarsh's venture capital company.

Mr Quinlan: Yes.

Mr Gilbert: Can I add a little bit more of an explanation to that? This did come up at the last Canberra Partnership Board meeting. In terms of our modalities of how we operate on those five areas, I outlined in my previous answer, we will certainly be bringing in the views of practitioners in the venture capital market. We will be keeping an eye on what is happening within the Australian government. As you know, it was announced in the federal budget last week that there is a review to be undertaken of venture capital in this country. We will certainly be keeping an eye on that and which way it goes. We have an initial idea which way it may go, but the final advice that the minister and the government will receive from the Canberra Partnership Board, it will be fully informed by people outside that particular board and by practitioners in the venture capital market.

MR MULCAHY: You acknowledge that is an area containing risk of a reasonable proportion, venture capital activities?

Mr Gilbert: Absolutely.

THE CHAIR: You talk briefly about the area of skills needs for Canberra. Is the partnership board actually planning for the future skills needs of Canberra?

Mr Gilbert: The answer is that there will be a job of work done by the Canberra Partnership Board, serviced also by the Department of Economic Development, at the minister's direction. The debate at the moment is traditionally at an input-output level in a national or state jurisdiction. Normally they are models that are run on that basis.

One of the big advantages and, I think, one of the big dividends that the people of Canberra have got from Business ACT's functions over the years is really its intimate knowledge of the Canberra sectors. In the economic white paper nine particular sectors are identified. It is within those nine particular sectors that we will be looking at the demand for skill over the next five, 10 and 15-year period and what is available. We will be looking at what responses need to be made to make sure that we have the right skills sets and the right number of people to meet the demand for those skills over that particular 15-year period.

THE CHAIR: Mr Keogh mentioned a couple of people from the two universities. Is there anybody on the board—I did not pick up if there was—who has experience or a link with the Canberra Institute of Technology as being a very valuable provider of people with skills, especially in ICT. No, George Wilson does not count.

MR MULCAHY: George is a man of many talents.

Mr Keogh: No, there is nobody directly from the CIT on the board, no.

MR MULCAHY: Chair, could we have a reminder of the nine areas you are looking for?

THE CHAIR: Just before we move on to that, I am curious to know if there will be work done with CIT because, as I said, they provide a large component of people with skills, especially in the ICT area.

Mr Gilbert: Can I give you my assurance that we are—I will explain it this way—about to sit down with the Canberra Partnership Board on a planning day to develop our strategies on the work program for the next year in each of those five areas. In that planning day we will be looking at what particular stakeholders we would need to engage with to get the best advice that we can get to be provided to the minister and to the government. I can assure you that that university will be part of that mix.

THE CHAIR: It is not a university.

Mr Gilbert: Sorry, that college then.

THE CHAIR: The CIT.

Mr Gilbert: It is an institute. I am so sorry.

THE CHAIR: They may pretend to be from time, but they are not a university. It is an argument that I will have with him at another time.

MR MULCAHY: I will get to the point. Is hospitality and tourism amongst the nine areas you are looking to?

Mr Gilbert: We have got the nine in the white paper. You know what they are, unless you want me to read those out.

MR MULCAHY: I do not recall them off the top of my head. I was just wondering: hospitality and tourism, I did not think it was in there.

Mr Gilbert: I am sorry I cannot answer on behalf of the board.

MR MULCAHY: It pre-dates both of us.

Mr Gilbert: I cannot answer on behalf of the board on what might be the outcome from that planning day, but given tourism's importance to the Canberra economy to the tune of around about \$757 million a year, I would be very surprised if tourism were not in that mix to have a good look at their skills needs and workforce needs in the next 15 years.

MR MULCAHY: There are acute shortages, particularly in the food trades.

Mr Gilbert: I understand what you are saying and that is one of the reasons why the Canberra board wants to focus itself on these five key areas, which are of national significance and, by definition, are of significance to this economy.

THE CHAIR: Rather than move on to another question, it is close enough to 10.30 to call it morning tea break. We will break for morning tea. Would everybody come back at a quarter to 11? Thank you.

Meeting adjourned from 10.29 to 10.50 am.

THE CHAIR: All right, we might get under way. Minister, Mr Gilbert, welcome back. We're still on the general overview.

MR MULCAHY: Minister, we were enthralled on Monday to hear the Chief Minister confirm a planned mission to British Columbia. Since then he's issued a statement citing a host of other interesting places he's going to including Philadelphia, Los Angeles, Alberta—and of course he's already told us about Japan and Washington.

Given that the Chief Minister has described his 18-day trip as delivering invaluable opportunities to strengthen existing cultural and commercial relationships, forge new ones and heighten the profile of the ACT as a place to do business, will you or Mr Gilbert be joining the Chief Minister on this mission?

MR QUINLAN: Not on this one, no.

Mr Gilbert: The same answer.

MR MULCAHY: So nobody from BusinessACT will attend?

MR QUINLAN: Mr Keogh will be there. First of all, we've got a relationship with Nara, which requires reciprocal visits at this stage, unless you don't think so, Mr Mulcahy. Philadelphia is the city in which Bio 2005 will be held. I attended Bio 2004. I have to say that we were one of the few states or territories that didn't have their premier there.

In fact, for most of the states of Australia, both the premier and the economic development minister attended—Steve Bracks, John Brumby, Mike Rann and his minister, et cetera. In fact, I stood in for the Chief Minister for, effectively, a meeting of premiers in Los Angeles. I think it's necessary that we attend Bio 2005.

MR MULCAHY: I'm not asking you to defend the trip. Given that it's categorised as a business mission, I was wanting to know whether either you or your officers will be part of it. I understand that the answer is yes.

MR QUINLAN: If we had a larger government with a cabinet the size of Queensland, New South Wales or Victoria, it is highly probable that I would attend at least the bio in Philadelphia and possibly the Washington leg of the tour. There is some work to be done there to extend the work that we've already done and are doing with Washington—particularly the greater Washington initiative—with which we have a memorandum of understanding.

I'd say that, certainly from a business development perspective, the Philadelphia and Washington visits would have been on my agenda had we had the luxury of a cabinet the size of a state but, given that there's a cabinet of five, we have to cut our cloth, as we cut our cloth last year when I attended bio and, of course, the Chief Minister didn't.

It is difficult for us. As part of some of the speeches I've made in public, I've given the observation that a territory the size of the ACT is not big enough to have a permanent footprint. You know, you can go to Los Angeles and you can visit the Queensland office or you can go to London and visit state offices.

We need to build relationships, and we have done so. We've built relationships that work with major organisations in Los Angeles, San Diego, Washington and London—all of which we have memoranda of understanding with. The London one I think needs a bit more work, but the others are active relationships.

I think it's a tremendous investment. I would dearly like to keep the contacts we've made, the relationships we've made. I'd like to be building on those but, as I said, we have to cut our cloth. Whether Mr Stanhope's a shrinking violet or not—it took a fair amount of pressure to convince him to include Philadelphia in his trip, in my stead. I don't think we can justify having the Chief Minister and Deputy Chief Minister away at the same time, whereas states with much larger cabinets can do so.

MR MULCAHY: The second question, on an unrelated area, relates to public infrastructure. I understand the Canberra Business Council has put forward a proposal suggesting a follow-up report to the 1989 Else-Mitchell report, dealing with assets of the territory.

That report, I understand—I was supposed to be given a copy of it but I haven't been provided with it—reported on the condition of the ACT's public assets and also looked at the most appropriate way of developing a long-term program of replacement and maintenance of those assets in future budgets. Can you inform the committee whether that's something you've looked at? Do you have a view on valuing these assets, upgrading or replacing them?

MR QUINLAN: I haven't looked at the particular proposal but, quite obviously from the viewed perspective, we need to maintain our infrastructure in reasonable working condition—at difficulty. We do get some additional funding through the grants commission for recognising the layout of Canberra and the cost imposition maintaining that gives us. It's probably a worthwhile suggestion to do a stocktake now and then. We still have reasonable faith that the various agencies will discharge their responsibilities—keep the government apprised of what needs to be done and what suggestions they have.

MR MULCAHY: Is there any comfort we can take that there might be a more systematic approach? I understand that, in the past—and this may be a matter for both parties that have been in government—there have been, one might say, arbitrary evaluations placed on different assets, from stormwater drains to street lighting—notional values ascribed to those things.

I'm just wondering if there's a more orderly approach that might be contemplated and also, as part of that, obviously the replacement of ageing infrastructure to ensure the territory doesn't face a position of things gradually being rundown without the issue being addressed on a more systematic basis.

MR QUINLAN: How systematic it is now is a matter of subjectivity. The premise is that there's no system—I won't accept that. The question answers itself: yes, you need to be systematic about it.

MR MULCAHY: You don't have any specific plans at the moment? Or would you be looking to follow through on the suggestions the Canberra Business Council has put to the government in this report?

MR QUINLAN: I would expect, in the first instance, that there are a couple of other ministers who are acutely associated with large sections of the infrastructure of the territory—for instance, the minister for education. We have quite a raft of ageing schools; we have a raft of very under-populated schools that, for occupational health and safety and fire safety reasons, have to be completely open, even though they're only 20 per cent occupied.

The Minister for Health, I have to say, makes very regular requests for enhancement of the infrastructure and accoutrements associated with health delivery services. The Minister for Urban Services has direct responsibility for maintaining a lot of the physical assets in the city. For my part I don't have many, God bless me. Yes, I think you can

make the point, because it's pretty damn obvious: a government ought to look after the assets of its jurisdiction.

MR MULCAHY: The question supplementary to that is: what infrastructure do you accept responsibility for in your economic development ministerial capacity?

MR QUINLAN: I haven't got much at all. I've got a stadium.

MR SMYTH: The convention centre?

MR QUINLAN: At the moment I've got Phillip oval; I'm about to buy the convention centre for \$1; and I bought the Hotel Kurrajong for a knockdown price. I've got a few little bits and pieces, but that's about it.

MR SMYTH: On infrastructure, you mentioned the National Convention Centre. What's the likely timetable for the proposed refurbishment of that?

Mr Quinlan: We think about 18 months, at this stage. It's a project that possibly could be done in a lot shorter space of time, but we want to make sure that we don't close it down for any length of time. The first offer we had was going to close it for 72 weeks and we didn't think that was the way to go.

It's going to have to be a process of "work around", in which case we think it would probably take about 18 months. We've got to go through a lot of stages. Now that we've finally got a way forward, we need a project manager and we need some design input.

MR MULCAHY: As I recall, there was a \$40 million provision in relation to the convention centre, and this new arrangement is likely to cost you about \$30 million. From the bits I've gleaned—and I might be misinterpreting it—I got the impression that you had \$10 million to spare that was going to be spent on other things like the Albert Hall, possibly, and whatever.

Wouldn't it make more sense, in a tight economic climate, to be actively repatriating those funds back into consolidated revenue rather than saying, "We've provided \$40 million and we've got to work out how to spend it"?

Mr Quinlan: First of all, they're not revenue; they're capital capacity—so they don't run into revenue.

MR MULCAHY: Repatriating it back into your overall budget.

Mr Quinlan: Obviously you've been talking to my other ministers.

MR MULCAHY: No I haven't—not on this issue.

MR SMYTH: I'm sure they'll make that suggestion during the coming week!

Mr Quinlan: The cabinet room must be bugged! In rather recent days we've had a groundswell in relation to the development of Civic, and I think that's a good thing. You can't do any of that evaluation and work for nothing, so we need funding for that.

We have an opportunity here to provide funds to allow some rational dry evaluation, some sort of projections, of just what the new Civic, whatever it might be, would offer in terms of expanded retail and office space, and whether there could ever be the demand to soak up that space. We need to evaluate the element of, “Build it and they will come flowing to the territory to embark on that venture.”

Although we’ve got a couple of plans on the table that look very enticing, you could be walking into a monumental disaster if you embarked upon that process and then found that you didn’t have the demand or the market to accommodate and use what is planned to be built. So some work needs to be done.

MR MULCAHY: Yes, I understand the logic of that.

Mr Quinlan: The other half of it is the Albert Hall. That’s a project that I personally am championing. It irks me greatly to drive past that and see that it’s become a place for carpets and picture frames, when it was once the grand hall of Canberra. I believe it should be maintained at a much higher standard.

I think it should be restored to use that is consistent with its dignity. There is the distinct possibility that it could be used to enhance and complement our meeting capacity so that, with what we don’t spend on the convention centre, we can still provide a further convention and meeting facility which would be not far from a pub—the Hyatt. I have every confidence that an investment in that particular venue, although not a huge investment, will reap considerable dividends for the territory.

MR MULCAHY: I understand that, if you get it wrong in Civic, there will be dramas for generations to come. But I would have thought that, going forward on whatever feasibility you need, it’s not a case of saying, “We’ve got \$10 million so we’ll spend it on that,”—but, rather, whatever proposals or feasibility need to be undertaken ought to be costed and examined in their own right.

The second issue is the Albert Hall. You’ve got a feasibility costed at about \$150,000. As you rightly point out, I don’t think you’d have to be Albert Einstein to know that work needs to be done. There is the feasibility about working out all the modifications, because it’s quite clear that it’s sadly in need of significant upgrading.

Mr Quinlan: The first hurdle is to see what the current lease is. We need to ascertain when it expires, how we gain control over it and how we work our way through the hurdles that must be there in relation to heritage and environment—because it is a heritage site—and then move towards that particular project.

MR MULCAHY: And the Civic work? Shouldn’t those plans be closely analysed, rather than you saying, “We’ve got \$10 million we’re not needing for the convention centre, so we’ll spend it on the feasibility of Civic”?

Mr Quinlan: We have the \$10 million there now—it may be a little loose, but that’s fat in the capital budget. I think it’s fair to say that \$10 million is not going to be spent on the feasibility or assessment of City Hill and the Albert Hall necessarily, but we ought to have something there to say, “The Civic and City Hill issues have descended upon us in

a matter of weeks and, fortuitously, I think we have the capability to carry it forward and stay within budget.”

MR MULCAHY: But you don't know the costings, even broadly.

Mr Quinlan: We're just working through some limitations we will place on that. We're not going to say, “Right; there you go. Off you go and puddle around with the \$10 million and let us know when you run out.”

Mr Gilbert: On page 88 of budget paper 4 under convention and exhibition facilities there's \$40 million. Up to \$30 million is for the convention centre. If you were to look at what's been announced by the government in relation to City Hill—it's a two-stage process as the minister has outlined—what you might notionally allocate for due diligence between now and August for stage 1 could be up to \$1 million, in my estimation.

In respect of the Albert Hall, what you might spend there in relation to preparing a conservation and heritage plan, and looking at the economic feasibility of what might be done on that area as a precinct with an integrated and shared community commercial use for the Albert Hall—which is different from suits and Persian rugs—is somewhere in the order of \$150,000 to \$200,000. As I was coming in this morning there was another suit sale on at the Albert Hall, with a big yellow banner over the balcony. We might change that. What that means is you'd have in your pocket a sum of money out of those of about \$8.5 million, which you'd still to be able to use for, say, the refurbishment of the Albert Hall.

MR MULCAHY: You wouldn't get that up this financial year, surely.

Mr Gilbert: No, not in 2004-05.

Mr Quinlan: We've been known to roll over capital money!

MR MULCAHY: Why is it in the budget if you're not going to spend it this year?

Mr Gilbert: It's spread over two years. Let me take you through. With the convention centre we would expect an 18-month period. With the Albert Hall, as the minister pointed out, there is already someone who owns the lease, and that lease expires in about 13 months time.

If you start the process now in anticipation of the expiration of that lease the government would be unencumbered to do what it, and the community, would like to do with the Albert Hall. So we have to start that work now, rather than wait for the lease to expire. With City Hill stage 1, as announced by the government, there is a very ambitious report-back time of the end of August. We're the administering agency for the City Hill process.

MR SESELJA: For the task force?

Mr Gilbert: For the task force. Minister Corbell will soon announce the membership of that task force. There are three areas, Mr Mulcahy, to answer your question in a little bit

more detail.

MR MULCAHY: Do you reckon you'll commit that \$30 million that's in the budget this financial year?

Mr Gilbert: In 2005-06. As you know, there's already nearly a \$10 million rollover from previous years because the convention centre deal has taken so long to resolve. It's now been effectively resolved and we will be spending the money over the next two budgets.

MR SMYTH: The International Hotel Group will sell the lease back for \$1 and, if I understand it right, they'll be given a management contract. What's the value of that management contract? Did it go through the procurement board? Has it gone through all the normal procurement procedures?

Mr Quinlan: No it hasn't. The management contract is part of the negotiations. The negotiations have been long and difficult and, to some extent, the government has had to hold its nerve in the face of a raft of criticism that said, "Do it now!" If we had done it back then it would have cost us even more, I would have thought. Mr Gilbert will be able to give you a bit more detail.

The deal involves the letting of a contract, and I think that's fair and reasonable. It's going to take a while but, in the long run, we're going to get the real estate back to the territory. It won't be in my time but at least the legacy will be that there's a chunk of real estate that, by the time it reverts to the territory, is going to be worth a shirt load, and worth having. Remember me!

MR SMYTH: We will always remember you. Is it in agreement with your procurement guidelines that you let a contract back to an organisation—one that hasn't, for instance, gone out to tender?

Mr Gilbert: Can I try and provide a little bit of additional information around your question, which might partly answer it. Under the current lease the Intercontinental Hotels Group already has nine years to run.

They're prepared, as part of this arrangement, to rescind that particular ownership—that property right, in effect—under the lease. Even if we didn't proceed from the heads of agreement to execute a new lease, to execute a new upgrade deed, you would still have the same operator owning that particular asset for the next nine years and, equally, they would be entitled to apply to the government for an extension, for a 99-year lease.

The way forward here on both those processes is that, if you like, the sublease to the InterContinental Hotels Group to manage is being considered by the government, to make sure it complies with all relevant guidelines. To that end, on Monday we had all the relevant agencies in the territory government that are involved in implementing the government's decision on the convention centre there to look at what requirements are placed upon us to give effect to that decision. As part of that, that issue is being addressed.

MR SMYTH: Has a value been put on the lease-back arrangement to provide the

service?

Mr Gilbert: Under the current arrangements IHG and its subsidiaries own the asset and they have a management contract let. The audit of that management contract is available, which would specify the types of returns they're achieving with the convention centre. As you know, they're not stunning numbers—they're not double-digit numbers from an IRR point of view. That's fairly typical of a stand-alone convention centre in Australia and around the world.

That's basically the answer. If you wanted more information in relation to the commercial aspects of the management agreement with the current operator, we would be happy to provide that to the extent that we can—that's open.

MR SMYTH: No. That's fine.

MS PORTER: Just a quick question: Minister, we talked a lot about the economic benefit or otherwise of all these arrangements, but I was just wondering if you could talk to us about the benefit to the Canberra community in having this well-functioning convention centre—and the Albert Hall, for that matter?

Mr Quinlan: Evaluations have been done. The answer very much depends upon an economic multiplier that you insert and how you evaluate the flow of benefits to the community. The convention centre in itself makes nothing. The convention centre is the facility and the basis upon which economic activity will take place involving the money. I think it is generally accepted that convention attendees are the high-spending end of visitors to any place. I think this city would be enhanced by a much better convention centre—bigger, better, brighter—but we have a population of 300,000. Because it is the national capital I think a decent meeting convention centre should be part of the national estate, and part of the national capital. You never know our luck.

We have had a valuation done on the convention business and it was valued with a net present value of about \$40-something million. That is probably the hardnosed end of evaluations. I think the chief executive of the chamber of commerce was talking something like \$17 billion or some other number that meant we were going to make a million dollars a month or a week or something—crazy numbers. So, it just depends on your multiplier. But we do think that on any measure there is a net present value to the territory of \$42 million or \$43 million by ACIL Tasman figuring. This means that you can justify spending up to \$40 million, or up to \$30 million as we are, as an investment in economic activities with the city.

MR SMYTH: Will we be responsible for maintenance of the convention centre once the building is returned, and how much have you estimated that maintenance to be for the next nine years of the lease?

Mr Gilbert: The answer to that is yes, we will be responsible for maintenance. We will be setting aside, if you like, a sinking fund where a certain percentage of the revenue of the management agreement would also be contributed into that sinking fund to contribute to the maintenance of the convention centre going forward.

MR SMYTH: Will the agreement or the order that you said you will provide detail

exactly what returns you expect to get or are there other estimates of what returns we expect to get?

Mr Gilbert: No. The audit that I refer to is really, if you like, the return from the current management arrangements of the convention centre. So it is old information. It is what has already happened, which gives you some idea of what revenues they get in, what their expenses are, what the operating surplus is and contributions from that operating service to the overall upkeep of the convention centre. It is that sort of information, Mr Smyth. I can look in to that and provide you with additional information depending on ultimately what you require.

MR SMYTH: All right, so can you provide your recurrent then—what you expect the recurrent to be in the next nine years?

Mr Gilbert: The recurrent income from the convention centre?

MR SMYTH: No, the recurrent expenditure on behalf of the government. If we have taken the building back and we are responsible for maintenance, what will the recurrent requirement be over the coming years?

Mr Gilbert: I think, Mr Smyth, I will be in a very good position to accurately answer that question once we are more than 50 per cent into the refurbishment of the National Convention Centre—of that \$30 million. There are things there that you have to take on board as a risk profile when you are redeveloping an asset of the size and the nature of the convention centre. We will have to build that into how we manage the refurbishment going forward. We do not want to end up with a budget of \$30 million and find, for instance, the roof is leaking over the ballroom. When you start to fix that leak you might find there is a structural defect, which might require a couple of million dollars to be spent on steel works. We are half way into that refurbishment. I would be very confident to be able to tell you what we would anticipate in the next, say, nine years or 10 years, as you have put, that we would have to set aside from the management agreement to manage that asset so that it is properly maintained into the future.

MR SMYTH: So the expectation is that there will be no call on Treasury for recurrent funding?

Mr Quinlan: Well, there could be. If there are major difficulties with the place, there could be.

Mr Gilbert: We hope that is not going to be the case. But I gave you the classic example: you have a leaking roof over the ballroom and you can nominate a nominal amount of money, say half a million dollars, to fix a leaking roof. Once you get up there and look at it structurally you might find you need \$1.5 million. They are the sorts of risks we must be mindful to make appropriate allocation for in managing that \$30 million.

MR MULCAHY: Are you going to have more exhibition space?

Mr Quinlan: No. If we had more money, we might.

DR FOSKEY: I have a supplementary question on the convention centre, but then I would like to move on.

THE CHAIR: Yes.

DR FOSKEY: When you initially consider issues like refurbishing the convention centre, do you look at the whole mix of venues that are available for similar sorts of functions—for instance, Exhibition Park and the role of the one and the impact of development on the other? Does the convention centre compete with Exhibition Park at the moment? Is the refurbishment taking it in a direction that distinguishes it quite a lot from the Exhibition Centre? I want to know whether you look at Canberra's needs overall and then say: this is what we will do?

Mr Quinlan: Well, there is a world of difference between Exhibition Park and the convention centre. Exhibition Park has been used to host conventions of up to 3,000 people. Woolworth's convention was here. They came back the next year, they thought it was that good. But, I would think we are generally talking about different segments of the market—what you would put in a big barn at the Exhibition Park versus what you would like to put in to an upgraded convention centre in Constitution Avenue. In the overall context, I cannot give you numbers as to how much the new convention centre will generate in new business. But the expectation is quite high that given a bit of a polish and a coat of paint, it will be a product that can be sold to middle-level and lower-level exhibitions. So, it is to some extent casting bread upon waters in order to build business.

DR FOSKEY: Explain that biblical metaphor?

Mr Quinlan: Well, we have a level of convention here but if we have an upgraded and attractive convention centre, I think it is logical that it is an easier product to sell and to sell to more conventions.

DR FOSKEY: Okay. I would like to move on to something quite different. I have two topics. I do not know whether I will be allowed to cover them in one go. The first is about the indicators and the second is about ANU and the City West development. I wondered whether the department had any comments to make about the sustainability indicators that it has used? Did the department feel they were a helpful tool in preparing this year's budget and making it do what we want it to for sustainability?

Mr Gilbert: I think the answer is yes and yes. I personally—and I guess professionally—have been a big fan of triple bottom line reporting. I think it is a systemic trend. It is appearing in the marketplace in the United States. The Australian Stock Exchange has looked at this sort of arrangement, so I cannot see why the government sector ought not, at least, make a contribution in that regard. I think the reforms to the performance reporting that have been put in for the first time in this budget are excellent and first class. They have made the work of the department and the government a lot easier, having two levels of performance reporting.

Certainly the strategic indicators that you see before you in budget paper 4, from page 79 onwards, start to paint the picture, in a longer-term way, of what we think is happening in the case of economic development, with the private sector footprint, for example.

They show how big it is growing at, what rate it is growing, what we believe in a GSP sense. Do we believe that the lines will cross when the private sector's contribution to GSP, for example, exceeds that of the public sector in Canberra? You start to dispel that myth that we are a public sector town. That is only about eight years away, if you were to ask me that question, based on our modelling.

So I think that strategic level performance reporting and indicators are absolutely terrific. On the accountability indicators, which is where this Assembly holds us to be accountable through the minister, as do the people, I am all for it. I think the higher the level of accountability, the more transparent it is, the better. I think this approach this year is a terrific step forward. So, having said that, there might be a second question, which might take me to task.

DR FOSKEY: Well, I would like to talk about two of the indicators in particular. You referred to the private-public ratio in employment, and that you have a target of increasing the percentage of private sector employment from 55.5 to 60, and you indicated that is on the way. I seek assurance that this is not to be gained by decreasing the ACT public sector or, hopefully, the Australian government decreasing its public sector size, because that is another way of achieving that ratio.

Mr Gilbert: Do you want me to answer that?

DR FOSKEY: I guess it is a political question.

Mr Gilbert: No, I think it is a statement and it is a very valid statement. The answer for Canberra is that we need the effort from both the public and the private sectors working in concert. When that happens—and you do enter downturns in the economy—what I have found in my experience, and what we will find in Canberra, is we do not necessarily, as a town, as a community, feel as much pain during those times, because of the nature of this particular economy. However, the private sector's rate of growth, not only in employment share but also in GSP, is quite stunning when you start to look at what is happening behind the scenes in the particular industry sectors in Canberra.

THE CHAIR: Follow-up?

DR FOSKEY: The other indicator I would like to talk a little bit about is the one titled Increasing Household Expenditure.

Mr Quinlan: Did you want to ask a question about City West?

DR FOSKEY: I am going to. You would not have missed it, Treasurer; you have not been asleep. I am interested in the aim of increasing the household expenditure component of gross state product from around 47 per cent to 51 per cent, because one of the themes that we are looking at is the poverty proofing of the budget, which the social plan indicates you will do. What is lacking from these indicators from my perspective, and certainly is not covered here, is the question of equity. For instance, we are probably talking about per capita increases in household expenditure so that if a few people up the top are able to spend more household expenditure that might look good but it does not improve our economy for all kinds of reasons—for instance, the ways that people of different income classes spend their money, even if you're just looking at it from the

perspective of the economic rationalist. But if you are looking at it in terms of equity, which I am, I would really like to see an indicator there that refers to increasing equity across the population.

Mr Quinlan: Well, there is a limitation, of course, to what a state government can do relative to a federal government in that regard.

Mr Gilbert: Can I add to that? We can look at equity indicators, and perhaps we should now that you have raised it, Dr Foskey.

DR FOSKEY: That was easy.

Mr Gilbert: We can do that, but let us look at what is happening in the national economy and here in the ACT economy. Look at the widening income distribution. The gap at the federal level is largely being filled up from the cash transfers through the welfare system. That is what is keeping our society the way that it is, a harmonious society. The spend on welfare, as you know, is now pretty close to \$80 billion federally, so you would say from an equity point of view—

Mr Quinlan: You would be down on that.

Mr Gilbert: From an equity point of view you would say that it is already recognised in the way the cash transfers come in to bridge the widening income distribution in the nation. Similarly, in relation to the other raft of measures that the government has announced in this budget on the social spend, they too make that contribution to making sure that everyone is treated as equitably as you possibly can. In large measure we heard from the Treasurer in the budget week on some of those measures, particularly health expenditure and the way that health is delivered around the country, so that we do not want anyone missing out and so on. Therefore, when you look at equity in its totality and what is happening nationally and within the ACT government I would probably suggest to you that holistically it is treated very well, but I just finish by saying again maybe an equity indicator is something that we ought to seriously consider.

DR FOSKEY: I would appreciate you looking at how that might be done, given all those various sorts of conditions that you just enunciated.

Mr Gilbert: Sure.

DR FOSKEY: I realise it is not a simple thing.

Mr Quinlan: You might include those suggestions in your feedback on the couple of papers that we have put out.

DR FOSKEY: Thank you very much for that. I know you are just dying for some feedback. We talk about them all the time.

Mr Quinlan: Good. The next step is to do something.

THE CHAIR: I believe there are some more questions before we move on to City West.

MR SMYTH: Minister, I note none of the indicators have a target date, they are all long-term targets. For instance, if you look at the strategic indicators for urban services, they have put 2011, 2006-07 and 2008-09 on each of their indicators. Yours simply say long-term target. What is the value of having an indicator when we do not know when we are trying to achieve these? Is there a reason you have not attempted to put a date on these indicators to give them some more strength?

Mr Quinlan: Some of these are, of their nature, long term and we try not to be overly anal, Mr Smyth.

MR SMYTH: Thank you, Treasurer.

Mr Quinlan: You take a look at those and say what are we going to do? I can sit here and say we will give you a year or something and we will hold you to it, sort of stuff?

MR SMYTH: Do you not want to be held to the things you are seeking to achieve?

Mr Quinlan: Not generally in the manner it is done in this place. I really think we need to elevate the level of debate in some areas, if it is possible. You might add to that.

Mr Gilbert: If I could add to that, our first time out with this new budget reporting format is to give you and the people of Canberra a little bit of trend data—where we think, for example, the private sector footprint is heading in Canberra. Take the indicator on household expenditure on page 79. I can probably say to you—and I think I did previously—we anticipate, on our current modelling in the department, that the lines will cross between the public and the private sector's contribution to GSP in about eight years. That is when the private sector will be contributing more to our gross state product than what the public sector is. So can I try to answer that question of a long-term target by saying where that line crosses the 50 per cent line would be eight years. You are correct in saying we do not have a long-term target. I think next time out we will give you a whole raft of data in budget paper 4 so that we do not have these questions arising again.

Mr Quinlan: And you can include that in your feedback.

DR FOSKEY: This is how you are getting your feedback, Treasurer.

Mr Gilbert: And we appreciate it.

MR SMYTH: But you will just ignore it like you always do.

THE CHAIR: Order! Order everybody. Ms Porter has a question on this topic.

MS PORTER: Thank you, Chair. Minister, I notice strategic indicator 2 mentions that the ACT tourism industry contributes approximately 11,400 jobs to the ACT economy. I wonder if it is possible—and you will probably need to take this one on notice—to have some kind of breakdown of these jobs in particular sectors where they occur?

Mr Quinlan: Again, this is going to be one of those difficult measures because it depends on where you draw the line. In recent times the Productivity Commission has

come out and criticised some of the measures that the tourism industry has applied to itself—its impact and economic contribution. It is very difficult to draw the line where tourism begins and ends. You can certainly say if someone comes in for a holiday and spends time in a hotel, that is probably tourism. But they will possibly go to restaurants. They may indulge in a little retail therapy.

MS PORTER: I always do when I go on holidays.

Mr Quinlan: Okay. If you want to put the best light on tourism then you try to measure all of those contributions that may flow from that spending and what jobs it implies. It is probably smarter if we all take into account the observations of the Productivity Commission and get a better sense of it. The debate on tourism should be rational, as all debates ought to be in this place. It should be based on fact and we should be able to look at the various stakeholders without any of them having a misapprehension as to the degree of contribution. But we will try to give you a spread of how that number is made up.

MS PORTER: Thank you.

DR FOSKEY: Can I just ask a little question related to the indicators there? How much do you feel the government relies upon tourism as the driver in increasing household expenditure and so on as a contribution to the economy? Do you think that it might be a rather large reliance on an industry that is proving to be fickle?

Mr Quinlan: Well, in our white paper we include quite heavy emphasis on tourism. It is one industry that this town can have that employs a number of people directly. Then, as I was saying earlier, the multiplier effect is a very subjective assessment but, nevertheless, we would all concede there is a definite multiplier effect that flows into the territory and it flows into household expenditure within the territory. So, yes, because we have a limitation on labour-intensive industry in the territory. We do not have manufacture and we do not have any primary industry. We have the building industry, the tourism industry, the retail industry and this huge raft of service industries. So, there are only a limited number of areas in our economy that offer bulk employment, and tourism is one of them.

THE CHAIR: Okay, I understand Ms Porter has a couple of supplementary questions as well.

MS PORTER: Related to what you have just been saying, Minister, I notice strategic indicator 2 on page 80 mentions Access Economics being commissioned to undertake an annual study into the value of tourism. I was wondering when this study might be available and the extent of that investigation?

Mr Quinlan: Can we do this when tourism are here?

MS PORTER: Yes, that is fine.

THE CHAIR: Yes.

Mr Quinlan: They will have the mail on that. Can you answer that?

Mr Gilbert: I can answer that, yes.

MS PORTER: I will ask the second one when tourism is here.

Mr Gilbert: The Access Economics report is available and there is no reason why it ought not be made available to the Assembly. I have read it and it certainly states what is in strategic indicator 2. So, that is the short answer to your question. If you want me to talk about tourism a bit more as the portfolio CEO I would be happy to, but it is up to you.

MS PORTER: Yes, but we will discuss it later.

THE CHAIR: Yes, we can talk about it when we talk about tourism generally after lunch. Did you have another follow up question?

MS PORTER: No, I will wait and discuss that later.

THE CHAIR: Mr Mulcahy?

MR MULCAHY: Just while we are on indicators, strategic indicator 2 says:

ACTC's strategic indicator is to grow ... (GSP) and employment by increasing visitor numbers and yield from both international and domestic markets.

It is a very noble objective.

Mr Quinlan: Thank you.

MR MULCAHY: But just how are you going to measure that, and what number is your objective? Do you have a figure that you want to get the visitation rate up to, or the yield rate up to, or is this just a virtuous objective?

Mr Quinlan: We do not have a specific number as such.

MR MULCAHY: So you just hope that it might happen?

Mr Quinlan: Yes, we are not doing anything really—no, don't be silly!

MR MULCAHY: It is not a silly question, Minister.

Mr Quinlan: Yes, it is a silly question.

MR MULCAHY: Let me amplify, because the minister does not understand.

Mr Quinlan: Yes he does.

MR MULCAHY: What I am saying is how are we going to measure a strategic indicator if we do not put a goal or target?

THE CHAIR: Can I just restore some order to the proceedings, please? Can we have one person speaking at a time?

MR MULCAHY: All right, let me amplify the question.

THE CHAIR: Let me set the ground rules first. One person will ask the question. The minister is allowed to answer the question, and if you have a follow-on from that and you do not feel it has been answered to your liking, you might want to elaborate on that question. But, as I have said before in the past few days, we are not having arguments across the table. It does not help.

MR MULCAHY: Okay.

THE CHAIR: So if you want to ask your question in another way, Mr Mulcahy, maybe that is what you should do. Maybe, Minister, it might be good not to antagonise Mr Mulcahy by calling his questions stupid.

MR MULCAHY: Thank you. That is my point.

Mr Quinlan: I will try to avoid that.

THE CHAIR: Or silly—even if they are.

MR MULCAHY: I think the Minister knows what I want to know, but I will ask it for the third time. The question is, in relation to strategic indicator 2, do you have any measures in mind to determine whether you will accomplish these outcomes that you are stating you are going to try to achieve?

Mr Quinlan: We do not have hard numbers. We want improvement. We have long-term budgets here, as you can see, for four years. If you have some suggestions, maybe you can put that in your feedback. We have asked for feedback on indicators, and on triple bottom line reporting, and from everybody in the Assembly we have got absolutely zip. I think I said yesterday that the indicators become the hardy annual of estimates committees but generally nothing positive. You see we are going in the same direction.

MR MULCAHY: We will explore it more when we get to the tourism session later. There are quite a few things I think you can do.

Mr Quinlan: You can if you like.

THE CHAIR: We can move to City West. Dr Foskey?

DR FOSKEY: Under “Strategic highlights” on page 75 of budget paper No 4 it states that the department will facilitate the development of the City West area in accordance with the ANU City West deed of agreement. We’ve been lucky enough to get a copy of that deed of agreement from the Chief Minister’s Office but we believe that in normal practice the deed of agreement would have been tabled in the Assembly. However, Mr Stanhope’s letter to us indicates that it will neither be tabled in the Assembly nor notified under the government Procurement Act. I am interested in knowing why the government came to this decision.

Mr Gilbert: I am a member of the City West Precinct Committee. I was nominated into that committee position by cabinet, as was the chief executive officer of the Chief Minister's Department. Having said that, however, I wasn't here in the ACT government when cabinet took that decision to set up that particular committee and nominate who was to be on it, so I can't really answer that question. But, when you look at the deed that's in your possession, I can see very little information in there that an Assembly ought not have.

DR FOSKEY: No, that's right, so you don't know why?

Mr Quinlan: Or that it hasn't been made public already?

Mr Gilbert: I'm not sure it's an issue.

DR FOSKEY: It is an issue if it has not been tabled, because it is a public document and, in fact, that's quite an important issue.

MR MULCAHY: So has that been tabled?

DR FOSKEY: No. Perhaps I could ask for the deed to be tabled in the estimates committee. That might be a way around that.

THE CHAIR: Are you able to table the deed in the estimates committee?

Mr Quinlan: The first thing I'm going to do is check what the Chief Minister has said before this committee.

DR FOSKEY: He hasn't said anything before the committee.

Mr Quinlan: He said it in a letter?

DR FOSKEY: Yes, in a letter.

Mr Quinlan: We will be checking that and I'll make sure that there isn't some other valid reason before we feed some conflict within government and then we can go from there.

THE CHAIR: Could you outline the benefits of the City West project, what it will involve, and what the benefits are?

Mr Quinlan: I think it's clear that part of the government's mission and vision, and it has been articulated—well, on one of my junkets, I have—

MR SESELJA: You're probably using the correct terminology.

THE CHAIR: Order!

Mr Quinlan: That was irony, if you didn't quite get it. I have visited both Cambridge and Oxford and have seen how, particularly at Cambridge, enterprise can interweave

with university. If we had more resources, I would have gone to other places to observe just how cities with strong universities and strong research efforts can integrate and merge. Mr Smyth was at a debate at the ANU before the election and was all for much greater ties between the city and the ANU, so he was on the bandwagon, and I'm presuming that it's the opposition's policy.

DR FOSKEY: And the Green's.

Mr Quinlan: Okay. And the benefits are that, once the university comes outside of its campus, which it holds in trust, it can involve itself in capitalisation of asset development that's quite different than that which it can do on campus. That means that it can involve external finances and superannuation funds to a larger degree. If we facilitate the expansion of university activity beyond the campus line, we are in fact opening up an avenue for further development. We also believe that we're creating the merge between the city and the university—something the Charles Landry's of this world would celebrate greatly.

Part of the vision that this government has formed and is putting into action is a greater working arrangement with the ANU which is, as we all know, the top-rated university in Australia—that's particularly from a research point of view. It's variously listed in the top 50 or the top 10 in the world, and we would have to be bananas, in the extreme, if we didn't first see that opportunity and then work with the university to build and develop enterprise within Canberra, emerging out of the university. That's part of, and has been part of, the government's vision and plan right from before it was elected into government, and this is part of the reality. We play the game of politics and we spit at each other and don't necessarily recognise what works and what doesn't work, but I think people would have to concede that the bulk of the recommendations and commitments made in an economic white paper have or are being implemented. What's happening in west Civic is concrete realisation of the plans and the vision that this government has put in place, which this town has needed and has now got.

MR SESELJA: Minister, given that you did a bit of travel to Oxford and Cambridge and other places to get an idea of how universities interact with cities, did you make the trip down Barry Drive and have a bit of a chat with UC at all? Was UC included in the discussion over what might happen in the City West precinct and given an opportunity to make a submission or look at having some sort of stake in that area, given that UC is pretty important to Canberra as well?

Mr Quinlan: Well, UC is not the research university that the ANU is. We have not adopted a one-size fits all approach. In previous budgets we have made a grant to the University of Canberra of \$10 million to develop their allied health and education strengths. That is to both address their capacity to attract overseas students and to produce allied health professionals, many of whom may stay in Canberra and fill much needed gaps within our own health system. Further to that, we are and have been involved in discussions with the University of Canberra in areas that suit where they are. Some of the courses they provide are allied health, which merges into sports medicine. They also have faculties of tourism and sports administration and in fact I think are contemplating or working on a merged degree course of tourism and sport.

We have had discussions with them and very early soundings with the Australian

Institute of Sport about building a precinct of sporting excellence within the ACT, where we can leverage off the strength that is the AIS, as well as the University of Canberra. Between the AIS, Ginninderra College, I think it is, and the University of Canberra, there's a high integration. A lot of the athletes are young so, as well as training, they are getting an education. What we've done in our work with the University of Canberra is tailor it to their strengths and what they have to offer. I think they have a lot to offer in the territory, but it's in a different way than that of the ANU.

MR SESELJA: So the short answer is that they weren't given an opportunity at all in terms of the City West?

Mr Quinlan: The short answer is that we have given them opportunities of a different kind to—

MR SESELJA: But not this one?

Mr Quinlan: No.

THE CHAIR: They're not located in the City West area.

Mr Quinlan: They're up Barry Drive.

MR SESELJA: Well, ANU's not currently located in the area where they're expanding to either.

Mr Quinlan: They are contiguous with it though and that has a certain logic to it.

MR SESELJA: I understand that. I just wanted to know whether they were considered in the mix. I'm not saying they should have necessarily been granted the land or anything like that but whether you actually had discussions with them.

Mr Quinlan: They are considered in the mix of the development. We've also been involved in their innovation centre out there. We're working with the University of Canberra in a way that will give them an optimum result, not a replicated result.

DR FOSKEY: I'd just like to continue on the City West theme. It was interesting that, as was shown at the launch of the deed or whatever last Friday, the ANU doesn't have a master plan for its dedicated area. We're concerned that what we may see here is ad hoc development. I'm not asking for a detailed master plan, but at least a concept plan of what's going to be there. This has led to quite a lot of uncertainty for community organisations. I personally have been aware that the ROCKS people, the residents of Childers Street or whatever, have been working for over a decade to make sure that any redevelopment includes them, and there's still a lot of uncertainty about that. Why didn't the ACT government require ANU to prepare a master plan that included provision for these organisations? How will the government engage with those organisations and consult with them so that they can actually be part of the process?

Mr Quinlan: For the most part, you'll have to ask the planning minister the details. I do understand that there's been some professional consultation with the people in the ROCKS area, and there are decisions to be taken, I think. One of the decisions that

occurs to me, and it's only to me only at this point, is whether that ROCKS area, where the temporary buildings are, is the most appropriate place for those organisations. They need accommodation but does it have to be precisely where they are right now? They might be better off somewhere else. That's highly valued real estate on the corner of Barry Drive and Marcus Clarke Street.

DR FOSKEY: The whole city is highly valued real estate and yet it's really important for community organisations to be accessible in the city. So there's a real concern at the larger level that they're being squeezed out altogether, and the arts organisations are also uncertain.

Mr Quinlan: There's an art precinct already delineated within the Canberra West plan. There is a Canberra West plan, but it's not definitive to the point of saying every building will be for this purpose or that purpose. At the launch you would have seen the big photo, and the areas that the ANU has pointed out as the areas they hope to develop. But the way the MOU, which you've got a copy of, works is that they get preferential treatment, but they don't get all that land straightaway. They get first call but, if they don't have an intention of taking up some of the land, someone else can come forward and put forward a proposition to use that land within the City West plan. It is not going to be exclusively the ANU. The agreement says we will give the opportunity to the ANU, because it's commonsense to do that, but not exclusive squatters rights on great tracts of land. They haven't got that.

DR FOSKEY: How will the public be kept informed of changes that occur along the way? All the public has at the moment is that document that Mr Corbell launched prior to the election last year—the City West master plan. It is quite vague but has a number of good intentions.

Mr Quinlan: I'm not in a position to answer detailed planning questions. I'm sure when you ask them you will be told that, until the hard proposals come forward, the plan will be a general plan and not a specific plan with every building having a name, a size and a place on it. That doesn't happen, I don't think—not that I'm an expert on planning.

THE CHAIR: Yes. I am sure it's an issue that we'll re-visit when the Minister for Planning comes before us. I understand that the issue of City West is before the planning and environment committee anyway. Ms Porter, you have a question on a different area?

MS PORTER: Yes, it's on page 86. Minister, I note that page 86 of budget paper No 4 mentions a commitment of \$200,000 to the development of the Lyneham precinct. Could you expand on what this development involves and what it will bring to the Lyneham community?

Mr Quinlan: Yes. It is a development of the concept. With the Lyneham precinct, and particularly Southwell Park, there is a lot of land there that provides for a fair amount of sporting activity. We have Sullivan's Creek that is effectively a drain. There has been a plan put out for discussion for redevelopment. It does include the exploitation of the prime areas of that land for either accommodation or residential property which will, in large part, fund the development of recreational and sporting facilities within the Southwell Park area, working right across to the hockey and the tennis centre.

The first stage would have to be the return of Sullivans Creek to more a wetlands arrangement, as has been done in O'Connor, I think, from a drain. The area right up to and between the tennis centre and the hockey centre is bloody appalling and does need to be done up. We have the hockey centre where the government and previous government's have spent huge amounts of money, because hockey is a sport where the ACT excels on national terms. There are a number of sports where the ACT can claim to perform much above expectations on a pure pro rata basis, and they include rowing and cycling and hockey.

We have a tennis centre that is not in great shape either and is a bit of an embarrassment when we've got Australian championships being held there. So that does need some work as well. The original concept plan includes a velodrome for cycling, because the one that exists in Narrabundah is dangerous. It includes an indoor stadium and the potential for a permanent home for the Academy of Sport. That is not inconsistent with the matter that I was discussing before with the Belconnen area becoming a precinct of sporting excellence. We will have, near the gateway of Canberra proper, facilities that will be capable of hosting national titles in various sports, and accommodating them, and making Canberra a genuine player at the national level in quite a number of sports and the host of sporting events. There's a lot of money involved and a lot of work to be done. The draft proposal is out for discussion, and has been out for some time. It is now a matter of trying to find the money, as we go through, to implement the plan and make it work, but we want to build up those facilities.

MS PORTER: I notice there is some money put aside for progress works at Manuka Oval.

Mr Quinlan: The work at Manuka Oval is well under way, in terms of covering the Hawke and the Menzies stands, which are the stands to the left and right or the north and south of the Bradman stand. That means there will be cover for 50 per cent of the seating at Manuka Oval. The external fence was pretty low budget, I've got to say—pretty downmarket for an oval that hosts the Prime Minister's XI each year and is considered an iconic part of the original Canberra, as we know it. Work is being done on the stands and the fences. Also some occupational health and safety work is being done on crowd control barriers. We must be getting taller, because they are now too low to guarantee that someone won't topple over the back of a grandstand or something. So there's a requirement to change some of those things. The oval will be done up and I expect that the roof will be on the stands hopefully before the last game, at least, that the Kangaroos play here for the AFL season.

MS PORTER: Is the parking capacity there? Is that going to be looked at, at any stage?

Mr Quinlan: We get by with parking with the block that's made available at Telopea Park School. It's effectively a vacant block, and opposite the front gate, but the streets and the surrounding neighbourhoods do clog up. But we have to put up with what every other capital city and state do. It will always be a problem. It is a problem with the Manuka Oval that it is imbedded in the neighbourhood and it doesn't have a great deal of parking facility around it. Because it is so close to the neighbourhood, you would probably enter World War III if, in the long-term, you ever wanted to put up television quality high mast lighting at Manuka for night sports. That is the reason the government is not prepared to give up on Phillip Oval as a venue, even though we could have

accepted a few million dollars and just walked away from it.

MR SESELJA: Are there plans at this stage to roll the Manuka Oval Trust into the Stadiums Authority? What is the status of that?

Mr Quinlan: There's no formal plan of that; we have been in some discussions. We've had some discussions about what's the most effective way to deliver the playing surfaces, which are the most important. To be perfectly frank, I'd be happy for responsibility for Manuka Oval to go to the Stadiums Authority, if that's the way the trust wanted it, except for the fact that I don't want to be responsible for preparing cricket wickets, or responsible for the outcome of the cricket grand final or something because there was a green top or something. Obviously we do want the cricket fraternity and the football fraternity involved in some way on a premier venue for local sport. Manuka is, more than Canberra Stadium, the premier venue for oval sports in the territory and those users should be involved in some way or other. I've certainly had discussions but there's no concrete decision as to what relationship we might have between the trust, as it is now, and the Stadiums Authority.

MR SESELJA: So is it possible then from what you're saying that part of the trust could be rolled into the Stadiums Authority?

Mr Quinlan: It's possible that they could join a joint agreement on maintenance but still have control over bookings and whatever. It's a possibility but, at this stage, it is a matter under active consideration, I guess.

MR SESELJA: But the preference is to, if possible, bring it into the Stadiums Authority, or at least part of it?

Mr Quinlan: No, at this stage I would wait and take advice on that because, like I said I'm no expert on cricket wickets—although, I did take five the last time I played at Manuka!

MR SESELJA: How long ago?

Mr Quinlan: Last year.

MR SESELJA: Last year against the media?

Mr Quinlan: Yes.

MR SMYTH: Minister, you said earlier, and I think you might have had your Treasury hat on, when we were talking more about infrastructure at large, that a number of our schools have less than 20 per cent occupancy but had to have 100 per cent of the building open for OH&S reasons. Is that an indication the government is considering closing some of the smaller schools?

Mr Quinlan: You'd have to ask the education minister.

MR SMYTH: Right.

Mr Quinlan: I mean, I was really saying there's a whole lot of infrastructure questions that you're going to have to ask various ministers and in fact Treasury doesn't embrace the management of physical resources such as schools, et cetera.

MR SMYTH: But school closures are not on the agenda, are they?

Mr Quinlan: You'll have to ask the education minister.

THE CHAIR: I read that in the paper yesterday or heard it on the news.

MR SMYTH: That they are on the agenda, or?

THE CHAIR: No, that they're not.

MR SMYTH: Right.

Mr Quinlan: There you go, it's in the paper; it must be right!

MR SMYTH: It's in the paper.

THE CHAIR: Yes, it must be right.

MR MULCAHY: I have a broad question in relation to your department and it's influenced by the March quarter reports on performance reporting. It talks about the retail moratorium being lifted during the September quarter 2004-05. Can you indicate what consultation occurred on it, and what the response has been from both retailers and consumers, and any other effects it's having on the ACT economy?

Mr Keogh: My recollection is the retail moratorium was lifted in 2003. I don't know what's in that report. I mean it's a planning issue, but it was a recommendation in the white paper that the retail moratorium be lifted.

MR MULCAHY: Can you provide any more information, in terms of reaction to that change of policy?

Mr Keogh: If you recall, the retail moratorium was brought in, I think, in 1997 or 1998. Woden had a major development already on the drawing board so it wasn't affected. The Canberra Centre also had a major development on the drawing board so it wasn't affected. It ended up that the only major shopping centre that was affected by the retail moratorium was Belconnen, and it didn't seem reasonable in the context. There was no indication that preventing the Belconnen shopping centre from expanding, where the others had expanded because they got under the net, would have any major effect on the local shopping centres, so it was lifted at the time of the economic white paper.

MR MULCAHY: So subject to the normal plan there are really no constraints on them, now, in terms of expansion of those centres?

Mr Keogh: There isn't a retail moratorium anymore but there is the normal planning process that you have to go through.

MR MULCAHY: Okay.

THE CHAIR: Mr Keogh, for the benefit of the committee, can you explain what the retail moratorium entailed?

Mr Keogh: It was a Carnell government initiative at the time. I think at the same time there were some limitations placed on the trading hours at Woolworth's and Coles and various supermarkets. They had to close at 10 o'clock rather than being allowed to trade to midnight. Under the moratorium, there was to be no expansion of the major town centre shopping centres. However, as I said, Woden and the Canberra Centre already had approval for major expansion prior to the moratorium coming in. I think Tuggeranong had also done or was in the process of doing some major expansion at the time. The effect was that Belconnen, who hadn't got their plans in on time, wasn't allowed to expand when the others were expanding. It basically wasn't working.

THE CHAIR: Rather than go to output class 1 now I suggest we go to the lunch break and do the output classes after lunch. Thank you for your attendance.

Meeting adjourned from 12.17 to 2.04 pm.

THE CHAIR: Welcome back, minister and officials. I think we are now on to output class 1. So we will start with BusinessACT, 1.1. Questions?

DR FOSKEY: I note that the budget for BusinessACT, on page 77, in 2005-06 is \$22.5 million compared to \$26.25 million in 2004-05. Could you please let me know where savings are planned and the impact that this is likely to have on the services provided by BusinessACT?

Mr Gilbert: Mr Keogh will commence the answer.

Mr Keogh: As was mentioned earlier by Mr Hextell, the 2004-05 estimated outcome is a part-year outcome from 4 November when the administrative arrangements came in, so it's not a full-year effect. Part of the difference is also the \$10 million that was appropriated and spent in this year for the commercialisation fund.

THE CHAIR: Just a moment, Mr Keogh. That is the fire alarm, so we will need to break for a short while.

Short adjournment.

THE CHAIR: We might start that again and hopefully that's the end of the dramatics for the afternoon.

DR FOSKEY: Do you remember my question, Mr Keogh?

Mr Keogh: Yes, I do, and I can answer your question. As Mr Hextell mentioned this morning, the 2004-05 outcome that's shown in budget paper 4 for the Department of Economic Development is the part year from 4 November when the department was created. The previous expenditure by what was then the BusinessACT part of the Chief Minister's Department up until 3 November is in budget paper 4, the appendix. So, if

you were to add those two figures together you would get, approximately—and this is approximately—a \$10 million difference, and that \$10 million difference is due to the fact that the commercialisation fund was funded this year—that's the partnership between the ANU and the MTAA—as a one-off grant, so that's in there. That brings it back to roughly the same figure that's now in there.

DR FOSKEY: And is that a part of the explanation as to why \$3,054,000 was rolled over from 2004-05 to 2005-06?

Mr Keogh: In each year there are rollovers because, as I explained this morning, of the way the knowledge fund is set up. So, depending on what the rollover is each year, there will be a difference. This year the rollover is approximately just over \$3 million. Last year, I think, off the top of my head, it was about \$2.8 million, so obviously the \$2.8 million comes off and the \$3.2 million goes on. So there's a variation of \$400,000, so the rollovers do have an effect, depending on the size of the rollover from year to year.

DR FOSKEY: So that's not a considerable sum, in your opinion, to be rolled over?

Mr Keogh: No, because that's the way the program is established—to pay companies when they achieve milestones.

Mr Quinlan: It is committed but not handed over.

Mr Keogh: It is committed. It is signed up to the company, it is agreed, but then in their contract with us they've got three or four milestones against which they get paid over a 12 to 18-month period.

DR FOSKEY: My next questions are concerned with CREEDA, if other people have got questions about BusinessACT.

MR SESELJA: Mr Keogh mentioned the commercialisation investment fund. Minister, are you able to tell us what is the status of the fund at the moment and what management arrangements have been put in place for the fund?

Mr Keogh: There's an agreement that manages the government's arrangements of the fund. As we mentioned earlier, David Gaul will be chairing the fund. We're currently going through the process with ASIC, the Australian Securities and Investments Commission, to finalise the establishment of the operating structure. There are just a couple more hurdles to get over at the moment. The Deputy Vice Chancellor of the ANU, Professor Lawrence Cram, is the acting chief executive officer of the fund and he's managing the establishment of the legal entity. Once that legal entity is in place, there will be a recruitment process for a full-time chief executive officer and the board will be put in place.

MR SESELJA: What kind of legal entity is it envisaged it will be?

Mr Keogh: It's under the Australian capital ventures limited act, which is both an ACT and a federal act that governs the operation of major capital funds, so there was this federal legislation and late last year the ACT passed the complementary legislation.

MR SESELJA: What kind of arrangements will be in place to prevent any potential conflicts of interest, in particular with ANU being a manager of the fund and possibly a prospective source of deals? What kind of arrangements will be put in place to ensure that there is no conflict or there isn't an apparent conflict?

Mr Keogh: The trustees of the fund will be separate from the ANU. Under the arrangement, each of the parties will nominate trustees. I can get you a copy of that. It's quite a complicated structure. Perhaps it would be better if I just got you a copy of the trust deed, but it will be at arms length from the ANU, although the first port of call for the fund will be trying to get intellectual property out of the ANU.

MR SESELJA: When you say at arms length, the ANU will be on the board, won't it, but it won't be one of the trustees?

Mr Keogh: There will be other parties on the management board as well, but it's probably best to get you a copy of the trust deed to just explain how that works. There are a number of parties. The MTAA obviously have an interest, having put in \$20 million, and we having put in \$10 million.

MR SESELJA: When is it envisaged that the fund will start seeking expressions of interest from businesses?

Mr Keogh: As soon as we've got the structure in place and that will be in the next couple of months I hope.

MR SESELJA: The relationship between this fund and the Canberra business development fund: how will that work? What is the relationship, if any?

Mr Keogh: There's no direct relationship. I'm the government's trustee now on the Canberra business development fund, so with the personnel that are involved there are obviously crossovers. One of the things that I've already raised, both with John Hindmarsh as the other director of the Canberra business development fund and with David Gall in his role in the ANU Connect fund, is the need for us to develop some sort of working relationship. It's my view that in a town or a city the size of Canberra we need more venture capital but we don't need to have funds necessarily competing with each other. Of course, Epicorp is the BITS incubator—they've got a small venture capital fund as well—and David Gall is on the board of Epicorp, so I think there are enough linkages to make sure that we work cooperatively in getting the best deal for emerging technologies.

MR SESELJA: So the two funds won't be competing as such?

Mr Keogh: Obviously they will be competing, because each of them has to get a return for their investors. But at the same time I think there can be an understanding of what market each of them is in, to ensure that companies are getting the best service. It's very early days, with the ANU connect fund having just been established. We have started to have those discussions about the ways the funds can complement each other, but obviously the MTAA and John Hindmarsh will want to get a decent rate of return on their investment, so there will be some competition, but hopefully it will be healthy

competition.

MR SESELJA: And what is the investment from the ACT government for the commercialisation investment fund?

Mr Keogh: The Canberra business development fund?

MR SESELJA: Yes, sorry.

Mr Keogh: The government put in a number of years ago \$2 million and we've just agreed to put in another \$1 million, which is going to be matched by Australian Capital Ventures Limited, John Hindmarsh's group. They'll put another \$1 million into the fund, so there will be another \$2 million going into the fund.

MR SESELJA: So a total of \$3 million in government—

Mr Keogh: Three million from each party at the moment, yes.

DR FOSKEY: Can I move on to CREEDA, please, the Capital Region Enterprise and Employment Development Association, which has been funded by the ACT government to operate three business incubators and has recently gone into administration. I'd appreciate an update of what's happening with CREEDA. Is the government taking any steps to ensure its viability and the continued operation of the incubators?

Mr Gilbert: Dr Foskey, I'll start the answer if I can. We're in discussions with the liquidators of CREEDA to look at how we might approach their current financial situation. There has been a series of meetings. I can't disclose to you the details of those meetings other than to say that we'll be expecting to put a submission to the government on a way forward in the not too distant future—I'm talking here probably weeks, not a month—so it's front of mind for this department and we hope to have it addressed probably within the month.

Mr Quinlan: The objective is to keep it alive and to make sure that it continues to focus on incubation.

DR FOSKEY: Yes, rather than?

Mr Quinlan: Rather than having long-term tenants. We've had experience of some businesses that have just decided that they don't want to grow and they don't want to move anywhere, and they're fairly static. One of the problems with running something like CREEDA is that you put it out there—it's got assets, it's got a cash flow return from its tenants—and you can have a rule saying, "Well, three years and it's about time you moved on, to make room for somebody else," but, in the hiatus between that company moving on and somebody else coming in, you have a gap, you have a decrease in the cash flow, you have a problem for the organisation.

So we're looking for a process whereby business incubation can continue and there'll be sufficient flexibility to make sure that we can still move people through, have them come in, get the mentoring, get the flexible service, get the use of flexible space, so they get in an incubator and then move on and make room for others. So we do need to find ways to

make sure that it's got the capability to open its doors to new business when they're ready, and not have longer-term tenants that are satisfied to stay where they are. This means that we've still got some process problems to go through to ensure that we are still contributing in one way or another, even if it's just providing the base real assets, real property, to allow a process of incubation to continue and to grow.

THE CHAIR: So you're trying to encourage them to leave the nest?

Mr Quinlan: Yes. You can't blame CREEDA, when it wasn't having excess revenues, for not being able to find a way to move or to push them out of the nest, because that would mean one paying tenant less, and that much more strain on revenue. So we've got to find, and we're looking to find, a flexible solution to make sure that there's still a vacancy for candidate businesses at the same time as the overall process remains viable.

DR FOSKEY: Mr Quinlan, I can't remember the number, but there are an enormous number of micro-enterprises in the ACT?

Mr Quinlan: Yes.

Mr Gilbert: There are 17,000

DR FOSKEY: Assuming that this would be the department that would know, are these businesses that tend to be short-lived? Some of them employ people, don't they—they can employ up to 15?

Mr Keogh: A microbusiness is defined as one with five or fewer employees.

DR FOSKEY: I'm just wondering what measures the government takes to support micro-enterprises?

Mr Gilbert: I suppose there are a number of areas. There's the programs area and we start with things like the Canberra Business Advisory Service, which is a free business advice service for companies that are starting up or wishing to expand. I think approximately 75 per cent of their clients tend to be start-up businesses. The balance tends to be businesses going through an early growth phase. They deal with about 1000 clients directly per year. They have a web site and—

THE CHAIR: As the fire alarm is going again, we'll have another adjournment.

Short adjournment.

THE CHAIR: We will resume. Mr Keogh, you were talking about microbusinesses.

Mr Keogh: As I said, there are things like the Canberra Business Advisory Service. Obviously we have our web site with a whole range of information. There is all our licensing information about commonwealth and ACT government licensing and regulatory requirements. You can access over 600 regulatory requirements through the site. We run a series of seminars, both major seminars like the one we had in conjunction with ICAN, where we had Jason Hart, Mark McConnell, and Craig Winkler from

MYOB talking about secrets to successful business. We got about 350 people attending that at the Canberra Theatre. We run a seminar series in town centres; we go out to Tuggeranong and Belconnen, normally in conjunction with AusIndustry, and we take information about programs and services to help businesses. We have a range of grants programs; for example, our business acceleration program can be accessed by businesses that are looking to grow. They can do strategic planning, market planning—those sort of things—and then obviously microbusinesses can also access the larger programs if they're ready to export, or, if they've got a product or service that they want to commercialise, they can access the knowledge fund. So there's a whole range of things in that area. In addition, of course, we now have a small business commissioner, to build on our record of being small business friendly.

DR FOSKEY: More on that one later. What is BusinessACT doing, if anything, to promote family-friendly work solutions and workplaces that support people with caring responsibilities?

Mr Gilbert: You're talking about the employment framework within the department, or—

DR FOSKEY: No, really, it's more with these kinds of clients—when you talk to people about running their businesses, just including it.

Mr Gilbert: Well let's take a hypothetical. Say you wanted to turn that into a business, as some people have, not necessarily in that area you've mentioned. At 220 Northbourne Avenue, where we are, there is CanBAS, which is a one-stop shop for someone wanting to start a business. They start there and then they work their way through that into the nine other programs that BusinessACT offers and that are tailored to any particular business in Canberra irrespective of size.

DR FOSKEY: So that includes teaching them about how to have family-friendly workplaces?

Mr Gilbert: Absolutely. I don't think it necessarily teaches them about that, but it certainly teaches them how to start a business if you wanted to have a business around that.

Mr Keogh: If I could just add to that: one of the things that CanBAS does with their start-up business seminars is get people to address all the issues that they'll need to look at before starting a business, and one of them is the likely effect on family, and whether or not the family is going to be supported, because, if you're starting a small business and you don't have the support of your family, you're probably not going to succeed in that small business. So there are a whole range of issues, and they range from do you have enough cash, is your product going to be sold in market, through to the social side of the issues, dealing with being a small business: are you going to be able to put in the hours, do you have family support—those sorts of issues. So it's not just about the business model; it's about all the issues that go with running a business.

DR FOSKEY: Okay. Action 37 in the economic white paper states:

The ACT Government will commission a feasibility study to examine issues around

the establishment of shared work-based childcare centres in the ACT. Following completion of the feasibility study, the ACT Government envisages a trial of one or more co-located childcare centres involving government and private sector employers.

I can't see any budget initiatives, however, in this or the last budget, related to this action, so I'd just like to know if there has been any progress and when the government is planning to undertake the promised study.

Mr Keogh: All the actions in the economic white paper don't belong to us; we're not responsible for delivering them, although we're responsible for monitoring them. That particular action is the responsibility of the Chief Minister's Department. I can get an update of where they're at. I think they had started the feasibility study, but I don't know enough details, so, if you like, we'll ask them and come back to you.

THE CHAIR: Which particular area of the Chief Minister's Department does it fall under, Mr Keogh?

Mr Keogh: Within the labour policy area.

DR FOSKEY: Okay. I'd appreciate the update, Mr Keogh.

MR SMYTH: Do you want an update on what has happened with the fire alarm? A motor burnt out in the basement, probably in the lift room. There is smoke in the basement, which the fire brigade is now venting, so they're letting people back in the building, but don't use the lifts.

THE CHAIR: We might move on to the next output class; the Small Business Commissioner, because I know there are a few questions in that area, and I'll start with Ms Porter. Welcome, Professor Schaper.

MS PORTER: Thank you, Chair. Minister, page 75 of budget paper No 4 mentions the strategic operational issues to be pursued in 2005-06. One issue to be pursued is supporting the work of the Small Business Commissioner. It states: "The Small Business Commission has set out a number of operational goals for 2005-06 including the development of Customer Service Charters for government agencies and establishment of a small business dispute mediation service." Could we have a little bit more of an explanation about the planned initiatives?

Mr Quinlan: If I can cut straight to Professor Schaper, he could let you know.

Dr Schaper: Development of public service charters is obviously one of the legislative functions of the Small Business Commissioner, along with a number of other activities. We have already gone a fair way down the path towards developing a prototype for that. In fact, we have recently sent out correspondence to heads of each of the major departments and a number of critical agencies, key agencies asking them to start the process of developing charters within each of their own bodies. We have also sent that information out to the small business community and to a number of our stakeholders. Member of the Legislative Assembly will also shortly be receiving a letter from me outlining that in more detail.

MS PORTER: And the dispute mediation service?

Dr Schaper: The dispute mediation service was not only one of the key objectives of the Small Business Commissioner, but also, in fact, if you look at our template, which was the Victorian small business commissioner, it has indeed been one of the most important services that the commissioner role there has provided.

That will take a little further to develop. At the moment we are preparing a discussion paper that looks at what dispute resolution mechanisms exist in the territory, both legal and alternative dispute resolution mechanisms. I hope to have a discussion paper out in the community shortly, within a couple of months. Those two key events will be, as it were, leapfrogging throughout the course of the year in terms of their development.

MR MULCAHY: Good afternoon, Professor Schaper. Just as an expansion, and you may have felt you covered it with Mrs Porter's question: your work program for the year, would you care to elaborate a little bit on what is envisaged?

Dr Schaper: Certainly. I mentioned two of them, the dispute resolution and also public service charters. I have spelt out probably five key areas that I think the commissioner needs to do in the first foundation year. Those are two of them, not only because they are mandated by the relevant legislation, but also because they are important.

The other areas that I think are equally important include the ongoing process of regulatory review and reform, and that is a much more long-term one, but also an especially critical one. There is also consultation with the small business sector. It is important that the commissioner's role be seen not only as being a conduit to government, but also as being reflective of what the small business community wants. I have only been in the position for approximately 10 weeks, but during that time I have spent a large chunk of my time consulting with the different stakeholder groups. The other one, the final one, is the more open-ended one of policy and new ideas, new suggestions and new policy avenues that we can explore as a government, as a territory, about developing an enterprise culture in the territory.

MR MULCAHY: Just in terms of the regulatory review function, will that be a formal role? There used to be an office of regulatory review in the commonwealth. I do not know whether it is still going. Do you see a role eventually where you will actually look at the impact on small business or regulation, or is it going to be a selective process, do you think?

Dr Schaper: Given the limited resources, it is not going to be possible to look at every piece of legislation. Clearly there is a hierarchy in that some things have a much more obvious impact and others have a far more removed impact. Negotiations are under way at the moment with both the Chief Minister's office and my own minister's office in regard to having input into submissions and also the opportunity to comment on things that are not only in the pipeline, so to speak, but also already in operation.

MR MULCAHY: Your staffing levels—I know the budget is pretty small. I think it is 214 to 340 that are envisaged.

Dr Schaper: That is correct.

MR MULCAHY: In percentage terms, it is quite an increase. What sort of staff do you expect to have within the budget allocation?

Dr Schaper: The staffing limitation is small, but it is enough to work with. At the moment I have got four people working with me, all of them on a contract basis. The budget allocation, next year's vote will be basically enough to maintain me, as well as two full-time ongoing permanent officers. That will be sufficient for what we want to do. I am not trying to reinvent the wheel here. We have developed quite a close working relationship with the Department of Economic Development and Business ACT, so there is not an ongoing need at this stage.

MR MULCAHY: So you are actually losing a staff member, are you?

Dr Schaper: No. Some of those have been employed on a short-term basis to investigate some of those issues. I made a decision that I wanted to get the ball rolling on those areas fairly soon, rather than wait for too long. So I employed a number of people on short-term contracts.

MR MULCAHY: You said you would be consulting with small business, and I have heard of meetings that have occurred, which is terrific. But if, say, small business sectors have issues either with, say, regulation or the application of regulations, say, enforcement policies, would that be an area that you would become involved with in taking concerns to government, or is that outside of your brief, do you think?

Dr Schaper: We have already conducted about a dozen investigations on behalf of individual firms that have contacted us. They ranged from those that simply do not know who they should be talking to right through to those that have been bogged down for months on end and simply needed someone to give them a little bit of a kick along, right through to a number of cases that we are still investigating—so I cannot provide more detail—that indicate perhaps more systemic regulatory issues that we then need to take a look at.

MR MULCAHY: So you would take that up, say, with the minister or another minister, or is that within your range of authority?

Dr Schaper: What we would envisage with small businesses that contact us is, first of all, making them aware of what is available within the public sector already in terms of what are the proper avenues for redress if there is a grievance. As I mentioned before, when the small business service charters come into effect, then that will also provide an avenue for firms to have it spelt out quite clearly what they can do. If that is not sufficient, then our office, it is envisaged, will play a role in indicating to firms where they can go next, depending on what the nature of their complaint or their query is.

MR MULCAHY: So it is probably more of a signpost or referral office, rather than stepping into the battle?

Mr Gilbert: It is. May I add to Michael's answer here, Mr Mulcahy? This morning I also outlined five new areas of work that the Canberra Partnership Board is looking at

in terms its composition and the advice it gives to the government. One of those areas is, in fact, the issue of investment climate here in Canberra, so that we do maintain our number one ranking as being the preferred place to invest.

Now, to the extent that there is a whole raft of policies coming out of government, federal and state, the department will be monitoring the effect of those in relation to our standing as a business-friendly location. It will be coming up on his radar from the small business community; equally it will be coming up to us from the small business community. That is one area of work the department will be setting up to benchmark as well, so that we can actually benchmark where we are sitting at any particular time within the overall operating environment that a firm in Canberra has to work with.

MR MULCAHY: So if Professor Schaper received a lot of concerns from businesses about the impact of new industrial regulations, industrial relations laws or the application of WorkCover's policies, he will be an appropriate person to receive those and then convey them to government? That is envisaged to be part of its role?

Mr Gilbert: We have also had some issues come in through the normal channels to government, which we have referred to the Small Business Commissioner.

MR MULCAHY: Okay. Two-way.

Mr Gilbert: We are one floor apart.

Mr Quinlan: Dr Schaper and I have agreed to meet on a monthly basis so that the atmospherics, any underlying problems can be communicated directly.

MR MULCAHY: Just the last question, minister. The mediation service, is that government to business, business-to-business, consumer to business? Is your role more clearly defined on that?

Mr Quinlan: It is pretty well all of the above. It is going to be mainly refereeing business-to-business. We do not envisage that the Small Business Commissioner will become a conduit if, in fact, there has been a public debate, say, on an occ health and safety issue, or legislation, say, industrial manslaughter. We do not anticipate that the commissioner will automatically be an avenue to just repeat objections to because there is a philosophical difference between the way the government sees it and the way some businesses see it. When that debate first emerged, it became obvious that there is a need to communicate. We went through the process. Business ACT set up a process of seminars where many people had their fears assuaged. So if it comes up that there needs to be communication, there needs to be a clarification, there needs to be a forum, then we will take it from there.

MR MULCAHY: The mediation issue would be primarily, did I hear you say, business to business?

Dr Schaper: Yes.

MR MULCAHY: To avoid it escalating into litigation, I assume, primarily?

Dr Schaper: Yes. The primary benefit of a mediation service is to provide small business owners with certainty, more than necessarily the full formal gamut of remedy in the sense that, for most small business owners, a dispute can be protracted and it can be costly. If we can offer them something that allows them to resolve it relatively quickly and gives them certainty so that the issue is dealt with and they can move on, that helps build the environment.

DR FOSKEY: I was interested in the amount allocated in the budget for 2004-05. The estimated cost was \$214,000 compared with \$346,000 for a full year in this next financial year. As I look at that, that means that the cost of the commissioner for four months, based on the full-year cost, would be \$115,333, which is almost half the amount of estimated expenditure this year. Just explain to me how that cost is—

Mr Gilbert: Dr Foskey, as you know, the number in the left-hand side in the 2004-05 column is simply as an effect of the AAO. The 214 reflects that. The 346 is the actual amount of money that will be spent on the Small Business Commissioner's office. You will see there that there is no reduction in the 346 between the 2005-06 total cost and the government payment for outputs. That is, there is no share in here for the overheads of the department. That is the number. If, throughout the course of the year, we find that the work of the Small Business Commissioner is such that it requires additional resourcing, then we will consider that on its merits at that time. But in this trade-up period, as Michael indicated, he has had his feet under the desk now for about 10 weeks or so, maybe even a bit less, seven weeks. Let us see what the workflow is and we will review those resources on that basis.

DR FOSKEY: Are they full-time equivalent positions that you have currently got, the four people working with you?

Dr Schaper: The 346 vote for next year will be enough to cover three full-time staff, including two others and me.

Mr Gilbert: We will monitor it, Dr Foskey.

THE CHAIR: We will move on to the next area, which is tourism. There is a variance between the lists. The next output class is 1.3, tourism. We may as well deal with the Australian Capital Tourism Corporation at the same time. We will move on to you Mr MacDiarmid.

MR MULCAHY: In budget paper No 4, page 77, I do not know if there is a typographical error here or not, but it shows an increase, it appears, from \$11.9 million to \$17.6 million, which I do not think has happened. The equivalent item in the ACT city budget shows a reduction from \$18.5 million to \$17.6 million in budget paper No 4. Is there something I am overlooking there, minister?

Mr Gilbert: I will open the answer, Mr Mulcahy. The 11.882 is simply again that issue of the effect of the admin orders. That is what that one is.

MR MULCAHY: I am sorry. I should note that. You have said it four times already.

Mr Gilbert: The two columns to look at there, from the left it is the total cost, the

17.558, and the final column, which is 17.558 again. That is the answer to the first part of your question. It is simply the effect of the AAO.

MR MULCAHY: Yes, you have said that to me. Directly to the point of the budget, though, minister, why have you reduced spending in an area that is probably considered as a job creator, as you said earlier? It is fairly important in the economic mix of employing Canberrans. Why have you elected in this area to make reductions in spending?

Mr Quinlan: We have elected to apply productivity premium across the whole board, so everybody gets that. Within tourism, they are fortunate to have some cash carryover anyway, so they are probably—they are—in as good a position next year as they are this year. Beyond that the bids are open, but at this point, because we are insisting upon efficiency gains, we are taking it across the board. Simple as!

MR MULCAHY: You have said publicly that there is a spare million lying in cash or something within the commission. Can you just point us to where in the documents, in the budget papers, that is reflected?

Mr MacDiarmid: It is actually in the balance sheet. If you look at the current assets and current liabilities, you will see that there is a surplus there of about \$1.336 million, and that is the cash surplus we will be carrying forward into the next financial year with a small carryover into 2006-07.

MR MULCAHY: So you are actually not going to have any impact of reductions in outlays that the Treasurer referred to?

Mr MacDiarmid: Not in terms of our program activity, no.

MR MULCAHY: In terms of the study that I think came up early today that is being undertaken by Access Economics looking at the values, and I am aware that the Productivity Commission has, I think, significantly downgraded the value of tourism from their point of view, can you give us a little information on the scope of the study, the brief? How long is this going to be ongoing? When might we see results published?

Mr MacDiarmid: The Access Economics study has been completed. At this stage we have not made it public, but it is on the record as indicating the size of the contribution being made to the ACT economy, as well as the number of jobs that it employs. There is no doubt Access Economics are probably the leading economic organisation in the area of tourism, doing work on behalf of a lot of states and territories. They take a conservative position and we are confident that that is the sort of value that is being added to the ACT economy from tourism.

MR MULCAHY: I do not have any more in that area. I have got other issues on marketing, which I might come back to after we have gone further.

MR SMYTH: Can I just go back to the numbers?

THE CHAIR: Yes, briefly.

MR SMYTH: Treasurer, on the night of the budget at the Telstra theatre at the war memorial you said that there was not a reduction, that there was \$1million coming from cash. If you look at the balance sheet, the cash actually goes up. It goes from \$1.3 million estimated outcome this year to \$1.6 million to \$1.8 million. If you are spending \$1million to cover the reduction of \$1million, should not the cash go down?

Mr Quinlan: It should do. I imagine that there may be some timing differences in that, but they have the capacity to do so.

Mr MacDiarmid: There are two issues, Mr Smyth. One is that we carry forward a cash surplus, which we have already identified, into 2005-06 and into 2006-07, in 2006-07 around about \$300,000. It is our expectation that in the next two to three years we will start to generate outside government revenue from private sector cooperative activity and so on. So that starts to actually provide a revenue stream that makes up the difference.

MR SMYTH: So in 2006-07 it will go up \$300,000 did you say?

Mr MacDiarmid: In terms of a cash contribution from the cash surplus carrying forward, yes.

MR SMYTH: So where does the \$1 million actually come from? It does not seem like \$1 million is being spent here, yet the cash continues to grow. You cannot spend it and grow it.

Mr MacDiarmid: We reflect the cash surplus in our balance sheet position. We do not reflect the cash surplus into the operating statements. We had not, at the stage of actually finalising the budget, had board approval to utilise the cash funds in the next financial year. So the balance sheet reflects cash carrying forward over a period of years. In fact, in reality our operating statement, if we were redefining it now, would incorporate the extra cash we would carry forward.

MR SMYTH: So at this stage there is a decrease of \$931,000 and it is up to the board whether or not they will release the \$1million or the \$931,000 to cover that loss?

Mr MacDiarmid: The board have already made the decision since the time of the budget being finalised that they will see the cash being utilised in 2005-06 and 2006-07.

THE CHAIR: Minister, I note that recently the federal minister for tourism, Fran Bailey, has actually made some rather derogatory comments about the level of funding for tourism here in the ACT. Can you or Mr MacDiarmid possibly give me an idea as to how much the ACT will be spending on tourism per capita and how that contrasts and compares with the federal level per capita of spending?

Mr Quinlan: I will have a crack at that. Certainly the incoming tourism minister—

MR SMYTH: You said you were going to have a crack, and we would appreciate that, but I am wondering whether you will actually answer the question.

THE CHAIR: Order!

Mr Quinlan: The incoming minister certainly made some very condescending remarks after a tourism breakfast. She did not actually make them in a speech. The speech was, I think, quite reasonable. But when she went to the immediate interviews that followed, she made what were very ill-informed comments and lot of statements along the lines of; “This territory’s blessed with a number of assets and we’re not leveraging off them at all.” Without naming anybody, or respecting privacy, at least, one CEO of one of the major national attractions did not take kindly to the comments that were made. I have actually made some response at at least one function since.

We came off a minister, Joe Hockey, who used to think that he was the only guy that ever had any good ideas. He gave us some gratuitous advice, totally ill informed, from time to time. I am hoping that, as time goes by, the federal minister will be a little bit better informed, at least in the comments that she makes.

On the league table in terms of per capita expenditure, quite obviously we cannot spend the money that New South Wales or Victoria spends in gross terms. But on the league table, we sit at number three. The Northern Territory spends a huge amount on tourism per capita at \$189. Tasmania runs second at \$72 and we come in third at \$57 per capita. South Australia is next and they spend about half what we spend per capita. So we are well up at the top end of the scale in terms of what we invest in tourism, given our relative size. It is a bit difficult to discern exactly what the federal government does spend, but I think the last figures I saw were something in the order of \$400. The budget estimate was \$53, which is, of course, a whole lot less per capita than most of the states spend on tourism, although we do get told in that condescending manner what we ought to be doing.

It is hard to tell because a number of the major attractions also spend money on promotion. So you will have the war memorial spending money, and I am pretty sure that that is not counted in the commonwealth money. Certainly I think you would have to say, at least on the relative measure, that this territory makes far more than the average effort in terms of contribution to tourism promotion. Unfortunately, we are small.

THE CHAIR: Would you be able to provide a copy of the ranked order of the spending per capita for the states? I would be interested in having a look at that.

Mr Quinlan: Yes, certainly. It is an ABS statistic.

MR MULCAHY: Given that you are promoting that level of spending, minister, why do you reckon we are not doing so well in terms of our visitor numbers, relative to other jurisdictions?

Mr Quinlan: Mr MacDiarmid is far more expert in this than I am, but I note that in recent times our occupation rates, say, for April last, are up to 77 per cent over 68 per cent the previous year. The yield, even better, is up \$125 over \$115. So we do have peaks and troughs.

If you look at our expenditures and our tourism figures over a number of years, there are peaks and troughs. You can just about give a name to every one of those peaks. It will be an event, one of the blockbusters that the national gallery used to do, and I do not think we are going to get those the way we used to. I think there is a new philosophy from the

commonwealth that the large institutions will take their product to the people, as opposed to attracting the people to their home exhibition. It could be masters games or a Rugby world cup. Each of those peaks just about can have a name. The line of best fit has us performing at around about our average, actually. As at last December, the figures are up a bit and there are indications that the figures are improving in more recent times.

MR MULCAHY: But it is nowhere near enough, is it, to warrant the level of capital investment, particularly in accommodation, that you need to really make this a strong, vibrant tourism industry? These peaks and troughs are the key to addressing those, are they not? Is that not the key to getting your tourism industry into better shape to deal with the troughs?

Mr Quinlan: Yes, I do believe that if the accommodation industry pulled its finger out and invested and there was grossed up investment, then in both the infrastructure of the hotels and other accommodation sector—and some of them do promote; they have their own chain promotions and whatever.

MR MULCAHY: I think they spend more than you do on promotion, do they not, the major hotel chains?

Mr Quinlan: In Canberra?

MR MULCAHY: Yes. I think that is the case.

Mr Quinlan: I would have to take advice on that. I have not seen it.

MR MULCAHY: You say they need to get their finger out and spend some money. Surely it is a matter of economics that, if their occupancy or return or yield is at a level \$125, which is pretty low by Australian standards—

Mr Quinlan: I do not think so. I think it is good by Australian standards.

MR MULCAHY: I suggest you have a look at the Sydney data. Do you expect it's not a fact of life that people are going to want to see stronger tourism numbers to justify investment in the product?

Mr MacDiarmid: I think we need to go back and reflect on where we started from, remembering that it's really only been 18 months since we started the campaign. There was some money spent prior to that but, quite frankly, it was not in a particularly coordinated or organised way.

From the position where we were 18 months ago, when awareness levels were as low as five per cent, we can demonstrate that not only have awareness levels risen significantly, but preference to travel has also. Preference to travel in the ACT is the first or next step before conversion.

We are not dealing just with low levels of awareness, we are also dealing with negative perceptions. The thing we probably want to emphasise is that this is a long-term program to try to address the negative perceptions and raise levels of awareness. We believe that the sort of funding we have, which the minister mentioned, is sufficient to be able to start

to address some of that negative perception and raise the awareness.

At the moment we are about to embark on an exercise to look quite critically at, and have someone like Access look across, the analysis we will do. That will give people a sense of the next three to five years. So there is some chance that those who may want to make an investment have a chance to look and see, on the assumptions we use, whether in fact, with the growth we identify—which we are anticipating—that justifies an investment.

We are only just starting, and I think it is important to understand that. For many years, as a destination, Canberra and certainly the region has not been marketed. I probably need to emphasise that as well.

We are not just talking here about the ACT. Our research indicates, not just internationally but domestically, that the combination of the ACT and region provides a real attraction to people. That is the justification as to why we have invested the money we have in project SCAN.

We have only just started. We're seeing some significant increases in awareness levels, particularly in the demographic or psychographic sectors that we're targeting in Sydney, Adelaide and Brisbane. Subject to the externality, which nobody predicted, which was the effect of Jetstar in the marketplace in the first half of this financial year, I think we are starting to see the effect of some of that campaign activity.

Perhaps I could quote some statistics. Adelaide is a marketplace we probably hadn't thought too much about going into but, after having a conversation with Virgin and agreeing on a partnership arrangement, since August 2003 we have seen a 48 per cent increase in passenger numbers. In Brisbane, since August 2003, we have seen a 14 per cent increase in passenger numbers. They are markets we have recently gone into for the first time ever, and I think we're starting to see the effects.

There's no doubt that we are very vulnerable to shocks to Sydney. The Jetstar effect was particularly hard felt with our Sydney and regional New South Wales drive market. I think we need to be in there for the long haul. Those sorts of externalities will work their way through and, over the next three to five years, we will see the effect of the campaign activity, which has just started.

MR MULCAHY: Yes. I am aware that every advertising agency I've ever been involved with that has presented a case for spending money will always measure their performance in awareness terms. That's long been a biblical rule in the advertising industry, but the real trick is in fact converting awareness into action, as I'm sure you understand.

Firstly, you have said that, for 18 months, this is the direction you're going in. I'm wondering when we're going to see a significant impact, or are we going to be waiting some years if it's long term? How long is "long term"?

Secondly, in relation to the traffic numbers, how much of this is leisure or tourism traffic, as opposed to defence traffic, between here and Adelaide and between here and Queensland? Do you have any data from Virgin? Can they provide you with that, or not?

Mr MacDiarmid: They don't provide us with the information, so we went out and got it ourselves. In the Adelaide market, for example, we had people at the airport surveying for a period of three to four weeks. I can't quite recall the statistics but they identified that a substantial increase in passenger numbers was coming from leisure, and particularly those who are here visiting friends and relatives. I think that addresses the first part of your question.

MR SMYTH: Can you provide those statistics?

Mr MacDiarmid: Yes, absolutely. As to the first part of your question, yes, you're right. I guess we've all worked with agencies that will talk about awareness levels and then you move to the issue of prompted versus unprompted.

The thing that's really important to us that we will look at—and it's in our statement of intent as a measure—is preference to travel here. That's a different analysis that simply says, "I've seen the awareness levels and I've now got a different, or more positive, impression. I will look to travel to Canberra as a result of the information having been provided."

Just to give you an indication, in the survey work we've done through Roy Morgan recently the campaign had a substantial impact in changing opinion about Canberra. We've seen that 54 per cent of people surveyed in those demographic categories—visible achiever, look at me, socially aware, and traditional family—are happy to provide you with the characteristics that best describe those segments. Fifty-four per cent of people surveyed in those categories were now more positive about Canberra. Not only were they more positive but 63 per cent would also consider Canberra as a holiday destination to visit, as a result of the activity we've been involved in.

MR MULCAHY: Have Qantas provided you with data reflecting growth in leisure visitors to the ACT market?

Mr MacDiarmid: No, they don't provide that. We therefore rely very much on the Bureau of Tourism Research or Tourism Australia's research data. We continue to try to get the information. It's going to rely probably as much on us going out and doing the sort of survey work we did for Adelaide in other places from the Qantas terminal.

MR MULCAHY: Mr Byron would have access to airport movement data.

Mr MacDiarmid: He does. We now have statistics and can show in graph form the significant increase in passenger numbers out of Brisbane and Adelaide. We are even seeing Melbourne grow. That is absolutely about business travel, no doubt, because we've done nothing in that market at all. You can also see a decline in the Sydney market as a result of Virgin moving out.

MS PORTER: Minister, Mr MacDiarmid was mentioning Brisbane and Adelaide in particular and I have a question about that. I noticed in the accountability indicators some indication of the kind of low response rate that you had anticipated in the past from those particular areas. Obviously there's some work being done, but you're talking about an increase in those numbers.

I'm wondering what strategies we are utilising that have been so successful in increasing the numbers in those areas, apart from perhaps encouraging them to have relatives and friends here so they can visit them, as you were mentioning. I must say I have a number of friends in Adelaide who regularly visit. Is it a television campaign or a multimedia campaign?

Mr MacDiarmid: It's a combination. We've used the model now in Brisbane that we used in Adelaide. We start off with a teasing advertising campaign and we then do a major launch. In the case of Adelaide it was in Rundle Mall, where we occupied a space. Prior to that we had a media lunch and we ran a radio campaign encouraging people to come down to Rundle Mall to have a look at the expo we were running there. We also had an eight-page supplement in the *Adelaide Advertiser*. Then we had a very intensive television campaign in Adelaide.

We've used exactly the same methodology in the case of Brisbane. We've been to Perth for the first time, but we used a tactical campaign. What I mean by that is that the campaign style was very much a bit sort of negative, asking, "Why would you want to go to Canberra?" That's the first teaser, if you like, which gets into people's heads. We follow it up with the broad positioning. We've recently developed two 30-second tactical ads that we're using in all markets, including Sydney and regional New South Wales, as we speak. That combination of activity has worked very well for us.

MS PORTER: With Brisbane, is the winter warmth one to try and get them to leave the sun and come down here?

Mr MacDiarmid: No.

MS PORTER: I've just realised I've got relatives in Brisbane too, but they're not very keen to leave the warmth then.

MR MULCAHY: They don't believe the advertising!

Mr MacDiarmid: The good news is that we've been working very closely with the Snowy Mountains, Thredbo, Perisher, and Mt Selwyn. We've put snow packages together. We're also doing it with the Canberra international airport and with Virgin. People are encouraged to come down to the snow and have a stopover in Canberra. We've got packages to that effect.

To get people to come down here in the dead of winter and just do Canberra I think could be quite challenging, but if you combine it with the snow experience I think we've got a really great chance of getting people to come and stay here.

If we can progressively build over time exhibitions, as Victoria did last year, through the institutions that attract people in their own right and then a combination of particular exhibitions running in a number of different galleries through winter, combined with the snow experience, we'll get people from Brisbane.

MS PORTER: On page 417 of budget paper 4 it mentions a partnership program between Tourism New South Wales and a number of different other bodies, including yours. Is the partnership program you're talking about to do with this particular project,

or is it different?

Mr MacDiarmid: No, it's outside that. That particular program is a combination of funding from Tourism New South Wales, us, the Australian government and the two regional tourism organisations either side.

It has three components. It has a research activity to enable us to understand more deeply the visitor characteristics to each of the different regions; it then looks at product development initiatives that can flow from that; and it finally looks at a marketing campaign. That's over and above the work we're doing with the Snowy Mountains and other areas within the region.

To put that in context, Tourism Snowy Mountains has a budget of \$100,000 a year that, with all due respect, is almost a nonsense. By working with this particular project for the next 18 months to two years Tourism Snowy Mountains, as an example—and the same with capital country—really have a chance to significantly lift the profile of this wonderful region in all of its diversity.

MS PORTER: Minister, I also noticed on the same page, page 417, that we're conducting marketing campaigns to Singapore, Malaysia and New Zealand, with a watching brief over South-East China and India. I wondered why those particular areas had been targeted.

Mr MacDiarmid: China is going to be the fastest growing tourist market to Australia, so we need to make sure we're in there. It's also very complex and very challenging. As other states and territories are finding, we get a significant number of Chinese coming to the ACT already, as part of 165,000 overnight and international visitors.

Singapore and Malaysia are both English-speaking countries. In the case of Singapore, 300,000 visitors come to Australia and we get about one per cent of those; 83 per cent of the 300,000 are repeat visitors, and it's a similar sort of story for Malaysia.

Our hope is to be able to take that one per cent to 10 per cent by presenting the different proposition to them of the nation's capital, along with the region. The research we've done in Singapore, which we did with six focus groups up there, gives us a lot of confidence that we've just got to communicate what we have to offer, both in the ACT and the region, and progressively over time we'll get to see an increased number of visitors coming from Singapore.

It's really a chance for us to focus on one or two specific markets and demonstrate that we can add value. Up until the past 12 months we've only had a budget of about \$200,000—again almost impossible. With the sort of funding we've now got available to us we think we can make a difference. We now have someone based in Singapore. She's working for us three days a week, notionally, but probably more like five days. She is doing an extraordinary job already in just starting to get people to pay attention to the nation's capital. It's not easy. Guess what: the negative perceptions I referred to before in the domestic market are also in Singapore, because friends and relatives say, "Canberra? Why would you want to go there?" So we're dealing with a similar sort of challenge, but we're confident.

We need to be in the international market; there's no doubt about that. It is the fastest growing market in the next 10 to 15 years. It's forecast to grow by about 5.6 per cent, whereas domestic tourism is expected to grow by about one per cent. Our intention is to grow faster than the one per cent, so our market share will grow in the domestic market, but we need to be part of the growing international market. China is large, and India is going to be a big market for Australia as well. The really good news is that, when we bring travel agents down to Canberra from Singapore, Malaysia, India and China, they are blown away by what they get to see and experience here.

MR SESELJA: I'd like to commend the focus on the region; I think that's a good way to go; it is a good direction. We were speaking a bit before about some of the troughs and peaks. In addressing the troughs, I guess part of the answer is events—big events and things—and the minister alluded to those. Are you able to tell us how many staff there are in the events unit and what the budget is for that unit?

Mr MacDiarmid: The total budget for the unit next year is \$5.5 million, including salaries. That includes Floriade, the rally, the Brindabella challenge—a new event that I'll come back to in a moment—as well as the EAP or event assistance program fund. That is grant funding that goes to different applicants for different events staged in the ACT. We have about 11 people employed in that unit.

MR SESELJA: How does that compare around the country with the proportion of planning events out of the tourism corporation? Is that about one-fifth of your staff?

Mr MacDiarmid: We have 55 staff, so yes; it is about that. I want to emphasise that there are not too many tourism organisations—in fact there are no tourism organisations I'm aware of—that have an events unit within them.

Some organisations have substantial finding for those events units. In our case we believe we've got the opportunity, with a focus on events—the Brindabella challenge being a good example—to fill the gap in a year. Our biggest weakness is, in fact, between November and December, and it goes right through into January. We hope to put these events together at a relatively low cost, leveraging off the natural advantage the ACT has. I want to emphasise that as well.

There is a tendency to want to go out and look at events that are, I guess, grand and probably quite expensive to run. If you're not going to be grounded here or below the horizon—that is below the horizon of the states and territories—in the natural advantage of the ACT, the risk is that you'll build it; you'll create it; but then someone else will want to come and try to take it to their region or their location.

The Brindabella challenge is a cycling and adventure-based event that has great potential. We've got the highest level of participation in cycling in the ACT. We have brought all of the cycling community together. It's a weekend event from 2 December to 4 December. For the first time ever there are three different cycling activities—BMX, road racing and mountain biking. We're optimistic that it's going to be a significant event for us.

MR SESELJA: What's the source of funding for the event?

Mr MacDiarmid: The Brindabella challenge is funded by a combination of funding through the ACT government, through ACTC.

MR SESELJA: What's the total amount for this year?

Mr MacDiarmid: Our funding for that event from the ACT government will be \$220,000. The balance of the funding—there is a budget of about \$380,000—will come from sponsorship and corporate support.

MR SESELJA: Is that expected to be funded in the outyears as well?

Mr MacDiarmid: Funding from the ACT is progressively declining. Our view is that, if it gets the support we anticipate, it will start to attract a high level of corporate sponsorship.

Mr Quinlan: All those good guys in the accommodation industry will be in that!

MR SMYTH: How much is set aside for next year? If you've put aside \$220,000 for this year's event, how much has been put aside for next year's event?

Mr MacDiarmid: \$180,000 next year, declining down to about \$150,000 in the third year. We have an event manager employed on this event. He's on a contract to deliver the event. The expectation of the steering committee is that over time, if it's as successful as we believe it can be, it should attract national sponsorship support, as opposed to local support.

MR SESELJA: On another event, has there been a decision made on whether to pursue the former Perth car rally?

Mr Quinlan: We're still in the swim, yes.

MR SESELJA: So no notice has been made; it's something that's still being contemplated?

Mr Quinlan: Yes. We've certainly had some economic evaluations done.

MR SESELJA: And what's that told you?

Mr Quinlan: I haven't read it in detail.

MR SMYTH: Soon?

Mr Quinlan: Yes, soon. We have to make up our minds this week as to whether we apply for it, and what our approach will be. This is an event that is offered to various states and territories. The offer effectively is that we make a bid for CAMS to be our customer, and we take over the role of promotion. That is something you have to take very carefully. CAMS are just working from the presumption, true or otherwise, that they're a very attractive proposition and that someone will jump in. Perth has decided, "No, we're not doing that; we're not paying \$5 million and chasing the further \$5 million or \$6 million in sponsorship that's required as well."

MR SESELJA: Would it be \$5 million for Canberra, or less?

Mr Quinlan: I heard it described by the CAMS representative, when in town for our Subaru rally, that it was a \$10 million event.

MR SESELJA: \$10 million to government?

Mr Quinlan: No. It is a \$10 million event, gross. I reckon that might even be conservative. There's a whole set of expectations, we could say, that applies as to what accommodation and facilities will be provided to facilitate the rally. It's a damned big exercise. The Western Australian government were up for about \$4.5 million net, that they were putting in. They didn't think they were getting any value for it all. We have to take that into account.

We have to take into account the level of interstate visitation we get. We had a very successful rally recently, but it happened to coincide with a long weekend and Anzac Day. The long weekend and Anzac Day were very good for the tourism industry in Canberra. You wouldn't be able to specify exactly what you would attribute to what event and what to the fact that it was a long weekend. It's under consideration and we're looking through it, but you have to watch this space. We have not made a formal decision.

MR SESELJA: Are you able to provide us with the evaluation that was provided to you?

Mr Quinlan: No; not until I've read it; not until I challenge it and evaluate it.

MR SESELJA: So it won't be made public until after you've made a decision.

Mr Quinlan: Yes, if—

MR SESELJA: It will be made public then?

Mr Quinlan: I can't see any major reason why not, but again I'd have to check. It depends on what information has been given us by CAMS and sponsors. It's not just our assessments and punts; it might be other information as well. It might be considered to be commercial-in-confidence by the people involved. I don't know.

MR SESELJA: As to other plans for the events unit, apart from the classic, what else is on the drawing board for the next year?

Mr MacDiarmid: We've notionally looked at, or are proposing to look at, a winter event. We did some work 12 months ago on this, but didn't have the resources in the organisation to try and carry it forward. We work with members of the industry and that's one area we'll look at again. It is a relatively low occupancy period and, if we're able to work again with the national institutions, I think there's a chance for us to create something.

If the institutions themselves were able to build a major blockbuster event, that would be

good news. Then it's a matter of looking at other opportunities, remembering that the events unit has only recently been formed and that a GM has only recently been appointed. It's early days, but we'll be looking at a range of different events, both sporting and cultural.

MR SMYTH: Just on the formation of the events unit, my understanding was that it was a new unit. It was to prospect, to look for, and develop new events. You have said it has 11 staff, but they seem to be the existing staff. Has any new staff gone into the events unit?

Mr MacDiarmid: There are two new positions. We have brought together the rally and the Floriade teams to establish a single events unit. Prior to the establishment of the unit we had two teams operating on their specific events alone. By bringing them together we will get them to work on not just those two events but also other events as well, including the Brindabella Challenge. The two positions are corporate sponsorship manager. That is an important role for us. It is not only about attracting sponsorship to the events themselves; we see ourselves as an organisation having the ability to attract corporate support in the things we do.

MR SMYTH: Floriade used to have how many staff?

Mr MacDiarmid: Floriade had four, four and a half, five staff. They would bring the rest of the people in on a contract basis.

MR SMYTH: And the rally used to have how many staff?

Mr MacDiarmid: The rally had five, six people on the total rally team.

MR SESELJA: One extra for them, is there?

Mr MacDiarmid: No. We have the general manager for the rally. Our events structure is something like a general manager for the tours and events unit. We then have a creative role or entertainment activities co-ordinator. We have an operations team. We have an event development person to look at, as we were talking about before, event development opportunities, and we also have a corporate sponsorship position. There are also people who sit underneath those areas. The intention is to try to reduce the fixed costs associated with running the unit, and try to bring people in on the events as they take place, which is exactly the same model as you see in a private sector environment.

MR SMYTH: In other words, if I have done the numbers right, you have reduced the number of people who are working in events?

Mr MacDiarmid: Yes.

MR SMYTH: How much has it gone down by?

Mr MacDiarmid: By one person.

MR SMYTH: So we have set up a new unit and the first outcome of the new unit is to reduce the number of people working in the unit?

Mr Quinlan: That is effectiveness and efficiency.

Mr MacDiarmid: The economics of this would be that if you were bringing together two organisations that operated in isolation from each other you would be expecting to find some efficiency gains, and at the same time have the opportunity to bring some expertise in—which we have done with the new general manager not only to run that unit but also to identify other opportunities.

MR SMYTH: So, you have a new general manager, you have a new events co-ordinator, you have a corporate fundraiser, so that is three—

THE CHAIR: Mr Smyth, I think you are labouring the point now.

MR SESELJA: I do not think he is, chair. It is a new line of questioning. Every time there is something a little bit uncomfortable you have sought to shut it down.

THE CHAIR: I am not uncomfortable at all, Mr Seselja.

MR SESELJA: He is not labouring it at all. He is trying to get some information.

THE CHAIR: Other people are sitting here. Mr Smyth is not actually a member of this committee, and he is here with the indulgence of the entire committee. Other people are waiting in line.

MR SESELJA: I do not think there has been a long line of questioning.

MR SMYTH: I asked whether I could ask a supplementary on the point.

THE CHAIR: Yes, there has. So, I am suggesting that Mr Smyth has now laboured the point. The question has been answered and I would like to move on. Mr Mulcahy, Ms Porter and Dr Foskey are waiting to ask questions. Mr Mulcahy?

MR MULCAHY: Minister and Mr MacDiarmid, I want to read you a short extract from a publication by Bill Bryson. It goes along the lines:

I glanced at my watch, appalled to realize it was only ten minutes after ten, and ordered another beer, then picked up the notebook and pen and, after a minute's thought, wrote: "Canberra awfully boring place. Beer cold, though."

He goes on:

Then I decided to come up with a new slogan for Canberra. First I wrote: "Canberra—There's Nothing To It!" and then "Canberra—Why Wait For Death?" Then I thought some more and wrote: "Canberra—Gateway To Everywhere Else!"

These fairly uncomplimentary comments, minister, in this book, which I would think Mr MacDiarmid is aware of and which is read widely around the world by young travellers, has been out in the marketplace to my knowledge for five years. This was bought this morning here in Canberra. What are you doing to try to rectify this image amongst international backpackers and international tourists that this is a destination we

should bypass? Have you talked to these authors? Have you talked to the *Lonely Planet* people to try to get a better rating?

Mr MacDiarmid: We have a huge visiting journalist program, both international and domestic, where we bring people to Canberra from around Australia and overseas. So we are constantly trying to address the issue of negative perceptions and negative commentary. The good news from our point of view though, Mr Mulcahy, is that, based on independent research, 99 per cent of the people who visit the ACT have their expectations met or exceeded. So, there are going to be the one or two occasionally who want to give us a hard time—and we know about the journalist situation, which we are also trying to do something about—but to simply focus on the one or two whose expectations were not met would be very difficult for us.

MR MULCAHY: But this is a major publication. You can buy it in every market in the world.

Mr MacDiarmid: Well, we work with Tourism Australia and Tourism New South Wales on this whole visiting journalist program. Even journalists who have a somewhat sceptical view based on their association with our nation's capital, when they come here and see other aspects of the ACT and region, are going away pleasantly surprised. Often, as we can demonstrate through a whole range of articles written about the ACT, Canberra and the region over the past 12 months, they are going away with a very positive view about Canberra. So, we are working on trying to address those negative perceptions. But even if we invited Mr Bryson down to the nation's capital and paid his airfare, it is unlikely we are going to get him to change his mind.

MR MULCAHY: Well, it might be worth a try though, because this and the *Lonely Planet* guides are probably the two most influential publications for young travellers in the world.

DR FOSKEY: The *Lonely Planet* guides, not him. He is a middle-aged person's writer.

Mr MacDiarmid: In the backpacker market we engage the entry points into Australia. Clearly, we do not have the resources to get to the UK, which is a substantial backpacker market. But we have our marketing collateral at entry points into Australia and the backpacker hostels. It is not the standard collateral. It is a new piece of marketing material that talks about the backpacker experience. At the moment we are just finalising a backpacker program for the next 12 months.

MR MULCAHY: I have seen your exhibitions at the show in Sydney and elsewhere, but I am just concerned we are not getting our fair cut of the number of tourists. People have invested in that sort of accommodation in Canberra. I think we ought to be trying to shut down these negative assessments of the city, which I think are relatively unfair and quite dated.

Mr MacDiarmid: Mr Mulcahy, I might be getting on my soapbox here, but if we could get the journalists in Australia, particularly the print journalists, to stop using Canberra to describe bad political decisions, that would be a really good start. That is something we all talk about but do not seem to do much about, but we are doing something about it right now.

Mr Quinlan: It is also the case that the convention bureau is having its top-secret weekends from time to time with convention convenors and operators. I think there is one coming up this weekend or next weekend. So we get out and bring in people and expose them—

MR MULCAHY: Are they not PCOs you are bringing in, professional conference organisers?

Mr Quinlan: Yes.

MR MULCAHY: Not journalists so much?

Mr Quinlan: Well, I think some of them are officers with larger companies. I am saying in addition to that. I do not know if you have rubbed up against journalists long enough—have you—to know that some of them enjoy writing shit like that.

MR MULCAHY: It is not a clever question. It really concerns me because I have had people raise this book regularly. That is why I would love to see it addressed—and a couple of others.

THE CHAIR: Someone should write a letter to Bill Bryson.

Mr Quinlan: Do not think he is not trying.

MR MULCAHY: Okay.

MR SMYTH: Minister, you mentioned the convention bureau. Why did you cut it by \$100,000 this year?

THE CHAIR: No, I am sorry, Ms Porter has the call, Mr Smyth.

MS PORTER: Thank you, chair. An item mentioned on page 417, under strategic and operational issues, is building on the community program, which specifically targets embassies, defence personnel and federal parliamentarians. I am intrigued as to exactly what that is and how it operates?

Mr MacDiarmid: A survey undertaken last year or maybe 18 months ago by the *Canberra Times* indicated that Canberrans do not do a particularly good job of promoting Canberra. That is something we had anticipated to some degree and since then we have done quite comprehensive research of different segments of the ACT market to validate that piece of work undertaken by the *Canberra Times*. This community program was established to—I would not be game enough to say build pride in Canberra—try to build a greater ambassadorial group, a greater sales group. If we go into the markets I described earlier to run a campaign, we are looking for Canberrans as they go interstate and are asked the question “Where are you from?”—instead of putting their hands over their mouths and mumbling “Canberra”—to stand up and say “I am from Canberra and it is a really great place,” the same way people from Brisbane, Sydney, and other parts of Australia do.

By providing information to Canberrans about things they can do in and around the ACT and the region, we have the ability over time to start lifting at least the awareness levels of the terrific tourist attractions we have. We have spoken to the embassies and we will take any new people coming to Canberra on a familiarisation tour. We recently took parliamentarians and parliamentary partners to the Australian War Memorial. They had a program of activities around the war memorial and were delighted. We had some fantastic feedback. Hopefully, you received some information from us recently. We have sent to every parliamentarian what we call “Candid Canberra.” We have also invited them to look at Canberra with a different set of eyes. So, this is all about building awareness amongst Canberrans, and those whom we describe as the influences, about what Canberra and the region has to offer.

MS PORTER: I have spoken to a number of high commissioners and ambassadors since I have been here. Without exception, all of them say that this is one of the finest cities they have ever had the opportunity to visit, to work in and live in, and are very impressed. It is certainly working in that area.

Mr MacDiarmid: That is good.

DR FOSKEY: There is nothing in your highlights for 2005-06, unless you can point it out to me, about arts as a strategic and operational issue to be developed. Nonetheless, the economic white paper, under creative industries, says that there will continue to be support for Arts Capital, and that one of its six key result areas for development is cultural tourism. I am not sure whether I need a definition from you about what you see as cultural, but I was wondering how the corporation works with Arts ACT to develop this area, whether you have consulted with arts organisations on this objective, what are the major components of any developing strategy and has any funding been dedicated to this area?

Mr MacDiarmid: Within the area of product and industry development there is a pool of funding that goes towards supporting the development of a range of different attractions over time. Culture is certainly something we look at. We do work with Arts ACT. I will give you an example, Dr Foskey. This year’s Floriade theme is “Rock’n’roll In Bloom” and we are working with a number of organisations, both national institutions and others, to build a rock and roll trail right through the institutions, be they Canberra-based or national institutions. That is an example of the co-operative activity we are involved in with both the ACT community and the national institutions.

We are also working with a group that has recently been formed around the Music Council of the ACT and looking to support some initiatives that it has planned both this year and right through into 2008. So, we do engage the arts community and obviously national institutions on a regular basis to try to build an awareness of the cultural activities and events we have in Canberra and the region.

DR FOSKEY: We do have a really lively, especially community-based, arts community. I often think that is not appreciated enough even by Canberra people and I think it is an area for development. An area you mention in the highlights—it is dot point 3—is that the corporation will implement product development programs specifically targeting nature-based tourism and development of the national institutions products. We will just leave aside the national institutions at the moment. Could you tell me more about the

nature-based tourism and what stage it is at?

Mr MacDiarmid: We are working at the moment with Environment ACT on a number of activities, including Tidbinbilla, the Cotter precinct and Birragai, to see what we can do, given the fire damage that has been done to the Brindabellas, to try to build an awareness of the Brindabellas and nature-based tourism generally. To give you an example of that, Dr Foskey, we deliberately called the event that I was describing earlier, the Brindabella Challenge, to try to start giving people outside the region a sense of the extraordinary range of mountains to the west of us wherein we could have and build nature-based tourism experiences, be they walking trails or just adventure sports.

We have done some survey work around Australia. It is sad to say that when asked where is the nearest mountain range to Canberra—assuming they know where Canberra is—it is often the Snowy Mountains. Yet we have the most wonderful range of mountains, which I think are comparable to parts of the Blue Mountains, to the west of us. Sure, they are fire ravaged and damaged, and so on, but they will come back. What we need to do is to make sure, when they do come back, we have built a reputation for adventure sports and nature-based tourism within that precinct, and within the ACT and the region.

DR FOSKEY: I think in racing sports, there is a real overemphasis on vehicles in the ACT, and I think that you have spent quite a lot of time talking about that area in my absence. Nonetheless, you are probably well aware that the ACT is well known for having the best mountain bike tracks in Australia?

Mr MacDiarmid: Yes.

DR FOSKEY: Here is an area for development for young people. An area I know well, seeing that I come from there, is East Gippsland. One thing they have just instituted recently has been this huge bike ride, which starts down in Orbost or somewhere like that and goes along the coast, I think, to Bega. There are a lot of different things. They seem quite low-key. You spoke about that?

Mr MacDiarmid: The Brindabella Challenge, Dr Foskey.

DR FOSKEY: Is the Brindabella Challenge cycling?

Mr MacDiarmid: This year's event will be very much around cycling. Three different events rolled into one. It is the first time in Australia it will ever be done. There will be BMX, mountain biking, point-to-point racing—

DR FOSKEY: You do not have to go into it again, because I can catch up with it.

Mr MacDiarmid: And cycling around the ACT, the criterion in Civic as well as around the parliamentary triangle.

DR FOSKEY: Do you work with Pedal Power when you organise those things, or other groups?

Mr MacDiarmid: We brought the entire cycling community, represented by their

associations, together to build this concept. I am delighted to say we are getting support from everybody.

DR FOSKEY: It sounds as though there are good ideas there. I know there are quite a few ideas in the community as well. I do not know if you have had one presented to you that we have had presented to us, which is a nature-based cum historical thing, because the historical heritage is also of great interest.

Mr MacDiarmid: Dr Foskey, we have gone one step further than just working with different interest groups. We have someone within heritage, who is specifically there from a tourism point of view, to help try to identify tourism potential associated with heritage activities that organisation is undertaking.

THE CHAIR: Mr Seselja, you have a follow-on. Just before you ask it though, we are well over time. We will get to it fairly soon. Mr Smyth has some questions. He has given me an undertaking that if the minister keeps the answers short, he will not have a lot of follow-on questions. I am going to keep him to that anyway. Mr Seselja?

MR SESELJA: Given that the events unit is a combination of the Subaru rally and Floriade teams, are you able to tell us, apart from work on those two events, what would be the approximate full-time equivalency capacity for work on other events within the unit?

Mr MacDiarmid: New events, or attracting new?

MR SESELJA: All other events work that is not related to the Subaru rally and Floriade.

Mr MacDiarmid: Sure. I have already mentioned the Brindabella Challenge coming up in December this year.

MR SESELJA: Not looking at specific events. You have five coming from the rally and six from Floriade?

Mr Quinlan: Each of the events is going to have peaks and troughs.

MR SESELJA: Sure.

Mr MacDiarmid: Just to highlight that point, when we do launches in other places—we did launches in places like Sydney, Adelaide and Brisbane recently—we have this team that is responsible for doing the set-up and the management of the whole expo as well. So, they are not just orientated towards events, they are looking at supporting a range of other activities we are involved in. We obviously have a person—and we are hoping with an intern from the University of Canberra—to look at this whole area of event development and attraction, a dedicated person to that area. I suspect over time, once the unit settles down, that the general manager will be spending a fair bit of his time in this area as well.

MR SESELJA: So, am I able to get an estimate of the amount?

Mr MacDiarmid: One full-time person on event development attraction, with one hopefully working with the University of Canberra, one on an internship with us—on a continuous six-month or 12-month basis would be fantastic. That is the nature of the events industry, by the way; it works like that. I suspect over time, probably half of the general manager's time will be working on event development.

MR SESELJA: So about 2½?

Mr MacDiarmid: If you take the intern, whom, we hope, is going to be at no cost to the taxpayer.

MR SMYTH: Minister, the 2005-06 highlights on page 417 of budget paper 4 say:

... continuing to progress the establishment of Commonwealth Park as the permanent site for Floriade;

Is that where Floriade will end up? Is it to stay in Commonwealth Park?

Mr Quinlan: I think that is an open question now. We have had some negotiations along those lines but there is also the possibility in the long term that the permanent home of Floriade could be the arboretum.

MR SMYTH: Why would you include in the highlights “to progress the establishment”?

Mr Quinlan: Probably we did not tell Treasury when it was putting the budget and highlights together that the alternative concept was under consideration.

MR SMYTH: So when did that change?

Mr Quinlan: It has not changed yet, but it is under discussion. I know that the Chief Minister has voiced his opinion.

MR SMYTH: Was that in the policy change?

Mr Quinlan: Possibly. It is not something that I am going to die in a ditch for one way or t'other. We highly value Floriade and want it to remain fresh and innovative over the next decade. I think it would be a decade before there is any contemplation of moving it. I just happen to be one person who believes that the arboretum will be a fantastic addition to the ACT. I am definitely an advocate and I do believe that that establishment has great prospects of being a major and unique attraction. When it gets to that point, the question has to arise, would you put Floriade there?

Mr MacDiarmid: I just wanted to say that the proposition that we have been working with the NCA on was always looking at a relatively short period of time. We have done some initial high-level cost-benefit analysis type work on this, so it is not inconsistent with the view that for a period of maybe six or 10 years, you could get some real economic benefits by, if you like, temporarily or permanently placing it in that location. That is the approach we have adopted, and those negotiations are continuing. The really good news is that we have in-principle agreement about a joint shared arrangement across that site, about how it would work. So that might be there forever and a day but

that is a great step forward.

MR SMYTH: The arboretum site or the Commonwealth Park site?

Mr MacDiarmid: No, Commonwealth Park.

MR SMYTH: The Chief Minister said on Monday that he is basing his vision on the Roche Gardens in the Hunter Valley. They have spent \$50 million to \$100 million in the past three or four years to establish that. Treasurer, are you willing to put that sort of money into building up the arboretum? Currently we have \$12 million, which will build us a car park, a visitor centre and probably not much else. Is the government really serious about the arboretum and when is it going to declare that it will cost somewhere closer to \$50 million or \$100 million?

Mr Quinlan: I am not answering questions that have already been answered by the Chief Minister.

MR SMYTH: No, he did not answer the question. That is the problem. The \$12 million goes nowhere.

Mr Quinlan: I will state this much. I have every confidence that the arboretum will be established and will be a fantastic attraction in the ACT.

MR SMYTH: In what time frame?

THE CHAIR: I am finishing it there, Mr Smyth. We will resume at 10 past 4.

Meeting adjourned from 3.55 to 4.13 pm.

THE CHAIR: Welcome back. We have several questions from Mr Mulcahy and Mr Seselja on tourism and we're going to have this done by 4.30.

MR MULCAHY: Just a bit further on the international tourism issue, minister or Mr MacDiarmid: data provided to me suggested a two per cent fall in the period 2003-04, and those figures, for the record, were, I believe 43,700 falling to 42,800. At the same time, visitors to Australia increased from 4.8 million to 5.3. I'm wondering if you'd like to comment, first of all on the factors that you think influenced this, seeing these people don't really have a perception of Canberra as a negative city from the political point of view, and also what measures you're taking to address this problem of a fall in international visitor numbers to our capital?

Mr MacDiarmid: I have two responses in relation to what are we are doing about it. We're working with Tourism Australia, far more actively than we've ever done before. I make that point because, quite frankly, a budget of close to four per cent of our total, which is in the order of five times higher than it was, and in terms of the actual expenditure prior to the last 12 months, requires us to make sure we work with partners, to get the message out about the ACT and the region. So working with Tourism Australia and Tourism New South Wales is absolutely essential for us, both with that visiting journalists program but also making sure we're part of their program activities. The other, I guess, response or initiative we've taken is to employ someone not only looking

internationally and building relationships here with inbound tour operators and with travel agents, but also having someone based in Singapore. She's only been there for six months.

MR MULCAHY: We talked about it in the estimates.

Mr MacDiarmid: Yes, I'm not suggesting that's going to be the panacea, Mr Mulcahy, but in fact that's a significant step forward. While I've heard criticisms before about the fact that Tourism Australia has left us off their maps, and that's been true, it's up to us to manage that relationship as much as it is Tourism Australia's to manage us, or work with us.

MR MULCAHY: It was only weeks ago that they put out that rather extraordinary publication about attractions, and the best they could come up with for Canberra was the hot air balloons. I know there were a lot of adverse views expressed to me by people in the tourism industry. Have you tackled that with the managing director of Tourism Australia?

Mr MacDiarmid: We certainly have, as has every other state and territory. It was a similar problem everywhere. They were under pressure—this is my understanding—to do a number of things and made somewhat unilateral decisions on what they were going to place into that campaign activity. They didn't talk to us about it in any detail.

MR MULCAHY: Okay. Just in terms of recognition as a capital, are you doing anything else to try and improve our recognition internationally? I'll give you an illustration: CNN never acknowledges on its reports that Canberra exists; I think the BBC now does. As small an item as that might be, mentions every hour or so on world media are probably something of some value. I don't know what the measure of that is, but is that something you've looked at to ensure we get recognised?

Mr MacDiarmid: No, we haven't. We're certainly focusing most of our attention on the Asian market, as I mentioned earlier.

MR MULCAHY: That's worldwide—just about every hotel in the world shows it.

Mr MacDiarmid: But we just haven't at this stage looked at going to worldwide media to ensure that Canberra is being used in the way you described. It's certainly something we can follow up.

MR MULCAHY: One other area, slightly away from international, is industry satisfaction with the corporation. I believe there is a target there for 2005-06 of 80 per cent. From my knowledge of customer satisfaction work, that seems a fairly modest or a low figure. Would you not be aiming for something better or has this got some history to it?

Mr MacDiarmid: It has got some history to it. My judgment, and it's not based on any research, so my research manager wouldn't kick me under the table if she were here, is that we, two or three years ago, started with a credibility factor of about two out of 10. Our view is that progressively over the past three years we've raised that credibility. This is an indication that, while 80 per cent, I agree with you, is a low number, from where

we've come if we get 80 per cent satisfaction with us as an organisation in the next 12 months—it would clearly go up in the following years—that would be a really great step forward, and I think we're on track to do that.

MR MULCAHY: All right. I suppose the only sceptical aspect of this might be that you are setting yourself a low target to achieve. It's pretty easy to achieve that; 80 per cent still seems to be reasonably modest.

Mr MacDiarmid: Given the background I described to you—and, as I said to you, it wasn't quantified by any research—it's absolutely essential. One of the strengths we have here—I think you'd know this, Mr Mulcahy—is that we just have to have the cooperation of the industry to be effective, and that cooperation has got to translate into joint funding for program activity, whether it be advertising campaigns or marketing collateral. A really great example of that is just recently when we were doing a major campaign activity in regional New South Wales, producing a single publication that will appear in every rural press publication within New South Wales. All the institutions have come on board. We went and bought the product, if you like, and then sold it back to them at significantly discounted rates on the basis that it'd be cost recovery for us but it would also give them a significant opportunity to buy in. The hotels have also joined into that program and it is oversubscribed, which is just fantastic. We couldn't have done that three years ago. I'm not sure we could have done it 18 months ago.

MR MULCAHY: Will that complement the Brindabella Airlines expansion? Does it have some relationship with where they're going given they're making a big investment in the region?

Mr MacDiarmid: Yes, all of those things. We attempt to work with all the airlines and that's a real issue for us in the future.

MR MULCAHY: One last point then, on ownership. In getting industry involved, obviously the ownership of what's been done in terms of tourism marketing is pretty important. Have you got any vacancies presently on your board?

Mr MacDiarmid: Yes, we do.

MR MULCAHY: How many?

Mr MacDiarmid: Two.

MR MULCAHY: How long have they been vacant?

Mr MacDiarmid: I can't recall, but probably since Christmas.

MR MULCAHY: Are the major stakeholders which, I would suggest, would be aviation, the airport and the providers of accommodation, all represented on the board of your corporation?

Mr MacDiarmid: The board was a skills-based board as originally established, expanded to include two extra positions. One of those was filled previously by someone from the AHA, Noel McMahon. That position is still there to be occupied.

MR MULCAHY: So is the airline industry on your board?

Mr MacDiarmid: Stephen Byron is—

MR MULCAHY: He's the airport operator I would suggest.

Mr MacDiarmid: Yes.

MR MULCAHY: Is Qantas or Virgin or Brindabella or somebody on there to represent their interests?

Mr MacDiarmid: I haven't spoken to the minister about this, but my suggestion on this would be that we need to be careful about having one airline when we are trying to work with both, or a third if one comes into the marketplace. We're better off trying to work all of those in an active relationship rather than having someone that's got inside information. That's my judgment, Mr Mulcahy, but, as I say, I haven't spoken to the minister about it.

MR SESELJA: Probably just rounding out the international market: what proportion of your budget would you estimate is spent on promoting Canberra internationally?

Mr MacDiarmid: Notionally, 3.27 per cent of our overall funding goes into international—I mean that in the sense of international sales and promotional activity—plus another \$250,000 in a particular marketing campaign. So we round up to about four per cent, and that, by the way, is about the same percentage of international overnight visitations as a percentage of the total. So we're spending what we're actually getting if you like.

MR SESELJA: Looking overall at the spend of the department, what proportion does advertising make up?

Mr MacDiarmid: Close to 25 per cent.

MR SESELJA: Just looking domestically, I note there have been some ups and some downs. I think in the most recent reports there's an increase in the trend of people visiting and staying overnight. Are you able to confirm if that's still the case? Secondly, at the same time I think the figures show that there's been a reduction in day visitors. Are you able to give us your ideas as to why this is happening and what strategies are in place to change this trend?

Mr MacDiarmid: Our focus is really on overnight visitors, be it international or domestic. That's where our yield is. Clearly, the hotels and restaurants benefit from having people stay overnight, so we don't really focus too much of our attention on getting people to come for the day. Our sense of it is that that's probably very much about regional New South Wales—business people who are coming in. In fact, it's confirmed in the BTR or Tourism Australia research. Our focus is very much on trying to get people to stay longer and our communication, the way we market ourselves, is not just about raising awareness of the destination and all the things we have to experience here in the ACT and region; it's also about giving people a sense that there's lot more

depth to what we have, to encourage them to say; “Well, I’d better stay an extra night.” Often the research tells us that people who come here who have a really good experience say; “Gosh, I didn’t realise there was so much to do and see; I need to come back” or “I sure wish I’d stayed longer.”

One of the interesting things about the Canberra Visitor Information Centre on Northbourne Avenue is that when people go through that centre—as against, to some degree, the trend of people actually booking themselves—we’re able to convert them to staying longer here by describing to them the experience. We’re talking about free and independent travellers who have got, clearly, time on their hands to be able to do that; but we have the ability to convert as much as we have the ability to raise awareness and attract people here.

MR SESELJA: Finally, how big a proportion of the tourism budget is convention business currently in Canberra, and how much is that being held back, or how much could that expand, if we had a higher-quality convention centre, as is being envisaged and is being talked about now? I know that’s a fairly general question, but general impressions and especially the proportion of the tourism budget that comes from the convention sector.

Mr MacDiarmid: The total revenue for the convention bureau is about \$1 million. The government contributes in the order of \$700,000 towards that and—

MR SESELJA: It has been reduced though, your support, hasn’t it?

Mr Quinlan: They got a kick for a year or so; that was it. They’re on the normal level of funding.

MR SESELJA: What I was actually referring to was the number of visitors coming in for conventions, so the overall tourism intake.

Mr MacDiarmid: Within the Access Economics review, which, as I said, we can make available, there was a piece of work that has just recently been undertaken by the CRC that describes the size of the meetings and conference business around Australia, and there’s a section on the ACT. I think we should be careful in not assuming that to be export dollars. It’s as much about having the meetings and conferences actually take place, not unlike this. So it says \$980 million is the expenditure around this meeting and conference market. If you look at the Access Economics report, that’s clearly not contributing, in terms of export dollars, to the ACT.

MR SESELJA: But isn’t the centre still going to be too small to be competitive? I gather from something Mr Gilbert said this morning, briefly, that you’re not going to have any more exhibition space, which makes it hard to compete against Adelaide, Townsville, Cairns and all these other destinations that are powering ahead on convention venues.

Mr MacDiarmid: Most of the market sits within the 900 to 1,200-people delegation, and in many ways the facility we have here now, unless you want to try to run two conferences at the same time, is suitable for that size. I think the issue is more about the quality of the facility at the moment, and that’s clearly being addressed by the

expenditure.

MR SESELJA: But isn't that one of the concerns, too, of having two conventions going on at once?

Mr MacDiarmid: There are lots of other facilities in the ACT that are capable of running smaller conferences. The question is, I guess: can we attract an increased number of conferences to the ACT? Yes, absolutely, if we focus our attention on the 900 to 1,200 range; that's where the majority of the market is.

I think one of the interesting questions in this whole area of conference centres is that there has been such a rapid growth in supply or capacity over the last three to five years that we don't find ourselves caught in having to bid for large conferences, the 5,000 head conferences, because, if we get to a stage where other states and territories try to justify their investment, it would become a bit of a bidding war and that would be unfortunate.

MR MULCAHY: South Australia has done very well. South Australia has barely got a week of space clear in the Adelaide area.

Mr MacDiarmid: It is a different story in Western Australia, though, Mr Mulcahy.

Mr Quinlan: They're the novelty; they're the newest, are they, South Australia?

MR MULCAHY: No, no. They have been running a long time.

Mr Quinlan: But they have extended recently, so they have a novelty value.

MR MULCAHY: It clearly shows that destination doesn't keep people away; it's the facilities that are the big factor.

THE CHAIR: As we are done on tourism, thank you Mr MacDiarmid. We will now move to output class 2, sport, recreation and racing. I will just remind Mr Stefaniak that members of the committee have precedence with questions.

DR FOSKEY: Strategic indicator 4, elite athlete participation, on page 80 of budget paper 4, looks at the percentage of ACT Academy of Sport athletes gaining selection for national teams and squads and shows a targeted increase from 33.3 to 40 per cent. I believe that the mission statement for the ACT Academy of Sport is to improve the performance of ACT sportsmen and sportswomen at a national and international level. If this is the goal of the ACT Academy of Sport, why is it that only one-third of our funded elite athletes gained selection for national teams and squads?

Ms Oldenhove: A lot of our elite athletes require a squad to participate in and for the development pathway and they work together as a squad or as individual athletes. Some of those squad members will be selected for national and international teams in any given year, but the other squad members, over time, you would hope through that experience would then have that representation opportunity in the following years. So it is a talent development pathway that the academy provides, and some of the pathway for those athletes is to get national and international selection at the different stages of that talent development pathway, whether it be under-age or senior.

DR FOSKEY: With regard to athletes with a disability, according to the ACTAS web site, in 2003 ACTAS had 275 athletes across 16 squad sports, with 34 individual athletes, including 12 athletes with disabilities. This seems like quite a small percentage of elite athletes with a disability. Why is that, and how does this percentage compare to other states' sports academies and indeed the AIS? Does ACTAS wish to improve this percentage, and what is it doing to achieve that?

Ms Oldenhove: I think you'll find that the number of individual scholarship holders on athletes for a disability scholarships proportionately is quite high—I could certainly look at other states' academies—but it is also the proportionate number of those athlete scholarship holders and also the opportunities that are afforded to them in the Australian sport system for participation in events. Unfortunately, the number of events and the number of opportunities for athletes with a disability is not at this stage as high as for able-bodied athletes. Their participation, generally speaking, is restricted to the Commonwealth Games, to some extent the Olympic Games, and some specialised disability programs. However, any athlete who meets the selection criteria of their sport would be eligible for an ACTAS scholarship, and that scholarship would not be withheld should they meet the selection criteria.

MR SESELJA: Is there a reason why the number of scholarships has gone down in the past couple of years? I think last year it was 220. I think in previous years it has been about as high as 270.

Mr Gilbert: Yes, we've got the numbers here, and I think Mr Stefaniak has been on this issue previously. We do have the allocation, which for the period 2005 to 2008 does total 250 ACTAS scholarships. It is correct that, as at 2 May 2005, there were 214 scholarship holders. That's the number that we put back to you in the recent answer to your question on notice. If you look at some of these sports in the squad, with cycling there's an allocation of 12 but there is only an uptake of eight, so there's a shortfall of four there; rowing is 12 and eight. On the other side; for men's hockey you've got an allocation of 14 but 15 in it, so it's a bit of overs and unders. But what we're finding is that generally there have not been enough applicants that meet the test that's applied at ACTAS for the scholarship. So it is not an issue of funding; it's an issue of the take-up of the scholarships on offer.

This leads us to another issue, which we are talking to ACTAS about, which is really how they start to identify the talent, rather than sit back and let the applications come in. Should we be more proactive, going out there and starting to do the rounds of the schools to try and find the next set of champions out there?

MR STEFANIAK: I know you've got two lots of figures in the budget papers. On page 13 of budget paper 4 appendix 4, your estimated outcome to the end of the financial year is 240.

THE CHAIR: Mr Stefaniak, would you be slipping one in under the wire? Don't think I haven't noticed.

MR STEFANIAK: I am just trying to help, Madam Chair. At page 84, the estimated outcome is 250 for the current financial year. So there are two different figures there

within these budget papers for the same year.

Mr Gilbert: Budget paper 4A, appendix 4A, is for the period up until the administrative arrangements orders, which was 4 November; that's when this department was created and that function was transferred to it under those orders. Budget paper 4 that we're looking at, page 80 onwards with the accountability indicators, is for the period November onwards. So you've got to understand that split in the admin order. So we're still working off a 250 availability. The funding is as it is in budget paper 4, but we've only got an uptake of 214.

MR SESELJA: What's done with that additional funding? Is that rolled into other sporting programs or does that just go into consolidated revenue?

Mr Gilbert: I'll let Henny answer that, but I may add to it at the end.

Ms Oldenhove: In actual fact there isn't a significant saving opportunity because, in a sense, a lot of the funding goes to the services provided, so a number of staff are employed at the academy, such as a sports psychologist and a nutritionist, and in a sense whether they're working with 265 athletes or 250 athletes the costs for that person remain the same. So there is no scholarship money directly given to the athletes. They are the services provided by the academy, and the cost of those services remains fairly constant irrespective of whether there are 250 or 265 athletes, given the nature of the services.

MR SESELJA: So there is absolutely no difference to costs with a sort of 50-scholarship difference?

Ms Oldenhove: There are no substantial savings as a result of fewer scholarships, because of the nature of the services.

Mr Gilbert: In other words, Mr Seselja, if I could take you back to page 78 of budget paper 4, the government payment for outputs there is \$1,686 million. What it effectively means when you strip away the numbers—we have had a peep at this to try and find out for ourselves—is that the fixed costs there are so high in providing this particular service. So, if your scholarship numbers are down, it doesn't mean you have a saving; that's the message.

MR SESELJA: How high could they go up, do you think, before the costs went up? Given that I would assume that you could be well above 250 if you had suitable athletes, the costs wouldn't substantially rise or rise at all?

Mr Gilbert: Anything is possible in that regard. If you had more money, if you changed the way ACTAS worked and you actually got a talent identification program and hunted around the schools and found the next big kid who could be the next champion rower, you would just put them in a boat and see if they could row. You'd go through that sort of thing. It's like in basketball; my wife does a bit of that, too, in women's basketball: you find a kid and the next thing you know you've got a potential champion, another Capitals player. They're the sorts of things that need to happen here, and we're talking to ACTAS about that.

MR STEFANIAK: I see you've got more money this year than last year. Last year I think I was a bit critical because it seemed to be down by about \$500,000. This year in budget paper 4 on page 78 you seem to have about an extra \$450,000. What's that for, and what's that going to be used on?

Mr Quinlan: I think, Bill, I might answer this. I'll check it for you, but I think the numbers you used in your press release last year were wrong and you were actually comparing some gross figures with some net figures in terms of overheads that were applied, were carried by the department, and the funding—

MR STEFANIAK: I think I was using your figures, Ted, but this year certainly the figures seem to be up on your figures last year. Perhaps you could just explain that. I would think that would be good news for the academy.

Mr Gilbert: I'll answer that. If you look at the number of \$1,312,000 under total cost, that's the amount. You've got to take into account that the administrative arrangements orders were set in place when this department was created on 4 November, so it's part-year funding. So in effect you almost have got to set that number aside. We've had this discussion earlier on: it's got to be there in the budget papers, but it's giving rise to a number of questions which properly ought not be there. The number that we're looking at is \$1,746,000 gross for the total cost and the net cost for the government payment for the outputs of \$1,686,000. They're the two numbers in column 2 and column 4 on the left. The others are simply because this department has been in existence since November and that was a proportional amount of money.

MR STEFANIAK: So it's proportional, is it? It's not like you've got a huge fund increase, which it looks like.

Mr Gilbert: No, no. That's not the case, so set that one aside and they're the numbers around which questions should be asked.

Mr Quinlan: But you did have your numbers wrong last year, Bill.

DR FOSKEY: Did the ACT have any athletes competing in the Melbourne 2005 Deaf Olympic Games, or service any elite athletes with a hearing disability, or look towards better including this cultural group?

Ms Oldenhove: Can we take that on notice, please? I don't have the figures specifically as to how many participated, if they did, but I'll take it on notice.

DR FOSKEY: Certainly.

THE CHAIR: I might ask, while we're talking about Academy of Sport, under highlights on page 76 of budget paper 4, you note the preparation of Academy of Sport athletes for the 2006 Commonwealth Games, which are fast approaching. I'm curious to know how that's going and what's involved.

Ms Oldenhove: The national teams that would be participating in the 2006 Commonwealth Games at this stage would not have been selected by the national bodies, so at this stage we don't know the answer to that.

THE CHAIR: Right, so we wouldn't know yet how many athletes will be involved?

Ms Oldenhove: We probably won't know from some sports until about late January, and some sports maybe November. There are some sports whose selection processes are very late because they're looking at athletes in peak performance at that stage. The selection policies for each national body differ.

THE CHAIR: That's a fairly tight time frame then. I will watch it with interest. Any more questions on sport?

MR STEFANIAK: Can I just have one more on the academy before you go on to sport generally?

THE CHAIR: Yes, all right.

MR STEFANIAK: Thank you, chair. I note last year's target—and you've explained that—was 265, and 250 is the target this year. What is that based on, and do you look like meeting that target?

Mr Gilbert: I can't see much change from 214 being the end-year result. You've got to be aware that some scholarship holders fall out of scholarships throughout the year. The reason for that number was contained in my previous answer. For the classic case you just look at cricket: here there are four scholarships and we haven't got one—those sorts of things.

THE CHAIR: Next question to Mr Seselja, then we might go to Ms Porter and then Dr Foskey, because you've just asked a question recently.

DR FOSKEY: Yes, and I want to move on to other areas of sport.

MR SESELJA: I have just two questions. My first question is a fairly general one. Earlier we did not cover general sport and recreation issues so I might do that now. I understand that some of Canberra's sporting teams, such as the Brumbies, Raiders and Capitals, receive government funding. What is the total cost of the subsidy to those three teams?

Ms Oldenhove: The Raiders subsidy is \$1.125 million for 13 games played at the stadium, the Brumbies subsidy is \$700,000 for five plus two games at the stadium, and the Australian Football League subsidy is \$250,000 for four games at Manuka. In addition, a \$570,000 national league team program provides support to other ACT teams that participate in national league programs.

MR SESELJA: That would include the Capitals.

Ms Oldenhove: For example, the Capitals receive \$100,000 for their participation in the national league.

MR SESELJA: I know we will have the same problem that we have had all day, Mr Gilbert, but I think it is still worth asking this question. I refer to page 78 of budget

paper 4, Facilities, Planning and Usage. I understand that the allocation for 2004-05, which will commence in November, is an increase from \$845,000 to \$3.65 million. Obviously not all of that would be accounted for by the different timeframes. Are you able to tell us why there has been an increase?

Mr Gilbert: Yes. I can tell you what that \$3.65 million will cover. I will answer your question on that basis and see where it takes us. As Ms Oldenhove just mentioned, we have a total of about \$1.125 million for the Raiders, \$700,000 for the Brumbies and \$250,000 for the AFL. In Facilities, Planning and Usage we have an allocation of \$770,000 for Manuka Oval; \$570,000 for the national league teams; \$200,000 for the Lyneham precinct; and \$40,000 for associated salaries. I think that goes pretty close to the \$3.65 million.

MR SESELJA: Was most of that missed just because it commenced in November and the rest was done earlier?

Mr Gilbert: It is also because of the way in which the numbers were presented here.

Ms Oldenhove: Performance payments, in particular, the large performance payments, were paid prior to 3 November.

MR SESELJA: So the winter sports season was missing. That accounts for the significant increase.

Mr Quinlan: There were timing differences.

MS PORTER: I refer to the highlights on page 76 of budget paper 4, which states:

- expanding the Actively Ageing program to operate in five community locations and provide physical activity programs to adults aged 60 to 70 years ...

Could you enlarge a little on that?

Ms Oldenhove: In 2004-05 we ran a pilot actively ageing program with the YMCA at Hackett. That program was fully evaluated. In last year's budget bids we were successful in expanding that program. Currently, that program has been expanded to sites at Kippax and Curtin. We are looking at rolling out another site in Woden and in the Tuggeranong Valley early next year. That will give us five sites where programs for older adults are run on a weekly basis.

MS PORTER: Will they all be run through the YMCA?

Ms Oldenhove: We have a service agreement with the YMCA for the delivery of that program.

MS PORTER: I wish to ask another related question that refers to funds that go towards supporting community organisations in sporting activities. Page 78 of budget paper 4 states that the money is being used in:

The development of capacity and capabilities of the sport, recreation and racing sectors to deliver quality programs and services to the community. This is done through the provision of grants, programs and training ...

I know that community groups at a grass roots level deliver a large variety of sports. Could you give us an idea of how much that involves?

Ms Oldenhove: We have a \$2.409 million grants program that is run annually. That program is available to community organisations, including clubs and peak organisations, for the development of programs and services to the community ranging from initiatives to bring juniors into play. We fund both sporting and recreation organisations. So that grants program is dedicated to supporting community organisations throughout the ACT.

MR STEFANIAK: I note in your media release—and Ms Oldenhove just confirmed this—that there is an allocation of \$2.409 million for the grants program, which is a great program. Last year when I asked the minister for a breakdown of grants and services on page 50 of last year’s budget paper 4, I was told that the grants totalled \$2.582 million. It seems that there is a drop in funding this year of about \$170,000.

Ms Oldenhove: That is correct. That \$170,000 is for staff members who directly administer the grants program. So that is an accounting difference, if you like, but the grants program has stayed the same.

MR STEFANIAK: Are you saying that staff members were always paid from that grants program?

Ms Oldenhove: Correct.

MR STEFANIAK: And the grants program was always subject to CPI. Was it subject to CPI this year?

Ms Oldenhove: Yes, it was.

MR STEFANIAK: Could you supply the committee with figures that reflect what happened this year, taking out staff numbers and comparing it to the figures for last year? I want to be reassured that the grants program was at least subject to CPI, which it has been for about the past decade.

Mr Gilbert: Can we come back to you on that?

MR STEFANIAK: If you could come back to us on that.

DR FOSKEY: The ACT recreation strategy is referred to on page 75 of budget paper 4. Under the heading “2005-06 Highlights” the document states that the department will be:

- completing an ACT recreation strategy that aims to promote recreation opportunities and provide planning guidelines for the provision and development of land in urban and non-urban settings for the long-term recreation needs of the ACT.

What range of activities is being considered and catered for? With whom has the government consulted in developing the strategy, or with whom will it be consulting? What stage has the strategy reached? Will programs be linked with the strategy or is it purely a planning exercise?

Ms Oldenhove: The first part of the question, the ACT recreation strategy, relates to the realm of physical activity, both organised and non-organised. The ACT recreation strategy has several components. The first component is to look at the guidelines for land provision and land planning with respect to recreation in both urban and non-urban settings. The second component is to look at existing recreation opportunities throughout the ACT, to focus on them and to market them more comprehensively than we do currently.

So brochures will be issued covering, for example, walking and cycling in the ACT to show people in Canberra and those visiting Canberra where the recreational opportunities are. The third component of the ACT recreation strategy is to look at future opportunities for recreation in the ACT. We are working closely with tourism on this issue to examine the potential of developing an icon trail through the Brindabellas, similar to the trails that other states have, for example, the Heysen Trail in South Australia, and so on.

So we are looking at new opportunities and directions for recreation in the future. That strategy is currently being undertaken. I refer, next, to the people who are being consulted. At the moment we have a steering committee that involves all relevant government agencies. Obviously we will take the next step of consulting all the community organisations involved. So it will involve a comprehensive consultation process. Our aim is to have the full ACT recreation strategy completed by June 2006.

MR SESELJA: In preparing that strategy have you looked at the impact that water restrictions will have on the usability of a number of ovals and participation rates in junior sport in particular? Is that an issue that has been addressed?

Ms Oldenhove: No, not directly within the recreation strategy. Currently, responsibility for sportsgrounds sits with the Department of Urban Services and it deals with that. Obviously the Department of Urban Services is integrally involved with the development of this strategy. So that issue has not been addressed directly in relation to sportsgrounds.

MR SESELJA: As it is a policy issue, obviously the Department of Urban Services is responsible for the grounds. But the department responsible for sport and recreation would have an interest in sports participation rates.

Ms Oldenhove: Our biggest interest in the development of the strategy is to ensure that sufficient land is maintained and planned for in the future to meet our sport and recreation needs.

MR SESELJA: Has the amount of land available gone backwards in the past couple of years as a result of the drought and water restrictions?

Ms Oldenhove: The availability of some of that land obviously is struggling as a result of the drought but there has not been a loss of land.

MR SESELJA: I was referring to current availability.

Mr Gilbert: I will add to that answer. That issue was referred to the minister in a meeting with sporting representatives. The minister asked us to form a relationship with the Department of Urban Services so that there was one point of contact between two entities for members of the sporting community. That project is up and running. They can now come and talk to us about any of the facilities provided by the government that they wish to access in Canberra. So the department that is responsible for sport can address their concerns at the same time as can the Department of Urban Services.

Mr Quinlan: So they can bounce from agency to agency.

Mr Gilbert: In recognition of that point we have set up a one-stop shop so that they can come and talk to the government about those issues.

MR SESELJA: Is that bearing any fruit?

Mr Gilbert: It started about a month ago and people are lined up. I do not know whether they have met yet but they must be close to it. We moved that way in relation to an issue that the minister asked us to fix up.

DR FOSKEY: I wish to ask a question about the Kangaroos, the Brumbies and the Raiders, and I am not referring to the zoo.

THE CHAIR: I do not think the Raiders were ever considered to be animals. They are people, although they might have been considered collectively as animals.

DR FOSKEY: Budget paper 4 refers to the fact that the ACT Brumbies and the Canberra Raiders received a performance fee of \$1.8 million. Why do those teams receive such a high-level performance payout? Is it a one-off payment? What is the annual profit of these teams and how much of government funding comprises their total receipts?

Mr Gilbert: I have the gist of your question. If I have understood it correctly would you like me to try to provide an answer?

DR FOSKEY: Have a go at the answer and I will tell you whether or not you got the question wrong.

Mr Gilbert: Funding is provided through a performance agreement. Each party has to do certain things. However, the overarching objective is to have an efficiently performing Stadiums Authority. Part of the performance agreement is that so many games have to be played at the stadium. Principally, the performance agreements are directed towards that end. Obviously, the Canberra community loves to see the Raiders go round—the numbers are up this year—and they love to see the Brumbies go round. So it serves a dual purpose. I think it is an appropriate and positive approach that seems to be working quite well.

MR STEFANIAK: So the money is being used to pay the costs of the Raiders and the

cost to hire the stadium for the Brumbies?

Mr Gilbert: To hire the stadium under the performance grant. They play those games there.

MR SESELJA: So it is still an indirect subsidy to the Stadiums Authority?

Mr Gilbert: It depends. I know that the word “subsidy” was used in your question, Mr Seselja. It is certainly part of a performance agreement. We could have a semantic debate about whether it is a subsidy or a performance payment. The net effect of it is that we have a Stadiums Authority—and we will deal with that issue in the estimates committee hearing in a little while—that is in the black. I think that is a good thing.

DR FOSKEY: How much government funding do those teams receive annually, apart from assistance that is given to the Brumbies to hire the stadium?

MR SESELJA: I think that question has already been answered.

Mr Gilbert: I think Ms Oldenhove answered that question earlier. Obviously the Raiders get more than the Brumbies because they play about 13 games here and the Brumbies play six. A much smaller amount is paid to the Kangaroos to play four or five games at Manuka Oval.

DR FOSKEY: It appears as though funding for the Kangaroos is ceasing this year. Is that right?

Ms Oldenhove: The current agreement with the AFL and the Kangaroos runs until the end of 2006. We will soon be starting to look at renegotiating the contract for the period beyond that.

DR FOSKEY: The funding they get relates to the number of games that they play in Canberra each year. So they receive funding for every game. Are there any other objectives or services that the clubs need to meet or provide to the community, apart from playing football, to justify that funding?

Ms Oldenhove: There is a community development obligation in each of the performance agreements with the Brumbies, Raiders and Kangaroos. You will find that a lot of players are involved with skills clinics and school visits throughout the period they are playing. When the Kangaroos are in town they do that quite regularly. So there is a community development obligation.

DR FOSKEY: Is there any way of finding out what profits those two clubs made?

Mr Quinlan: I can tell you off the top of my head that they do not make much at all in running a football side, unless you are talking about the silvertails at the top of the national league. Generally, they spend as much as they can get and they still do not break their salary cap. It is a very competitive sport. If you have the resources available and you want to stay in the running you apply all those resources to ensure your future success. So you would not want to be a shareholder.

DR FOSKEY: So you do not have profits because you roll it all back in?

Mr Quinlan: Yes.

Mr Gilbert: That is the nature of the industry.

MR SESELJA: What are your plans for Phillip Oval? I notice that there is money in the budget for an upgrade. Do you plan to have AFL move back there, or is the long-term plan to keep AFL at Manuka? If not, what will be located at Phillip?

Mr Quinlan: I think there is a demand there anyway. AFL can take place at more than one oval at any one time.

MR SESELJA: Sure. I meant AFL as opposed to ACTAFL.

Mr Quinlan: A number of bodies, such as the AFL umpires, use that oval for training or seniors football. Cricket groups already have their hands up. There certainly is a demand for the facility. As I think I said earlier today, we want to retain Phillip Oval as a stadium. It will not happen in my time but there will be a time when Canberra wants another stadium, in particular a stadium where sports can be played at night, under lights.

If we preserve Phillip as an operational facility and ensure that it is not crowded with residential development we will have an opportunity to develop a stadium that will not cause great inconvenience to the population and that will be an addition to our current suite of facilities.

MR SESELJA: How many AFL games are contemplated next year? I am not sure whether it is four or five. Is there any intention at the moment to move them out of Manuka?

Mr Quinlan: No, there is not. Apparently, the team facilities provided at Manuka rank well with the facilities that are provided at any other ground. The AFL teams that use Manuka are happy with the facilities provided underneath. So far we have a contract for day games. Quite clearly, Manuka can take up to 15,000 or 16,000 people and more covering will be provided at the Hawke and Menzies stands. Manuka is the obvious location for those games. However, the day might come when teams need a facility to play night games.

It is only a possibility but I can see a second AFL side in Sydney. If there were one it would be in Western Sydney, two hours down the road from where it is now, and it would be looking to expand its market. When there was a churn in Melbourne and the possibility of a change I do not believe the name Western Bulldogs, for example, was given by accident. It just happened to relate to the fact that the team was in Melbourne's western suburbs. It took a location name and gave itself a team name that was all about its future.

We do not know who it might be in the future or whether it will happen, but there is a possibility of a second side. Quite a number of teams in the AFL live hand to mouth—the Kangaroos being one of them. Sooner or later there will be a bump and there might be a second side in Sydney. It is obvious that it would go west and locate, in the main, at

Homebush, but it would want to range as far as it could to pull in the crowds.

MR SESELJA: In the short to medium term Phillip is unlikely to be used for major event football.

Mr Quinlan: We put away quite a bit of money to reinstate it and make it usable, but that will not turn it into a national standard facility.

MR SESELJA: There was a bit of a sandpit there the last time I played on it.

Mr Quinlan: You must not have been on the cricket pitch.

MR STEFANIAK: What is the \$1.7 million going towards, Minister?

Mr Quinlan: It is going towards doing up the ground. One of the grandstands is having a ceiling put in and a whole lot of remedial work needs to be done to the oval.

MR STEFANIAK: Will ACTAFL use it on a regular basis?

Mr Quinlan: It certainly wants to. It will become part of the available suite of facilities. Quick as a flash—surprise, surprise—cricket teams lined up to use it as well. So it will be a venue available for club level sport in the ACT. When we have the demand in the city it will have the potential to grow into a national standard facility.

MR STEFANIAK: I know that a number of other codes, such as soccer and the Brumbies, were looking at moving there—purchasing it or whatever.

Mr Quinlan: The Brumbies have been to all points of the compass in their notional travels—to Deakin, Phillip, Griffith and Bruce. “They’ve been everywhere, man.” I think they are starting to focus on what they want and what they believe will suit them in the long run.

THE CHAIR: Before we move on to the Stadiums Authority, Dr Foskey has a final question.

DR FOSKEY: Page 86 of budget paper 4 refers to changes to appropriations. I am interested in the \$100,000 that was provided under the Treasurer’s Advance to Fairbairn motor sports. What is the timing of that payment? Why was the payment made to that organisation?

Mr Quinlan: The lease of the motor sports complex lapsed a considerable time ago and needs to be reinstated. The reinstatement of the lease requires a number of environmental clearances. Some of the areas have not been given tender loving care and there are hand-tooled motor racing facilities. The organisation used bits and pieces from the old V8 car race barricades and fill from Parliament House when it was being built. We need to conduct some environmental evaluations, et cetera, so we have a lease that meets ACT standards.

The motor racing fraternity let its lease lapse. Some years ago the government at the time might well have been a little remiss in not following up that renewal. The organisation

does not have the sort of money needed to go through this process, hence the allocation in the budget to get it cleaned up, to get the lease right and to ensure that that relatively humble motor sports organisation still has its home.

DR FOSKEY: When did that happen?

Mr Quinlan: The process has been on the books for some time. Over the last month or so the light dawned that that organisation did not have any money.

DR FOSKEY: So it occurred only recently?

Mr Quinlan: Yes. I cannot recall the exact date.

MR STEFANIAK: The minister referred in his media release to ovals and said that an audit of irrigation systems was being undertaken at sportsgrounds. I know that the Department of Urban Services now looks after ovals, so I will not attempt to ask the minister a lot of unnecessary questions. However, he did say that included in the sport and recreation budget was an audit of irrigation system at sportsgrounds. What will that involve? What is the idea behind it? What is the government doing there?

Mr Quinlan: You should refer that issue to the Department of Urban Services.

MR STEFANIAK: So what is that item doing in this area?

Mr Gilbert: I know what that relates to, Mr Stefaniak. The issues affecting sport and recreation were all put together to get a complete story. That issue should come under the Department of Urban Services but, as it is related to sport and recreation, it appears here. That is the rationale behind that.

Mr Quinlan: We did not think you would read press releases from the Department of Urban Services.

MR STEFANIAK: You have allocated \$16,000 for Stromlo Park. I do not know whether you have given us a breakdown of funding for that, but if you have not could we have a breakdown of funding? Where is that money going to and over what period will it be spent on each activity?

Mr Quinlan: You might ask the Chief Minister about that.

Mr Gilbert: The Chief Minister has been speaking publicly on this issue, but we will get you that information.

THE CHAIR: We will deal now with the Stadiums Authority. Dr Foskey you have a question on the Stadiums Authority.

DR FOSKEY: Yes. I have a few questions, but one relates to safety standards. According to page 4 of the Stadiums Authority's statement of intent under the heading "Corporate Objectives", the authority "will adopt high standard operating practices to safeguard the environment and the health and safety of staff". I understand that the Stadiums Authority's safety practices have been of great concern in the past. Does the

stadium now meet appropriate safety standards, or is it still moving towards that goal?

Mr Harvey: What are you referring to in regard to not meeting safety standards? It is brand new to me.

DR FOSKEY: They have been of concern in the past. It is in the statement of intent.

Mr Harley: Page 4?

DR FOSKEY: Not of the budget, of your statement of intent of your corporate objectives.

Mr Harley: I will read the line “to adopt a high standard of operating practices”. That is an objective.

DR FOSKEY: Yes, it is a fair enough thing to have in your statement of intent but I believe—

Mr Harley: On what basis?

DR FOSKEY: From my predecessor—that there has been concern about safety practices in the past and I don’t know when that is. No?

Mr Quinlan: Sorry, I don’t know anything about it.

Mr Harley: What are you referring to and in what relation?

DR FOSKEY: Do you now meet the appropriate safety standards?

Mr Harley: Yes, we do.

DR FOSKEY: Are you talking about Bruce stadium?

Mr Harley: Yes. I am not aware of any failings in safety standards at the stadium, either as a venue or as an event, in an environmental sense, in the four years that I have been there.

DR FOSKEY: Just in case, if you could take that on notice; check that out because that is my information. Regarding the funding: I think I have understood from earlier discussions today that the authority will no longer receive any ACT government funding. Is that because we have reached a break-even point? Is that something that the authority is well prepared for and that it now believes it has a sustainable operation?

Mr Harley: It was, I think in the formation of the authority, always the intent that the authority would eventually operate in a sense where the stadium could function under its own steam, in an operating sense. We believed that we were going to achieve that outcome or that position some time ago and forecast for it from 2005-06 onwards. We are confident that we will go through the process of operating in a positive environment, in an operating sense, not in the sense of having to forecast for significant capital works. But generally speaking we will be able to operate self-sufficient of taxpayer assistance in

a normal operating sense.

DR FOSKEY: Will the government, Mr Quinlan, require changes in the way the Stadiums Authority reports to the government, to the public, once it stops receiving funding? The reporting arrangements will stay the same?

Mr Quinlan: No. The stadium is a statutory authority. There are regulated reporting requirements that don't change with a shift in the bottom line. There still are the standard forms of accounting and reporting.

Mr Gilbert: Can I add to that as well about Danny's earlier answer: if you go to the cash flow statement over the forward estimates period, the Stadiums Authority is in the black. In addition to that, Danny has certainly tried to increase revenue streams at the stadium and that has been partially successful. It is in a trade-up period. If you believe, as I do, that it is going to actually increase in its revenue, I think the cash flow statement on page 426 is in pretty good shape.

DR FOSKEY: That is it from me, thank you.

MS PORTER: I think that my question has partially been answered by what you have just said. I just wondered whether you see a correlation between the rate of corporate sales and the development of the actual stadium itself, whether you have studied those in other states and territories where there has been an upgrade in the stadiums themselves and the redevelopment of those and whether there is obviously a benefit in bringing more corporate sales to that place, more business. I am wondering whether the proposal in the highlights on page 4232 to upgrade some of the facilities of the Canberra Stadium would lead, in your opinion, to even more—

Mr Harley: There is no doubt that the upgrade in the late 1990s stood the test of time as far as attracting more and more corporate sales for events is concerned, but at the end of the day we are directly reliant on the success of the tenant, of the major hirer—be it Brumbies, Raiders or concert, international football event—for our ongoing commercial success.

The actual facilities being high quality do attract more interest in that sense, in particular from a catering point of view. Investment in catering facilities does correlate to increased expenditure per head. They are statistics that we can prove over the course of time. That is as much, in terms of increasing our revenue, as we do. We keep a lid on what we expend to maintain the facility as it is and operate, obviously, spending less than we actually earn.

MS PORTER: And that is always a good idea.

Mr Harley: That is good business sense, isn't it? Notwithstanding that, the fact that it shows up in the operating result realistically as a non-cash item significantly, which is the depreciation increase, allows for appreciation going forward. This is something that has been affected by the change in international accounting standards which take effect from 1 July this year, which means that all of our non-fixed items come onto the books as being fully valued and, therefore, depreciated. This hadn't been the case prior to this because the stadium did not meet the recoverable amounts test under the old scheme,

which meant that all of the assets were written off.

The assets are now back on the books. Therefore, we have to depreciate them, which comes above the line. Therefore, it shows. But it is a non-cash item. As Mr Gilbert pointed out before, in the cash flow you will see that our operating cash flow, moving forward, is positive and, taking out depreciation then, you would see that our operating result going forward will be positive, too, without any government assistance.

MS PORTER: But there will be, obviously, ongoing maintenance things and upgrades that you will need to do over time such as the turf and the sound system that is mentioned here?

Mr Harley: Maintenance and those sorts of things are covered within our budget. What we are talking about is if we have to have significant expenditure on the asset, which is unforeseen in terms of major repairs, or in fact expansions to the stadium which may be required over the course of time.

MR SESELJA: Just a couple of questions: I was just looking at the operating statement on page 424. I might be confused, but it seems to be, for 2005-06, minus 496, minus 508, minus 511 and minus 579. Sorry, I might have misheard you before. I thought you said it was going forward or getting better.

Mr Harley: Yes. You have got to look at the depreciation and amortisation line which, as you will note from budget 2004-05, was 222,000. Going forward to 2005-06 it jumps to 604,000. That is our depreciation for the assets coming back onto value, written off over 10 years. That is a non-cash item but it affects your operating statement. You go to the rear page, which is the last page, which is cash flow, and look at cash, which is line 14 on the statement, which is the third page—

Mr Quinlan: Page 427.

Mr Harley: If you look at cash flow from operating activities, net cash inflow/outflow increases over the course of time. So we are actually increasing our operating flows—892 in 2004-05; then 236, 237, 281, and 280. The significant drop in the first year is the fact that we don't get government appropriation any more. But our negative result is as a result of capitalised assets, not as a result of operating revenues.

MR SESELJA: BP3, page 120, deals with non-ACT government user charges. The note to that explains that revenue from sales is generated from entry fees to sporting and cultural facilities such as the Canberra Stadium and the Canberra Theatre and the hire of those venues. The table shows an increase until 2005-06 and 2006-07 and then a significant drop to \$10.45 million in 2007-08. I am just wondering whether that is going to be contributed to by Canberra Stadium or whether that change in revenue from sales is coming from somewhere else. Is the Canberra Stadium expecting a drop in sales revenue?

Mr Harley: No. I don't know—

Mr Gilbert: Mr Seselja, can you help us out with the page reference in BP3? I thought you said 120.

MR SESELJA: BP3, page 120, table 5.2.6. If you go to the sales under user charges—non-ACT government, sales drops in 2006-07 from 13.5 to 10.45. The note on the next page talks about it coming from revenue from the Canberra Stadium and the Canberra Theatre and the hire of those venues.

Mr Quinlan: I think we will take that on notice.

Mr Gilbert: Yes. I don't have an answer for you.

MR SESELJA: That would be great, thank you. One other basic question in relation to the stadium: your point is that the flow is positive. For user charges—non-ACT government for the stadium itself, it is a growth. For 2006-07 it is 2,403; then it goes to 2,463. I guess I am looking for where the losses come from or where the decrease is coming from.

Mr Quinlan: We will take it on notice.

MR SESELJA: Great. Just one quick one on next year: the statement of intent talks about seven Brumbies games planned. Are they all Super 12 games or are they—

Mr Quinlan: Super 14 now.

MR SESELJA: Are they all Super 14 games or are they touring games?

Mr Harley: They are the total number of games. You have got to bear in mind that, when we put together the budget each year for the following year, we are only just starting the current season, let alone knowing what is going to happen the season after. So on average in the year, where the Brumbies have had five Super 12 games, we sort of look at six. The only reason we went to seven this year was that we knew we were going to have the trial at the start of the year, which made it seven this year.

Next year we would be anticipating, if it was Super 12, for them to have six games plus one international, which would be seven. Super 14 has subsequently occurred. The draw hasn't been completed yet. It may be that they end up with seven Super 12 games and we then still expect an international on top of that. We are planning for seven in a prudent sense, not wanting to get too excited about the draw turning out to be in our favour completely.

MR SESELJA: Is there a commitment from the Brumbies to play all of their Super 14 games at Bruce or are they likely to move either trial games or Super 14 games elsewhere?

Mr Harley: They have got no commitment to play trial games at the stadium, full stop.

MR SESELJA: But they have a commitment to Super 14 games?

Mr Harley: Super 14, they have a commitment, yes, that is right.

MR SESELJA: They can move trial games but not—

Mr Harley: This year was the first year they have ever played a trial at the stadium. They have generally played their trials overseas, in New Zealand, or out in the outback.

MR SESELJA: How long are they locked in to play Super 14 games at the stadium?

Mr Harley: Till the end of the 2009 season.

THE CHAIR: Mr Mulcahy has some questions; Mr Stefaniak has one question. I am going to cut this off at 5.30; otherwise we are not going to get through gambling and racing and ACTTAB. I understand the minister can stay for 5 minutes after 6 o'clock, but he has an appointment at 6.30 in Mawson; so we will need to finish by 5 past 6.

MR MULCAHY: Just one quick question: it is probably most appropriate to Mr Harley. I know this is a bit of a perennial, but in terms of your food and beverage outlets—and keeping in mind that families are a pretty important part of your market at games; it is a good thing—they are pretty hefty prices you apply. Is that because there is no competition—and I know you are not the only stadium in Australia where this happens—or is it because of the significant slice of that sales figure or is there another factor? I am thinking of the troubles they have had in Victoria over the last couple of years where families start arcing up about going to live sporting fixtures because of the cost and those prices there. I was noticing on Sunday they are at the top of the scale in terms of Canberra.

Mr Harley: Your point is a common point as far as price is concerned. As far as a benchmark is concerned—to answer it in three ways—we are comparable with other stadiums; we are certainly not over the top; if anything, we are slightly under the average; certainly it is not at Sydney's prices. You have got to bear in mind that a caterer really has 40 minutes in a game 20 times a year to get his revenue, which is the 10 minutes at half time and the half-an-hour before the game where most of your crowd is coming in, you know, within a half an hour of the game starting.

Do you draw a comparison between that and have you been to the pictures recently or you go the movies where you have got an operation that works seven days a week, 365 days a year? You have got prices there which, I would say, would be on the higher scale of ridiculous.

MR MULCAHY: They have been subject to an ACCC examination and they have been found to be acceptable within their parameters of use of a service.

Mr Harley: I know what it costs to make a bucket of popcorn and what they sell it for, and I would suggest that was a market that was really red-hot, as opposed to—

MR MULCAHY: If you can take it back to another question, though, could you just let me know: are you taking a percentage or do you just charge them a fee for their—

Mr Harley: No, we take a commission.

MR MULCAHY: What would that be?

Mr Harley: It is a sliding commission based on turnover as a gross for the year. It grows

in terms of the commission itself. We get a set commission for special events, events that aren't budgeted for, like a final, for example.

MR MULCAHY: Can you give us an indication?

Mr Harley: We start off at about 18 per cent, and then, when turnover reaches around \$2 million, we go to 20 per cent commission.

MR STEFANIAK: You mentioned earlier that there are payments made to the Raiders and the Brumbies by the government and that a lot of that is used to actually pay their hiring costs of the stadium. How much of the money is used for hiring costs? Why don't you actually include that in the operating statements, given that it seems to be like robbing Peter to pay Paul; it is still government money?

Mr Quinlan: The money that is paid is paid by sport and rec. What we want the stadium to do is run as a stadium enterprise, and that runs—

MR STEFANIAK: It is a really question to you, minister.

Mr Quinlan: And so they are running as a discrete enterprise. They are being innovative; you have seen the big scoreboard, which is now hired. It goes to the Melbourne Cup. There is income generated, but it is generated within the business unit of the enterprise that is the Stadiums Authority. We want them to have a strictly business relationship with their clients, and then we, as a government, have an agreement with those sides to pay them a performance agreement.

MR STEFANIAK: To use the stadium?

Mr Quinlan: Yes. As far as how much of the money goes to them or not, they have got to consolidate revenue like everybody else. You would only be just noting and earmarking money that goes into the Brumbies' larger budget, with all the sponsorship that they get, corporate sales and merchandise sales, because they are pretty big on that. Then they pay him out of that.

MR STEFANIAK: But it is why you give them the money, isn't it?

Mr Quinlan: Yes.

THE CHAIR: Thank you, Mr Harley. We will move onto the Gambling and Racing Commission. Mr Mulcahy has a question as soon as Mr Collins sits down.

Mr Quinlan: Can we just register an apology for Tony Curtis whose wife is ill.

THE CHAIR: Thank you.

MR MULCAHY: Minister, my question relates to the issue of revenue from clubs from poker machines and gaming. Given the anticipation that there will be declining club numbers—and we were at the same event only a week or so ago and we heard a major club announce a 30 per cent fall in revenue—and given the removal of note acceptance, which appears to impact on that, are you contemplating what you are going to do with potentially falling revenue from club income?

As a second point, can you point to any statistical benefit or any data that would suggest that the matter of problem gambling has been radically assisted by the removal of note converters?

Mr Quinlan: To answer your last question first: the short answer is no, although at the clubs annual conference in Penrith late last year Professor Jan McDonald, who has the chair of gambling studies, financed by the ACT government, in her address, addressed a number of the issues. Her analysis, which is based on some research—I don't know that the research could be claimed to have been absolutely comprehensive—was that, for example, the existence of ATMs in clubs does not impact particularly on problem gambling; the existence of note accepters does.

It is probable that in the longer term we will do some more sophisticated studies to examine that, but it is intuitively reasonable that it may have some inhibition. Nevertheless, I have heard counter-arguments that you toss the 20s in without thinking about it, but you think about a 50. With the clubs immediately restocking their ATMs with \$20 notes only—we might come to that later after the dust settles. I think the club industry and the government expected that there would be some diminution of revenue. If we just changed the note accepters and there was no impact at all on revenue, then it would only just have imposed inconvenience.

The recommendation from the commission, I have to say, initially was to eliminate note accepters altogether. The government consulted with the opposition. Bill and I worked through the legislation and the code of practice before it was introduced. We made what we thought was a balanced judgment to reduce them to a maximum of \$20. I do expect, as I do see in some of the figures, some bounce in that. Phil may comment on that. I don't know that the bounce is even across the industry, club to club.

MR MULCAHY: I used the term removal. I should have said modification.

Mr Quinlan: But there certainly has been a fall in revenue that could be directly attributed to note accepters. I think some of it may be permanent, but there has been certainly an amount of balance as well in terms of revenue.

The clubs face the further impact of a total smoking ban. The statistics of the correlation between smoking and playing poker machines are quite high. There would be an expected reduction in revenue there. I don't think that that may have the same degree of bounce as note accepters. It will cause some difficulty. Clubs are going to have to cut their cloth.

But remember that it is a relatively recent phenomenon that poker machines have taken off; it is only in the last eight to 10 years that we have seen the new, sophisticated machines. All of a sudden it accelerated poker machine growth. The clubs existed quite readily before that, even the very large clubs.

But the total banning of smoking, I think, is generally accepted now; it is inevitable; it should happen; it must happen. We have given lead time; we have given as much concession as we can in relation to the modifications that clubs may make to their premises to allow a smoking area, even though it won't be a smoking room as such—and there is some debate as to whether we have been too soft on that—but it will have an impact.

I have to say that we have set down that we wish to increase poker machine tax and what we want to do is increase our poker machine tax to the next lowest in Australia, which is Victoria, after taking into consideration the community contribution that applies. That community contribution requirement in most cases in clubs is used to finance the *raison d'être* for the club in the first place. So I think we are going to end up, even when the taxes come in, with the softest taxation regime in Australia, and it will be the softest tax regime with only the clubs in the ACT retaining a monopoly on poker machines. I think they are in a pretty good place.

THE CHAIR: Mr Mulcahy with a follow-up question.

MR MULCAHY: Yes, just to follow on. In terms of other revenue—and I accept that there is all-party agreement on the smoking change—it is a fact of statistical life that it is likely to impact in the order of 12 to 14 per cent, based on the Victorian experience. I agree with the Treasurer that it is unlikely to bounce back. If you see a downward trend, however, in revenues along the lines that we are already seeing, without that measure really taking an impact, would you be willing to contemplate revisiting that tax increase or would you be willing to revisit the note conversion change if you could see that adversely impacting on Treasury finances?

Mr Quinlan: If we looked at it and saw that on a costs/volume/profit analysis we had our pitch wrong, we would review it. But we have to take into account the fact that the measures that we have introduced are not about just trying to inhibit or curb the revenues that clubs make but in fact are about addressing the problem of problem gambling. So far, the ACT, in the last three or four years, has been recognised as the most proactive state or territory in terms of gambling codes of practice and legislation. We intend to stay there, but we also tend to be very conscious that clubs have 20, 50, 100—hundreds—effective, lethal weapons at their disposal. And there is a need to have a degree of control.

MR MULCAHY: If I could just finish: it is worth noting that in South Australia, where there are no note accepters, from my observation and discussions with both hotels and clubs, they have the same issues with problem gambling; so it does strike hard at the quality of the research so far that it is going to tackle the problem of problem gambling. I suggest there may be other factors.

Mr Quinlan: Phil might like to comment.

Mr Collins: Research undertaken in Queensland in July of 2003, following the prohibition of \$50 and \$100 note accepters up there, demonstrates that this was an effective harm minimisation measure in changing the behaviour of people in the high risk to problem gambling groups.

The research reported a decrease in the harmful behaviours of many gamblers, especially those in the high risk to problem gambling groups. Despite these reported changes, there have been no observable long-term effects on electronic gaming machine revenue that can be attributed to change in note accepters. The findings from their research were quite definitive.

MR MULCAHY: Whose research?

Mr Collins: That was the research and community engagement division of the Queensland Office of Gaming Regulation, in conjunction with the Office of Economic and Statistical Research.

MS PORTER: My question is about the problem gambling area. Apart from the reduction of the note accepters, which is obviously something that has been proven to be effective, what other strategies and programs have you been implementing to address this problem? I'm interested in the detail about any other strategies you've been trying.

Mr Quinlan: I'll get Phil to take that question. We do have a code of practice, which involves genuine activity at the coalface.

Mr Collins: As the minister said, the ACT is recognised for its efforts in harm minimisation and attempting to limit the effects of problem gambling. We have previously mentioned the code of practice. The principal solicitor of the Wesley Community Legal Service described this as a straightforward approach to stopping problem gambling, and probably the most radical harm minimisation program in the world. The ACT is the only jurisdiction in Australia that has a compulsory code of practice. There is a range of initiatives addressing problem gambling and harm minimisation within that code, and also within legislation the Gaming Machine Act and other legislation.

In our 2003-04 annual report we've reported very comprehensively against the national framework on problem gambling, which was endorsed at the most recent ministerial council meeting on gambling. That outlines in some detail all our initiatives in this area. It includes the code of practice and it includes our awareness building of problem gambling, using brochures, training courses, et cetera.

There is also the compulsory training of all workers in the gambling industry and the requirement for every venue to have a gambling contact officer who is responsible—and this is within the code—within that venue to observe and report on patrons who seem to be displaying behaviour associated with problem gambling and that sort of thing. They're required to keep a log of that contact, and we edit that log.

There are self-exclusion schemes; there's a whole range of initiatives that the government has undertaken. The compulsory five-hour closure requirements for all gaming machine venues is another example. I could go on, but they are certainly very comprehensively outlined in our annual report.

MR MULCAHY: Do you have a view on the cause of problem gambling?

Mr Collins: The cause is—

DR FOSKEY: Let's rule that one out.

THE CHAIR: I don't know.

DR FOSKEY: I think we've all got too many questions for us to go into that one, on which there is, no doubt, a variety of opinions.

THE CHAIR: Order!

MR MULCAHY: I'm interested. He has announced all the measures. I'm just wondering about the cause.

Mr Collins: It is multifaceted. I guess it's like abuse of other substances that most of us manage quite well with. I'm talking about alcohol and other things.

Mr Quinlan: Speak for yourself!

Mr Collins: I think that, if we knew exactly what tipped people over the edge from a recreational gambler to a problem gambler, life would be a lot simpler. The research has shown that it's due to a multitude of factors. I really couldn't pinpoint it, and research to date hasn't been able to pinpoint it.

MS PORTER: Are there any particular strategies to target young adults—to prevent them developing a habit, as it were?

Mr Collins: Yes. We sponsored a research project called “Adolescent gambling in the ACT,” which was conducted jointly by the ANU Centre for Gambling Research and Adelaide University. That was done in conjunction with the ACT department of education, independent schools and Catholic schools in the territory. That was a very comprehensive study, which has reported recently. As I say, it was done in conjunction with the department. The department is now examining the findings and recommendations of that study. They are looking to implement a number of those recommendations in the curriculum renewal project they are undertaking.

I've also passed on a lot of information that's been provided by Queensland and South Australia in relation to initiatives they're trialing with young people, particularly in schools. So the department has that information. We'll be liaising with the department throughout this year and early next year as to what they can do. Essentially, the research found that the education of adolescents in schools on the risks associated with gambling, a knowledge of the odds associated with various types of gambling and, obviously, parental behaviour are key elements of the mix in terms of adolescent gambling and adolescent problem gambling.

MR STEFANIAK: I've got one question.

THE CHAIR: We've got 20 minutes left. No, Mr Stefaniak; you've had quite a few questions.

MR STEFANIAK: Yes, I have, but I have one question in this area.

THE CHAIR: Please let me finish my sentence. We've got 20 minutes left, and we still have to deal with ACTTAB. I've told Dr Foskey that, as a member of the committee, she can ask a question. I was thinking about then asking that all further questions be placed on notice with regard to the Gambling and Racing Commission. We can then move onto ACTTAB and give them at least 10 minutes before everybody has to go.

DR FOSKEY: In its statement of intent the commission states that it will be assessing the findings and recommendations of a number of gambling research projects. There doesn't appear to be any budget allocation available to implement any measures that might arise from these assessments, although there have been calls from researchers and community groups for an increase in support services for people with gambling problems. That includes services specifically targeted at women and people from diverse cultural groups.

Mr Collins: One of the projects we refer to there is adolescent gambling in the territory that I have mentioned. As I said, we will be following through with the department of education on that. The other key project that reported quite recently was the help-seeking project. Again, we are liaising with the Department of Disability, Housing and Community Services in respect of the availability of counselling and support services that can be offered. That department provides the funding for the support and counselling services in the territory, mainly through lifeline, but also through care. They are examining the recommendations and the findings of that study. As I say, we will be working closely with them on that.

There is no budget identification for the commission because we don't provide funding for those services to lifeline and care. Depending on the evaluation of those recommendations, we anticipate that the department will come back to us and say where they believe they can implement some of those findings. We are in contact with lifeline to a fairly significant extent. Lifeline reports that the funding they get from the government, plus the club care scheme, which is a joint scheme with lifeline and a large number of clubs in the territory, has been very successful. They are finding that they can meet the demands of clients.

In fact, just recently, from talking to the coordinator of club care, lifeline is able to offer assistance to any client within a 24-hour period. So there is certainly no backlog or over-demand for services. Lifeline is very confident that it is meeting the demand and the requirements. That research project identified that other strategies could be used to provide services for other than the mainstream groups, if I can put it like that. That's certainly what the department is looking at.

DR FOSKEY: It is mentioned in the statement of intent that there is a relationship with the ANU Centre for Gambling Research. I would be interested in knowing how that relationship works and why it is being reviewed.

Mr Collins: Very briefly, the government and the ANU established the centre for gambling research several years ago. The nature of the review is simply in terms of the types of projects they are undertaking for us. In the past 18 months to two years they have undertaken a number of smaller, discrete projects. What we are looking at is a more strategic focus and perhaps longer-term projects and a smaller number of large projects.

THE CHAIR: Thank you, Mr Collins. I am sorry, members, that we can't have—

MR STEFANIAK: I just want to put on the record that I am the shadow in this area. I find it highly undemocratic that I can't ask one question. I have never seen that occur in an estimates committee in all my years in this bloody Assembly. All right?

THE CHAIR: You can place the question on notice, Mr Stefaniak. We are giving now 10 minutes—15 minutes at the outside—to add to that.

MR MULCAHY: Minister, I think at an annual reports hearing we touched on ACTTAB, its interrelationship with the pooling arrangements and possibly some issues emerging. Are you able to expand on the state of play with the pools and so forth, as they might impact on the long-term position of ACTTAB?

Mr Quinlan: I will leave it to Mr White to answer, but I think we are fairly comfortable each way, as the term goes.

Mr White: We have entered negotiations with Tabcorp for a new agreement. We have an agreement at the moment until August this year. The only real complicating factor we see—not necessarily on the horizon but one we are dealing with directly now—is the purchase or takeover of the New South Wales TAB by Tabcorp and the conditions they may apply in respect of the other partners in SuperTAB being pooled with New South Wales. That's principally the issue we are dealing with at the moment.

MR MULCAHY: You are comfortable with the way things are likely to pan out.

Mr White: I think so. Obviously, it is reasonably early days because of the timeframes in which Tabcorp have been moving to amalgamate the pools between SuperTAB and New South Wales. That's really what they've been concentrating on. At the moment, we have a draft agreement which is with our solicitors. We need to continue to negotiate there.

MR MULCAHY: I have some questions on the revision to the dividend. It seems to have gone up by quite a large amount for 2004-05 and, from 2005-06, was revised in the first year from \$.293 million to \$3.5 million and then, in 2005-06, from \$.877 million to \$2.79 million. Is there some reason for those revisions? That is on BP3, page 123.

Mr Quinlan: I'll let Mr White or Mr Wheeler answer that in the long run, but the TAB was in the situation of accumulating capacity. It was scheduled to buy new headquarters and it's now going to lease the new headquarters. So their needs have changed.

Mr Wheeler: Essentially that's the answer. We had some excess capacity there that we were able to pass back to the shareholders when we did a business review of our capital expenditure.

MR MULCAHY: Are you saying you had more money available than you had previously planned to hand over to the territory?

Mr Wheeler: That's exactly right.

Mr Quinlan: They used to pay virtually a 100 per cent dividend. We then relaxed that so they could build up the capacity to make the changes necessary.

THE CHAIR: I remember the complaints, when I used to sit across the table from Mr White!

Mr Quinlan: Since then, times have moved on and the capacity we allowed them to aggregate is not required.

MR MULCAHY: The forward estimates show much lower figures over the outyears up to 2009. Are they likely to be revised upwards as well?

Mr Quinlan: No. The TAB can really only pay a dividend out of what it earns. The maximum is 100 per cent, but it is an industry that relies on the use of modern equipment, and they need some capacity to build that up.

MR MULCAHY: I believe the projected dividends are nearer to three per cent than the five per cent that you've had previously.

Mr Wheeler: The dividends in 2005-06 include one-off dividends on top of the 50 per cent operating dividend.

Mr White: One of the chief reasons why we had the spare cash was the fact that we were looking, over a number of years, to building our own new headquarters. We have now entered a leasing arrangement. That means we're really only going to be up for the fitout, and not for the cost of the building itself.

MR MULCAHY: Is this part of your move to Gungahlin that we've heard of so many times in the media?

Mr White: Yes, it is.

THE CHAIR: When is that happening?

MR MULCAHY: Where is that up to? What's the status of that?

Mr White: Essentially, at this stage, we'd be looking at early 2006—probably February or March 2006.

THE CHAIR: Are you going to run a book on it?

Mr White: The simple answer there is that, when I started with ACTTAB in 1994, the very first project was to get into a new headquarters building. So no: I won't be running a book on it!

THE CHAIR: On page 455 of budget paper 4, under the highlights at dot point 2, there's a statement about "revitalising and rationalising the agency network incorporating traditional suburban agencies, ACTTAB managed branches and 'super-shops' in targeted locations". I'd like an expansion and an elaboration on what that means in reality.

Mr White: I should start by saying that this is an ongoing rationalisation of the ACTTAB network that really commenced around 1987. I know that's a long time back but that was when we really started to add sub-agencies, which were clubs, hotels and taverns. At that particular point in 1987 we had around 30 outlets, of which two were sub-agencies. We now have 34 sub-agencies operating. This is the second rationalisation,

if you like. In 1995 I think we were reduced by four to five agencies. We brought it down from the mid to high 20s down to the low 20s. We've closed another five over the last two years. We now have 17 ACTTAB outlets and 34 sub-agencies.

The planned reduction from here on in, which will bring it down to 13, will depend to some extent—apart from one outlet where a lease will come up in the next couple of months—on being able to identify larger premises, which are really the super-stores, or super-shops. Rather than just having a number of relatively small agencies, we plan to have a spine, if you like, from Gungahlin, Jamison, city, Erindale, and Dickson, of larger outlets of about 180 square metres.

THE CHAIR: This is a slightly loaded question, through the minister, and I'm happy for Mr White to answer.

MR STEFANIAK: Take it on notice, Madam Chair.

THE CHAIR: Will you know if you've gone too far? When will you know that?

Mr White: We've been very careful about identifying the outlets we have closed. As I said, we have effectively closed five over the past two years. We have had very little complaint, or virtually no complaint at all, with regard to those closures. What we've tried to achieve is a five to 10-minute travel time to outlets, and we'll be able to maintain that. I've got no doubt that we've got the best retail network of any organisation in Canberra.

DR FOSKEY: On page 455, as a highlight this coming year, ACTTAB lists plans to expand home access to products and services provided by the internet. This is a tricky area. Can you please tell me if there's been any assessment of the social impact of expanding internet services, including any relation to increases in problem gambling?

Mr White: Certainly from ACTTAB's point of view we haven't conducted any study; what we're doing there is following demand. There has been a fairly substantial growth in the number of households that have Foxtel and racing available at home. A number of our customers have chosen to open up accounts and move in that direction. We're attempting to provide quicker service. It complements the rationalisation of the agency network as well. To answer your question directly, no; there hasn't been any impact study done in relation to that.

MS PORTER: Are there any measures associated with that to prevent young people accessing the program?

Mr White: The answer to that relates to the way ACTTAB accounts are opened. That requires a 100-point check, just the same as opening a bank account. They have to be physically present, either at an agency or through documentation, to allow that to occur. It's not simply a matter of logging on—and we don't give credit.

MR SESELJA: I know the move to Gungahlin has been a while coming. Are you able to tell me when that was first announced? How many full-time equivalent jobs are expected to move to Gungahlin? Given the high number of stay-at-home mums in Gungahlin, is there potential for much part-time employment in that office?

THE CHAIR: Telephone betting!

Mr White: The announcement, I would have thought, would have been around August last year.

MR SESELJA: The very first announcement?

Mr White: The announcement that we had put a deal together. We're looking at around 35 full-time jobs, and there are a number of casual and part-time positions that relate to our account betting. To answer your question about whether there'll be opportunities there, it depends on how many of our current staff view Gungahlin as being attractive in terms of transport and things of that nature.

THE CHAIR: I don't know if the rate of telephone betting has changed. I think that's gone down a bit in the last few years since I was last working in the area.

Mr White: Yes, it has.

THE CHAIR: I assume it will remain pretty much the same as it is, with the move from Dickson to Gungahlin.

Mr White: Yes. There is certainly nothing special with regard to the movement of the head office.

THE CHAIR: Your location.

Mr White: Yes.

THE CHAIR: Thank you very much for your time, Mr White and Mr Wheeler. Thank you, minister, and all other officials for your attendance today and your indulgence with the extra five minutes.

The committee adjourned at 6.04 pm.