



LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

STANDING COMMITTEE ON PUBLIC ACCOUNTS

(Reference: Annual and financial reports 2004-2005)

Members:

MR R MULCAHY (The Chair)
DR D FOSKEY (The Deputy Chair)
MS K MACDONALD

TRANSCRIPT OF EVIDENCE

CANBERRA

WEDNESDAY, 26 OCTOBER 2005

Secretary to the committee:
Ms A Cullen (Ph: 6205 0136)

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 2.04 pm.

Appearances:

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

Department of Treasury:

Dr Paul Grimes, Chief Executive Officer
Mr Neil Bulless, Acting Executive Director, Finance and Budget Division
Mr Floyd Kennedy, Acting Director, Budget Management and Analysis Branch, Finance and Budget Division
Ms Kirsten Thompson, Director, Budget Strategy and Reporting Branch, Finance and Budget Division
Mr Phillip Hextell, Director, Accounting Branch, Finance and Budget Division
Mr Michael Vanderheide, General Manager, InTACT
Mr Ross Burton, Manager, Finance, InTACT
Mr Glen Gaskill, Chair, ACT Government Procurement Board
Mr John Robertson, Executive Director, ACT Procurement Solutions
Ms Robyn Hardy, Director, Procurement Policy, ACT Procurement Solutions
Mr Graeme Dowell, Commissioner for ACT Revenue, ACT Revenue Office
Mr Khalid Ahmed, Executive Director, Policy Coordination and Development
Mr Roger Broughton, Executive Director, Investment and Economics Division
Mr Garry Cartwright, Manager, Superannuation Unit
Mr Patrick McAuliffe, Manager, Central Financing Unit
Mr Tom McDonald, Director, Legal and Insurance Policy
Ms Kate Nesar, Acting Director, Corporate Management

Australian International Hotel School (AIHS):

Mr John Robertson, Chairman
Mr Reuben Ong, Finance Manager
Mr Tony Hays, Project Manager

Independent Competition and Regulatory Commission (ICRC):

Mr Ian Primrose, Chief Executive Officer

Exhibition Park in Canberra (EPIC):

Mr Rob Gaspari, Finance Manager
Ms Lindy Cairnduff, Marketing Manager

ACT Insurance Authority (ACTIA):

Mr Peter Matthews, General Manager

Rhodium Asset Solutions:

Ms Deborah Clark, Chief Executive

THE CHAIR: Good afternoon, ladies and gentlemen. I welcome the Treasurer, officials and the media in relation to this inquiry into the annual and financial reports 2004-2005, public hearing No 1. Before we commence, I need to advise witnesses as follows: 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.

A reminder to those present: if you could turn off your mobiles or put them on silent mode to avoid distracting the committee's proceedings. We will try to move through this as expeditiously as possible, because I am conscious of the number of people whose time is being consumed by this and the work of the government is important obviously. I have confirmed with my colleague Dr Foskey that there are questions for each of the agencies, Treasurer; so at this stage, in this first area, there is nobody we can recommend leave. We have an apology from the government member of this committee, Ms MacDonald, who will be joining us later in the afternoon, I believe.

Treasurer, would you wish to make an opening statement in relation to the annual report of your department?

Mr Quinlan: No, thanks.

THE CHAIR: I might lead off questions, if I could. I would take you to page 13 of the first volume, output 1.1. I was wondering whether you or the officials would be able to indicate the areas that your department identifies as being critical in the area of economic reform, in line with your economic management objective and, in that same vein, whether you could indicate what steps are being taken to achieve those economic reforms.

One of the descriptions you have under "economic management" is to, amongst other things, "provide advice on economic and regulatory reform". I wonder what areas you have identified for economic and regulatory reform—possibly there aren't any for the moment—and whether it is anything you wish to share with the committee.

Mr Quinlan: Since this government came in originally, in 2001, there have been a few changes that we have made with some of the enterprises that we have been involved in. We have, to some extent, moved towards the government sticking with the knitting; we have closed down the quarry that was associated with Totalcare. We are just about to complete the process of handing over the hotel school to another operator while maintaining the premises in which it operates. We have, in the first instance, looked towards ensuring that we do those things that government ought to do and are not involved in enterprises that we may not be best at.

In terms of the reporting side of it: you are all aware that we have now put forward a couple of papers, extensions of the budget, for triple bottom-line reporting. We can move towards that.

What else have we done? I would say we don't have some great manifesto that says we are going to change the economic management of the territory particularly. It is more probably under the banner of Economic Development than Treasury—so stop me whenever you like—but we are interested in building the enterprise and the innovative side of the ACT economy.

THE CHAIR: But not so much getting into the management of those sorts of places?

Mr Quinlan: No. We have been involved in stimulating, in fostering, in supporting and in providing the vehicles that will allow small, local enterprise to grow. We have focused quite consciously on local enterprise, as opposed to drawing in multinational or whatever, that have previously offered great promise but not really done a lot.

THE CHAIR: In the same vein of economic reform, Treasurer: have you sought any advice on undertaking further taxation reform, even if it doesn't accord with the wishes of other jurisdictions, especially in light of the—

Mr Quinlan: I take advice on taxation reform each budget and often times in between, as you would appreciate. In an average year, it will be a difficult process to balance an ACT budget. The prospect is quite simple. If you look at any comparative statistics, you will find that the ACT taxes at about the national average. We might be a tad above it but we are around about the national average. By virtue of the Grants Commission and a few other specific purpose payments, we are normalised with every other state. And we have a jurisdiction that does have an expectation of a higher level of services.

On the one hand, we have set up, by virtue of the Grants Commission process, to be in about the same position as every other jurisdiction, with compensations for disabilities in size and all that sort of thing, and then we have a suite of services to provide, at the two levels of government that we govern—we are both local and state government—a level of service that compares, in most cases, very favourably with the rest of Australia. So it is always going to be a difficult job to stay there, mathematically.

THE CHAIR: Notwithstanding your objective to try to bear some relativity on taxes and the expectation of a high standard of services, do you attempt to line up your expenditure in some way, I guess, in harmony with what would go on in other jurisdictions? Do you draw any advice from that, or were you basing those—

Mr Quinlan: Certainly, yes. We certainly benchmark ourselves and compare ourselves with other jurisdictions across Australia. It is not always easy, because there are not necessarily the same lines of division of functions as between jurisdictions; it gets a bit murky. But we do try to benchmark or compare ourselves.

THE CHAIR: Certainly we seem to have a much higher spend in the way in which we are running our health system compared to other jurisdictions.

Mr Quinlan: Yes.

THE CHAIR: Is that an area you are going to tackle or—

Mr Quinlan: And setting aside the regular criticism, because there is regular criticism—and generally it is anecdotal or incidental criticism based on events—our health system stacks up pretty well. There are some national comparisons made, and sometimes we don't finish on top of the league tables, but I think we do reasonably well. It is an expensive system. We have a teaching hospital as a major hospital. We have a number of services that we provide—you are better off asking the Health Minister this than me—

THE CHAIR: Yes, I know.

Mr Quinlan: that would suffer from diseconomy of scale—cardio-thoracic surgery and those sorts of things that you do need throughput and numbers to ensure that your surgeons keep their eye in. We certainly hope they keep their eye in.

THE CHAIR: I might ask a couple of specific questions, if I may, Treasurer. On page 16, under the performance against output measures section, have we had any notification on Standard and Poor's latest credit assessment?

Mr Quinlan: No.

THE CHAIR: Or do you know when that will be coming? Is that usually December or—

Mr Quinlan: November.

THE CHAIR: You will obviously be hoping we maintain a AAA credit rating on that?

Mr Quinlan: I do. I would rather that we provided all the services that we could. I wouldn't be looking for it as an end in itself but at what it means to the territory as an investment business destination and whether people really take any notice of a rating or not. I notice most other states have improved their ratings in recent times but have had lesser ratings than the ACT. I haven't heard of any case where a given state has lost out on some investment opportunity because their rating wasn't AAA plus.

THE CHAIR: Do you think there is a risk that it may not be as complimentary this year?

Mr Quinlan: I have no idea. We make our case as best we can. Standard and Poor's generally refer to GFS measurements, to start with. They have come to terms with the fact that land sales are a legitimate inclusion in our revenues but they factor them out, to start with. We have, virtually every year that I have been in the ring, because of it, still maintained the rating because they accept that we have a huge amount of land available that will be exploited and will offer continued revenue to government. They accept that other states, with their land coms, land development agencies, whatever, in large part, probably benefit in the same way.

THE CHAIR: The consolidated report for 2005 shows an operating result of \$26 million, which is after the removal of the effect of superannuation liabilities of, I think, \$214 million. I am not taking issue necessarily with that. But in future end-of-year reports do you think you might remove the impact of land sales from the operating result as well, to present a more accurate picture, or is that something you have to make a decision on?

Mr Quinlan: You would have to have, first of all, the debate: "Does it present a more accurate picture?" I don't think it necessarily does. When you look at the land that we have available, whether it be in the distant future, Kowen Forest, and look at the Molonglo land that is there waiting to be used, there is land that we in fact have complete

control over and that we can develop and sell or sell in undeveloped blocks for many, many years to come.

I think it is a true reflection of the wealth of the territory, of the position it is in, to allow us to incorporate land sales in our revenues indefinitely. I don't see a great problem with that. I don't think it distorts anything. It might mean that, because of the way the territory is and there is so much land that belongs to the territory and isn't in the hands of freehold owners, we are different from other states, yes. But so be it.

THE CHAIR: I will ask a couple more and then give Dr Foskey a go. Can you quantify the value of the NCP payments that you refer to on page 16 and that you reference as having been redirected to support the commonwealth plan for the Australian waterfront? Do you happen to have that information?

Mr Quinlan: Someone might have it somewhere. The competition payments used to be \$12.5 million to \$13 million.

THE CHAIR: All of that amount has been redirected to the Australian waterfront; is that what you are saying?

Mr Quinlan: Yes. Which is a great flim flam, but anyway!

THE CHAIR: We will have debate on that on another day, too. On page 26, in relation to the management of capital works: I understand, from a briefing with Treasury officials that your office has kindly provided, that management of capital works is now moving back to a more centralised approach. Can you inform the committee how this is working and the sorts of problems this new approach is likely to overcome?

Mr Quinlan: Major projects are handled through the Chief Minister's Department. You might hold those questions for the Chief Minister in terms of our major projects. For my part, I have a treasurer's usual problem: it has been ever thus that we have programs that are never quite filled and are always delayed. I have certainly, even this week, signed letters to ministers to remind them that now is the time in the financial year to get going on their projects and not the back half of the year because any form of planning delay or some form of uncertain decision making will mean that, again, the works won't be done or will only be done in very small part when they have been estimated to be well and truly under way, if not completed.

DR FOSKEY: We are dealing with output 1.1 at the moment. It probably is a good way to proceed.

THE CHAIR: We will go further afield, if you like, because my concern is that we have a relatively limited amount of time and an enormous number of reports to get through. If you could move ahead and give the page reference if you can.

DR FOSKEY: I do have quite a number of questions but a lot of those I will be putting on notice; so that will please you. The first question to ask in the flesh, so to speak, refers to the legal insurance policy unit. On page 15 it states that one of the things that you have done in the last year is to assist—and it is dot point 2—community organisations and small business to obtain affordable insurance through better risk management. Could you

please outline with which community organisations you have been working and how you have advised them?

Mr Broughton: I can't give you the exact names of the organisations, but we have worked very closely with Volunteering ACT to run numerous courses, which have been extremely well attended. The numbers are in the several hundreds in terms of people who have attended these courses to train people in the community sector on improved risk management. We also have a dedicated website that community organisations can refer to, which explains risk management, provides risk management assistance in relation to forms and so forth that can be used to help you establish a proper risk management process. Those courses have been run now over the last two years. As I said, there are many organisations that have been represented at those courses.

DR FOSKEY: Also on page 16—and this is moving to the commonwealth-state finance unit—it states that the ACT government has proposed to the Australian government that a number of business taxes be abolished. I wonder if you could go into a little bit of detail about which business taxes they might include.

Mr Quinlan: You might be aware that there was a debate between the states and the commonwealth over taxes that were scheduled, in the intergovernmental agreement that related to the introduction of the GST, to be reviewed when the states became GST positive, when the GST returned them revenues greater than a lineal progression on what they used to get under the previous grant system. We really came to the crunch point. I don't know what the resolution of this will be because a couple of states have refused to abide by the demand. That is what it was; it was blank demand by Treasurer Costello.

Some states have refused to comply. I don't know whether he is going to go with that. But some other of the states, including us, wrote as to when we would think about abolishing a schedule of the taxes that were in place. At the top of the list is conveyancing duty for commercial property, and all states have said we are not going to remove that at all. Private individuals pay it, why shouldn't business?

Then the other taxes—have I got them here?—include stamp duty on non-real residential conveyancing; stamp duty on credit arrangements, instalment purchase arrangements and mental agreements; stamp duty on leases; and stamp duty on non-quotable marketable securities. There is a schedule—it is in our budget papers, at page 81, book 4—which lists the offer that we have made, which is different from any other state's offer. We haven't received a definitive response on that, although it is six months.

THE CHAIR: A supplementary on that, Dr Foskey: you say we can't get rid of stamp duty on commercial conveyancing.

Mr Quinlan: "Won't" was the word used.

THE CHAIR: You won't because it is inequitable because private individuals pay it. There are a host of taxes where businesses and individuals pay at different rates—motor vehicles, they pay commercial rates; payroll tax is paid by business; telephones, which obviously is not your responsibility, people pay different rates. So it doesn't seem a very compelling argument to say everything has to be even.

Mr Quinlan: It is good enough for me, Richard.

THE CHAIR: Obviously.

DR FOSKEY: Moving right along here: on page 17, it states that you have provided advice on the City Hill development and planning system reform projects. I wonder whether you could let us know what advice or line of arguments that Treasury provided on the City Hill development.

Mr Quinlan: What Treasury has done is some projections for the working party. What City Hill is about is a very considerable increase in the amount of commercial floor space, the amount of retail floor space, the amount of residential as well as some accommodation industry or tourism facility. Quite clearly, the case for the massive change in City Hill or the decisions that might be taken in relation to City Hill in terms of how it might be developed, over what time span, and what comes first, is going to be governed largely by the commercial viability of it and by the investment return program that it offers.

It is pretty obvious that any project like this will require considerable up-front funds before there is any return flowing back, because of the need to install the base facilities, the base infrastructure, that any city depends on. Treasury has been involved in providing assistance and estimates and doing calculations and extrapolations on that for the working party.

DR FOSKEY: Finally on this section: I note that there is no mention of the poverty-proofing consultancy here. I wonder whether you could indicate why not and, if you are the agency to whom this question is relevant, who conducted the consultancy, how much they were paid and what they recommended.

Mr Quinlan: You will have to ask that question of the Chief Minister because that runs to his portfolio. Let me say that there has to be, whether we like it or not, a separation between Treasury and some of the other functions that government will carry out in order to create a reasonable balance, because what we do has to be feasible and doable.

DR FOSKEY: Obviously the report from that consultancy will inform your work towards the next budget?

Mr Quinlan: It will provide information, I am sure. It will provide suggestions. It will be part of a whole raft of information that will inform the budget. What will also inform the budget is our capacity to do these things.

DR FOSKEY: That is the end of my questions on 1.1. I don't know whether you want to ask yours.

THE CHAIR: No; keep going. I have got a couple but I will leave them for the moment.

DR FOSKEY: On page 19 you refer to sustainability indicators—a predictable question from me.

Mr Quinlan: Everything that you have suggested to us is in there, Dr Foskey.

THE CHAIR: What about mine?

Mr Quinlan: And yours. Everybody's.

DR FOSKEY: We are all very keen. How is Treasury working with the Office of Sustainability in further developing the triple bottom-line accounting, the sustainability indicators? Yes, that will do—the triple bottom-line accounting and sustainability indicators.

Mr Ahmed: In answer to your question, Dr Foskey: there is an ongoing working relationship between Treasury and the Office of Sustainability on triple bottom-line sustainability, development of performance indicators and, in fact, a broad framework around performance measurement and performance reporting. Obviously we try not to have an overlap between our respective roles and responsibilities. Our work essentially relates to performance measures that go in the budget papers, whereas the Office of Sustainability is focusing on sustainability reporting through the measuring of progress reports. So, yes, that work is continuing.

Some of the progress that we made during the last year was reflected in the budget papers for 2005-06, where there are significant changes in the performance measures and improvements. It is ongoing work that will continue.

DR FOSKEY: Will you be looking forward to the paper that we are contributing to the process?

Mr Quinlan: We have, for some time.

Mr Ahmed: I understand the Treasurer has written to members of the Legislative Assembly seeking their input. Before that there was a discussion paper released as part of the 2004-05 budget papers, seeking comment and input. Yes, certainly whatever input we receive we will take into account. In fact, we have had contact with the sustainability expert reference group and the joint community-government reference group as well, where a number of community groups sit. Whatever input they provide or whatever thoughts they have, we try to draw on that and learn from that.

DR FOSKEY: The estimates committee had a few comments as well. Thanks for that, Mr Ahmed. My next question is in relation to the affordable housing interdepartmental committee, at page 20. Could you please indicate how this year's component of the \$63.6 million was spent and where it is in the annual report?

Dr Grimes: Dr Foskey, those questions would be more appropriately put to the department of housing. The expenditure of these funds doesn't occur out of Treasury.

DR FOSKEY: We will follow that through. So you wouldn't be able to tell me how often the committee met last year. It must be an interdepartmental committee.

Dr Grimes: I will check with Mr Ahmed. It may be possible, because we are represented on that committee.

Mr Ahmed: I can't tell you off the top of my head the number of meetings that we had. It is an interdepartmental committee that has been meeting fairly regularly, and there are regular meetings organised. From memory, I think it's monthly. As far as the expenditure is concerned, as the Treasurer said, it is spread across the various agencies, but mainly in housing.

DR FOSKEY: I am up to output 1.3 now. Why don't you have a go?

THE CHAIR: I have a couple of questions, Treasurer. Totalcare is listed as a controlled entity of the ACT government. I am aware of all the changes there. It is on page 24. Why is their no annual report for that entity for 2004-05? In the same vein, there is an annual report from Rhodium Asset Solutions from 1 January. But for the period 1 July 2004 to 31 December 2004 there is no report on that commercial leasing business, which is valued at about \$10 million in terms of annual turnover. Can you help us understand why those reports aren't there?

Mr Quinlan: Largely, Totalcare is just a shell now. For the six months on fleet management, I will have to take advice. I might take that on notice and let you know.

THE CHAIR: All right. That is all to do with those entities. Do you want to go back to your questions, Dr Foskey?

DR FOSKEY: Yes. I am on page 24 as well. At the bottom of that page there is mention of there being more home buyer concession scheme applications and inquiries. Do you have any idea why the number went up so dramatically?

Mr Quinlan: We decreased the threshold and increased the benefits of the fund. I do not have the numbers in front of me. We certainly made the scheme far more attractive.

Mr Ahmed: There were two parts to the changes that were made to the eligibility criteria for the home buyer concession scheme. The income threshold for a family was increased to \$100,000, with further allowances for children, et cetera, and the window that was available to a full concession was linked to the market prices. I will have a go at explaining this in less technical terms. Up to 65 per cent of the value of the transactions were eligible for some form of concession. It was linked to the activity in the market, or the price in the market, as well. What was previously happening, Dr Foskey, was that the prices in the market were increasing so sharply that people were not eligible or the properties just were not there for those people to access or buy. That has meant that the number of people availing themselves of the concession has increased significantly. There is a considerably large benefit that those people are having.

Dr Grimes: I have some figures here, Dr Foskey. In the year before those changes that Mr Ahmed was talking about, the number of concessions claimed was less than 50. In 2004-05, there were 1,662 claimed, at a total cost of \$10.2 million, a cost to revenue of \$10.2 million.

DR FOSKEY: Did the government reach its target for the number of home buyer concessions? Obviously, you did and you have answered that. Has the same thing happened to the first home owners grant of applications going up? Did you reach your target?

Dr Grimes: We would have to take the question on the first home owners grants on notice; we do not have the information available at the moment. But it is correct to say that the home buyer concessions exceeded the target forecast that had been provided in the budget papers.

THE CHAIR: Am I correct in reading the commonwealth government loan you have in relation to home loan purchase assistance as a \$98 million debt and that there was a problem in trying to repay that?

Mr Ahmed: It is close to \$98 million or \$99 million. It is close to that amount.

THE CHAIR: And you sought to repay it but you could not; is that the problem?

Dr Grimes: Mr Broughton may know the history to this in the ACT. These loans have been made to, I think, all state governments. So the ACT isn't any different from other state governments in that regard. Mr Broughton might be able to provide further information on the history of our home loan arrangements with the commonwealth government.

Mr Broughton: In relation to that specific loan, the interest rate is a concessional rate of 4.5 per cent per annum. We have no desire to repay that loan because we can get a better return by investing the money.

DR FOSKEY: On payroll tax, also page 24, it is said that the cost per inspector went up quite a bit, due to identification of liable unregistered companies.

THE CHAIR: I think that is the revenue they raised.

DR FOSKEY: I might come back to that. Is any report available on the concessions provided under payroll tax, and can a summary be provided, perhaps on notice?

Mr Quinlan: It is generally a business incentive scheme. That is the only one we have, is it not?

Dr Grimes: Mr Dowell might be able to provide a very brief overview on that reporting.

Mr Dowell: With payroll tax, we don't actually collect the information for the concessions given, but there are concessions given for people who are employing apprentices, there are maternity leave concessions, and there are concessions for certain types of business, such as educational institutions. The list of concessions is in the Payroll Tax Act, which I do not have with me, but that is the general nature of the concessions.

THE CHAIR: Mr Dowell, when you are assessing firms that have interstate operations, are you assessing the payroll tax just in relation to those people who are working and residing in the ACT or are you looking at the interstate figures?

Mr Dowell: Payroll tax has a grouping provision that takes into account Australia-wide wages. Each of the jurisdictions has a different threshold. The thresholds are pro rata,

depending on where they are paying the wages. If you are paying somebody in the ACT to work in the ACT, that would be picked up in the ACT.

THE CHAIR: But if a firm had staff in, say, New South Wales and staff in the ACT, you are not applying the tax on the New South Wales employees, are you?

Mr Dowell: No, we are not. The ones that are actually working here; it is where you physically do the work.

DR FOSKEY: Has there been any analysis of equity issues surrounding payroll tax, such as how it affects different firms?

Mr Dowell: The ACT has the highest payroll tax threshold in Australia at \$1.25 million. It is significantly higher than those of the other jurisdictions, which means that the firms need to be relatively large to fall into the payroll tax net.

DR FOSKEY: Turning to objections and the review of decisions, also page 24, why do you think there were 55 per cent more objections and consequently reviews last financial year?

Mr Dowell: The ones completed were 55 per cent above the target, but the number of objections and reviews that we get varies. It depends on the cases going through across all tax lines as well as the rates and land tax issues. The number of litigations where people choose to go through to the AAT and possibly the court system will also impact on the number of objections that we can complete.

DR FOSKEY: Right. So there wasn't any trend related to particular ACT government revenue charges that seemed to be particularly a problem for people.

Mr Dowell: No, not that I am aware of. From time to time, we will get a series of objections covering an area, but it is usually a technical issue about how you interpret it.

DR FOSKEY: How they interpret it.

Mr Dowell: Yes. Sometimes there is a conflict with interpretations.

DR FOSKEY: On page 25, under "Future directions", there is a reference to implementing government decisions on tax reforms. Could you indicate which areas of tax are being looked at?

Dr Grimes: The major area of work there is on those business taxes that were referred to earlier and the implementation of those arrangements.

THE CHAIR: Turning to page 81 of volume 2, the fall in stamp duty there recorded of about \$57 million was attributed to a reduction in conveyance duty, which had been out there for some time. Do you expect a continuation of this trend or are you confident of a turnaround coming, as was previously forecast?

Mr Quinlan: I am receiving a variety of predictions, but I understand that things have stabilised, that we have had a fall but it is not a free fall at this stage.

THE CHAIR: So that would mean that you think your forecasts on stamp duty will be pretty much as you anticipated.

Mr Quinlan: On what is contained in the current year's budget, we would probably have to have a pick up.

THE CHAIR: It is coming in below expectations.

Mr Quinlan: Yes, I think so. I think it has dropped and it has dropped and holding. Is that about right?

Mr Broughton: That is correct. If you are referring to so far this financial year, what we are finding is that the level of transactions is holding up to about what we expected, and our forecast implies a gradual return to about the average level of transactions. But the average price per transaction is down a bit on what our forecast allowed for, although in the most recent month it has increased back towards our target.

THE CHAIR: Right. That is in line with what you had previously forecast, I think, but the area where I guess there is a danger for the economy or ACT revenue is in terms of what that average value is. How far has that percentage fallen? If you could average the prices of the transactions, what percentage fall have we seen in the territory? Do you have that data?

Mr Broughton: A minimal percentage decline so far this year. I think there has been about a one or two per cent decline below what we forecast, but over the last two or three years prices have actually been quite resilient. The drop off in conveyance revenue last year was mainly due to a drop off in transactions rather than the prices of houses.

THE CHAIR: So you now have a stability in transaction levels.

Mr Broughton: Yes.

THE CHAIR: But an average transaction value of probably one or two per cent below. Do you know roughly what that impact will be on revenues?

Mr Broughton: To be honest with you, I do not expect it to have much of an impact by the end of the financial year.

THE CHAIR: Thanks for that.

Dr Grimes: Mr Mulcahy, it may be helpful to have some further information on the average residential price for last year. The difference between essentially what our forecasts were embedding and the outcome was about \$800, and that was with an average house price or property price in the ACT of well over \$300,000. The outcome, on average, was \$800 per transaction lower than we had been anticipating on a total value of a bit over \$330,000, so only a small variation on the average residential price. The volume of transactions was also lower than we were anticipating and those two things combined led to the—

THE CHAIR: How much of that percentage variable on the volume of transactions?

Dr Grimes: About 200 on about 11,000.

THE CHAIR: Treasurer, could you give us an indication of the current outlook in relation to the impact of superannuation funding liability for the public sector? We have spoken in previous hearings about that and provisions are being made there, obviously, but has the situation continued to improve or is it deteriorating?

Mr Quinlan: We are still investing, so we are still working towards 2040.

Mr Broughton: The strategy that was developed for the budget some years ago was designed to achieve a 90 per cent funding of our liabilities by 2040. We are currently going through a process of reviewing that strategy to reflect the fact that the two defined benefit schemes, the CSS and the PSS, closed as of 1 July this year, and that is going to make a major difference to the total amount of liabilities projected over the long term under those schemes.

THE CHAIR: Do you have any idea when that review will be?

Mr Broughton: That will be incorporated in the budget, I would imagine.

THE CHAIR: Also on superannuation—a measure of self-interest, Treasurer—I am just wondering what investment approaches apply to the superannuation arrangements for members of the Legislative Assembly?

Mr Quinlan: You will have to ask the Speaker that one.

THE CHAIR: I thought it was handled by your department.

Mr Broughton: The Assembly scheme is a defined benefits scheme that is based on earnings and it is a multiple of the earnings based on length of service as well. So the entitlement is not affected by any investment returns achieved by the government.

THE CHAIR: Is any thought being given to reviewing those arrangements, given the trend towards a wider choice of funding?

Mr Quinlan: If there is, I hope they do it quickly.

THE CHAIR: I am sure.

Mr Quinlan: I do not think there is at this point, although you would have to say that generally superannuation schemes for politicians across Australia have been generous. The one that applies here is probably the least generous because you do not get a two and a bit elections or something qualification for a full pension. You just get a pension that is based on the time of service and the level at which you served. If you served as a backbencher, a minister, a leader, a whip or whatever, that is taken into account and then it is extrapolated on the current salary of a backbencher.

DR FOSKEY: As my superannuation is sitting in Treasury, I am interested in the kinds

of things that you are investing in. If we were in a different superannuation fund, we would probably have access to those things. Could you give me a breakdown of the areas in which our funds are being invested, perhaps not now?

Mr Broughton: The superannuation provision account is an account where money is reserved for the ACT to meet its employer obligations and, as a consequence, does not include any funds that belong to individual staff members. That is managed by ComSuper. But we invest the SPA as if it were a superannuation fund. We invest it across the range of typical investments, which include shares, domestic and international. We invest in fixed interest products. We invest in property. We invest in private equity, which is essentially shares in the ownership of start-up companies and the like. Some of it is in cash but not a lot. That covers pretty much the range of things that we look at.

DR FOSKEY: Are any ethical guidelines followed in making these investments?

Mr Broughton: Are you asking whether we have a specific ethical investment program?

DR FOSKEY: Or just any guidelines. You might not have an ethical investment program; I suspect you haven't.

Mr Broughton: Yes, there are certainly areas in which we won't invest. In terms of any investment in fixed income or cash, there is a limit on the credit risk of companies that we will invest in or loan products. We cannot go below A minus in a short-term sense and AA, or it might be A, for long-term investments. In terms of equities or shares, we do not have any specific restrictions, but we do have restrictions in relation to the proportion of our investment that can be in any one company, and in some cases the proportion of investments that can be in certain industry sectors and the like.

DR FOSKEY: That would suggest to me that those are not ethical guidelines as such; they are good economic management principles.

Mr Broughton: Yes.

DR FOSKEY: I might pursue that in another forum at another time, given that we are running out of time. Turning to the sustainable infrastructure fund, page 27, it is interesting to see the rebuilding of Birrigai school included there. It would seem to me to be stretching the idea a bit because, of course, Birrigai was lost in the fire. That leads me to ask you, for a start, whether the \$2.3 million was all spent, and what the guidelines are for using this funding.

Mr Robertson: The sustainable infrastructure fund itself was provided to supplement other capital works and infrastructure projects to increase the sustainable performance of the infrastructure that is then built. Most of the funds that are actually going to the rebuilding of Birrigai, of course, would come from insurance proceeds. The sustainable infrastructure fund is putting in some additional components, things that would not have been afforded from the basic funding that was there. When the infrastructure was built originally, and certainly the government has been changing its approach, historically, if it was an education facility, the focus would have been on classrooms and the things that were needed for the business requirements of whatever organisation it was.

In the case of Birrigai, there are things towards water reuse and efficient water use. I do not have the actual details with me, but that is my recollection. Also, some energy efficiency measures. So it is really improving what would otherwise have been the performance of that facility. The same applies to the other projects that are listed in the documents. I think that later in the papers there is a more detailed list of them. On page 70 there is a list of the other projects that were funded in 2004-05. Subsequently, the government agreed to commit further funds from the fund to other projects.

You asked whether the money has actually been spent. What has happened is that the \$2.3 million you referred to has been committed to the projects. It has not necessarily all been paid out to contractors or suppliers because the work that it is being allocated to is either under way or certainly not completed, so we have not actually paid out the cash itself.

DR FOSKEY: It is an interesting list. I guess these are all government-owned buildings, otherwise the Griffin Centre, which was built over the same period, would be listed there.

Mr Robertson: It is certainly all towards public infrastructure, and that was a very specific part of why the fund was established, and that was in the budget papers, I think, for May of last year when the program was announced. It was made very clear then that it was for public facilities, public infrastructure.

DR FOSKEY: The Griffin Centre, of course, is a public facility.

Mr Robertson: But it is not owned by the ACT government and these facilities are owned by the ACT government.

DR FOSKEY: As to the surplus cash mentioned on page 29, what is the level of the surplus cash and what proportion of it is being invested?

Mr Quinlan: Effectively, it will be all of it. There is surplus cash in as much as cash that may not be specifically required in the immediate future and then there is, if you like, working capital, the amount of money that we are holding simply because of timing differences with payments, et cetera. All of that is managed either in the short-term money market or in the longer term, depending on when the calls will be, I think. Mr Broughton probably could be more specific than that. I hope he does not show me up.

Mr Broughton: No, I certainly will not do that, minister. As at 30 June, we had \$850 million under investment. About half of that belongs to the agencies for the sorts of purposes the minister just outlined and the other half is essentially unencumbered cash.

THE CHAIR: You have tended to fund capital works by drawing down on unencumbered cash, I understand. Are you going to continue to fund capital works using unencumbered cash? I think that in the last accounts it was heading down to a markedly reduced figure. Do you expect to go down the route of borrowing for certain capital works, Treasurer?

Mr Quinlan: At this stage, there isn't a projected need for borrowing. It may happen, depending on the works that the territory needs or the government decides upon.

Remember that, as well as the cash that we hold, cash is generated by effectively accounting treatments, depreciation and other non-cash provisions made. So you would need to look at a funds statement to work through where our cash is generated. Certainly, the cash position is projected to get tighter. We have had some big projects on the horizon. It is highly likely that, had we needed to construct another dam, for example, \$200 million of that would have been done through borrowing, possibly borrowing taken by Actew but it would have affected the overall balance of the consolidated accounts. At this point, no, but as the territory grows, expands and becomes even more self-sufficient than it has been, jails and things like that, it may be the case.

THE CHAIR: Do you have a view about an appropriate level of unencumbered cash or where it ought to be at in relation to the overall state of accounts of the ACT?

Mr Quinlan: As long as you have got a dollar positive in perpetuity, you are okay.

THE CHAIR: It has been coming down over the last several years.

Mr Quinlan: Yes, it has been coming down, but before that it was going up. That will happen again. The holding of cash will be directly reflective of the fluctuations in the economy over time.

DR FOSKEY: I am just wondering whether thought is ever given to using superannuation funds and the surplus cash to invest in infrastructure in the ACT—of course, I am thinking of public housing—because those assets are retained by the ACT government. I know that from the home loan portfolio a couple of years ago there was a one-off contribution to public housing. I am just wondering whether it is possible to do that again from the home loan portfolio and, secondly, whether you could consider using superannuation and surplus cash funds similarly.

Mr Quinlan: There are several questions there. First of all, the home loan portfolio is reviewed once every couple of years and any excess money that has built up in that portfolio is identified. There is an external audit applied to that review and that is under way right now. The expectation is that there will not be a lot of money at this point in time that could be freed up out of that portfolio.

As far as investing surplus cash is concerned, once you do that you are spending it. You have to know that you have to meet your cash requirements for a longer term. As Mr Mulcahy has pointed out, we are taking that gradually down to the line anyway in terms of investing in the community and we cannot go beyond that anyhow. In terms of investing in superannuation, there is to some extent a fiduciary requirement, I think, imposed upon us. With superannuation funds that are not effectively ours, we have to invest them to the best benefit of the ultimate beneficiaries, which is not us but those people that are paying superannuation. That will be particularly the case when we move towards accumulation funds as opposed to defined benefits. So there are limitations on what governments can do with money they hold that is not effectively theirs.

THE CHAIR: It sounds like you are saying, Treasurer, that the rent you get on public housing would be a pretty mediocre return on investment if you were looking at where to put the funds of superannuants.

Mr Quinlan: I would think so. I am not sure. Generally, if you were in the housing market, you would be doing your sums on the basis of regular returns plus capital gain. If you were in public housing with the prospect of increasing your portfolio of homes rather than turning them over, you really could not rely on too much of that capital gain being counted as revenue at any stage, or return on investment.

DR FOSKEY: I have a couple of questions about the Human Rights Act and community engagement. I am just wondering, first of all, about the impact of the Human Rights Act on the department. Secondly, the 10 pieces of legislation that were introduced in the Assembly and found to be compliant with the Human Rights Act, were they all compatible first time around or did any, and which ones, have to go back for more work to become compatible?

Mr Quinlan: I cannot recall any. Did anybody have any legislation knocked back?

Dr Grimes: Treasury, like all agencies, is required to comply with the Human Rights Act. It is probably fair to say that we are not legislating in areas generally that have the same profound human rights impacts of maybe some other agencies. To the best of my knowledge, there were no issues raised with human rights in any legislation handled by the treasury portfolio. If that is incorrect at all, we will provide supplementary information.

DR FOSKEY: Finally, regarding community engagement, I am sure that the main way that you do that is in relation to budget submissions. I know that you received 55 last year. First of all, I am interested in how you deal with and process the recommendations of community groups. When we asked last year for copies of the submissions, I think you told us, Mr Quinlan, that we could not have them because you did not have permission, that the submitters had not been notified that that was a possibility. I am just wondering whether this year, when you ask for submissions, you will also ask people whether they can be made available.

Mr Quinlan: We have already sent the letters out.

DR FOSKEY: That's nice and early.

THE CHAIR: We got one today.

DR FOSKEY: We did, too, and I don't believe you did ask. Do all these budget submissions go through the minister's office?

Mr Quinlan: No, not all of them. You have seen the pile.

DR FOSKEY: There were 55 last year.

THE CHAIR: Who reads them, Treasurer?

Mr Quinlan: Treasury read them and they summarise them as well. I get a summary of what has been suggested so that I know.

DR FOSKEY: So Treasury acts as screen in a sense.

Mr Quinlan: They summarise them.

DR FOSKEY: And make recommendations perhaps.

Mr Quinlan: They make recommendations of their own, as does every other agency. A lot of the submissions that will come in for the budget are not, of their nature, submissions that would be handled by Treasury. They happen to involve money, but they will quite often be submissions on housing, community services, health, education, the lot, and then various agencies need to look at them and they also, of their nature, look at their own portfolio area and needs anyway.

DR FOSKEY: And then do they report back to Treasury or do they report directly to you? I am just interested in this process.

Mr Quinlan: Effectively, the submissions that come in become part of the collection of submissions that come from agencies, which are generally quite voluminous. They are then categorised, listed, and A3 sheets of them go to budget cabinet. Cabinet then has to sift through and say in various ways as to effectively what comes out, given the limitation on resources, and various ministers are then in a position where they are required to argue for the various initiatives that may survive through finally to the budget. A whole lot more suggestions do not make it because we just could not afford it than do make it, of course.

THE CHAIR: Thanks, Treasurer. We have now completed our questions to Treasury, per se, so I thank the officers of Treasury for being here today. We will move on to the other agencies, starting with the ACT Government Procurement Board. Treasurer, is there anything that you wish to speak about before we move to questions to the procurement board?

Mr Quinlan: I do not think so.

THE CHAIR: Will that be the same with the other agencies? You are just happy to take questions?

Mr Quinlan: Yes.

THE CHAIR: We might lead off with page 5, A.2.2, challenges, which talks about some staffing issues. Were additional funds provided to assist with addressing staff shortages throughout the year? Can you indicate what quantity of funds was required given that it is highlighted as one of your major challenges?

Mr Gaskill: This relates to the secretariat to the procurement board and in a sense it is only two people. One person, for instance, was on long-term sick leave last year, which meant that we had to streamline a few processes and probably cut off a few corners. But we have a great arrangement with Procurement Solutions whereby staff in their policy unit will come across and help us.

The other issue that I was trying to raise there was, of course, that we had a movement in board members during the year, too, with the movement of three of the public sector

management people out of the board, so there's a process where the board has to reunite in that change to reflect the new members. We have got a pretty good induction process for new members and a guidance manual for them. It was a couple of years of experience that was lost. As I say, the new people come in, they bring a new perspective but they have still got to understand the past perspective.

THE CHAIR: In plain language, have we solved the problem here, Mr Gaskill?

Mr Gaskill: I think we have solved the problem, yes. There is enough money at present, and when we move to consolidated procurement we will have a more flexible approach too.

THE CHAIR: It refers here to "ensuring that the Board's Procurement Policy Framework continued to reflect best practice," which is a popular term for this current era; everyone talks about having achieved or achieving best practice. Can you help us understand what you consider to be best practice in this context?

Mr Gaskill: Yes. Best practice is an interesting term, I should say. Your best practice today is not the best practice tomorrow, and we all look around at other people and say; "Gee, that's the best practice," but you find it is not. In our terms I suppose I believe our best practice is making sure the principles that we have in procurement are embedded in the system and that we regularly review what those principles mean. Over the years we have expanded the principles a little bit to expand what might be the particular issues in procurement that we want to operate in the ACT. In a broad sense, are our practices leading to better value for money in purchasing? If we meet that, we are probably ahead of most of the game. Many of our state counterparts are a little bit jealous of our system; they still have a hang-up from old tender board type operations whereas ours is a planning process that starts at the front end and moves us on in how we make better practice in purchasing.

THE CHAIR: On page 11, B.1.1, assessment against business plan, table 3 outlines deliverables not met in 2004-05. Can you provide details as to why 2.5, 3.4 and 3.5 were not met, and is it likely that they still will not be met in the current fiscal year?

Mr Gaskill: I will go through them individually. The mechanism to cost the procurement process is a fairly difficult process because of the disaggregated nature of purchasing currently in the organisations, where people in quite small areas do their own purchasing in accordance with the rules. As to why we did not do very much work on that in that year, which we intended to, a significant Auditor-General review is about to come out, I think in a few weeks, and also the government made a decision to move to consolidate purchasing in this year, and that was sort of mooted at that time. So it did not seem a useful mechanism for the procurement board to put some resources into how we might cost those procedures when in fact a lot of work had been done external to the board.

With the communications plan, we did intend to hold an APU forum, a meeting of all APU members, which we have done every year. We did not meet that in the sense that we had been in quite close contact with all the APUs. The number of APUs has got a bit smaller, and we went around and saw the various chairs of the APUs and did not feel that it was necessary to have a shindig one Friday afternoon.

As to preparation for review of the act, the board did have a pre-plan to start to talk about this, but we thought it was probably better to look at the reviews—the review of procurement in terms of consolidation and the Auditor-General’s review—and there was also an audit review of major procurement in Treasury and Chief Minister’s Department, so we felt that our resources were better spent in waiting until those reviews were done.

With 3.5, again because the Auditor-General was producing his review, it did not seem right. We did a consultant’s review about two years ago and our intention was to then follow that up. We provided most of that information to the Auditor-General so we are hoping that the Auditor-General puts that to you.

THE CHAIR: And how for this 2005-06 year, where relevant, are you likely to be on track—with deliverables—for the next year?

Mr Gaskill: We are pretty close to it. We will be close to all of them. The big issue will be how the consolidation of procurement operates and the changing role of the board in that. Just to give you some example, currently we have a number of APUs in terms of particular departments. When it is full consolidation, we will probably only have one APU in Procurement Solutions, so the board will not have to be monitoring each APU; we will have the one to provide high-level guidance. In terms of that operation, it will mean that many of the practices will be able to be standardised in Procurement Solutions, so we will be accrediting that sort of process and not spending a lot of time looking at differences in how people treat different procurement. So we will be talking to John about evaluation methodology: what are the three or four types we will use? We will document that, which will reduce our numbers of circulars and things like that. So there are some great benefits in that sort of process.

THE CHAIR: In terms of fraud prevention on page 23, how is the whole of government fraud and corruption prevention policy working thus far?

Mr Gaskill: I cannot comment on that. It is not a matter for the procurement board, but I do know from my other position that in the two departments that I have had significant involvement with, CMD and Treasury, we have significant fraud and risk management programs that each of the chief executives is managing fairly productively. But I cannot comment on fraud across—

THE CHAIR: Your people attended training, I see.

Mr Gaskill: Yes.

THE CHAIR: Who does that training, just as a matter of interest?

Mr Gaskill: We have a number of consultants that can do the fraud training that we get in from time to time. I can give you a list of who they are; we usually have a panel contract for those sorts of things.

THE CHAIR: I have got quite a few questions. I will put them on notice and hand over to Dr Foskey so that we can press on with the other agencies.

DR FOSKEY: On page 8, under the heading “Canberra social plan”, it refers to the community sector funding policy, which, according to the progress report on the social plan, aims for a more collaborative approach in community sector funding where the government and community organisations work together to maximise consumer outcomes and achieve a more sustainable and viable community sector. I was just wondering what activities have taken place in this area and how it is progressing?

Mr Gaskill: In terms of the procurement of those sorts of services, we now have a very strongly defined approach to government using non-government organisations that provides for longer term arrangements. In some years past it used to be an annual arrangement where people would be given—

Mr Quinlan: You are tossing out purchaser-provider, building a longer term relationship.

Mr Gaskill: Yes, that’s right. So we encourage them to have three-year terms rather than a one-year term. The arrangements are built against deliverables rather than a whole mass of administrative reporting, so new issues are passed out, new purchases that the sections want to make are passed out to give some competitiveness to it, but people certainly get a much stronger view of what they are going to perform and we get a better relationship with those organisations.

DR FOSKEY: So it is not joint buying between government and non-government organisations?

Mr Gaskill: No. It is delivering most of the government services through non-government organisations in a much more structured and cooperative way.

DR FOSKEY: Thanks. Page 9 refers to the slight change in the procurement operating environment to comply with the US free trade agreement and you say that little was required because you were practically there already. I am just interested in what those changes were. Also the forward procurement plan, which is a requirement: what audience is that aimed at? Who reads that?

Mr Gaskill: I will start with the last. The forward procurement plan is so that Australia and overseas, and in particular the US, can have an understanding of what procurements might be on the agenda, so that rather than reading the ads in the papers all the time they can do some planning in terms of saying; “Gee, there’s a huge project going on in the ACT next year; we might want to be part of that,” so they can do some preliminary work on it rather than wait till the tenders come out. We believe that our capital works program is pretty close to that, so we did not have to do any extensive changes to that. The slight change to the procurement operating environment was in fact to include in our guidelines and things the different levels we need to comply with the US trade agreement, and a reminder that this was quite important in terms of the process. That is why I say slight change; it actually changes our project. I cannot remember the number, but over 900,000 you have got to do something, and those sorts of things.

DR FOSKEY: Yes, that is right. On page 15 you refer to the multicultural framework. This question is a little broader than that. You say:

The Director, Multicultural Affairs and Community Development, Department of Disability Housing and Community Services, is consulted prior to any appointment of members to the Board.

Why not the Office of Sustainability? Mr Quinlan will remember that I did suggest that the appointments to boards attempt to ensure that there is some expertise related to sustainability. I am just wondering how you believe the board includes expertise around sustainability issues, given that it is probably quite relevant to procurement?

Mr Gaskill: The minister appoints people to the board, so I do not—

DR FOSKEY: So he has that in mind.

Mr Gaskill: In terms of the board, under the act the board is made up of three public sector members—

DR FOSKEY: Yes.

Mr Gaskill: Okay, so you know that. So, in terms of appointing the public sector members, we try to make sure that they are a balanced group of people across the various departments in terms of their skills and expertise. There is no reason why that person would not have some sustainability background—I think Hamish McNulty has quite considerable understanding of that—so I think we get that mix.

Mr Quinlan: Happy accident.

DR FOSKEY: That is what I thought.

THE CHAIR: Thank you, Treasurer and officials, and we will now move on to the Australian Capital Territory Insurance Authority. Treasurer, when we last spoke with the authority, I think we talked about this backlog of claims in health that had come to light and there were some issues there in terms of practice—officials not passing them on or not notifying you, Mr Matthews, about those claims. That created some issues in terms of them being met by your insurers. Have these matters all been brought under control now? Are you comfortable with the way in which agencies are handling potential insurance claims?

Mr Matthews: They are very much under control. There are some areas that have perhaps put up a bit of resistance, where we are still not getting the cooperation we want, but I think the real highlight is the department of health, the people who had the major problem in that area. They have done a lot of work and it is very much under control. I think they need to be congratulated for the effort they put into that.

THE CHAIR: That's good to hear. What agencies do you think still need to pull up their socks—

Mr Matthews: With some of the agencies—I would prefer not to nominate them—

THE CHAIR: Why is that?

Mr Matthews: Well, the issues that they have are the reason I would prefer not to nominate them, because they see privacy issues as their major concern. We have legal advice on that and there is really no problem there, so we need to work with them. In fact, I have a meeting next Monday afternoon and I think we might get to the end of the problems there.

THE CHAIR: You say privacy issues; do you mean that the agencies are saying that because of privacy issues they cannot notify you of potential claims?

Mr Matthews: Yes, there are—

THE CHAIR: It seems extraordinary. People seem to cling to this privacy law to justify all sorts of reasons for not providing information, particularly insurance—

Mr Quinlan: Some people are conscientious about it as well; be fair.

THE CHAIR: They are, of course, Treasurer. But it seems strange that the government's own insurance authority has information withheld. Has it been taken up at ministerial level, Mr Matthews?

Mr Matthews: Yes, it has. As I said, we are very close to a resolution on that. There are a number of acts—the Privacy Act, the medical records act, the Children and Young People Act—which have varying restrictions on them in regard to what information can be released. We have just taken a while to persuade people that we need to have that information and that the acts do allow them to pass it on.

THE CHAIR: I have one area of questioning. In relation to the much discussed fires and coronial inquiry and the litigation that arose from the coronial inquiry, are you familiar with the extent to which insurance will cover the territory's costs, or what costs may not be covered by insurers?

Mr Matthews: All costs that have been incurred to this point of time are covered by insurers. If there were further challenges beyond where we stand at this time, there may be costs that are not covered. There is no indication at this point in time that there will be any further challenges. But everything that has been incurred so far—not the running of the coronial itself, but legal representation—is all covered.

THE CHAIR: I guess it could be characterised as a class action that has been announced. Would you expect that the legals associated with that would be met by our insurance?

Mr Matthews: There is no reason why they should, to be honest.

THE CHAIR: No reason why they should be met by insurance?

Mr Matthews: Yes.

THE CHAIR: Right. So the territory will be wearing whatever it costs?

Mr Matthews: If the territory decides to go that way, yes.

THE CHAIR: No, there is action, I think, being brought, so there will be costs, defending them.

Mr Matthews: Yes, the territory's costs would be covered, but costs for those third parties will not be covered.

THE CHAIR: So the territory will be protected in terms of its own defence?

Mr Matthews: Yes.

THE CHAIR: That is all I have in relation to insurance. Mr Smyth, as a guest would you like to speak?

MR SMYTH: Thank you, chair. Are there any outstanding claims on the bushfire, and what is the likely value of them?

Mr Matthews: Apart from the ongoing liability issues, no. The forestry claim was settled in total in March 2004. The property claim was settled in total in October 2004. So those claims are fully finalised.

THE CHAIR: We have lost Dr Foskey, but we have got Ms MacDonald. Ms MacDonald, do you have anything for Mr Matthews and the minister on the ACT Insurance Authority.

MS MacDONALD: No, I have nothing on ACTIA, thanks, chair.

THE CHAIR: Thank you very much for your cooperation. We will now move to the Australian International Hotel School. I might ask Ms MacDonald if she would take the chair, because I have declared previously that, due to my professorial hat I wear for University of Queensland, there is a remote chance of some conflict arising. I will not vacate the table, because we would lose our quorum, but I will not participate in this questioning

MS MacDONALD: While I would be happy to take the chair, I am not the deputy chair, so I cannot do that. We need to find Dr Foskey.

THE CHAIR: Yes, you are right. I apologise to representatives of the hotel school, but we will have to come back to that in a moment. While we are waiting for Dr Foskey, we will move on to Rhodium Asset Solutions. Ms Clark, I congratulate you, by the way, in becoming our finalist in the Telstra businesswoman of the year. I hear you won locally; I do not know how you went nationally, but well done.

Ms Clark: Thank you very much.

THE CHAIR: On page 54, note 18 notes that the ACT government contributed \$4.3 million in equity into the entity. Obviously, Rhodium did not have to raise this equity as a normal enterprise would do. I am just wondering how you look at that contribution if you are seriously looking at Rhodium as operating as though it is a commercial enterprise—how you reconcile that with the government's contribution?

Mr Quinlan: I am not sure exactly what you are driving at, Richard; I am sorry.

THE CHAIR: I am basically saying that it has been underwritten to the tune of \$4.3 million in the sense of an injection—you may not accept that—maybe on a loan basis. I am just wondering if we can get some clarification of the status of it.

Mr Quinlan: Rhodium Asset Solutions is a wholly owned agency of the government. The equity that it holds, as best I recall—Ms Clark might correct me—was pretty much the holdings of the fleet management process of Totalcare, so this is effectively a continuation of the fleet management process that was previously run under Totalcare. That is the equity, and obviously that equity is based on a capital base that they had, the assets that they hold. Quite clearly, they do not own everything that they lease out.

THE CHAIR: No, I understand that.

Mr Quinlan: This is a process rather than a huge asset holder.

THE CHAIR: I note there is going to be an ACT government contribution of \$1.5 million from the budget in the current fiscal year. Is this a loan on normal commercial terms, or what is the basis of it?

Ms Clark: The \$1.5 million is to initialise a new enterprise architecture solution in order to sustain the business going forward. It is a fact that, when the business transitioned, it did not have sufficient enterprise architecture to carry the business forward. I would just like to add that the \$4.2 million that came across was part of the liability base that came across with the organisation, so it is not a normal equity injection.

THE CHAIR: On page 49 the doubtful debts of \$0.3 million are about three per cent of your total revenue. Is that a reasonable outcome? I thought when I was briefed that you really pretty well had the foot fairly firmly on the possibility of doubtful debts. Can you provide us with some information as to how these arose?

Ms Clark: In the past we have got provision for doubtful debts. We have had no exceptional experience of doubtful debts and this is an amount of money that we have just provisioned for in the case of a doubtful debt.

THE CHAIR: But it is unlikely to arise, given that your client base is government agencies.

Ms Clark: It is unlikely to arise, given the client base and given that we finance on the asset base and predominantly recover any outstanding debts from the sale of the asset on retrieval.

THE CHAIR: So it is not a slush fund, Ms Clark?

Ms Clark: No, it is not a slush fund. In fact, to give you some indication as to the depth that the accounts have been gone through, we were provisioning against residual value deficits, to try to pick for the organisation experiencing in the used car sale market. In fact, under the Australian accounting and financial guidelines for this last year,

provisioning for residual value deficits was not allowed, and we had to return that money to the bottom line.

THE CHAIR: I will ask you one other question, which I have asked you previously, but I want to put this on the record, because you are dealing with obviously a lot of contracts, a lot of major suppliers. Could you just outline for the committee the manner in which the receipt of gifts from suppliers policy works within your agency, and are these arrangements subject to audit?

Ms Clark: The receipt of gifts is an issue that has also been considered strongly by the organisation. A full policy and set of guidelines have been established in respect of the receipt of gifts from external suppliers and/or clients, and that now caters for any gift coming into a central pool within the organisation, to be used for charitable auctions, raffles, et cetera, rather than to the staff members themselves.

THE CHAIR: So that has ended that arrangement of staff—

Ms Clark: Yes, we put that into place in February this year. There had been a practice where the gifts went predominantly to the staff member. We have now ceased that practice.

THE CHAIR: Thanks for that. I have no more questions on Rhodium.

MS MacDONALD: Ms Clark, I notice that you refer to your new product lines—information technology and medical supplies. Can you give us a little bit of information about how that has gone in the first six months of the financial year?

Ms Clark: The first six months, yes.

MS MacDONALD: Obviously it is a new area; so you are going to be expanding it. But I am interested to hear how it is going.

Ms Clark: We have moved fairly cautiously into, particularly, the information technology. It has been in an effort to put some bundled solutions together for organisations. One of the first approaches was around laptops, particularly for education departments and so forth. It was a way of them getting laptops to their teachers, et cetera. Although we haven't gone through a heavy promotion, that is starting to be taken up fairly widely. We now have the Department of Defence and so forth looking to sign master lease agreements with us to facilitate that arrangement across their staff.

In respect of medical equipment, et cetera: we have started the initial going through of that. We have only had one small arrangement around medical equipment. We have been having some discussions with, obviously, health providers in the ACT regarding the leasing of health equipment, rather than a large capital expense on their part, impacting on their recurrence. And we are still having those discussions at this time.

MS MacDONALD: So the health equipment is in the preliminary stages?

Ms Clark: It is in the preliminary stages, with only one small area.

MS MacDONALD: I was curious about that in particular because I have had a conversation at a previous annual reports or estimates hearing—I don't know; they have all blurred into one; I do apologise—with Tony Sherbon about which is the better way to go, to lease or to buy medical equipment. It turns out to be a bit of a toss-up in a lot of cases.

Ms Clark: I probably wouldn't share that same point of view, but I am sure Dr Sherbon has his reasons for that.

MS MacDONALD: He was talking specifically about equipment that you can only get through the people who sell anyway. They want to make the most of it.

Ms Clark: I come from a health industry background as well, so I have quite an intimate knowledge.

MS MacDONALD: I might have walked into a minefield there.

Ms Clark: Having been on the other side of the fence, I suppose I have re-educated myself in that respect as well.

MS MacDONALD: I look forward to seeing what happens with it.

THE CHAIR: I might move to Dr Foskey, because time is marching on.

DR FOSKEY: This is under Aboriginal and Torres Strait Islander reporting. Could you give specifics on how Rhodium contributes to the key priority outcomes in the report—improved wealth creation and economic sustainability for individuals, families and communities?

Ms Clark: One of the aspects that Rhodium gives those communities is the ability to access vehicles that they may not have had the opportunity to access before. That is obviously through the novated package arrangements. It gives them the ability to have us facilitate arrangements with various suppliers and providers that they perhaps would not have had the ability to access before as well.

DR FOSKEY: Under the heading “ecologically sustainable development”, Rhodium states that it conducts operations with the view to meet ESD targets set out by the ACT government. Could I hear from you, please, what your strategy is to meet these targets? Then I have a supplementary after that.

Ms Clark: Obviously, the ACT government sets the targets for the ACT. We go to meet those. One of those is in hybrid cars, for example. The Chief Minister himself put forward several suggestions. I think we have 25 in the fleet so far. From talking to Greening Australia, really the mix of hybrid cars in the ACT fleet is at 1.5 per cent, which is better than any other Australian average. The ACT fleet is meeting those targets significantly. In addition, we facilitate the green fleet initiative. For every ACT fleet vehicle that is purchased, we collect the moneys from the agencies to go back into the planting of trees in order to sustain the environment.

DR FOSKEY: What percentage of our fleet of 3,400 vehicles is designated gas

vehicles?

Ms Clark: I would have to take that question on notice. It is not a significant percentage—obviously more than the hybrid vehicles. But we are also now moving to a range of diesel vehicles as well, and, with the new European standard of diesel coming in in 2006, meant to be 2005, that will make a significant contribution to the environment as well.

DR FOSKEY: I am also interested in the percentage of Priuses you have compared to the Honda hybrids and whether you have got any comments on performance factors related to cost.

Ms Clark: We have far more Priuses than Hondas. They have obviously been in the market a little longer. Mostly, the Prius has come up as a better performer. They have a much better resale value. There has been a design fault for a period of 18 months until February this year, and there was a recall for some of those Priuses and that design fault was fixed. But on the whole they seem to be a far superior vehicle.

MS MacDONALD: It is my understanding that Honda has been around as long as the Prius but the Prius has been marketed much more aggressively towards the fleet market.

Ms Clark: It is not just the fleet market but, as a whole, Prius have got a higher profile than Honda.

DR FOSKEY: Did you have one question, Mr Smyth?

MR SMYTH: I do. Treasurer, I assume Rhodium is a commercial enterprise and that is how it is expected to be run.

Mr Quinlan: And?

MR SMYTH: I would like confirmation on that.

Mr Quinlan: You just made a statement.

MR SMYTH: I am asking: is Rhodium a commercial enterprise and that is how you expect it to be run?

Mr Quinlan: Yes, generally.

MR SMYTH: Maybe you know the answer to the question then. On page 10, in the second last paragraph, it says that Rhodium is a territory-owned corporation and has to conform with roles and responsibilities that commercial entities do not necessarily have to adhere to. Could you outline what that means?

Ms Clark: That means that, obviously, we operate under the territory-owned corporations law as well as the corporations law. Corporations law takes precedence, obviously, over territory-owned corporations law. However, you wouldn't find a commercial enterprise sitting in at an annual report hearing; you wouldn't find commercial enterprises sitting in at a budget estimates hearing. There are a range of other

reporting and compliance requirements that we have as a territory-owned corporation. They are the other compliance and regulations that we conform with that commercial enterprises don't.

THE CHAIR: You have shareholders meetings. They are pretty torrid affairs these days.

Ms Clark: Yes. We have a shareholders meeting coming up very soon. We have both.

Mr Quinlan: We, the Assembly, just passed some changes to the Financial Management Act that relate to governance.

MR SMYTH: Is there anything in there from the Territory Owned Corporations Act that inhibits you from complying with the corporations act?

Ms Clark: I would like to get some further advice on that. There are some areas where there may be some ambiguity but, because of the fact that the corporations law takes precedence, they will always override territory-owned corporations law.

MR SMYTH: But do any of the ambiguities in the Territory Owned Corporations Act cause you grief therefore or make it more difficult for you to operate in a fully commercial way, apart from appearing and talking to us, of course?

Ms Clark: I would have to go through it. Our whole process of how we report through Treasury, our operations, our directions and so forth—those various government requirements would make it more difficult.

THE CHAIR: I would love to continue on that, Mr Smyth, but we have got three more to get done in 10 minutes. I now move to the hotel school. Thanks, Ms Clark, for your appearance.

Ms Clark: Thank you.

THE CHAIR: Dr Foskey will handle the questions for the AIHS.

DR FOSKEY: On page 1, where you are talking on the topic of acquisition, I was wondering why all the proposals for acquisition were unacceptable to the ACT government. There are a number of unsolicited proposals.

Mr Quinlan: Yes.

DR FOSKEY: But the government had a preferred buyer. I am interested in why they are unacceptable and how you identified the successful buyer.

Mr Quinlan: The government was interested, and has been interested, in ensuring that the hotel school continues to operate as a discrete enterprise separate from government. It is one of those exercises that, once a government becomes involved in it, it is very difficult to retreat from, because at any given time we had a cohort of first-year students who had expectations of completing a three-year degree. We had both contractual and moral obligations to the students who had been recruited to the school and to the staff of the hotel school.

What we wanted to do then was move, desirably, to a situation where the school would continue; it would continue to be an additional dimension to the whole suite of education activities that take place in the territory; it would continue to bring foreign students into the territory—well-heeled foreign students—but at the same time we did not intend to continue to subsidise the school as we have. So we were looking for propositions that would meet all of those criteria, meet our moral and contractual obligations, continue the school and continue it successfully and, at the same time, allow the government to take one step away from operating such an enterprise. And that has not been easy. It never is.

DR FOSKEY: In the interest of saving time, I probably shouldn't ask the rest of my questions. I will have to put them on notice, if that is okay, because we have got two more reports to do before 4 o'clock. I am sorry about that.

Mr Quinlan: That is okay.

THE CHAIR: We might move on now to EPIC's annual report. Treasurer, I have got a couple of questions about EPIC. A small point, although it seems to be in reasonably good shape, is that it says on page 36 that the working capital ratio was not achieved for 2005 because of increases in current leave and increases in capital expenditure. Can we inquire as to some additional information in relation to those two variables?

Mr Quinlan: Okay.

Mr Gaspari: Basically, at the time of budget preparation, we had a planned capital works, own-source capital works, but throughout the year there were some additional capital works that obviously transferred cash into improvements of buildings and other equipment. Increases in leave provisions also reduced our current ratio.

THE CHAIR: Wouldn't you have estimated those reasonably accurately at the beginning of the year? I am wondering what changed those provisions.

Mr Gaspari: I guess the good operating results that we have had have enabled us to be quite flexible in allocating funds towards capital expenditure. Whilst we have got an indicative budget each year, that own-source flexibility gives us the chance to spend a little bit more when—

THE CHAIR: And the leave issue?

Mr Gaspari: We do know the leave provisions but it depends on when people come on and off their provisioning, as well as if people take their annual leave and long service leave.

THE CHAIR: So it wasn't any major variable in equipment?

Mr Gaspari: No. We had a pretty healthy ratio. It is probably a bit higher than we like to have it.

THE CHAIR: One other question: in relation to the introduction of a grey-watering system, on page 62, it indicated \$360,000 for 2004 and \$587,000 for 2005. It is not fully

completed yet. Are you able to give us an indication of the sorts of savings that the introduction of that grey-watering system might have realised for the authority?

Mr Gaspari: At this point we are not sure. That is a few years worth of capital injections we received. The actual operation won't come into existence until the next implementation happens, which may be next financial year.

THE CHAIR: Has someone done the numbers on it?

Mr Gaspari: Early on there was a paper somewhere showing that it would save EPIC some money in water consumption, which is about over \$100,000 at this stage. So there will be some savings. But it is more also environmental savings that we were looking at because we are a high user of water.

THE CHAIR: Could we see a copy of that paper, Treasurer? Is it possible to provide it?

Mr Quinlan: I think so. I can't see any harm in that.

MS MacDONALD: I am assuming, though, that the reason for going onto a grey-watering system would have been, as you said, environmental rather than financial.

Mr Gaspari: Yes. That was the plan many years ago. We have had quite a lot of rain this year, which is going to save them a lot.

MS MacDONALD: So far.

Mr Gaspari: So far. That paper does exist somewhere.

THE CHAIR: Dr Foskey, do you have a question?

DR FOSKEY: Yes. First of all, I would like to commend you on improving grey-water usage on your site. I was wondering whether you could tell me how you expended \$695,000 of capital injection you received from the ACT government. That isn't the question you asked, is it?

THE CHAIR: No, I didn't ask that. No, that wasn't it.

DR FOSKEY: I am interested to know how you spent that. Sorry, I haven't got a page reference for that.

Mr Gaspari: It is in the annual report.

DR FOSKEY: It is. Sorry, I can't tell you where.

Mr Gaspari: \$225,000 was spent on the continuation of the effluent water network. We upgraded a roof on one of our pavilions, and that was \$350,000. Also we carpeted one of the pavilions as well. That was another \$120,000.

DR FOSKEY: It is interesting that during the Summernats, which of course takes place

on your property, behaviour is, it seems to me, encouraged that would be taken as criminal if it occurred outside in relation to, I guess, harassment of young women. Even the TV advertising basically encourages that, if you want to see more, you go to Summernats.

THE CHAIR: What is the criminal behaviour, sorry?

DR FOSKEY: The criminal behaviour is sexual, physical harassment—verbally, at the very least. I am wondering where EPIC stands in relation to that, especially in regard to your commitment to the ACT women’s plan.

Mr Quinlan: I will answer that. I believe that there might be some, what we would consider, inappropriate behaviour at Summernats from time to time. I am not sure there have been any complaints, though. I am not sure that we have had any. If we do, then they will be followed up. If everybody that goes there goes there with the same expectation, and it is not criminal behaviour—and any criminal behaviour will not be tolerated—then, although we mightn’t think it is the place to be, ourselves, we have got to do a little bit of “live and let live”.

THE CHAIR: Summernats, I would assume, Treasurer, would have to rate as one of your most successful clients at EPIC, wouldn’t it, over the last probably 19 years?

Mr Quinlan: It is the case that EPIC was not always a contributor to the common well. It was a little bit of a drain on the budget. It has turned around, and the board and staff over the last few years have done a terrific job. It has improved and has invested in itself. It is a great venue. Summernats is one of their biggest events.

DR FOSKEY: It does seem to me, however, that in regard to reporting on the women’s plan we should have a little codicil to the extent that Summernats organisers are responsible or something like that. I don’t think you could call that behaviour family friendly. That is all. I do have one question for the ICRC in a moment.

THE CHAIR: Ms MacDonald, do you have anything on EPIC? Thanks, Mr Gaspari. We might now move to ICRC, with Mr Primrose. We will take a break for coffee or tea after that, Treasurer.

DR FOSKEY: I am interested in how you determine the price of water and how you weigh up issues such as reducing demand, covering costs and maintaining affordability.

Mr Primrose: That is a big question. Essentially, in a sense, without dodging the issue, the commission included in its annual report an extensive article about water pricing and water issues, which might address some of those issues. In a general sense, you are aware that the commission uses a cost build-up approach to setting water prices that looks at operating and capital expenditure; it determines the prudence of those expenditures; it looks at appropriate returns of a non-capital nature; it obviously does not include in pricing those things which it deems to be imprudent.

In arriving at a final conclusion about the level or pricing, there is a degree of judgment subjectivity based on the commission’s experience, the considered judgment of the commissioners, who have considerable skill and experience in these areas, and having

a view to what is occurring in other jurisdictions as far as water pricing is concerned. We should also mention that the aggregate water price includes the water extraction charge, which is not determined by the commission.

THE CHAIR: On that, Mr Primrose: when you are working your assessments through—and I know you were kind enough to brief me, with the Treasurer’s approval, on how you go about it—in terms of determining the appropriate price for water, given the scenario we have had lately where there have been mandatory water restrictions, which has impacted on Actew’s revenues, and given the government has a requirement for a dividend, do you give regard to that in terms of the fact the consumer is paying more for their compliance; they are bearing the brunt of the economies that are made because the corporation has to reach their revenue targets?

Mr Primrose: If your question is: “Do we determine a price which reflects a view about whether the government should decline to take some dividend or not?”, the answer is no. We have advised you on the commission’s approach to that issue. That is not an issue for the commission to determine. If the government—

THE CHAIR: Leave the dividend issue out. When you take into account that they say to you, “We need to meet our particular revenue targets or return on investment, but our revenue is down because we have forced water restrictions,” how do you deal with that aspect?

Mr Primrose: I can’t recall it—and the Treasurer will correct me—but I don’t think the government has instructed us to do any of those things. It doesn’t determine what the rate of return is. We can set those rates of return having regard to the market rather than to the government policy.

Mr Quinlan: But it is true, is it not, that, at the end of the day, if we had a protracted period of restrictions and therefore a lower consumption, that would be reflected in the price, because the requirement on the commission is to ensure that there is a price that contains viability?

THE CHAIR: Is it that the price, as the Treasurer is saying, is a supply and demand reflector, in effect?

Mr Quinlan: The price, largely calculated by the commission, is a cost driven price. It is not a demand management price; it is a cost driven price.

THE CHAIR: Cost per unit sold. Is it going to change when you have got it?

Mr Quinlan: There is a huge, \$800 million or \$1 billion, infrastructure out there. There is a cost to that.

THE CHAIR: The difference compared to a business, though, is that you might have a lower dividend to pay out?

Mr Quinlan: Strangely enough, the commodity itself comes free. It is the infrastructure that costs all the money. But we price the commodity itself.

THE CHAIR: One variable here, which is unusual, is that the dividend paid doesn't reduce, even if the business, in effect, has got a reduced demand or a high unit cost.

Mr Quinlan: Our dividend fluctuates. In the extreme case, as Mr Primrose has pointed out earlier, they exercise discretion in what they allow as cost claims. That discretion exercise may be different at the end of the day as to what is accounted for in the Actew book. Our dividend is decided by the overall, net, end-of-the-year return that Actew make.

Mr Primrose: Could I say, in addition to the remarks that the Treasurer has just made, that, in terms of extraordinary events, like the stage 3 drought restrictions that we experienced last year, the commission provides, in its determination, a number of pass-through events, one of which is drought. That is a demand-related issue. In that case we did agree to a pass through, which had the effect of maintaining the allowable revenue that ActewAGL would expect under the determination. That is not the same situation as a loss of demand if people simply decided that they were able to live without a proportion of the water they currently use. If, for no reason other than that, ActewAGL's demand and consequently their revenue fell, then that is not a pass-through event and is something that Actew would wear. Whether or not that rolled through to a reduction in dividend would be a matter for the Actew board and its discussions with Treasury and the government.

THE CHAIR: One last question, Treasurer or Mr Primrose: it came to my attention yesterday that you have got a competitive neutrality inquiry into Capital Linen Service. I know it has been taken by Mr Hargreaves. Are you able to provide us with any additional information on what is going on there?

Mr Primrose: Other than to say that we are required to publish in the issues paper that a reference has been issued and—given that it has been issued under that section of the act, it involves competitive neutrality—in the issues paper and subsequently, I imagine, we will be at pains to point out that this is not a complaint; this is a competitive neutrality related issue. A lot of the things that we will be looking at in the course of that inquiry will reflect what is in the competition principles agreement under the competitive neutrality provisions. But it is not a complaint.

THE CHAIR: Treasurer, is the government getting out of the business of washing sheets? Does this inquiry suggest you are offloading Capital Linen Service or thinking about it, or not?

Mr Quinlan: I don't think so—on the contrary.

Mr Primrose: I don't think that is part of the terms of reference. In fact, I am sure it is not.

THE CHAIR: Ms MacDonald, have you got any questions?

MS MACDONALD: Only ones which are not suitable.

THE CHAIR: Thanks. We might take a 10-minute break. Thank you for your assistance today.

Meeting adjourned from 4.10 to 4.23 pm.

Appearances:

Mr Ted 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 Geoff Keogh, Director, Business Programs, BusinessACT

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

Ms Sue Marriage, Director, Sport & Recreation and Corporate Governance

Australian Capital Tourism Corporation:

Mr Ross MacDiarmid, Chief Executive

ACTTAB:

Mr Tony Curtis, Chief Executive

Mr Simon Wheeler, Executive Manager, Corporate Services

ACT Gambling and Racing Commission:

Mr Phil Collins, Acting Chief Executive

Mr Greg Jones, Manager, Legislation and Policy Review

Office of the Small Business Commissioner:

Doctor Michael Schaper, Small Business Commissioner

Stadiums Authority:

Mr Danny Harley, Chief Executive

THE CHAIR: I will repeat the notice to witnesses, as there is a group of new witnesses here. 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. We are now conducting an inquiry into annual and financial reports for 2004-05 concerning the Department of Economic Development. Minister, I assume that you do not have anything you want to say before we go to questions.

Mr Quinlan: No.

THE CHAIR: The quality of the editing and proofreading of this report was raised with me. There are quite a few typos in it. Was it done in-house or outsourced?

Mr Gilbert: It was done in-house and I apologise for the odd typo through it.

THE CHAIR: Literacy training is needed, Mr Gilbert.

Mr Gilbert: Yes. I will certainly attend to that, and that will go right to the top, I can

assure you.

THE CHAIR: Minister, the ACT government's procurement principles include open and effective competition. I refer to page 85. According to the appendix about external sources of labour and services, pages 166 to 171, 14 of the 22 contracts involved select tenders. Many of the justifications refer to previous knowledge and experience or variations thereof. How do you reconcile this principle of opting constantly for select tenders with your view of open and effective competition as newcomers, new businesses, might find it very difficult, by the look of it, to get in as providers?

Mr Quinlan: I think it is reasonable. If you really want to examine them, we probably should examine them on a case-by-case basis, if you like. This is not a huge city and, if there is expertise that is proven and is available at a reasonable rate, I think it is pretty fair that we use single select.

THE CHAIR: You do not accept my view that it seems to be inconsistent with the concept of open and effective competition.

Mr Quinlan: I have not held them out at arm's length. So, if you like, I will take the question on notice and give you further explanation of it, but it does not hit me between the eyes and say to me, "We had we better look at that."

THE CHAIR: Fourteen out of 22. It is an observation that jumps out at you when you do look at them. There may be persuasive arguments in each case, but it certainly does not seem to be consistent with that philosophy. Many of your procurements in here seem to involve what might be called knowledge services. You have a review of the knowledge fund. You have even outsourced the preparation of your own business plan. Is that a position that you think makes a lot of sense? You have an FTE of about 88 staff. Why do you need to outsource your own business plan for the department?

Mr Quinlan: I think it is a good start for a department that is new. Certainly, some sections of the department have been around for some time but, for a department that is relatively new, I think that the first cut of the first documents, et cetera, is probably a worthwhile investment.

THE CHAIR: I would have thought that you would want ownership of it and you would want the people who work in the department to be the ones developing the plan.

Mr Quinlan: I would be quite confident that they would happily own the reports.

THE CHAIR: Dr Foskey, I will let you take the running from me.

DR FOSKEY: Are we dealing with this department section by section?

THE CHAIR: I am happy to go that way, if you like. I am conscious that we will have to move pretty quickly because we still have six reports to do in the hour scheduled, about 10 minutes per report.

DR FOSKEY: On page 6 you mention the ANU-Motor Trades Association of Australia joint venture. First of all, just when and how do you expect the \$10 million to be returned

to you and what is the objective of this project?

Mr Quinlan: The project is, effectively, setting up substantial venture capitalists in the city. One of the fundamental requirements to build an innovative economy and to promote innovation and enterprise is the availability of patient venture capital. By investing \$10 million on behalf of the government we were able to attract another \$20 million up front, with, I think, the possibility of even more, to start a venture capital fund that may fill a void that exists in this city, because we do not have venture capitalists in situ and worldwide experience shows that that is an essential ingredient for building an innovative economy. A larger centre like San Diego, when they were making their thrust, particularly in biodevelopment, drew the same conclusion and went out and leg-roped venture capitalists and dragged them into town as part of the framework that is necessary.

DR FOSKEY: Where is the report that lists all of the ACT business support programs, including grants and concessions? I believe that one used to be made available.

Mr Quinlan: There is a booklet available for all of them.

Mr Keogh: All the grants are listed in the back of the annual report.

Mr Quinlan: But there is a booklet for the assistance program.

Mr Keogh: Yes.

DR FOSKEY: Is there any reporting on the impact of these programs?

Mr Keogh: We have a regular report done, as the chair referred to. Acumen Alliance review the knowledge fund every year. As a result of that, we have improved the way the knowledge fund operates. We now require applicants to go through a one-day commercialisation course before they go to a full application process. We find that weeds out a lot of the applicants who do not understand the issues around commercialisation. The reviews of the knowledge fund indicate that for the money invested the companies that receive funding invest about 4½ times the amount of funding that the government puts in through the fund.

DR FOSKEY: Is there any expertise in the department that has looked at the impact of business support on low income and low skilled workers?

Mr Keogh: We haven't specifically looked at that impact, no.

Mr Gilbert: If I could add to that answer, Dr Foskey: in response to a recent motion which you moved and which was debated in the Assembly, the government did list all the activities and programs which can assist people on lower incomes into business. I have that document with me, which we could run through. Whilst BusinessACT isn't directed more to that end, the government more broadly certainly does, across its agencies, do something in that regard.

DR FOSKEY: I appreciate that quick action, but it probably would be good if you could just give us a copy of that rather than run through it, given our time constraints.

Mr Gilbert: Okay.

Mr Keogh: We will also give you a copy of the programs information booklet.

DR FOSKEY: Excellent.

Mr Gilbert: The information about BusinessACT—who it is, what it does, who it helps—is all available on the BusinessACT web site.

DR FOSKEY: Thanks. I have lots of questions but I am aware that other members of the committee may wish to ask some.

THE CHAIR: You have developed terms of reference for a project to develop a strategy for the promotion of ACT education and training in Canada. Why did you pick Canada? You have just been to China and opened an office there. I would have thought that it would be one of the most productive markets. What is the thinking in relation to that?

Mr Keogh: The government set up the Council of Education Export, which has representatives from the ANU, UC, CIT, the defence force academy and the department of education, and they look at markets. The particular interest is not in markets in which Team Canberra is already doing a good job of selling ACT education; it is to try to look at what new markets might be opening up. There is a view in the council—it is not shared by all council members, but it is certainly a view strongly held by the University of Canberra—that Canada is a possible education market for Australia and for the ACT. The work we had done was to try to identify what opportunities there were. The council does not look at China because ACT education institutions already have a strong presence in China and are doing very well out of China. We are looking at areas where we can expend the education export market.

THE CHAIR: Unrelated to that, on page 66 you talk about staff development. The report notes that the department will need to understand how demography, globalisation and technology are having a profound effect on the world's economy, society and environment. I am assuming that this is going to involve some sort of training and development along the lines canvassed on pages 66 and 67. Could you indicate the sorts of activities that are envisaged by the statement on page 11 and how much it will cost to get this training under way?

Mr Gilbert: They are the key systemic drivers of change shaping the world's economy, society and environment. Indeed, the political system can do very little to reverse those systemic drivers of change. In terms of how we translate that into our thinking in the department, I certainly have led discussions about that in the department. As to where the department is at today, in the next three to four weeks we will release our corporate plan. Behind the corporate plan will be a learning development program.

Part of that learning development program will encompass looking at these systemic drivers of change and where they create opportunities for governments both in Australia and around the world. It is that type of thinking, it is the long-term thinking that I am trying to engender within the department, which is going to give rise to policy makers formulating policy which has long-term thinking as its base, and that is very important.

Some of the key systemic issues around Australia that are affecting us now—skill shortage, work force availability, infrastructure requirements, investment climate, and leveraging out of the private sector—require systemic and long-term thinking to formulate a policy which will stick.

THE CHAIR: I don't disagree with that, but—

Mr Gilbert: I just wanted to finish.

THE CHAIR: How are you going to do it and how much is it going to cost?

Mr Gilbert: As to how much it is going to cost, we are going to allocate a budget per person, per capita, in the department as to how much we are prepared to spend on learning and development. There will be a pool of funding which will be made available for outside provider courses. Already, we have set aside some funds with the Australian Institute of Management to run courses along these lines. As I say, we are just waiting for the minister to release the corporate plan of the department in the next three or four weeks. On the back of that, we will be rolling out the learning program.

MRS DUNNE: I want to go back, Mr Keogh, to the Council for Education Export. Should I read from what you said that the ACT thinks that it has penetrated the Chinese market as much as it can and it cannot expand there?

Mr Keogh: I would not say that we have penetrated the Chinese market as much as we can, but over the last few years there has been a substantial increase in the number of students from China. I could check the figures, but a comparison between the ACT's share and the national share of the China market shows that we are doing fairly well. There are some other markets where other states do reasonably well and the ACT is not doing as well. We have looked at why are we behind in those markets and what we can do for the institutions. The institutions are quite capable and quite well established for going into markets like China and we are not sure that we can add a lot of value to what they are already doing in China. But we can work with them on what is the problem with the Indonesian market, where we are behind the national average, and what are the opportunities in the Canadian market, if it is a possible market. It is more about doing the strategic planning around the future of education export than sending a team to China, because they already do that jointly.

MRS DUNNE: Could you provide the committee with a rundown on where we are getting our overseas students from?

Mr Keogh: Yes. That is publicly available information.

MRS DUNNE: If it is publicly available, can you direct me to it?

Mr Keogh: Australian Education International, which is a commonwealth-funded body. I have it and I can make it available to you.

MRS DUNNE: Thanks.

MR SMYTH: Minister, on page 28, under "Future directions", the report says that

BusinessACT will not have any responsibility for output 1.3—Tourism in 2005-06. Who will?

Mr Quinlan: The tourism commission.

MR SMYTH: So there will be no policy work done within the department; it will all go across to ACTC.

Mr Gilbert: Policy coordination within the department is through the senior management team. It meets once a month and we do discuss coordination of policy development. Australian Capital Tourism Corporation, as you know, is a corporation in its own right as a statutory entity and its governance arrangements also set its policy directions and, of course, it is subject to direction by the minister. However, within this new department and to promote economic development in the role of tourism as best as we possibly can, we do coordinate policy once a month through the senior management team.

Mr Quinlan: When you are looking at tourism and you appoint someone like Derek Volker as the chairman of the commission and have people like Steve Gower on it, I think you put a certain amount of faith in them as well, otherwise the appointments are not serious appointments.

MR SMYTH: By how many staff in the department was output class 1.3—Tourism administered?

Mr Gilbert: In the tourism corporation, if you go to their annual report, you will see that there are about 58 staff.

MR SMYTH: But how many staff were devoted to tourism previously by your department?

Mr Gilbert: I don't think there was one dedicated staff. It was a responsibility the sum total of which did not equate to one full-time equivalent.

MR SMYTH: So all of the policy function and all of the work is now with ACTC and will be administered at a higher level in this monthly meeting.

Mr Gilbert: We coordinate policy with the tourism corporation through the senior management team within the department. At the end of the day, the minister has the power to direct the corporation. That would be done through a direction prepared within the department, but we certainly stand back from the corporation in terms of what it has to do statutorily.

MR SMYTH: Just on tourism and the convention centre, which is also mentioned on the same page, when is the refurbishment likely to start, when is it likely to finish and what is the scope of what is going to be carried out there?

Mr Quinlan: I think you could say that it has already started in as much as the inspections for the building itself. We have said that the first thing to do is to make sure that we are not going to be decorating the place until we make sure that the building is

sound. Building inspections are under way now, as I understand it. The length of time, I think and fear, will be protracted because we have to work around the business that the convention centre has and, despite all the criticism, it is getting a fair bit of business.

MR SMYTH: What have the inspections shown up so far?

Mr Quinlan: I have not got the reports.

Mr Gilbert: I might be able to add to that, minister. A building audit is currently under way. It will be available at the end of November and we expect the work to commence for refurbishment in December. As the minister indicated, we are doing this refurbishment in situ. The National Convention Centre is 85 per cent booked 14 months in advance. The minister said that he fears that it will be a very difficult refurbishment by doing it in the way that we are intending. It is going to require the full cooperation of the sublessee—in this case, IHG, which has just passed the ownership of the asset back to the territory, and the government, through Procurement Solutions, who have been engaged as managers to make sure that we do it right and do it well without major disruption to convention business in the ACT, which we are desperately hoping to avoid.

THE CHAIR: Isn't it going to present you with a problem if it is 85 per cent booked already, you are spending this money to refurbish it and your scope for growing the business is pretty heavily contained? All you have is that very small window of bookings.

Mr Gilbert: Once we identify the work schedule, the booking schedule can be shifted around within the convention centre from room to room.

THE CHAIR: I do not think that you are getting my point. I understand that you can move things around, but my point is that you will be spending \$30 million or \$40 million on it for a business that is already pretty well full.

Mr Quinlan: Should we stop, after all you guys have said?

THE CHAIR: No. Minister, the point that I am trying to get across to you is that I do not think that it is going to be adequate. I have had that view for a long time.

Mr Gilbert: We have had a look at the other option. Is it just better to shut it down and for how long would it be shut down? If we were to do that, it would be at least four months. I think that, of itself, would be much greater.

THE CHAIR: That is the size of the figure. Dr Foskey has some more questions on economic development that she would like to pursue.

DR FOSKEY: Yes. I do have many more, which will be given to you as questions on notice. I want to check on whether this is the appropriate place to ask questions about the City West development.

Mr Quinlan: Ask the question and I will tell you.

DR FOSKEY: What engagement has the ACT government had with community groups

about Civic West?

Mr Quinlan: No, this is the wrong place for that.

MS MacDONALD: Would it be better to direct the question to the Department of Disability, Housing and Community Services?

Mr Quinlan: Or planning, yes.

DR FOSKEY: Trade delegations are mentioned on page 14. Who paid for the flights and accommodation for the businessmen who made up the trade delegations?

Mr Keogh: The businesses pay for their own flights and accommodation. We pay for the services provided by Austrade to organise the delegations, the market briefings, the events, the client meetings. We do that under an agreement with Austrade.

Mr Quinlan: Might I add that, when I was in Hong Kong, a large slice of my expenses were picked up by the Hong Kong administration because I was there at their invitation.

DR FOSKEY: How much was spent on advertising the student accommodation mentioned on the bottom of page 14? I would have thought that to be the ANU's responsibility?

Mr Keogh: I cannot tell you how much was spent and I will take it on notice, but at the time that working group was put together there was a view that there was going to be a major student accommodation shortage and the government played a role in addressing that shortage through the use of Canberra Connect and the development of a web site and that sort of thing. We think that for the coming student year, 2006, most of the problems have been addressed. It does not look like there will be the same shortage, so there won't be the need for the expenditure.

THE CHAIR: Are any more of these overseas missions in the pipeline, minister?

Mr Quinlan: Based on the last one, I will be certainly trying to work with Austrade with a view to promoting the ACT via trade missions. If I can just take a minute of your time to say that there is an evolution in thinking in places like Hong Kong. Partnering and partnerships are the operative words nowadays. Although regions that are looking to be regions of innovation originally might have thought that they were in competition with each other, they are finding more often than not that processes and products that were developed in one more often than not complement projects and processes that have been developed in others. We certainly found that with one or two of the businesses that were with us in recent weeks. They met other businesses that were trying to do what they have already done and all of a sudden one of them just scrapped it there and then and virtually bought the Canberra product.

We have been invited and we probably will build some formal relationships with a number of the development boards in the UK because they are all thinking that way. They recognise that Australia is a more innovative country than the UK and they recognise, having looked at some of the people that came on our delegation this time, that the ACT, Canberra, is a particularly innovative area. Where once upon a time, and I

have done these things before, you went and talked to people maybe at arm's length, the welcome mat is really out at the moment. For example, MIDAS, the Manchester industrial development agency, has already said to us, "Any business that wants to do business in northern England can come to Manchester. We will give them an office for a month, fully supported; it will cost them nothing," because they do know, they do realise, that partnerships are the go.

Hong Kong invites people like me there now because they are reinventing themselves. They have lost a lot of their manufacturing to the mainland and they are trying to reinvent themselves as a development and innovative area, so investment in Hong Kong would welcome ACT businesses with open arms. But you have to go; you have to make yourself known. The businesses that went with us were invited on a competitive basis. They were people that applied and were vetted. If we can rustle up a dozen businesses as good as the last lot we took overseas, I would go every three months because of the credit that confers on us. These businesses are selling product there already. Some of them got fantastic leads or are very confident.

This territory is not big enough to have trade representation overseas and we will never be that big. We have to work smart to make sure that we compensate for that. All the other states in Australia have trade missions and have trade commissioners. Other countries are doing this. If we are not out there competing and we are not out there helping our companies to meet the right people by using Austrade, believe it not by using the name "Deputy Chief Minister of the ACT", we will put our companies at a disadvantage.

DR FOSKEY: What is your role in the development of City West, which is mentioned as one of the things that your department is going to do in 2005-06?

Mr Quinlan: We are involved in it as a concept. The City West precinct plan really started out as recognition that we had an area of Civic that was underdeveloped and was falling somewhat into disrepair. Since coming to power, this government has built a constructive relationship with the ANU. We are working with the ANU and have a memorandum of understanding with them in relation to development on the periphery of the ANU campus and the placement of NICTA in the same precinct. We want to contribute to Canberra as an innovative enterprise economy by building a precinct that will be recognised as a hotbed of innovation and development.

It will happen .You should take the time—the information can be provided to you—to look at the smart things that have been done in this city just in recent years and how many of the companies are now going to international markets and how many of the companies that started off with a little bit of assistance at the ACT level are now getting large assistance from the commonwealth because they have got past proof of concept and have a genuine product going.

We want to ensure that that area continues to grow as, in part, an extension of the university, the Cambridge University concept, and, in part, an active part of the city and also, overlaid across there, a smart zone in the town. That is our role. It is the economic development dimension of overall development.

DR FOSKEY: Which part of the department is looking at the economic impact that the

ageing of our society will have on the ACT?

Mr Gilbert: Dr Foskey, the department is looking at a range of systemic issues. Demography is one of those. We have prepared a significant paper, which has been passed through the Canberra Partnership Board, and that board has written to the minister acknowledging the work on that and the potential effect of demography on the economy of the ACT. So yes, we are doing some work. The principal contact is either myself or Ian Cox, who is Director of the Business and Economic Policy Branch in the department. This stems back to the government's announcement in the budget papers that it was going to do this work; so it has done it in pretty rapid fashion.

DR FOSKEY: Is that going to be made public?

Mr Gilbert: It can be made available to you, Dr Foskey, if you ask for it.

THE CHAIR: Do you have a supplementary question, Mrs Dunne?

MRS DUNNE: A supplementary going back to Civic West: minister, who has principal responsibility in the government for the carriage of the MOU?

Mr Quinlan: The MOU with the ANU?

MRS DUNNE: With the ANU.

Mr Quinlan: It would be largely Planning at the end of the day.

DR FOSKEY: At the end of the day!

Mr Quinlan: Ultimately, what the MOU effectively says is that we will develop land and we will sell land in that zone, but the ANU has first call; they haven't got any guarantees for it. On the other hand, the other way it works is: if the ANU has a need, we will work to meet that need. There is great benefit accrues to the capital structures that the ANU can put in place to be able to be involved in investment off campus rather than on the campus, which they hold in trust. They have funding support from outside the ANU; people that are prepared to invest with them. A lot of that has come out of what we do. When it comes down to the land release and whatever, we have to work with the Planning people.

MRS DUNNE: But the short answer is that the principal carriage is with Planning?

Mr Quinlan: Yes, I think so.

MRS DUNNE: You think so. Okay.

Mr Quinlan: It depends on how you want to view it. I am not in the business, at this point, of developing land, but we are in the business of trying to ensure that we build a smart city and that that smart city is recognised.

THE CHAIR: We haven't got a lot more time available. Mr Smyth had a question, and Mr Stefaniak wants to ask some. We need to wrap this up in a few minutes.

MR SMYTH: In relation to the small and micro business advisory council, on page 17: I notice that all of the appointments finished in April. Can we have a list of the new appointments?

Mr Quinlan: I think so, yes.

MR SMYTH: Why wasn't there any continuity? Why was there a total removal of all the board members?

Dr Schaper: Mr Smyth, in regards to SAMBAC, the opportunity of my appointment also, I guess, provided the opportunity to have a look at the effectiveness of SAMBAC not only in the ACT context but also how it compared to other advisory bodies in other states and different models. I can't comment on the membership of that yet because it is not in the public domain as far as I am aware. It needed to look at what it was doing, how effectively it was doing it and whether or not there were other tasks that could be put forward to it. That is why one of the decisions that was made, as you would have seen in the material that was promoted about it, was the decision that I would chair it in the future. So that necessitated, basically, us starting, in some respects, from scratch again in terms of not only activities but also membership.

MR SMYTH: Is that an admission that SAMBAC, as you call it, was not fulfilling its function?

Dr Schaper: I couldn't comment on the effectiveness or not of SAMBAC prior to that because I wasn't involved with SAMBAC in the sense of what it did. I have got to say that not every state and territory has an advisory body. First of all, you would have to measure against what its stated goals—

Mr Quinlan: SAMBAC has done some good things. The previous president, Karen Paxton, was very, very keen, particularly, on building a database and not only disseminating information but collecting information. But then, effectively, demands on her overtook her capacity to do it. Since that time, as a result of consulting with SAMBAC, we have done such things as put in a process for women in trades and recognised that there are so many partners of business people that are running the business at home on the kitchen table and they are not getting any support at all. We have, arising out of that committee, set up a process. We have had interaction with them.

MR SMYTH: Has the new board been appointed or not?

Mr Quinlan: I don't know officially; it has gone past me.

MR SMYTH: Mr Keogh was going to provide a list but the commissioner wasn't sure.

Mr Keogh: Please, if I can sort out the confusion: a decision has been made on the membership. The minister is about to write to the members advising them of their appointment. Once that is done, they will be publicly announced.

Mr Quinlan: That is what I am doing, what he said.

MR SMYTH: We will get the list soon?

Mr Quinlan: Yes, you will get it soon, Mr Smyth.

THE CHAIR: On sport, Mr Stefaniak wanted to raise an issue. We are up against the clock; so it will have to be brief, I am sorry.

MR STEFANIAK: I appreciate that. I have only got a few questions. At page 29, dealing with output 2.1, the kids at play program is to combat the rising trend of childhood obesity. I see how many people you have got in your oldies program, but how many kids are involved in that program?

Mr Quinlan: Bloody thousands, Bill. It is a ripper. Sue Marriage will tell you all about it. It is booked out.

Ms Marriage: The kids at play program has basically made it to its first birthday. To date, we have had 15,900 kids go through the program.

MS MacDONALD: Did you have a cake?

Ms Marriage: No, not yet. It's not quite their birthday.

MS DUNNE: I am sure that would be counter to the principles of combating obesity.

MR STEFANIAK: How many extra are proposed for this year if the program is continuing?

Ms Marriage: We have got two new vans at the moment that are being fitted out. So that will double the capacity of the program. We are already starting to take bookings for it. Normally, we are booked one term in advance. It is very popular, of course, in the summertime. It is not just going to holiday care and after-school care activities but it goes to community fetes, ACT government programs. It spent the whole time at Floriade. It is a very popular program, and we are hoping, with the new vans, to continue on in that vein.

MR STEFANIAK: Is that one of the programs that might be under threat if the proposed budget cuts flagged by the minister go ahead?

Mr Quinlan: What proposed budget cuts, Billy?

MR STEFANIAK: Up to 15 per cent of the little sports budget, I hear.

Mr Quinlan: Is it? Is that how big it has gone? See what you can do when you start a rumour, Bill! There are no proposed budget cuts at this stage. There is no proposed budget. There is a process, about which I have spoken in public, whereby we require every agency to have a look at their lowest priorities so that they are in a position to negotiate on their budget for the next year, both in terms of the new and emerging priorities versus their lowest priorities. That is a discipline that I would expect that everybody in this room would accept immediately for any sensible negotiation with an agency. You will know that virtually every state government demands an efficiency

dividend every annual budget. And it is likely we will have one, but I am not putting a number on it.

MR STEFANIAK: What are your low priorities there, minister?

Mr Quinlan: They are not yet identified, Mr Stefaniak, and they won't be identified until after the budget.

MR STEFANIAK: I am mindful of the time. I see you supported 221 athletes through ACTAS this year. That seems down. Last year, it was 240; the year before, 250; the year before that, about 275. There seems to be a bit of a worrying drop in numbers over recent years. Now it seems to be down on last year. What is the reason for that?

Ms Marriage: The ACTAS scholarship numbers vary as to how many athletes come through the program, but we have a commitment to 250 athlete scholarships across all of the various sports and individual scholarships. The sports themselves are the ones that set the selection criteria because they employ the coaches that we have at the academy. And what we are looking for is quality applicants through that. So sometimes the sports don't take up their quotas. We also have withdrawals and retirements that come through the program. That happens at various times.

Also, it is the timing of the allocations of the scholarships; sometimes there is a lapse in time between one lot of scholarships going through and another. At the moment we have got 221 athletes going through the program. I believe that most of those scholarship holders are quality scholarship holders. That is the importance of it, making sure that they have a decent career path at the end of it, not just to make up numbers.

THE CHAIR: Dr Foskey has got some questions.

MR STEFANIAK: I have only got a couple more.

THE CHAIR: I will take Dr Foskey first. I will give you one more, Bill, but we are running out of time.

DR FOSKEY: There is no mention in this report of the hotel that I have just heard is going to be built onto the zoo. Am I right in thinking that the extra land was given to the zoo for free?

Mr Quinlan: No. That is not my job; that is Planning's.

DR FOSKEY: I thought hotels would be yours.

Mr Quinlan: I am pretty sure it is not the case.

MR STEFANIAK: On page 39, ACT outputs, across a range of sports 75 were tested under the drug-testing program. Were there any positives?

Ms Marriage: No.

MR STEFANIAK: One final question on this relates to women in sport. At page 30,

you say that a total of \$94,350 was made available through the WG program, the women's grants program. I take it that is one of the select grants programs that sport and recreation administer and is quite separate from the incentive you have in the gaming area whereby you get \$4 for every \$3 discount or whatever. That is a good way of describing it. That is totally separate, I take it, from—

Ms Marriage: This is a designated part of our normal grants program, and this year it has increased to \$100,000. It gets advertised separately to the rest of the grants program. It is out at the moment for nominations. It encourages the sports to integrate women's activities into their programs. For example, a lot of them are male-dominated sports that apply for it.

THE CHAIR: Thank you for that. I would ask members, if they have further questions, to place them on notice—ideally, electronically; if that is a problem, in writing to the committee's secretary who will pass them on to the officials relevant to that report. We are now going to change the rules slightly and ask ACTTAB Ltd to come on next so that we can deal with that.

MS MacDONALD: Chair, can I place on the record my appreciation of Mr Curtis and Mr Wheeler for making time available in what is the busiest period of the racing calendar, that is, the Spring Carnival, especially with only a little more than a week before the Melbourne Cup. It is fantastic to see them here today. That is part of the reason why we have asked that it be moved forward on the agenda.

THE CHAIR: We will start with questions.

Mr Curtis: Mr Chairman, I just wonder whether I could make a brief statement before you commence.

THE CHAIR: Feel free, Mr Curtis, if the minister is happy with that.

Mr Curtis: It relates to an omission from the ACTTAB annual report 2004-05. Amendments to the Annual Reports (Government Agencies) Act 2004, which took effect from the commencement of the Human Rights Act 2004, required that public authorities report in relation to the human rights legislation. I regret to advise that that is an omission from our report. A corrigendum has been prepared in respect of that issue and will be forwarded to the minister in the next couple of days, addressing that particular omission.

THE CHAIR: It was drawn to my attention by our secretariat. Thank you for that. It is now on the record. So we might now go to questions, if you are ready for that. I have a couple of questions in relation to the variations year to year that you may be able to provide some information on. Why do you believe that sports betting is increasing so substantially? It has increased substantially in 2004 and looks like continuing to rise in 2005?

Mr Curtis: This can be largely attributed to the popularity of or the expansion of pay television, through Foxtel and other operators; the general exposure of those sports to the community; and the marketing that ACTTAB has undertaken over the last couple of years to entice customers to go online. Through that process we are probably attracting

people to gambling that would have otherwise been investing in the stock market or like activities. So you are probably getting a different type of gambler to the run-of-the-mill punter that once frequented ACTTAB agencies in their retail outlets.

THE CHAIR: I see from the report that accounts over the internet are up by nearly 13 per cent and now represent 31 per cent of your overall sales. I am wondering what safeguards you have got in place in terms of people's management of their gambling pastime.

Mr Curtis: Generally the code of practice that applies to all gambling providers applies to ACTTAB. All the requirements of that code are in place in terms of our registration of people seeking to open accounts—the 100-point verification process. There are a range of procedures there that are undertaken by the accounts betting area.

THE CHAIR: I can understand those checks to stop money laundering and the like, but what about the potential problem gambler? Is there anything you can do there or have you got any mechanisms in place that might alert you to someone who is getting themselves in over their heads?

Mr Curtis: Other than getting the message out that counselling services are available, there is probably little that we do online, other than—

THE CHAIR: Do you do anything online in terms of advising people?

Mr Curtis: Yes. Those provisions relating to the code of practice and advising people or warning people about problem gambling are all available via the internet site.

THE CHAIR: They have to go and self-source, do they?

Mr Curtis: Yes.

THE CHAIR: You don't communicate anything to people that might give them a message?

Mr Curtis: Other than—

THE CHAIR: In clubs, for instance—I may be mixing up my jurisdictions—usually there are signs and brochures that if somebody has got a problem they can call these numbers. But you don't proactively do anything?

Mr Curtis: There is a mail-out to account customers. I have only been there a short time. Maybe Mr Wheeler could enlighten us as to whether that has occurred in the past.

Mr Wheeler: On our brochures there is definitely a message relating to responsible gambling; there are posters all around your outlets, which you will see if you visit an outlet.

THE CHAIR: It is the online people, Mr Wheeler.

MRS DUNNE: There are no pop-ups or anything like that that would force people to

stop and think?

Mr Curtis: No. Probably the most important provision that might make us different to the traditional bookmaker is that there is no credit provided, which is something that I know concerned most people that had an interest in gambling. The traditional form of bookmaker would extend credit and often people got into trouble through that form of gambling. Bookmakers are, I am sorry to say, a thing of the past and will be replaced by online activity and online gambling providers.

Internationally, there are about 700 operators online providing gambling services throughout the world. That is the market that ACTTAB is competing in, and I am pleased to say that there is growth in that area and this year, to date, we are up about 10 per cent on last year, which is quite extraordinary.

THE CHAIR: Dr Foskey, do you have questions?

DR FOSKEY: You say, in the compliance index under “whole-of-government key issues”, that the multicultural framework is not applicable to you. However we are told agencies are required to report on that. I was just wondering whether “non-applicable” means that ACTTAB had no achievements in this area; or does “non-applicable” mean that you are not bound by the reporting requirements of the framework?

THE CHAIR: What page is that?

DR FOSKEY: Page 29 of the minister’s reporting guide. The compliance section is pages 26 and 27, and there is nothing there about multicultural reporting.

THE CHAIR: Do you want to put that on notice?

DR FOSKEY: The reason that I am asking it in particular is that there is quite a lot of evidence that some ethnic groups are more vulnerable than others in terms of gambling. It seems to me that these issues are relevant. I am wondering whether you have consulted. That is on page 60—thank you, Mr Mulcahy—of the compliance index

THE CHAIR: Do you care to comment on that, Mr Curtis?

Mr Curtis: Dr Foskey, no, I am not aware that ACTTAB has done anything specifically in that regard. But I do know that the Gambling and Racing Commission has done some work in that area.

DR FOSKEY: Yes, I believe it has.

Mr Curtis: If there are any recommendations arising from their research, we will certainly take them on board.

DR FOSKEY: I note on page 31 of your report that ACTTAB paid approximately twice as much money to the racing industry development fund as it contributed to government revenue.

MR STEFANIAK: By statute.

DR FOSKEY: That is by statute; okay.

Mr Quinlan: But can we clarify that by saying, even for local racing, the figure for ACTTAB earnings on ACT races, bets made on ACT races in the ACT, is about \$500,000 a year. That, through dividend, accrues to us as well.

THE CHAIR: Ms MacDonald has a question or two.

MS MacDONALD: I have got a couple of questions, but I will leave it at that. On page 20, human resource management, you have referred to negotiations for a new enterprise agreement. I miss the days of sitting across the table and negotiating the ACTTAB enterprise agreement! Actually I don't, but anyway! You have just talked about it being certified in the third quarter. Has that taken place?

Mr Curtis: Yes. I am pleased to say that the agreement has now been certified and the wage increases have commenced to be applied. We will shortly be undertaking a classification and work value review of positions that is required under the enterprise agreement.

MS MacDONALD: On a different subject, if I might, and then I will leave it at that: in relation to the decision to make an agency into a branch, can you talk about the process that ACTTAB goes through in order to do that?

Mr Curtis: My understanding was—of course, I wasn't there when this occurred—that a process of rationalisation was undertaken which involved the board making an assessment of the performance of particular agencies and the people that were running those agencies. Basically the decisions that were taken to close agencies and take them back and run them as branches were, as I understand it, purely economic decisions based on savings that would have been realised through undertaking that process.

From a personal point of view, the process left a lot to be desired. There were a lot of unhappy people involved in that process. Probably through a lack of information having been communicated to them about the process that was being undertaken, I think there was a feeling that the process was being conducted behind closed doors and there was a reliance on the existing contracts, which allowed for non-renewal at the end of the process, and really there was no comeback.

That is the reality, I guess, of business. But I am hopeful that, if there is further rationalisation of our outlets, it will be done with a far better communication of the process to those people involved. Certainly the board has directed, in the short time that I have been there, that there be a review of the process and the criteria for consideration to be taken into account when making those decisions.

There has been some review taking place in relation to the original decisions. In fact, one of the people that lost their agency has subsequently been offered another one and has accepted a contract to take that up. I understand that another person that was aggrieved by the process has since been assisted in finding work with another employer. Generally people are satisfied now and are getting on with business. But yes, I will concede that it could have been done better. It will be done better in the future.

MS MacDONALD: I appreciate that you weren't around when the process took place and I appreciate your answer in relation to that. This is by no means an attempt to grill you about what happened when you weren't around.

THE CHAIR: Dr Foskey has got a couple of questions. Then I will take one from Mrs Dunne and one from Mr Stefaniak; then we will have to move on to the other agencies.

DR FOSKEY: The last one, it is. On page 28 of your annual report you state that ACTTAB continues "to apply appropriate management practices that are consistent with the practices of ecologically sustainable development". Could you please explain what management practices you were referring to as ecologically sustainable?

Mr Curtis: This primarily relates to the development of our new accommodation at Gungahlin and the process that has been undertaken there with the developers in building that accommodation, which I am happy to say we will hopefully be moving into in the early part of next year.

MRS DUNNE: It has been in the never-never for a while. That was one of my other questions.

Mr Curtis: "Soon" is the word.

MRS DUNNE: That is usually next Friday; so I wouldn't say that.

Mr Curtis: Dr Foskey, I haven't been directly involved in that process, but I am happy to take that on notice and provide you with the appropriate answer.

DR FOSKEY: That would be very good; thank you very much.

MS MacDONALD: Is anybody running a book on when you move in?

Mr Curtis: No.

MRS DUNNE: You have answered some of the questions I wanted to ask, but on page 15 there is a breakdown of the different racing codes and the rise and fall of sales in various racing codes. Does that in any way reflect the codes in the ACT or is that sales across the board, across jurisdictions?

Mr Curtis: It is interesting. There is a general decline in racing worldwide. In effect, I guess here in Canberra we are going against the trend. I think this fluctuates from year to year. I guess it depends on the marketing that is undertaken by the respective codes. These figures will, I guess, turn around in the next reporting period because the thoroughbred racing code had not been racing for a period due to the insurance.

MRS DUNNE: So the 13 per cent increase in greyhound racing does not necessarily indicate a resurgence in the dish-lickers in the ACT?

Mr Curtis: No. There has certainly been smarter marketing. For example, they are now

scheduling meetings to commence later in the evening, to allow national broadcasting through the Sky Channel network, which means that that coverage is generating greater turnover, of which they reap the benefits.

THE CHAIR: Mr Stefaniak can take one question; then we have got to move on.

MR STEFANIAK: At page 22, you say that over the next 12 months you are going to begin the process of refurbishing existing outlets, establishing new super shops across the network and rolling out new selling terminals. Are the new super shops in different premises from the actual agencies, or will they be at existing agencies and outlets?

Mr Curtis: There will be a combination of refurbishment of existing premises and new premises. For example, at Gungahlin there will be a new retail outlet. We are currently working with consultants in the development of, amongst other things, a new decor and colour scheme.

MR STEFANIAK: Where will the other new super shops be?

Mr Wheeler: The new Civic city development, which is section 84.

MR STEFANIAK: At page 50, you have got seven senior executives. Could you provide me, on notice, with details on exactly what each of those positions does?

MRS DUNNE: There's an organisational chart, on page 3, but there are only five there.

MR STEFANIAK: Yes, there is. I need just a duty statement for each of those positions, thanks very much.

THE CHAIR: Thanks, Mr Curtis and Mr Wheeler. Good luck with the week's activities. We will now move back to the order and invite Australian Capital Tourism Corporation to be the next area of interest. I might lead off in this area. Before I ask questions, I might just put in context some remarks I made yesterday. As I have explained to the minister, I was referring to the Commonwealth government and, unfortunately, the reporter thought I was having a go at the territory government, which I know is probably more likely to be the case. I will go into what I was talking about now, because it relates to the ongoing tourism situation and annual reports.

I am interested to know your perspective on the role of some of the national institutions and how well they are working with the territory, because I expressed the view then—and I have, as you know, discussed it in passing—that they do need to recognise the ACT as a very important part of their constituency. We do have ownership, and I am wondering whether there has been any correspondence or communications to any of the national institutions, particularly the gallery or the museum, from the government corporation or the minister, expressing any form of frustration with the level with which they interact in what we are trying to do at the territory level?

Mr MacDiarmid: There is ongoing and continuous dialogue with all the national institutions and I will take you through in a moment the different levels of communication we have with each of the institutions, specifically the NGA since Mr Radford came on board, and also let you know that the Chief Minister wrote to the

Minister for the Arts and Sport, with a copy of that letter to the minister for tourism, to express the government's concern about potential decline in the number of blockbuster exhibitions and the fact that Australian Capital Tourism was very keen to work with the national institutions. He has had responses to both of those letters, giving an indication that they are very keen to work with the government, through the Australian Capital Tourism Corporation, on cooperative activities.

Having provided that as a context, we have a national institutions group directors meeting on a quarterly basis. We meet with all the directors of all the national institutions, including the NCA, and I chair that meeting. It has also been attended by our chairman, Mr Derek Volker, on occasions. We obviously express our views quite strongly about the importance of working cooperatively, and I will come back to that particular point before I conclude.

That is one particular forum. We also are party now to the public programs group meeting, where they plan and talk at another level, which is basically curator level, on the programs they have got coming up for the next three or four years. We just had a meeting with them a few weeks ago and talked about right through to year 2009-10 and the idea of building around some themes as we did with the Rock 'N' Roll Trail this year.

We engage with the marketing managers. The Summer of Silver, a good example last year, was a cooperative effort between us, the National Library, the National Gallery and the National Portrait Gallery at Old Parliament House. We are just in the process of engaging with, again, those organisations plus the Australian War Memorial on a new program for summer called Out of the Vault. That is new information—a very exciting program but on a relatively small budget. But already the national institutions, on the back of the success of the Rock 'N' Trail, are absolutely enthusiastic about what we are trying to do and are working cooperatively.

We also attend all the National Capital Attractions Association meetings, which is essentially an organisation representing the national institutions as well as some of the other attractions. It goes without saying, Mr Mulcahy, for the reasons that you obviously are aware of, which is that the national institutions and their exhibitions are the essence of the brand, this is the place of the Australian story and that we have to work with them. So building cooperation with the institutions, as we have articulated in our annual report and in fact in our business plan for this year, is absolutely essential. I can report confidently here today that the improvement in cooperation in the last 12 to 18 months has been just fantastic.

We have a long way to go. Are we able to influence them on major blockbuster exhibitions? They have got some significant challenges and I am sure you have had conversations with them and know what they are. Nevertheless, we have got some ways of trying to turn Canberra into an exhibition as opposed to having to rely solely on national exhibitions or blockbuster exhibitions at the institutions. Finally, in relation to the National Gallery, I had a half-hour conversation with the director when he first started, and the chairman and I then followed up about a month later, again with the National Gallery director, emphasising the importance of our working together wherever possible and encouraging them to look at major blockbuster exhibitions. I think there are two that are coming up in the next 12 to 18 months time.

THE CHAIR: I have two questions on that: has the Chief Minister had a response from Senator Kemp? And have you had input or consultation on their plans for the future?

Mr MacDiarmid: The answer to that question is yes, there has been a response from Senator Kemp—a quite encouraging and very positive response—to work cooperatively. In terms of working with the public sector departments, yes, we have had a couple of conversations with them recently. They are there as a bureaucratic facilitator, as you know; they do not provide the absolute direction on what the gallery or the institutions do. That is driven very much by a board and, obviously, budget considerations. But I think the ability to influence their thinking is going to come down to what we have been trying to do with this idea of starting to theme times and seasons of the year and then build that into whatever they may have as a major blockbuster exhibition.

THE CHAIR: I have raised in the past—it is a bit of a hobbyhorse of mine—some of these influential international publications, particularly for younger travellers, such as Bryson’s booklet, notwithstanding that Dr Foskey does not think it is read too widely any more, and *Lonely Planet* guides. I know you’ve got a visiting journalist program but have you done anything to target those particular publications that I suggest are very, very widely used by young travellers?

Mr MacDiarmid: We’ve just concluded a very detailed analysis on the backpacker market—that is basically the readers of those sort of publications; there are obviously others, but they are predominantly backpackers—and in the next 12 months we will be putting in place a few initiatives to try to, firstly, work with some of those publications and, more importantly, to get a larger slice of the backpacker market, which has been declining in the ACT in the last couple of years.

THE CHAIR: Would that include talking to those publishers?

Mr MacDiarmid: Yes, absolutely.

THE CHAIR: I have a last question before I hand over to another member. You opened a Singapore office or a part-time Singapore office. I raised some questions about that last time at annual report hearings and it was early days. What has been the impact of that, frankly, on numbers in the ACT?

Mr MacDiarmid: For us to start from a zero base of awareness and assume that having someone based there for eight months is going to suddenly impact dramatically on the visitation numbers is way too optimistic. However, we would not have had 29 travel agents from Malaysia and Singapore on a five-day dedicated familiarisation visit to the ACT and the region if we had not had someone based there. I can also tell you that those 29 travel agents went away waxing lyrical about how great the destination is. But the trouble, of course, is that until eight months ago we had no presence in the international market other than working with Tourism Australia and, quite frankly, pathetically with Tourism New South Wales. I am not having a go at them; I am simply saying that we just did not have those relationships. Those relationships, along with having someone based there who is capable of touching south-east China and is having an impact in Singapore and Malaysia, are going to have some significant impact, I think, over the next three or four years.

THE CHAIR: So you think we will see it translate into numbers?

Mr MacDiarmid: Absolutely; I have no doubt about it.

THE CHAIR: But you don't have anything at the moment?

Mr MacDiarmid: No, and if I told you we were 10 per cent up on Singaporean numbers I would be saying that that is off about one per cent of the share of the national market of Singaporeans. It has got to be sustained. We have got to be able to hit the market and sustain it. At the moment, this person is obviously working with travel agents and the channel members, the channel inbound operators, and also producing publication material that is going into a much wider range of media than we have ever been able to get access to before. It is early days but I really encourage us to hang in there. There is some part of this industry, by the way, that does not know why we are in the international market, and I find that really quite extraordinary when it is the fastest growing part of our overall visitation market. We have got to be there.

MS MacDONALD: I have a supplementary question on that. I just want to mention that I have just recently finished reading the book *Fat, Forty and Fired* by Nigel Marsh, which has come out recently and is quite popular at the moment. He went on a weekend trip with his sons to Canberra and he starts with a description of Canberra by Prince Philip and Bill Bryson, which made my heart sink. But I turned the page and there was a glowing description for over a page of the wonders of Canberra, how it is a fantastic place et cetera et cetera. Mr Mulcahy has raised on a couple of occasions the issue of the backpacker market. I know that this is aimed at a different market—40-year-olds are not the backpacker market—but I thought I would just mention it.

DR FOSKEY: I looked in vain for the phrase “ecological tourism” in the annual report. I notice, and I commend you, on your reporting on sustainability in the environment, but nature-based tourism has been identified by the government and Australian Capital Tourism as an important expansion area. That is just an observation that I would like you to comment on. For instance, have you done any work on developing nature-based programs or events? It looks as though the events assistance program did not go towards any nature-based events, and I could indicate a lot of ways that you could have events that were based on our environment.

Mr MacDiarmid: Nature-based tourism is an opportunity for the ACT and the region, and to that extent we have been working with the Shaping our Territory group with input into their plans for places like Tidbinbilla, Namadgi, the Cotter and precincts such as that. We are also looking at the moment at development opportunities so we can put some substance behind this. One of the objectives behind the Brindabella Challenge, launched by the minister yesterday, is deliberately to start profiling the Brindabella Mountains as one of our great assets. We hope that over the next three to five years, which is the planning horizon associated with the event, we will start to utilise the Brindabella Mountains and aspects below the Brindabellas, including tourist drive 5, so that we can start to showcase some of these wonderful assets we have.

DR FOSKEY: Good. I would not mind a conversation with you further on that some time, but I just want to go to Floriade, given that it has just happened and is fresh in our

minds. As an observer, someone who goes to Floriade, I am often disappointed, and that is, I think, because it is designed for people to look at from above, and most of us walk past it. I think this is an area where artists and landscape designers could provide you with feedback, ideas and criticism of the work to date.

Community engagement, of course, is a two-way process. We often have to remind the government of that. But there are people the government employs, for instance a public arts officer, who would be able to offer and organise some feedback from people whose whole area is visual and aesthetics. Add in a few landscape gardeners and we might get something better. People do love Floriade—they come here—but I always think it just misses out in this area of art.

Mr MacDiarmid: Dr Foskey, I probably share your view: I would love to have a helicopter view of the gardens to appreciate the nature of the theme being presented. We do have four gardeners, as part of the landscape garden alliance, who design the gardens and do all the work, and they are all Canberra-based landscape architects. They do all the work and the design for the flowerbeds. We have had a number of conversations about how we can try to provide a better viewing opportunity for people to look down at the flowers. We have talked about balloons, but there are so many problematic issues associated with trying to do that and/or build infrastructure. I think it would be a disaster to take a huge walkway and stick it right across the top so that people can look down from there.

DR FOSKEY: I am suggesting that it be designed to be looked at from where people are, which is on the ground.

Mr MacDiarmid: As I said, we work with landscape gardeners. Nevertheless, we take the feedback on board.

DR FOSKEY: Thank you.

THE CHAIR: Mr Smyth, I can take one question before I move on, but then I have to go to the other three agencies.

MR SMYTH: Sure. I have a quick supplementary to your first question. When did the Chief Minister actually write to the ministers? Could that be found out?

Mr MacDiarmid: Wouldn't you believe it: there is not a date on the letter.

Mr Quinlan: It was some time ago.

MR SMYTH: Perhaps you could take that on notice.

Mr MacDiarmid: It was in May, Mr Smyth. We got responses in June.

MR SMYTH: Thank you. You mentioned earlier Tourism Australia and working with them. Recently there was an expo in Japan that was very, very successful. I understand we were offered the ability to advertise in the publications that were done but declined that offer. Why was that so?

Mr MacDiarmid: Because of the cost. We have a limited budget to work with and the costs associated with being involved in the event when Japan is not a target for us did not seem to make a lot of sense.

MR SMYTH: I see there is an ACTION bus being driven around town, with the Japanese national tourism bureau advertising Japan as a market for Canberra. It is interesting that they see us as a market but we do not see them as a market. Given things like Nara and the ability of the Japanese to travel, why aren't they a target market for us?

Mr MacDiarmid: Because to advertise and to build a campaign in Japan is very expensive. Until recently we have not had a high level of repeat visitation. They have been problematic for Tourism Australia as well. Some of those things are being addressed at the national level. Our view is that we have got to try and demonstrate some success to get the industry enthusiastic and committed to being in the international market. So working in a discrete environment where there are high levels of repeat visitation and English-speaking people, Singapore, which has a connection to the ANU, as does Malaysia, seemed a lot more sensible approach to us. Singapore and Malaysia, as a percentage of the total number of international visitors who come to the ACT, are not as significant as, say, the UK, but one ad in the UK will cost us our whole budget, so we are reliant on working with Tourism Australia in those sort of European, Japanese and other emerging markets to have some impact, but we have got to demonstrate some success.

THE CHAIR: Thanks, Mr MacDiarmid. We will move to the Stadiums Authority now. Mr Harley, we did have you here with the estimates committee earlier this year and there was some comment following your appearance. Did you get to read that in the report by the estimates committee on the appropriation bill?

Mr Harley: No. Could you remind me of that, please?

THE CHAIR: Well, it says here that the committee were concerned that the Canberra Stadium is not expected to meet all safety standards until mid-2008 and were surprised that the officer representing the authority was not aware of the situation when asked during the estimates hearing. Are you familiar with that?

Mr Harley: I am familiar with the question but I am still not familiar with what seem to be the problems.

THE CHAIR: The fact that you weren't familiar with the fact that you wouldn't meet the safety standards. Dr Foskey commenced this line of questions as I recall.

Mr Harley: This is in relation to a question that I think originated from Ms Dundas the previous year regarding a safety ladder. It referred specifically to the eastern grandstand. The eastern grandstand does not have a safety ladder because the eastern grandstand roof is so low in both corners that a ladder is not required to get access onto the roof. The cost of putting a ladder in, with regard to having a cage around the outside for safety requirements, means that it is not necessarily required. There is no requirement for people to go on the roof to do any works. Any works that are done on that roof would be done at the front and done with the use of an elevated work platform, so it was not considered to be a requirement to have a ladder access to that roof.

THE CHAIR: So you are saying that it does meet all the safety standards?

Mr Harley: Yes, it does meet all the safety standards. I refuted the question at the time and clearly elaborated my response to Ms Dundas following that estimates committee.

THE CHAIR: But it came up in this year just gone.

Mr Harley: Yes, I know.

THE CHAIR: It did not seem to be addressed then on that basis. Dr Foskey, do you have any questions?

DR FOSKEY: That was one of my questions, so I am glad that has been asked. Does the stadium have any plan to market itself as a place for large-scale music festivals or events? Amongst young people there is a great demand, and apparently a band, which I have never heard of but which rocks some people's socks, Jamiroquai, will be playing next year. Do you remember the question?

THE CHAIR: Are you clear on the question, Mr Harley?

Mr Harley: Yes, I am clear on the question. In the four years that I have been at the stadium we have delved into that area. We have hosted Riverdance and a military tattoo event, other than obviously a non-sporting event. The problem with these sort of events is really the market of Canberra, how competitive it is compared to Sydney and Melbourne. With all major acts—and I have met with all of the major promoters as far as getting the big acts to Canberra is concerned—Canberra does not feature on their radar; they are very much aligned to Melbourne and Sydney. There is a strong correlation between tourism hooks to keep them in those locations. For example, last year all of Robbie Williams's concerts were in Melbourne and Sydney, not in the other cities. The respective governments paid money to hold him there, so if anyone wanted to see Robbie Williams they had to travel to Sydney or to Melbourne. The economic benefits, therefore, go to those states.

We do not have the budget or capacity to affect that market. With the lesser performers, you have got the risk associated with any venture of that nature, of paying upfront to get someone and then not selling the tickets. The Canberra market is notoriously poor as far as planning and getting ticket sales well in advance is concerned. As an organisation that cannot afford to be too risky in that sense, we take each case as it comes. Realistically, I would say that the only performers that would attract some sort of risk in that nature are the larger performers and we are not competitive in that sense.

DR FOSKEY: Do you advertise in the region for which Canberra is the centre so that they know what is going on, because you can be sure they do not get these acts down in Bega, or Wagga?

THE CHAIR: I'm sure you'll take that on board, Mr Harley, but we will have to conclude these hearings. I thank you, minister, and your officials for your assistance. I apologise to the Small Business Commissioner and to the ACT Gambling and Racing Commission that you have missed out on the opportunity to be questioned. I will ask

members to put questions on notice. I have conferred with the secretary with a view to seeing if we can put more time into this session next year on this committee, and we will see how we can proceed.

The committee adjourned at 5.47 pm.