



**LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL
TERRITORY**

STANDING COMMITTEE ON PUBLIC ACCOUNTS

(Reference: Annual and financial reports 2006-2007)

Members:

DR D FOSKEY (The Chair)
MS K MacDONALD (The Deputy Chair)
MR B SMYTH

TRANSCRIPT OF EVIDENCE

CANBERRA

THURSDAY, 28 FEBRUARY 2008

Secretary to the committee:
Mr H Finlay (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 that have been authorised for publication by the committee may be obtained from the committee office of the Legislative Assembly (Ph: 6205 0127).

APPEARANCES

Chief Minister's Department	115
Department of Territory and Municipal Services	115

The committee met at 2.00 pm.

Appearances:

Barr, Mr Andrew, Minister for Education and Training, Minister for Planning,
Minister for Tourism, Sport and Recreation, Minister for Industrial Relations

Department of Territory and Municipal Services

Zissler, Mr Mike, Chief Executive

Marriage, Ms Sue, Director, Sport and Recreation Services, Environment and
Recreation

Shepherd, Ms Simonne, General Manager, Australian Capital Tourism,
Enterprise Services

Chief Minister's Department

Hudson, Ms Catherine, Deputy Chief Executive, Governance Division

Centenera, Ms Liesl, Director, Office of Industrial Relations, Governance
Division

THE CHAIR: Welcome, everybody. We will make a start. We are waiting on the third member, Mr Brendan Smyth. We have a few formalities, so we might as well do those before he arrives. First of all, I draw your attention to the yellow laminated card on your table and ask you to read that or, if you have read it in the past, indicate that you have read it and that you understand the privileges implications of that statement. Everyone understands. I move:

That the contents of the privilege card be incorporated into the *Hansard* transcript.

That is accepted.

The statement read as follows:

Privilege statement

To be read at the commencement of a hearing and reiterated as necessary for new witnesses

The committee has authorised the recording, broadcasting and rebroadcasting of these proceedings in accordance with the rules contained in the Resolution agreed by the Assembly on 7 March 2002 concerning the broadcasting of Assembly and committee proceedings. Before the committee commences taking evidence, let me place on record that all witnesses are protected by parliamentary privilege with respect to submissions made to the committee in evidence given before it.

Parliamentary privilege means special rights and immunities attach to parliament, its members and others, necessary to the discharge of functions of the Assembly without obstruction and without fear of prosecution.

While the committee prefers to hear all evidence in public, if the committee accedes to such a request, the committee will take evidence in camera and record

that evidence. Should the committee take evidence in this manner, I remind the committee and those present that it is within the power of the committee at a later date to publish or present all or part of that evidence to the Assembly. I should add that any decision regarding publication of in camera evidence or confidential submissions will not be taken by the committee without prior reference to the person whose evidence the committee may consider publishing.

I also have a few housekeeping matters which I need everyone in the room to observe:

All mobile phones are to be switched off or put in silent mode;

Witnesses need to speak directly into the microphones for Hansard to be able to hear and transcribe them accurately

Only one person is to speak at a time

When witnesses come to the table they each need to state their name and the capacity in which they appear.

THE CHAIR: We have you here in two capacities, Mr Barr: Minister for Industrial Relations and Minister for Tourism, Sport and Recreation. We will start with IR, move to sport and recreation and then finish with tourism. Would you like to make a statement?

Mr Barr: In the interests of time, I will be very brief. I will highlight a couple of key achievements in the industrial relations portfolio in 2006-07, not least of which was the new template agreement that covered some 10,000 staff within the ACT public service. That was successfully negotiated through the annual report period. A review of the workers compensation regime in the ACT was finalised. Various updates to a number of pieces of industrial relations legislation were completed. The rest of the achievements are outlined in the annual report. I will happily take questions from the committee.

MS MacDONALD: Minister, could you inform us in which agencies were the 10,000 workers that are covered, and which areas do they work in?

Mr Barr: They are core public sector staff in agencies—Chief Minister's, Treasury, Justice and Community Safety, the bureaucratic staff within Health and Education—in core areas of public service activity. In specialist areas there are individual agreements, such as with the teachers, the firefighters, the nurses. This was covering the core staff across all ACT government agencies.

MS MacDONALD: What is the length of the agreement?

Mr Barr: It is a three-year agreement. It incorporated pay rises of 12 per cent over the three years, partly funded by government and partly funded by productivity offsets that were achieved across the whole of government.

MS MacDONALD: Are there indications of change in the federal government on enterprise agreements and future enterprise bargaining negotiations?

Mr Barr: Certainly we expect that, with the introduction of a new industrial relations system for Australia to commence on 1 January 2010, the next EBA across the whole

of the ACT public service will be negotiated under a new IR framework. We sought to negotiate in good faith with all public sector unions in relation to this year's agreement and have been able also to negotiate towards a deed of agreement and understanding between the government and the relevant unions to address some matters that were specifically excluded under the Work Choices legislation that could not be put in industrial agreements.

It is my expectation that, following the changes that we expect to emerge in federal legislation, some things that were previously prohibited content will be, again, allowable matters in industrial agreements. We look forward to a better industrial environment in which to be able to negotiate the next agreement.

That said, I take this opportunity to commend all those who were involved in what was a complex and difficult project that, I think, did achieve a fair and just pay rise for public sector workers in the ACT, delivered important productivity gains for the ACT public service and will enable the more efficient delivery of government services which, I think, is another important objective in such negotiations.

MS MacDONALD: Are there any outstanding AWAs within the ACT government?

Mr Barr: I understand a very small number will expire in due course and, of course, will not be renewed. We have a policy of not adopting any new AWAs, and we have had that in place since we have been in government. There are a number, I understand—although a diminishing number—for which, as they expire, alternative arrangements will be put in place. There may be a small number—approximately 50, I am advised, across the entire public service.

THE CHAIR: I start by asking about portable long service leave schemes. There are a couple afloat. Has the minister considered that it might make sense to amalgamate the schemes? Have you thought about that?

Mr Barr: There are ongoing considerations around long service leave. They have their own separate legislative frameworks at this point, although there is collaboration. Certainly under previous chiefs, there was a joint chair of both committees. That is now not the case; we have separate chairs for the existing schemes. There could be some value in looking at that but it is not high on the government's priority list.

I think the more important thing to look at now is the potential expansion of schemes, particularly in the community sector. That is an area that the government is working collaboratively, across agencies, with my colleague Minister Gallagher on. We have begun negotiations with the existing funds on their possible involvement in underwriting the establishment of a new scheme for the community sector. That, I think, is the top priority for the government at this point.

I propose to introduce legislation this year, as you will have seen from the legislative program, in relation to long service leave for retail workers. It picks up on an anomaly in previous legislation on the pro rata nature of long service leave after seven years in that particular industry.

I highlight those as a first priority for government. That said, I am happy to have

a look at the proposal you have raised there as part of the government's considerations down the track.

THE CHAIR: How close is that community sector portable long service leave?

Mr Barr: We need to engage with community sector stakeholders. I think the key issue here is definition. We need to establish very quickly which organisations wish to be included and which do not. That will involve conversations with employer community organisations and employees within the sector. There is some work that needs to be done there on definitions. That work is progressing through both my office of industrial relations and the Department of Disability, Housing and Community Services.

THE CHAIR: Would you say you are three-quarters of the way there or halfway there?

Mr Barr: I would not want to put a percentage or a fraction on where we are with that process, other than to say that it is the government's priority in this area.

THE CHAIR: It has been a while?

Mr Barr: It has. It is a complex issue. I think it is important that the work is done and done properly. We want a scheme to be established well for that scheme to work as effectively as it has in the construction and cleaning industries.

MS MacDONALD: You mentioned the complexity. While talking about the complexity, do you want to give some information about what used to be the clerks long service leave award which pro rata-ed and did not kick in until 10 years? I understand that is still in existence. I thought there was another one, the meat carters or something like that. Do you know?

Mr Barr: I must admit, Ms MacDonald, your knowledge of the detail of those awards is greater than mine. Given your previous employment, that would explain it. In a minute I will hand over to my officials who, I am sure, will have a little more information on the specifics of those cases you have raised. But it is an important debate that we are going to have nationally, I think, on long service leave.

The original notion of three months after 10 years is perhaps outdated when you look at the nature of the workforce now. There are a variety of different schemes and proposals that are out there for public debate. I tend to favour an industry-by-industry approach. We will also be looking at the possibility of pro rata applications, again industry by industry. An example, clearly, is the retail sector where we are proposing to make some amendments to the legislation that is in place to make it fairer after the seven-year period in terms of people who get that pro rata allocation after seven years, eight years, nine years and 10 years.

Ms Centenera: An overlay on top of all those issues for general long service leave is that the commonwealth has now signalled an intention to have the same general long service leave benefits across all states and territories and in the commonwealth jurisdiction. With the release of the exposure draft of the national employment

standards and the transitional bill, one of the standards is going to be long service leave. The latest information we have from the commonwealth is that they want to make changes, first of all, to agreements being able to override long service leave entitlements which have been around for quite a while and to create a new national harmonised scheme.

THE CHAIR: In relation to the review of the workers compensation scheme, which is mentioned at page 36, the final report on the first part of the review was delivered to government in August 2007. It was on the website, but we could not find it today. However, we noticed, when it was on the website, that it raised questions about the back-to-work provisions. How has that been followed up?

Mr Barr: I have referred the full report to the Occupational Health and Safety Council, which is a council which involves representatives from business, employers, unions and a range of private and public sector employers and employees, as well as a number of skilled practitioners in the area, for their further consideration and advice to government on the legislative response in a range of areas. It is with the peak advisory council at this point. They have had two meetings to look at it. I understand they will be providing advice to the government very shortly.

THE CHAIR: My office has had some feedback that workers can feel bullied and treated in an unhelpful way by these provisions. I wonder whether you have heard that, too, and whether the explanation for that might be a lack of expertise in rehabilitation or the provisions of the scheme?

Mr Barr: Certainly through the initial report and through discussions, it is clear that this is an area where we can do better. There are a range of options and ways forward. Some of it involves aspects that are outside the direct control of the ACT government, but there are other areas I think we can look at to improve. That is clear evidence out of the report and all the other available pieces of evidence on—how shall I say it?—perhaps the ineffectiveness of the ACT scheme in a number of key areas. Rehabilitation is clearly one.

That has been considered actively by the OH&S Council. I am looking forward to receiving their recommendations. I am optimistic that they will come forward as unanimous recommendations, although in certain areas they will not be able to reach agreement, given the diverse range of interests that are represented on that council.

THE CHAIR: On page 137, it is mentioned that the OH&S Council provided input regarding the incorporation of WorkCover into the Office of Regulatory Services. Did the OH&S Council support this move?

Mr Barr: I understand there would have been mixed views from the council. It is not always the case that you get a unanimous outcome out of that organisation, given, as I have said, the disparate nature of its membership.

THE CHAIR: What happens when there is a disparate—

Mr Barr: It falls to government to make a decision. Ultimately the organisation of government departments is something for government. It occurs frequently that we

will be presented with both sides or multiple arguments and we have to give due consideration to all the arguments put forward and then make the decision.

THE CHAIR: Will there be a review of the move to see whether it works and will the council be involved in that review?

Mr Barr: These are matters you would really need to address to Minister Corbell, as the Office of Regulatory Services sits under his responsibility. We provide resources—

THE CHAIR: Does that mean WorkCover now sits under his responsibility?

Mr Barr: Yes. I have policy responsibility, but the day-to-day operations of WorkCover sit within the Office of Regulatory Services and sit with Minister Corbell. I will not pre-empt positions he may take in terms of responsibility for his department other than to say that, on the policy side, we did provide additional resources to the Occupational Health and Safety Commissioner and the office of the commissioner, who reports to me in terms of OH&S policy.

THE CHAIR: It looks like industrial relations is going very smoothly. I do not know that we have got any more questions.

MR STEFANIAK: I have a couple. You have only eight WorkCover inspectors, I understand, two of whom are in training. Is that not stretching the system somewhat?

Mr Barr: It would be best to direct that question to Minister Corbell, as he has responsibility for WorkCover. We only cover policy within the Office of Industrial Relations.

MR STEFANIAK: Let me ask you something which is probably more on the policy line. It is on policy in relation to workers compensation and the perennial problems with premiums. I understand there are a number of problems with a number of injuries and the length of time people have off work. I am told there is a very poor return to work.

Mr Barr: Dr Foskey asked this question before you arrived. I refer you to that.

MR STEFANIAK: On all these aspects?

Mr Barr: Yes. I refer you to my answer on those.

THE CHAIR: I must say you used quite different words.

MR STEFANIAK: I understand there are some concerns, too, in relation to rehabilitation services—the ability of what services there are to cope with ensuring that workers are rehabilitated in a timely fashion and return to work. What, if anything, are you doing to ensure those are improved?

Mr Barr: Those matters, along with a number of others, were raised in the review of workers compensation, as I indicated to the committee before you arrived, and have

been referred to the Occupational Health and Safety Council for advice to government in terms of implementation of recommendations. That advice will be forthcoming soon.

MR STEFANIAK: Have you any idea when?

Mr Barr: That is in the hands of the council. I cannot be absolute on when they will finish their deliberations. I do not wish to rush them.

MR STEFANIAK: Before the election or after?

Mr Barr: It will be this year, yes.

THE CHAIR: We are ready to move on to sport and recreation. I will lead off. I did not mention this, but there may be other questions that will come in for you to answer on notice. Is that okay?

Mr Barr: Sure.

THE CHAIR: Given that sporting events generate quite a lot of waste and use quite a lot of energy, especially night sports, has there been any investigation of ways that the ecological footprint of sporting events could be reduced?

Mr Barr: Thank you for the question, Dr Foskey. You may be aware that the Chief Minister has announced that around half a million dollars worth of solar panels will be placed on the roof of the stands at Canberra Stadium to generate electricity for the use of the stadium. My understanding is that that will result in somewhere between a 20 and 25 per cent reduction in the call of that venue for power off the grid. That is important not only as a demonstration project but also in terms of Canberra Stadium's night-time activities. Manuka does not have lighting. In terms of our two major national venues, we are taking steps at Canberra Stadium to address the issues there.

Across the city I did announce, as part of the government's response to the recommendations that came out of the sport in the drought process and all the consultations around that, additional lighting for around 11 community ovals in the territory. My understanding is that the lighting that we are using at those venues is environmentally efficient and that we have across the entire Department of Territory and Municipal Services an approach to use more environmentally sustainable lighting—I am getting a nod from the chief executive—in areas outside my direct responsibility. That is important.

In terms of other sporting activity, you may be aware, Dr Foskey, that today I have been able to announce an expansion of the government's funding for drought-proofing and other initiatives within the sport and recreation area. This year there will be a \$3 million grants program to provide assistance to sporting organisations to use less water. It is part of the government's goal that by 2013 all sporting facilities in the ACT will have some other form of water to offset their potable water use. We are responding in a range of areas, and that is through partnerships with sporting organisations on privately run venues, through investment in our own government

facilities and through a range of programs in the sport and recreation area.

THE CHAIR: I notice that major sporting teams in the United States who own their facilities have recently launched environmental programs aimed at educating fans at sporting events as well as putting in the kinds of measures you are talking about. I guess to do the measures is one thing and then to tell people who are coming that you have done them is another aspect of that.

Mr Barr: Yes. I always welcome the opportunity to be able to promote these initiatives. I have just been passed a note. I did neglect to mention that at our other major event venue, Stromlo Forest Park, all water on that site is recycled. We have both a dam and a treatment plant on site. So it is at the forefront of environmental efficiency around water in the territory.

THE CHAIR: And waste? That is an area that you—

Mr Barr: Certainly I am aware that this committee or the estimates committee has talked at length around appropriate recycling at major events, and that is a feature at Canberra Stadium and Manuka Oval in terms of recycling facilities. We continue in our efforts there and we will, of course, where possible, expand our efforts. But I think there is leadership being shown by our major sporting venues.

THE CHAIR: Thank you. Do other members of the committee have any questions on sport and recreation?

MR SMYTH: Minister, the other day you announced some sports grants that, if I have done the maths right, seems to add up to an extra \$1 million more than was anticipated. Where is that \$1 million coming from?

Mr Barr: I think you may have done the maths wrongly, Mr Smyth. The grants I announced were the usual operating assistance grants and a range of other specifically targeted grants. So it was about \$1.6 million, just short of \$1.6 million in that round. We have a series of other commitments where we provide subsidies for sports loans for groups taking out loans and a variety of other targeted programs that make up just over or around the \$2 million that is available in the general sport and rec round and, as you would have just heard, we have put an additional \$3 million in to target water saving initiatives and a range of other drought-proofing initiatives this year as part of an ongoing program.

MR SMYTH: That \$3 million was initially announced as \$2 million?

Mr Barr: It was. So there is an additional \$1 million that I announced.

MR SMYTH: So where does that \$1 million come from?

Mr Barr: That comes with the Department of Territory and Municipal Services, a reallocation of priorities into the sport and rec area and another area within the department.

MR SMYTH: Mr Zissler, what is being reallocated? What will not be done for the

\$1 million that is now going to drought-proofing of ovals?

Mr Barr: A range of other drought-proofing measures that were proposed by the Chief Minister in his environment portfolio that will not be possible to be delivered this financial year.

MR SMYTH: So that will come out of what area, the parks area?

Mr Barr: Yes. My understanding is that approval from the National Capital Authority was required to access water saved from Lake Burley Griffin. That approval was not granted, so a particular project could not go ahead. It was impossible to reallocate the funding into the sport and recreation area.

MR SMYTH: What was that particular project?

Mr Zissler: It is just a timing issue.

Mr Barr: It is a timing issue.

Mr Zissler: Pure timing.

MR SMYTH: That is fine, but what was the project?

Mr Zissler: A range of projects. I will get you the answer to that, but a range of different projects.

MR SMYTH: Could we have a list of those projects?

Mr Zissler: Indeed.

MR SMYTH: So the \$3 million is predicated on this project not going ahead?

Mr Barr: Or that this project will not be able to be completed this financial year, so the money has now been reallocated into assisting sport and recreation organisations. It is within the one department, but simply a reallocation.

MR SMYTH: And it is the NCA's not issuing the—

Mr Barr: That is one of the factors behind one of the projects not proceeding.

MR SMYTH: What were the other factors?

Mr Barr: They are outside my portfolio responsibilities. I am simply stating that I have been able to secure an additional \$1 million for sport and recreation organisations, which I thought you would welcome, Mr Smyth.

MR SMYTH: Look, I am quite happy. I think you have neglected the area for a long time.

Mr Barr: I welcome the bipartisan nature of that support.

MR SMYTH: But I am curious about the transfer of the \$1 million and I will put some questions on notice in that regard.

Mr Barr: I am sure you will.

MR SMYTH: Other projects that are clearly not going ahead this year include the dragway. Is the government committed to building a dragway?

Mr Barr: As I have indicated on numerous occasions—and I refer you back to my answer to Mr Stefaniak's question in the Assembly last week. I refer you to the *Hansard* there.

MR SMYTH: I ask you, minister: will the government commence the dragway in this term, as promised?

Mr Barr: And I refer you to my previous answer to the question.

MR SMYTH: What is so wrong with confirming the government's commitment to a promise, minister?

Mr Barr: I have already answered that question.

MR SMYTH: Are you committed to building the dragway?

Mr Barr: I have answered that question.

MR STEFANIAK: You are not, are you?

MR SMYTH: Minister, rumours abound in the community about the transfer of the remaining money to other projects. Will the \$8 million that was appropriated for the dragway be spent on the dragway?

Mr Barr: I have answered that question.

MR SMYTH: No, you have not to this committee. Madam Chair, I ask you to direct the minister to answer the question.

Mr Barr: I refer the shadow minister to my answer in the Assembly last week.

MR SMYTH: Why are you so evasive? What are you hiding?

Mr Barr: I refer you to my answer in the Assembly last week.

MR SMYTH: Why can't you simply give a commitment to building the dragway and spending \$8 million on it?

Mr Barr: I refer you to my answer in the Assembly last week.

MR SMYTH: So you are not committed to building the dragway?

Mr Barr: I refer you to my answer in the Assembly.

THE CHAIR: For the record, could you reiterate your answer in the Assembly, seeing that you are referring us to that? We do not have it in front of us here and it would be very helpful. It might allow us to move on.

Mr Barr: My answer to Mr Stefaniak's question and again to Mr Smyth's question is that the government has allocated \$8 million. Should a suitable site be found, the government will allocate \$8 million to the construction of a dragway. I have written to the previous federal government, to the relevant ministers who have responsibility over commonwealth land in the territory. Each minister in the previous federal government indicated that there was not a suitable block. I have written again to the new government and have received a response from the Minister for Home Affairs, Mr Debus, in exactly the same terms as Minister Lloyd gave to me last year. I have received a response from Mr Mike Kelly, who is the Parliamentary Secretary for Defence Support, along very similar lines to the former defence minister's response. I have communicated that and the explicit ruling out of the reopening of the old site to Mr Geoff Devlin from the Canberra dragway group in correspondence this week.

MR STEFANIAK: Minister, what do you say to claims by dragway proponents—indeed, I think, a lecturer who actually assesses the noise at Fairburn Park and did so for block 51—that the criteria used when you did that study earlier this term of government was flawed, that you failed to take into account the fact that it is under the flight path of the airport, being only two kilometres to the north, and that you used a measurement which was that noise had to be less than, I think, 50 decibels, which is basically the normal suburban standard of noise, given an ambient background of about 45 decibels for just the other parts of Canberra? Surely following those criticisms that you used flawed methodology in terms of assessing noise—after all, it is under a flight path—will you commit to reassessing block 51, which a number of studies have indicated is the best site for a dragway and is wholly owned by the ACT?

Mr Barr: No, I will not commit to a reassessment. I would refer you to the extensive documentation that is available publicly in relation to the environmental assessments that were undertaken on that site as part of what was the dragway advisory committee, of which the proponent of the dragway was a member.

MR STEFANIAK: I have read that and I am querying, on the basis of what I have been told is quite expert opinion, your assessment—

Mr Barr: You are welcome to query it, Mr Stefaniak, but I will not be reopening—

MR STEFANIAK: of the noise, which I have been told subsequently is quite substantially flawed.

Mr Barr: That is a view that you have. You are welcome and more than able to hold it, but I will not be reopening any assessment. A large amount of work has been done on that site. It has been found not to be suitable. There are a large number of people who agree with that assessment, Mr Stefaniak, and so that assessment stands.

MR STEFANIAK: So the bottom line is you are not going to build a dragway, isn't it, minister?

THE CHAIR: Can I—

MR STEFANIAK: Perhaps if you just answer that, I will shut up.

Mr Barr: That is not a question. That is a statement you just made, Mr Stefaniak.

MR STEFANIAK: Isn't it so, minister, that you are not going to build a dragway? This government is not going to build a dragway?

Mr Barr: I refer you to my previous answer to Mr Smyth's question.

MR STEFANIAK: Thank you, minister.

THE CHAIR: I want to get some clarification around the Fairburn site. I happened to be there a couple of weeks ago, and there it sits.

Mr Barr: When you say the Fairburn site, you mean the previous—

THE CHAIR: The previous dragway site. I gather that is on federal land?

Mr Barr: Yes.

THE CHAIR: I am sorry if you covered this in an earlier answer.

Mr Barr: I understand the previous government let that one slip through their fingers, Dr Foskey.

MR SMYTH: No, that is not quite true, minister.

Mr Barr: Not quite true, but mostly true.

MR STEFANIAK: You have promised to build one for the two last elections and you have done nothing.

THE CHAIR: Let us not go there.

MR STEFANIAK: Do not get too cute, Andrew.

THE CHAIR: It has been mentioned a number of times. Perhaps discussions might be more fruitful—

Mr Barr: I explicitly asked both the former government and the new government whether that would be possible—

THE CHAIR: And you are getting the same sort of answer.

Mr Barr: and I am getting the same message, that the airport has expansion plans, as

I am sure you are aware, and that the commonwealth is not going to make that land available for a dragway for the ACT.

THE CHAIR: Okay. I think that might be a watch this space—

Mr Barr: For the committee' benefit, I have advised Mr Geoff Devlin of that in correspondence this week.

MR SMYTH: Just further on that, if the dragway did not go ahead, is the government currently considering any other options for the money?

Mr Barr: The government has a range of considerations every budget year, Mr Smyth, and that will be revealed in the budget process.

MR SMYTH: So the government is considering spending that money in a different way than on the dragway?

Mr Barr: The government have indicated, as I indicated in my previous answer, that we will continue to negotiate with the commonwealth over a suitable site. I have not heard back from all the ministers I have written to. Until that time I am not in a position to comment further or consider any other options.

MR SMYTH: If it proves impossible to build the dragway, is the government considering other uses for that money currently?

Mr Barr: That is a hypothetical question at this point.

MR SMYTH: No, no. I am asking: have you got other considerations? It is not hypothetical at all.

Mr Barr: Once I am satisfied that the commonwealth has no land available and there is no suitable site in the ACT, then other options could be considered at that time.

MR SMYTH: Is there work being done on those other options that you have just mentioned now?

Mr Barr: As part of budget considerations, Mr Smyth, we look at a whole range of options.

MR SMYTH: So in the budget consideration, there are other options that are being discussed for the remaining dragway money?

Mr Barr: No, that is not being considered at this time.

MR SMYTH: Is there consideration outside the budget?

Mr Barr: There are considerations that the government has across all budget issues, Mr Smyth.

MR SMYTH: What are those considerations and what options—

Mr Barr: I am not going into them at this point.

THE CHAIR: We might leave that.

MR SMYTH: I have one last question.

THE CHAIR: All right; one last question and then we will move on.

MR SMYTH: Mr Stefaniak asked you a question about expenditure of the \$8 million. I recall you said that only \$165,000 on a study had been expended.

Mr Barr: That is my understanding. It is in that order.

MR SMYTH: So if \$165,000 comes off \$8 million, it leaves \$7,835,000. The supplementary question that Mr Stefaniak asked was: had anything else been apportioned to that money—staff, salary costs or anything else?

Mr Barr: No. That money has been rolled over.

MR SMYTH: So if the government started construction today, there is \$8million, less \$165,000, available for construction of a dragway?

Mr Barr: Indeed, yes.

THE CHAIR: Let us leave that one there. Ms MacDonald has a question.

MS MacDONALD: Dr Foskey might have touched on this before with respect to the environmental area. I want to talk about drought proofing of sport facilities. The government undertook quite a bit of consultation, which is mentioned in the annual report, in the event that stage 4 water restrictions would take place. Can you elaborate on those consultations and what that might actually mean? It has rained today, but there is now discussion that the La Nina event might be finishing.

Mr Barr: Certainly, whilst we have had some short-term respite from stage 4 restrictions this summer, I understand that ACTEW's most recent advice is that we are okay to get through the remaining three or four days in this summer period and then through autumn and winter. Of course, dam levels are still just below 50 per cent, so it is incumbent upon government and upon the sport and recreation industry to look at ways to respond to the water situation. As I have indicated today, we have been able to increase the grant amount available for sport and recreation organisations through this year's funding. Coupled with the usual sport and rec grants, some of which were again targeted at particular initiatives that will reduce water consumption, it is a \$5 million grant round this year, which is double what was previously available.

It is certainly a record for sport and recreation grants in the history of self-government in the ACT. This is off the back of what was a most extensive consultation process with sport and rec organisations. A number of seminars and symposiums were held. There was one held at the University of Canberra back at the very beginning of 2007. A major all-sports seminar was held on 30 May, followed by another major event in

October and then individual consultations with every sport and rec facility manager in the ACT. I will ask Ms Marriage to outline some of the particular initiatives and discussions that took place. It all culminated in a report to ACTEW that was clearly the most detailed study of sport and recreation facilities ever undertaken in the ACT.

Ms Marriage: When we realised that we were looking down the barrel of level 4 water restrictions, we knew we had to work with the sport and rec industry very quickly. ACTEW gave us a six-week period in the first instance to do the work. In particular, we met with every sport and recreation facility manager in Canberra, and also from the region into which sporting competition here in Canberra actually overflows—the Queanbeyan areas. As part of that, we also met with the private schools and the Department of Education and Training to look at their school facilities. So there was quite an extensive process in working with the sports and identifying what their potential needs were going to be, recognising that they would have to modify their competition over that period of time, and then working with the venue managers to try and work out how we were going to match it up.

The report that was completed and went to ACTEW indicated the priority fields that would remain on, if we went to level 4 water restrictions, bearing in mind that we were at that position where potentially 70 per cent of our sports grounds would be switched off across Canberra. So that would be a significant reduction in sports facilities available for competitions. This meant that the whole sports profile would have changed in the ACT.

In that process, it became quite clear that we needed to work towards drought proofing for the future. Even if we kept on a lot of those facilities that are priority 1 and priority 2, and that was probably about 60 per cent of the facilities, we would still be struggling to maintain a normal, viable sports competition, so that sports groups would not have to come back to government and say, “Potentially I’m going to need some sort of subsidy because my membership base is failing me.” We have gone right through the process, even though climate change is occurring at this point and dam levels are increasing. We have what is called an emergency plan, an allocation plan, in place, and also our normal allocation process. Everything is set now for level 3 water restrictions and we are continuing down that path. Should we reach that position of level 4 water restrictions next spring, we will be able to implement that emergency plan, and all of the venue managers that have priority 1 facilities and priority 2 facilities realise that the priority 1 ones would be the only ones that remained. They have all signed declarations to indicate that they realise that if we go to level 4 water restrictions their grounds would be switched off, and water access would not be available to them.

We have continued the process, despite the fact that the weather conditions are now changing, so that should we get to spring next year and we do not get any rain over winter, we can continue down that path. In recognition of this, though, we are now part of an international sports surface study, due to the fact that we have done such an extensive study, which is being done by the Sports Turf Institute. They are looking at the drought conditions around Australia for the local councils, the quality of the surfaces, and putting in place maintenance programs for those. We have been given a very subsidised rate to be part of that. In fact, the ACT got elevated to being the first council to be involved in that because we have done this extensive work.

We are also getting involved in the UN climate change expo, which is coming up very soon, to present with our colleagues in WA and Parks and Leisure Australia the work we have done here in the ACT, because it is actually recognised across Australia. We were the first council to have the opportunity to take this amount of time to do it. Also, we did get ourselves to a position where all parties were collaboratively involved in the process and we do have an emergency plan in place.

THE CHAIR: That sounds very good. I thank the officials for their attendance today. I am quite sure there will be questions placed on notice. We will move on to tourism. Welcome, Ms Shepherd. Everyone was here at the beginning of the hearing and is aware of the privilege statement. There has been a bit of an issue lately around funding for the balloon festival. Has there been any feedback or information from the 2007 balloon fiesta, which the report talks about on pages 48 and 107, which prompted the government to review the event and decide to work with another operating company?

Mr Barr: Yes, this is a vexed issue, and one that is clearly going to take up the remaining 20 minutes of the committee's time today. You would be aware that last year, as a result of reductions in funding in the tourism portfolio, we were forced to look at the range of events that we supported and reduce government funding to the balloon fiesta to in the order of \$50,000. We continued to provide in the order of \$60,000 to \$70,000 worth of in-kind assistance through marketing, promotion and human resources around the event.

There was criticism that, due to the funding cut, the event had moved back from what was a nine-day event to a four-day event. In response to that, and given the availability of some additional resources as a result of reorganisation within the tourism area and the freeing up of some resources due to the government no longer operating the rally of Canberra, we were able to look at various levels of government assistance. I mention also my involvement in discussions with the previous operators around seeking other avenues of government assistance, most particularly through the festival fund that operates out of the Chief Minister's Department.

We were able, through the event assistance program in the tourism area, to encourage the previous operators of the event to apply, and they sought, through that fund, which comprises \$280,000 or thereabouts, an amount of around \$85,000 through that, about \$20,000 through the Chief Minister's festival fund and another direct grant from the ACT government in the order of \$145,000. So they sought a five-year agreement with the government for \$1.25 million, and it went through the various mechanisms. The event assistance program is an independent panel that make recommendations to me as the minister. They did not recommend the full \$85,000; they recommended \$50,000. It is a competitive process.

The balloon fiesta was successful in receiving an offer for \$20,000 out of the ACT festival fund. That was communicated to the organisers. They then wrote back to me on 3 September 2007, and I have that letter and I am happy to circulate it to committee members.

THE CHAIR: You were expecting this issue!

Mr Barr: Indeed. They indicated they understood they had been offered \$50,000. They were grateful for this outcome as being a vital first step towards growing the event, but they noted that it left a shortfall of \$200,000 per annum. Subsequent to that correspondence, they were then successful in winning \$20,000, which I understand is the maximum amount you can receive out of the Chief Minister's festival fund, taking the total government assistance to \$70,000. So there was a \$20,000 increase in direct government assistance from the 2007 event.

MR SMYTH: But still not at the same level as 2006?

Mr Barr: No. The reason that the 2006 funding was higher was that, on the eve of the event, they indicated that their agreement with government would not be sufficient and they would have to cancel the event unless we urgently provided additional funding. I am happy to table, for committee members, an article from ABC Online from 16 September 2005, when my predecessor, Mr Quinlan, went through this exact same circumstance with the balloon fiesta at that time. He indicated that, whilst it was a valuable event, funding had been increased and we needed to ensure that we got a balloon festival that we could afford. So it was not just a matter of having an open chequebook. I will table that news article as well. So this is not the first time that an initial offer from government had been welcomed but not fully accepted by the previous organisers.

There was a series of exchanges between Australian Capital Tourism and the Canberra balloon fiesta. As I indicated, there was that letter from 3 September. I wrote back to Mr Gibbs on 15 November and advised that the request for additional amounts of money through Australian Capital Tourism had been unsuccessful and invited him to reapply through the next year's round.

Ms Shepherd wrote to Mr Gibbs seeking confirmation of dates for the 2008 event on 12 December last year, and asked that those dates be confirmed by 21 December. There was no reply by that time, but I understand that Mr Gibbs was overseas, and so was the gentleman from Melbourne who was to be engaged as the event organiser. There were reports to the *Canberra Times* from Mr Gibbs on 10 January that there was a possibility that the event would not happen this year. So Australian Capital Tourism sent some urgent emails to the organisation seeking advice on the 2008 event dates. That occurred on 10 January. On 20 January, on the balloon fiesta's website, the following was stated:

As at 20 January 2008, the organisers are unable to confirm that the event is to proceed and a final decision will be made in mid-February.

On 22 January, I understand at 10 past 11, because Mr Gibbs was overseas, Ms Shepherd rang him and sought confirmation in respect of that email of 18 January. Ms Shepherd was advised that Mr Gibbs was working on a response which would be sent the following day. That response was sent, and it read as follows:

The Canberra Balloon Fiesta was unable to confirm the event under current funding arrangements at this stage.

That was on 22 January this year. A number of further discussions were held, and on 13 February Mr Gibbs wrote to both the Chief Minister's Department and Australian Capital Tourism, as they were the two government agencies who were funding it, proposing a four to five-day event, which was a change from what had initially been bid for, and certainly was not the government's understanding of the sort of event that would be delivered.

During a telephone conversation on that day, 13 February, Mr Gibbs expressly rejected the territory's three-year funding offer that I made in a media release that I issued on 29 August and was formally advised to him in writing. That offer was rejected. The offer that came from the festival fund—a different government department, a different area—lapsed. It was never picked up. So our offer was never withdrawn; it was rejected, and the festival funding offer lapsed. Given that circumstance and the nature of discussions in what is a small ballooning fraternity, it was apparent to other people, given the statements that were made on the website, that the event for 2008 was in some doubt. On 21 November, the Chief Minister's Department was approached by Balloon Aloft, concerned at the possibility that the fiesta may not proceed, and indicating an interest in staging an alternative event.

MR SMYTH: Why would they approach Chief Minister's and not the tourism department?

Mr Barr: That is an interesting question. Maybe you could ask them. I cannot respond to that other than to say that there are two agencies funding the event and it is possible that in discussions with the balloon fiesta, given the fact that I was unable to source the extra \$150,000 they wanted out of tourism, they would have been referred to Chief Minister's and may have had some discussions there around seeking additional funding. I am not sure; I was not privy to any of those conversations.

MR SMYTH: Ms Shepherd, were Balloon Aloft referred to chief Minister's or did you not receive an approach from them?

Ms Shepherd: No, I did not receive an approach and I am not aware of the circumstance.

Mr Barr: I was talking about the balloon fiesta people. When they heard back from me saying I did not have money in tourism, they may well have sought contact with Chief Minister's. In terms of the other group, you would have to ask them, other than to say—

MR SMYTH: It is your event; you are the tourism minister. What was the process—

Mr Barr: No, that is the thing—there are joint agencies funding this event. It is not—

MR SMYTH: Yes, but you have the bulk of the funding. There are conflicting stories. The *Canberra Times* said there was a tender process—

Mr Barr: No, I think you will find that the journalist—

MR SMYTH: You said in your interview—

Mr Barr: If you check that *Canberra Times* article, that was a statement that was attributed to me but not put in quotes—

MR SMYTH: It has never been denied by you.

Mr Barr: and it is a statement I never made and I responded, in writing, to the *Canberra Times*, and the letter was published, outlining a range of factual errors in that report.

MR SMYTH: Okay, so let me be more clear: when did Balloon Aloft approach the government and the tourism department—

Mr Barr: They approached the Chief Minister's on 21 November 2007.

MR SMYTH: And they were not referred there by Tourism? They approached Chief Minister's themselves?

Mr Barr: Yes.

MR SMYTH: Could you outline the process by which Balloon Aloft received the \$50,000 from the tourism portfolio?

Mr Barr: When it became clear that the balloon fiesta would not be able to deliver the event from within the budget, I sought advice from my department—Government Solicitor's Office advice—and sought contact with the Chief Minister's Department and the Chief Minister, given that he was a joint funder through that \$20,000, of what might be alternative options to ensure there was a balloon event in 2008. That legal advice was sought and, given that no contracts had been entered into, it is entirely possible, I am advised, under the Financial Management Act for me as minister and for the Chief Minister to reallocate that money to ensure that a balloon event occurred.

I call that sensible risk management actually, Mr Smyth, given that we were aware that there were problems, and that this was not the first time that the balloon fiesta had come to us a matter of weeks before the event is due to be staged and indicated that they would need more money.

MR SMYTH: Did you inform the balloon fiesta that you were negotiating with an alternative provider?

Mr Barr: I was not negotiating with an alternative provider, and the government advised the balloon fiesta, once it had become clear that the offer had been rejected and that the festival fund money had lapsed, that we would then seek an alternative provider for the event.

MR SMYTH: What date was that done?

Mr Barr: That was done on the morning of 19 February; they were formally advised that—

MR SMYTH: So you were talking to them—

Mr Barr: We formally advised them that their proposal for a four to five-day event would not be accepted on that day.

MR SMYTH: Therefore you never informed them that you were negotiating with an alternative provider?

Mr Barr: No.

MR SMYTH: Okay. Can you outline the process if it was not tendering? I think in your interview with WIN you said you approached them. On 2CC the next morning you said that they approached you, the Chief Minister approached you. What was the process that led to the \$50,000 from your portfolio going to Balloon Aloft? Did it go out to tender as is required by the procurement guidelines for the sum of \$50,000?

Mr Barr: No.

MR SMYTH: Why not?

Mr Barr: Because I received advice that I was able to reallocate money for a similar event and I acted upon a brief that was provided to me, indicating a range of possible actions, and I, in consultation with the Chief Minister, given that he also through his department was funding the event, that such action was appropriate and that we would ensure that Canberra had a balloon event this year.

MR SMYTH: Will you table that advice?

Mr Barr: I could make that available. I understand you have put in an FOI request on these issues.

MR SMYTH: Yes, but this is the committee.

Mr Barr: I have no issues at all with doing that.

MR SMYTH: Are you aware of any conflict of interest between government officials and Balloon Aloft that might cast doubt on this process?

Mr Barr: I am aware of allegations that have been made and I want to state categorically that the decision makers in this process are me as minister for tourism and the Chief Minister, and I reject outright any allegations of that nature. That is a slur on a public servant who just happens to be married to someone.

MR SMYTH: So there is a public servant in the government married to somebody where?

Mr Barr: Who I understand has some connections with Balloon Aloft.

MR SMYTH: And did that person declare that conflict of interest?

Mr Barr: Yes

MR SMYTH: And what action was taken by the superior—

Mr Barr: That person works for the Chief Minister's Department and has had no role at all in any decision making process.

MR SMYTH: So had no knowledge or correspondence with either the fiesta or Balloon Aloft?

Mr Barr: May have had some correspondence but had no role in the decision making process.

MR SMYTH: Wouldn't you think correspondence and seeing documents, if there is a personal relationship, is a conflict of interest?

Mr Barr: It would be if that person was involved in any decision making processes but that person was not.

MR SMYTH: Are you aware that government officials are now working with members of Balloon Aloft and visiting sponsors of the balloon fiesta to seek that funding be transferred from the balloon fiesta to Balloon Aloft?

Mr Barr: I understand that there are sponsorships being sought and that a range of potential sponsors are being contacted.

MR SMYTH: Is the married officer that you mentioned involved in those communications with the sponsors of the balloon fiesta?

Mr Barr: I do not believe so but I—

MR SMYTH: Would it be appropriate for that person to be involved?

Mr Barr: I would have thought not, but again these are officers who are not in my department. I would think that this line of questioning is a slippery slope, Mr Smyth, and I would not—

MR SMYTH: There is no process; there is no tender.

Mr Barr: I reject outright the—

MR SMYTH: You were aware of a conflict of interest of clearly a married relationship. One firm gets stripped of their funding—

Mr Barr: No, one firm was not stripped of its funding. One firm rejected—

MR SMYTH: at 8.15 in the morning and it is given to a different firm—

Mr Barr: One firm rejected a funding offer from the government.

MR SMYTH: You have a letter from 13 February saying, “Please confirm the funding.”

Mr Barr: I have a letter in writing saying that they could not.

MR SMYTH: And you have a much later letter saying—

Mr Barr: No, I do not.

MR SMYTH: please confirm the funding.

Mr Barr: I do not. I have an explicit rejection of the government’s funding offer.

MR SMYTH: You did not have a request from balloon fiesta in February to confirm the funding?

Mr Barr: I have an explicit rejection of the funding offer.

MR SMYTH: You may think that—

Mr Barr: I know that, Mr Smyth, and on that basis I made a decision.

MR SMYTH: but do you have a letter from the balloon fiesta in February asking for confirmation of the funding?

Mr Barr: For a four or five-day event—not what the government wanted.

MR SMYTH: Can you point to documents or table documents for the committee that specify that it had to be a nine-day event?

Mr Barr: Not with me today but I can get information around the original submission and what was approved by the events assistance, the group that looked at that funding, and that was a submission that was put forward to offer an expanded event. In simple terms, Mr Smyth, for value for money for taxpayers we have a good outcome now and it is one that I believe will serve taxpayers well.

MR SMYTH: Did the government provide assistance to the balloon fiesta through the good offices of its departmental officials to hunt for sponsorship in the way that it is now doing with Balloon Aloft?

Mr Barr: The government has provided massive in-kind assistance; it would be the largest provider—

MR SMYTH: But did they go door to door with officials—

THE CHAIR: Last question.

Mr Barr: the largest provider of support—

MR SMYTH: and do you think it is appropriate—

Mr Barr: Yes, I think it is appropriate that we have a good balloon event this year.

MR SMYTH: that you award a tender—

THE CHAIR: Hush! Question and then answer.

MR SMYTH: Well, does the minister think it is appropriate to award a tender, say it is value for money, that it will provide a nine-day event and then have to back up Balloon Aloft by providing officers to travel with representatives of Balloon Aloft to the current sponsors of the balloon fiesta to seek them to transfer their sponsorship?

Mr Barr: Yes.

MR SMYTH: You think that's appropriate?

THE CHAIR: We are going to leave it there.

Mr Barr: It is entirely appropriate—to ensure that we have an outstanding balloon event. Sponsors are free to be approached at any time, Mr Smyth. It is up to them to make a decision—

MR SMYTH: Name another event where you have dispatched officers with a company to seek sponsorship from the previous provider of the event and tell me that that's ethical.

THE CHAIR: We are going to leave it there.

MR SMYTH: I would like an answer from the minister.

THE CHAIR: We have had the last question.

MR SMYTH: He can answer whether it is ethical; it is an easy question—yes or no. Let the record show the minister was mute.

THE CHAIR: The minister may be mute; he might just be not answering—

Mr Barr: I was responding to the fact that the chair had ended the question session.

THE CHAIR: because I said the questioning was over.

MR SMYTH: That is such a weak defence.

THE CHAIR: I have a feeling that the issue will have a life beyond this.

MR SMYTH: Mr Barr, we are offended, are we, that you have been called to task?

THE CHAIR: Thank you very much, Mr Smyth! We are closing and you can continue the issue in any way you like outside, and obviously our report on the annual reports can refer to it. There will be other questions, I feel fairly sure, that will be

submitted. I have two or three obviously not urgent issues that we will submit as questions on notice. Thank you all for coming and being on the other side of the table.

MR BARR: And apologies if anyone wanted to ask a question about anything other than balloons today. We look forward to a magnificent balloon event.

MR SMYTH: We can schedule another hearing for tourism, if you wish, minister.

Mr Barr: There are ample opportunities, Mr Smyth.

MR SMYTH: Twenty minutes for the whole of tourism is not adequate.

THE CHAIR: Thank you very much.

The committee adjourned at 3.02 pm.