



LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2013-2014

(Reference: [Appropriation Bill 2013-2014 and Appropriation \(Office of the Legislative Assembly\) Bill 2013-2014](#))

Members:

MR J HANSON (Chair)
DR C BOURKE (Deputy Chair)
MR M GENTLEMAN
MR B SMYTH

TRANSCRIPT OF EVIDENCE

CANBERRA

MONDAY, 24 JUNE 2013

Secretary to the committee:
Ms N Kosseck (Ph 620 50129)

By authority of the Legislative Assembly for the Australian Capital Territory

Submissions, answers to questions on notice and other documents, including requests for clarification of the transcript of evidence, relevant to this inquiry that have been authorised for publication by the committee may be obtained from the Legislative Assembly website.

APPEARANCES

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Amended 20 May 2013

The committee met at 9 am.

Appearances:

Corbell, Mr Simon, Attorney-General, Minister for Police and Emergency Services, Minister for Workplace Safety and Industrial Relations and Minister for the Environment and Sustainable Development

Environment and Sustainable Development Directorate
Ekelund, Ms Dorte, Director-General
Ponton, Mr Ben, Deputy Director-General, Planning
Farnsworth, Ms Penny, Deputy Director-General, Policy, Corporate and Regulation
Fitzgerald, Mr Bruce, Chief Finance Officer, Strategic Finance
Murray, Ms Christine, Acting Director, Corporate
Corrigan, Mr Jim, Executive Director, Planning Delivery
Brady, Dr Erin, Executive Director, City Planning
Meyer, Mr John, Executive Director, Regulation and Services
Simmons, Mr Craig, Director, Construction Services
Bain, Mr Glenn, Acting General Project Director, Capital Metro

THE CHAIR: We will commence. Good morning, minister and officials. I will just go through some housekeeping issues. Today's proceedings are being recorded for the purpose of Hansard and are being web-streamed. Have you all seen the privilege statement?

Mr Corbell: Yes.

THE CHAIR: You are all across that? You are aware of that? Can you just indicate, officials that might be appearing? You are all good? That is fantastic. Minister, would you like to make an opening statement.

Mr Corbell: No, I will not be making an opening statement but I am happy to try to answer your questions.

THE CHAIR: We will be going through, firstly, output 1.1, regulation and services, for about 45 minutes or until the questions have expired. Minister, in budget paper 4, page 247, there is a reference to a review of the Utilities Act 2000. Can you give me a bit of an update on what that review might encompass, what the purpose of that review is? I believe that is being reviewed, is it?

Mr Corbell: I am just trying to find the reference there.

THE CHAIR: It says:

The functions of the Directorate are complemented by the regulatory capacity provided through the statutory functions of the Planning and Development Act 2007... the Utilities Act 2000 ...

Is a review of that going on that you are aware of or not?

Mr Corbell: Mr Simmons can assist you.

Mr Simmons: The answer is yes, we are progressing a review of the technical component of the Utilities Act, part 5, which deals with technical regulation across all the networks that are regulated under the Utilities Act: water, sewerage, electricity, gas and street lighting. There are some issues about the way we, as the regulator, interact with the regulated entities and what authorities we have particularly around making of technical codes about the performance of the utility.

THE CHAIR: So those are technical in nature rather than structural or—

Mr Simmons: Yes, they are purely around things like where is the boundary, how do you define a boundary, what do you allow to occur on either side of the boundary. If you are talking about the electricity network, the boundary then determines what is dealt with by the Electricity Safety Act and what is dealt with by the Utilities Act. So they are fairly key points.

MR COE: What does that mean by way of the utilities tax? Could there be any change to that or is it simply going to be administrative?

Mr Simmons: That is not within the remit of the utilities technical regulation that we deal with.

MR COE: On that same issue, I understand that recently there was a change to either gas or electrical regulations whereby now it is, in effect, the people who install your gas or electrical system sign off on it as well. It does not need to go back to ACTPLA. There is no double handling of issues, is that correct?

Mr Simmons: Are you talking about self-certification by gasfitters of their work within the installation? Is that what you mean?

MR COE: I believe so. I am not across the ins and outs of it but that does seem like it is what I am going to.

Mr Simmons: There are some changes in the gas networks. They are probably not quite what you are at, but I can explain what has happened.

MR COE: These changes were about a month or two months ago?

Mr Simmons: Yes. What they are about is that, when you need to get a certificate of occupancy for a building, under the Building Act it has always been the case that you need a sign-off on electricity and water but gas, because it was much later, did not have the same regime in place. We are moving to that. That regime has come into place under the last SLAB or PABLAB. It was either PABLAB or SLAB, but one of them. That actually brought that requirement in. So the gasfitters have to sign off there, and those new installations have mandatory inspections on our side that they did not have before. But it is about making sure that the safety of each of the connections to buildings, when they are completed, is the same for electricity, gas and water, which had not been the case before.

MR COE: So does that mean that there would be many households in the ACT for which ACTPLA would not necessarily have records of gas installations?

Mr Simmons: No. All the buildings that have gas in them are reported to us by the utility. So we know where all the connections are. We have had a code of practice under the Gas Safety Act which has had the same effect of making people notify us and have inspections, but it is being put into the same place where all the requirements for the other networks are.

MR COE: Is there a requirement for plumbers to notify you where on the property gas pipes go or are about to be installed into the residence?

Mr Simmons: It is up to the installer. The issue tends not to be in houses, but in major buildings there is a debate about where the gas meter set goes, because that is the boundary issue that I spoke about before with Mr Hanson.

MR COE: And what sort of notification or interaction are you going to be having with the industry with regard to these changes in the review of the act?

Mr Simmons: The industry has been involved in terms of the changes that we have been making, and these are part of ongoing maintenance of the functioning of our various acts to make sure that they are all consistent across each of the networks, but we have been engaged with the Master Plumbers Association, which is the major employer body with respect to plumbing and gasfitting work in the territory.

MR COE: And do you have a rough time frame for when this work would be done?

Mr Simmons: It is already in place. They are already doing that. It is a change in which the legislative instrument deals with it, not a change in the way the practice has actually been for several years now.

DR BOURKE: Minister, what is the government doing to address the issue of shonky builders and bad building practices?

Mr Corbell: The government is continuing with a focus on enforcement in relation to poor building practice. In particular, the government commenced last year a review of the operations of the Building Act to look at options for strengthening the operations of the Building Act. And this comes on top of the Building Quality Forum work, which I and my predecessor, Minister Barr, have both convened to look at options and issues around building quality in the territory. That is flowing through now to policy work on development of options for strengthening of our Building Act to deal with a number of those quality issues that are arising. Sometimes we see use of below-grade materials by builders, which is also having an impact, for example, in terms of waterproofing of properties, particularly multi-unit properties, which has been a common cause of concern.

So those are the types of issues that we are working through at the moment, and funding is provided in an ongoing fashion for that work over the next couple of years to allow the review of the Building Act to be completed.

DR BOURKE: Could you tell me more about the issues that came out of the Building Quality Forum?

Mr Corbell: Mr Simmons might be able to assist you with some more detail but the comment I would make on this is that what we have seen is issues arising particularly in multi-unit residential development. I mentioned the issue of water sealing, waterproofing for example. That has been an issue that has resulted in a number of complaints about leakage from floor to floor in multi-unit developments. Some of these issues are longstanding. Others are more contemporary. The government has identified and worked with industry on options to try to address those types of concerns.

A related issue is the regulation of certain parts of the building professions, broadly, and you would be aware that, for example, the government has agreed to move to provide for regulation of some form for the engineering profession, recognising that engineers play a very important role in terms of certifying the structural integrity and safety of buildings. There have been a small number, but a number, of serious complaints around some practices on the part of some engineers. The decision to proceed with regulations also arises out of the occupational review of workplace safety done in one of my other portfolios which has, again, identified the need for improvement in regulation of engineers.

Generally speaking, engineers are not regulated around the country, with the exception of Queensland I think, and the profession has historically relied on self-regulation of some form or another through professional associations. There is a need to strengthen the framework around the regulation of the engineering profession. The government has agreed to do that, and options are being developed as to the best way to do that.

In terms of the more detailed issues around building quality, if you have particular questions, Mr Simmons will be able to help you with them.

DR BOURKE: Mr Simmons, I was particularly interested in waterproofing. Clearly if you have a shower you do not want your neighbours downstairs to get wet. Is that what is happening or is it something worse?

Mr Simmons: If that was all, that would be pleasant. The waterproofing is usually considered to be about one per cent of the cost of building work when you do it initially. If you get it wrong, it is a lot more than one per cent to fix it. There are two types. You do get leaking from poorly done showers and baths. They do leak in multi-storey buildings. That means usually someone below you is getting wet.

The other thing that happens is that if balconies are not constructed properly and, particularly on days like this, you will find the water inside the building rather than outside of it through not having proper fall from the balconies away from the building or, alternatively, that the flashings in the windows and doors have not been done correctly and it allows the ingress of water. Water is a very substantial issue.

The other way it occurs is, as our buildings have become more airtight to meet the

energy requirements, managing condensation has become a much bigger issue as well. You can sometimes find that the condensate in the building also creates a series of problems with water damage.

All of those issues need to be addressed pretty much in the same way as all the issues in the construction industry. Since 2010, we have spent a lot of time with the industry talking through the issues on the building quality and there is a broad consensus about the four core issues that are affecting building quality. And interestingly enough, over the last 12 months the role of quality and safety both in design and construct has become more evident as well. What we tend to find there is a correlation between poor safety outcomes and poor design and quality work.

They are very much seen by Mark McCabe and me now as issues that we are both working on. Improving quality also should have an effect on improving safety as well because it is much harder. If you are building a quality product then you need to do that in a safe way as well, and vice versa.

I can talk to you about the four principal issues that we have come to if you want anymore.

DR BOURKE: How do potential purchasers know if the waterproofing has been done properly in a multi-apartment building?

Mr Simmons: The difficulty is that they will not. Unless there has been significant water testing during the course of construction, it is one of those things that does not always present itself immediately. There are ways to control this. Say you have done the tiling over the top of a membrane system and the tile has cracked the membrane. It may be a hairline crack and whoever did the tiling might not have noticed at the time. The fact that it is a hairline crack means that it will eventually fail, but that failure could take place two or three years down the track. The water then has to migrate, and that is dependent on how heavy the use of the shower is. The heavier the use, the faster it will occur.

It is one example of a failure we have got that we are tracking. The investigators found that whilst it was in the roof, the leak expressed itself coming through a window two floors down, because the path of the water was quite difficult to track. It took more than a day; after a rain event, it took between 24 and 36 hours for the water to actually start to leak, coming out of the building into somebody's apartment two floors down. Once they tracked the path it could be found, but you do not necessarily know with water. It is one of the latent issues. It is the most difficult thing to find.

DR BOURKE: Coming back to the thrust of my original question around shonky builders, are there frequent flyers in this area or does everybody have occasional lapses with waterproofing issues?

Mr Simmons: With respect to everybody on any given job, particularly as the jobs become more complex, you can always find fault if you need to. The seriousness of the fault is what you are looking for. Are there people who are more trouble than others? The answer to that clearly is yes. In any market you will find that that is the case and we have been addressing those issues over the last two years.

At the minister's direction, we moved to a pro-prosecution stance. During 2010 we have spent a lot more time in the territory's review bodies taking action against recalcitrant builders and certifiers to test all the limits of our act. It has also been instructive for the review that we are undertaking at the moment about where we need to change and where the issues are. The tribunal says to us, "We can see what you want but that power is not properly constructed for you to do that." So we might lose one but it gives us a clear indication of where we need to go with respect to reform and modification of the act.

With a lot of these things, you need to test them before the courts and tribunals to find out whether or not the law does what you think it does. We have had a lot of experience now and that has been quite instructive having regard to the information we are able to take to the working group we have got on the Building Act review, to make sure that we get those things right.

Mr Corbell: The government is also progressing legislative reform to further strengthen the powers of the Construction Occupations Registrar when it comes to discipline against building practitioners. There is legislation currently in the Assembly. The Construction and Energy Efficiency Legislation Amendment Bill provides for an increased range of powers to the Construction Occupations Registrar to administer and enforce the act. That includes new discretions for the registrar to take into account broader public safety considerations, the ability to consider whether an applicant or a licensee's conduct in the ACT may be similar to conduct in other places—that is, whether they have a poor record over the border—and the ability for the registrar to take that into account in making decisions about whether or not there should be discipline imposed on that building practitioner. There are also provisions to help to prevent phoenixing, whereby one company goes into liquidation or collapses in some way and a new company is simply established by the same licensed builder and they continue on their merry way.

These types of issues are being addressed through legislation that is currently before the Assembly. There will be a series of bills that the government will introduce over the coming year or so to assist with strengthening our building and legislation and strengthening issues around dealing with shonky builders and poor practice amongst what is a relatively small number of practitioners but nevertheless does reputational damage across the industry.

DR BOURKE: This is my final question on this topic, Mr Simmons: once again, as a potential buyer of a unit, how do I find out who built it? Is that easily available, and how do I find out who the frequent flyers are so that I can compare and work out what my risk strategy as a buyer is?

Mr Simmons: One of the changes we are making is to the way we record information on the registrar's register. We are providing more information about where people have been suspended. We are actually putting some work into that at the moment. The advice we give to everyone is that you go to our website, look at the list of licensed builders and see who is there and make sure that they are building within the class for the work they are doing. We have had a number of issues where builders who do not have the right class of licence have contracted to do work.

One of the reforms that was made last year was the requirement for site signage at every site so that you can see not only who the builder is but who the certifier is for the project as well, and the contact details for everybody there. So information through that process is now publicly available; you can find out who the builder was on any project and who the certifier was, because it is a public piece of information now.

MR COE: Just as a follow-up on that, you said earlier that if you look deeply enough into any site you can eventually find some issue. That puts ACTPLA in a pretty powerful position whereby, on pretty much any site, if you look hard enough and really delve into it, you would be able to find fault with something. Where do you draw the line? How do you make decisions about how far you delve into a project to avoid somebody feeling like they are victimised?

Mr Simmons: Every decision we make in this area is a reviewable decision. Ultimately, they have the right of review to the ACAT in the first instance, which is a low-cost jurisdiction specifically to deal with that. Our inspectors are very experienced. We spend a lot of time on establishing what are one-off issues, what are systemic issues, what are those things that lead to error and fault taking place. It is a similar problem that Mark McCabe has as the commissioner for work health and safety: how do we effectively exercise our discretion? That is done case by case, because every building is different. Every building that gets built is bespoke. They are not factories; each one is different in its context.

You might have two builders; both do the same thing but one is doing it one-off and one is doing the same thing everywhere. The difference is that you are going to deal with systemic issues. This is where we deal with our building certifiers; there is some new information that we are putting to them. It is about undertaking their functions where something that is going wrong is industry-wide and everybody is doing it wrong. So that is a general piece of information that goes out for corrective behaviour in the first instance. It is then followed up individually; as opposed to doing an audit or an inspection and finding something that is wrong specific to a site and dealing just with the individual, because it is only the individual making the mistake.

Ultimately, it is always an exercise of judgement on the part of our inspectors. But they do not get to take the kind of actions that we do. The thing for us in terms of financial penalties is to stop a job. Inspectors have very clear instructions about when they would exercise that power. It would be very rare for an inspector to just go out and put a stop work notice without checking up the line first to make sure that the registrar is happy with that decision being made. Ultimately, they are exercising his discretion.

There are some things which would clearly constitute an issue of an immediate stop work without a further reference—somebody removing asbestos, for example, without an asbestos removal plan or without an approval to do that. They do not need to come back to the office to check that. They will exercise that power straightaway. Or somebody could be developing without a building approval. If somebody, for example, does not have a site sign up but we can see they have got an approval, that will be an instruction to put up a site sign and we will come back the next day. If they have

failed to act within the 24 hours then they may get a higher sanction. There is no fundamental safety issue being impacted by those kinds of decisions at that point.

MR COE: Can you please take on notice a request to provide the estimates committee with the number of stop work notices issued, broken down by month, over the last year?

Mr Simmons: Sure.

MR COE: Actually, the last two years, for comparison. Thank you.

MR GENTLEMAN: Minister, I want to continue on this line. Since it is a rainy day, I guess it puts it forward in your brain. In relation to the control of stormwater across blocks, what are the regulations in place? Let us think about a builder operating on a particular block, changing the way that the water flows on that particular block and therefore causing issues for blocks that are further down the hill. What are the regulations in place for that?

Mr Simmons: That is overland flow paths. All building work ultimately affects the overland flow. You should minimise that effect. The actual law around that is a tort of nuisance and is dealt with by ACAT. That is where the jurisdiction is for those things. Whilst you want to contain as much of the water as you can, the very fact that you have put a building on a block on a hill will mean that the flow of water is now different. There are Australian standards that talk about that and there is the matter of managing the stormwater within your block, but sometimes it is inevitable that water is going to move from one block to another on a hill. If it is a situation where the building work has not effectively managed that, there are some limited powers that we have around that and around the conditions under the Building Act, but when those issues are beyond our scope, it is the tort of nuisance, and the ACAT have a particular jurisdiction for it. In fact, one of the examples they use regarding the type of complaints that can be made is stormwater flows from one block to another.

MR GENTLEMAN: If a building is under construction for a long period of time and that water flow continues, is there anything you can do about the licence operation for that builder?

Mr Simmons: It depends whether building work has actually commenced and whether they have silt management in place. In terms of the environment, in those sorts of circumstances they do need to manage the silt movement. Large projects will usually have a requirement from the EPA put into their development approval to put silt traps in and around the property to stop that material getting into the TAMS assets.

MR GENTLEMAN: Again, just in regard to the licence operation, if it is an owner-builder, how long does an owner-builder have to finish construction?

Mr Simmons: An owner-builder has the same treatment applied to them as any other builder. The maximum length of time a building approval can exist without renewal is three years. You cannot get an owner-builder's licence within five years of the granting of the first one. You cannot each year be an owner-builder. There is a five-year gap between the first project and the next project.

MR GENTLEMAN: So if an owner-builder continues to construct for perhaps five years and the water issue continues for that period of time and still continues, there is a regulation in place?

Mr Simmons: It is quite possible for them to comply with the Building Act but not to have complied with their civil obligations. It is more likely in that case that the remedy is under the civil jurisdiction, not under the statute.

DR BOURKE: What are the requirements around commence and complete on vacant blocks? You see them around some of the newer suburbs. What are you doing about it?

Mr Corbell: One year to commence, two years to complete is the standard provision. Extensions can be granted for those sites that require extensions. It is very important to stress that under our current rules you must commence one year following the grant of the approval. If you do not—I beg your pardon, two years—then the approval lapses. So this can be an issue on some sites.

In terms of enforcement, the government is putting some significant additional effort into tackling issues around noncompliance, particularly for longstanding blocks that are undeveloped. You may be aware, Dr Bourke, that earlier this year the government finalised proceedings against an undeveloped block of land in west Belconnen which had been the subject of repeated complaint and problems with non-commencement of development on that block for a period close to a decade. As a result, the government took legal steps to resume the lease. As a result of that, the bank that had a mortgage over the property then stepped in and exercised their right to take control and to sell that property, and the lease is in the process of being surrendered as well.

That indicates that the government is now prepared, in instances where we simply see no compliance from certain leaseholders, to take the step of resumption. Consideration is being given to other sites at this time where they are in similar circumstances—that is, blocks that have been undeveloped or uncompleted for a significant period of time—and it is necessary for us, regrettably, to take the step of resuming the lease.

I think it sends a very clear signal that people who purchase blocks of land have to proceed with development on their land in a timely manner. It is not fair to the other people who live in the suburb who have put in the time, effort and money to construct their homes and to improve the value of their property, only to see other blocks left undeveloped and often derelict. Whilst a range of charges and other enforcement action can be utilised, and are being utilised, at the end of the day if there is no action then resumption of the lease is now being actively considered for a number of these sites.

THE CHAIR: Mr Smyth.

MR SMYTH: Minister, page 249 of budget paper 4 shows the estimated employment levels for the directorate. I see that your target of 445 was not reached; you are at 451. The note says:

... Budget is due to savings not yet being fully realised.

Why have you not fully realised the savings?

Mr Corbell: This, as I understand, is largely a result of the time periods involved in achieving voluntary redundancy within the organisation and the range of steps that have to be followed by the directorate in achieving voluntary redundancies within that time frame.

MR SMYTH: What is the time frame for a voluntary redundancy?

Mr Corbell: It is quite a complex process which is governed by both the Public Sector Management Act and the relevant industrial agreements between the government and staff. I am happy to ask one of my officials to assist further with that.

Ms Murray: The biggest hold-up, I suppose, is the actual process that is required to meet the requirements under the Fair Work Act, the Public Sector Management Act and the enterprise bargaining agreements. Those relate to our requirements to first try to fully exercise an internal redeployment, within first the directorate and then the public service, as obviously that is our first priority—to try and redeploy. We have got requirements to make all efforts to attempt a redeployment. It is a decision that is held by an officer within the office of the Commissioner for Public Administration—whether they feel that all attempts have been satisfied to redeploy the officer internally. For highly specialised and technical positions, that can range from a period of two to three months up to seven or eight months in relation to an assessment on whether there is an opportunity to redeploy. That is meeting our employment obligations under the variety of legislative and agreement requirements.

MR SMYTH: In total, how long might the process take?

Ms Murray: Seven months is probably one of the longer ones, but seven months is one of the caveats when you actually have an opportunity to reactivate the conversation with the officer in relation to whether they are prepared to accept a voluntary redundancy or not. Often officers are keen to attempt a full redeployment, and then, at such time as the seven months, feel that their own opportunities are expired. We reactivate those conversations around that time to say: “This is where we are at. Where do we go from here?”

Those processes are ones that we are required to adhere to. We need to make sure that they are voluntary. Ultimately there is a panel that has been established to help satisfy that the government has met all of its requirements under the act. We put forward our recommendations in relation to those officers; they consider whether they feel that a full opportunity to redeploy has been undertaken. That time—when they agree and it is signed off by the commissioner’s office—is when the voluntary redundancy can be offered.

MR SMYTH: Given that apparently the process takes about seven months, why weren’t these staff reductions achieved in time, minister? Last time I checked, a year had 12 months in it.

Mr Corbell: It would depend on when they commenced during the financial year.

MR SMYTH: But if you are given a savings target by cabinet, why have you not achieved the savings target?

Mr Corbell: I think for the reasons we have outlined, but Ms Murray can assist you with that.

Ms Murray: And it is also probably that we are still going. The last number—Bruce might be able to correct me—was 447. I think that was the last number that we have. We still have active cases, and we are still hopeful of achieving the required amount by the end of the financial year. It is just, I suppose, that every time you record, it is at a point in time.

MR SMYTH: How many VRs were given?

Ms Murray: I have come up without my papers, but at this stage there were 10—10 that have been provided—

MR SMYTH: Were there any involuntary redundancies?

Ms Murray: No, there were no involuntary redundancies.

MR SMYTH: Given the difficulty you have had in achieving the outcome this year, minister, how do you expect to go about the savings initiatives for the coming year, which will see the staff go from 451 to 422?

Mr Corbell: As my officials have just advised, we are only two off the current target for this financial year. It is currently sitting at 447; the target is 445. That demonstrates that my directorate is working very hard to achieve those targets. In relation to the future years, again my expectation is that that work will continue. I think, as we can demonstrate by the latest figures, that that can be done. It is a complex process; my directorate is putting significant time into managing that and the individual circumstances of the people involved in that.

MR SMYTH: What area did the 22 jobs come from in the current financial year, and what area will the 29 jobs come from in the coming financial year?

Mr Corbell: In the coming financial year, the impact will be in corporate and back-of-house functions within the Environment and Sustainable Development Directorate. It is not proposed to have any impact on the capacity of the directorate to deliver its services at the front end with customers. In relation to the current financial year—

Ms Murray: There was a mixture across the directorate, and it was fairly evenly spread. I can certainly provide—

Mr Corbell: We can take that on notice.

Ms Murray: Yes; I can take that particular one.

MR SMYTH: All right; take that on notice. When you say that in the coming year it is corporate, what does that mean exactly?

Mr Corbell: The different corporate support areas of the directorate.

MR SMYTH: So that will come out of personnel; it will come out of finance?

Mr Corbell: Amongst others, yes.

MR SMYTH: Can we have a breakdown of what is proposed, please?

Mr Corbell: To the extent that that is possible, I am happy to provide the committee with some information, yes.

MR COE: What is the maximum number of VRs that the directorate would allow?

Mr Corbell: That is yet to be assessed, depending on circumstances. Obviously we do rely to a degree on an indication from personnel within the directorate as to their own individual circumstances and whether there is interest in taking up a voluntary redundancy. That will be assessed against the business needs of the directorate and whether or not those indications of interest align with the areas that we are seeking efficiency in.

MR COE: How is that communicated? Do you send out a whole-of-directorate email saying that you are calling for VRs? Is it different units? Are individuals tapped on the shoulder and offered one?

Ms Ekelund: In the first instance, we will look to maximise the savings through natural attrition. Obviously, that does not always happen in the places where we want to lose resources, so there is internal redeployment that happens, with expressions of interest within our own staff for people wanting to act in positions that become vacant. The reduction in staff is not all about redundancies. Certainly, if there is a contract coming up, that will not be renewed. We are looking at all avenues, essentially, where we can actually save resources.

In terms of any voluntary redundancies that may be offered, we are to commence a review of the structure of the organisation and look to reprofile the organisation. It will be subject to consultation with staff. That process will take probably two to three months and will help identify those areas of the organisation. As we said, it will be principally corporate, but we will also look to see whether there are other savings that can be made without impacting on service delivery of the organisation.

MR COE: In the last year, for the 10 people that have taken VRs, how were they afforded the option, given that they have come from a broad range of areas? Did the whole directorate get an email saying that VRs were on the table?

Ms Ekelund: Managers in the various sections across the organisation were asked to look at what opportunities there were.

Ms Farnsworth: I can perhaps assist further, Mr Coe. For the savings that we have achieved this year, we undertook a process with the then director-general, the deputies and the management underneath to undertake an exercise to determine what functions it was necessary to preserve and where there might be some potential savings. We looked at our statutory obligations, supporting the executive and meeting customer requirements, and then what positions may potentially be surplus to those essential functions, and we examined those against the full-time equivalent staff savings that we needed. Then managers went through it, consulted with staff and identified positions in that manner.

MR COE: Was that review of functions done internally or did you get a contractor in to assist with that?

Ms Farnsworth: That particular one was done internally. The savings target for that particular year was of sufficient size that we felt it did not require a fundamental restructuring of the directorate.

MR COE: What functions have been determined to be unnecessary going forward?

Ms Farnsworth: It is not so much functions that have been determined as unnecessary. The process has identified—when you go into voluntary redundancy or identify a position as surplus, it may be an individual position, and it may be that you actually undertake the functions of the unit in a different way. We can give you the breakdown of the particular positions, together with some explanation as to how the work of the unit has gone on beyond that.

MR COE: Is there any move within the directorate to actually reprofile the directorate such that a greater proportion of people are on a lower grading or lower pay point, as opposed to it being top-heavy or the like?

Ms Farnsworth: As Ms Ekelund referred to, because the savings target for this year is bigger, there will be an exercise of reprofiling the directorate, and that may be an aspect of it.

Mr Corbell: Mr Coe, I may ask Ms Murray to assist with an example around this issue that you are asking about.

MR COE: Sure.

Ms Murray: I think a good example was one of the areas that we looked at where we actually transferred a large body of the work that we undertake to an online function. That is in our mapping space. We had an officer for a long period of time who undertook a project to provide maps, determine maps. We have transferred that into an electronic function—that officer has been involved in that process over a large period of time—to actually move. So it is a betterment of access by all people to the maps in the ACT. We no longer require that resource to continue because we have pretty much wholly moved her role into an online role. At that time, she indicated, “I can see that I will need to change my role because the project that I have been working on has been to transfer this function to an online function.” That is the sort of example of where the work has continued—the output, the service delivery, has

continued—but not necessarily in the way that it always has. It is a changing of roles. That particular officer was one officer that we put forward for a voluntary redundancy. We are still providing that service, but we are providing it in a different way. Those sorts of ones were identified through the process.

MR COE: That is the area that does the ACTmapi program, which is superb. It is very well regarded—certainly in this building, and I am sure elsewhere as well. The final question is this: with regard to VRs, are you primarily looking for people over a certain pay point such that you can contribute to that reprofiling?

Ms Ekelund: I would not say specifically. Part of the exercise will be to look at the service, but we will probably want to have a mix, including higher paid people. Losing our Indians and no bosses is probably a reason to expect that we will have losses across the directorate.

MR SMYTH: If you have not reached your savings target in staffing, have you reached the savings targets that were proposed for other areas of the department in non-staffing?

Mr Fitzgerald: We have been successful in achieving other savings throughout the organisation. They have predominantly come through administrative costs, particularly in the IT space.

MR SMYTH: Could we have a breakdown of those savings, perhaps taken on notice?

Mr Fitzgerald: I can take that on notice, Mr Smyth.

MR SMYTH: What did you do in IT that allowed you to achieve this?

Mr Fitzgerald: We have looked at storage costs, and we have also looked at a rationalisation of the number of computers that we actually have on desks.

THE CHAIR: Do you have a further question in the savings area, Mr Coe?

MR COE: Yes.

MR SMYTH: Before you go off it, though, in your operating statement, minister, you were meant to have an operating loss of \$3.3 million for the directorate but it came in at \$7.8 million. What is the reason? If you have made your savings, what is the reason for the deterioration?

Mr Fitzgerald: The majority of that increase in deficit is related to the line item of other expenses, which relates to the transfer of assets to other organisations. That is predominantly in relation to design studies for land release. Once we have completed those, we transfer them to either TAMS or Economic Development, so you actually have a revenue offset in their statements.

MR SMYTH: So the revenue offset is in their statements?

Mr Fitzgerald: That is correct.

MR SMYTH: Thank you.

MR COE: With regard to storage costs, is that because, in effect, Shared Services charge a lot for their data storage?

Mr Fitzgerald: We have an aspect of tiered storage, and there is different pricing for each tier. We have looked at transferring our major data source, which comes from Objective, and transferring that to a cheaper source. We are in the process of fully achieving that saving.

MR COE: I know other agencies have commented either here or in other fora on the cost of data storage at InTACT. Is the directorate allowed to seek other data storage providers other than InTACT, or is the government bound to use them?

Mr Corbell: It is not government policy at this point in time to allow that to occur. Again, this is outside of my immediate portfolio responsibilities, but the observation I would make is that the government is keen to ensure that Shared Services costs and, therefore, the charges they place on relevant directorates are comparable and reasonable against market benchmarks. That is an area where I know is work is occurring. Again, I would not venture to say anything more on that because I am not familiar with the detail.

MR COE: How much will the directorate save as a result of the new electricity contract?

Mr Fitzgerald: We have actually had quite a significant program of reduction in costs associated with electricity through some projects that have reduced consumption by just over 60 per cent. The savings that we will generate from the new contract are not significant for us, because we have been able to reduce our costs by a long way.

MR COE: Is that actually usage or cost by 60 per cent?

Mr Fitzgerald: Usage and, as a result—

MR COE: How is that achieved?

Mr Corbell: There has been a significant program of energy efficiency, particularly in Dame Pattie Menzies House, and some upgrades to a range of building systems, including lighting, heating, ventilation systems, and the management of them. That has led to a very significant reduction in the costs associated with electricity consumption. This is a result of funding that the directorate placed a bid for and was successful in achieving directly.

I know the directorate continues to look at opportunities around leveraging the carbon neutral government fund arrangements that provide for internal loans to government agencies from the fund that are able to support projects that deliver good payback periods. Directorates are then able to pocket the savings associated with those measures after they have paid back the principal from the carbon neutral fund.

The types of measures we are seeing in Dame Pattie Menzies House are the types of measures the government is working on across the government. What it highlights is that, by a relatively modest level of up-front investment, we can significantly reduce consumption and, therefore, keep a good control on the price that we have to pay and the amount we have to pay for electricity use.

MR COE: What is the payback period?

Mr Corbell: For what?

MR COE: For the energy efficiency measures installed at—

Mr Corbell: The ones we are referring to here? I would have to take that on notice, Mr Coe, but I am happy to provide you with some more information.

MR COE: The new amount, how much is borrowed from the carbon neutral fund?

Mr Corbell: In relation to the measures in Dame Pattie Menzies House, they were not funded, as I understand it, from the carbon neutral government fund arrangements.

MR COE: So they were just done internally?

Mr Corbell: They were done internally.

MR COE: Have other major government facilities such as the hospital, Macarthur House, Nara house—I am not sure which others would house that many people; CIT, I guess—implemented similar projects if it is economic to do so?

Mr Corbell: Yes, the government is seeking reductions in consumption and improvements in energy efficiency across the board. This was reflected in our carbon neutral government arrangements. Unfortunately, the officials that administer that program are not part of the session this morning, but we would be happy to get into more detail on that in the later hearings, Mr Coe.

MR COE: Sure.

DR BOURKE: Speaking of energy efficiency, minister, the government introduced a new energy efficiency improvement scheme this year and allocated, I understand, \$1.6 million in the budget. What has this scheme achieved so far?

Mr Corbell: The energy efficiency scheme is new legislation that places a mandate on electricity companies to deliver energy efficiency services to their customers. It is designed to assist households to save money on their electricity bills. The expectation is that, on average, the saving would be around \$300 over the three-year period of the scheme off electricity bills. ActewAGL, as the major residential electricity provider, are the key company in rolling out the delivery of the scheme. To 30 April this year approximately 36,000 compact fluorescent lamps, 9,000 stand-by power controllers and 2,000 door seals have been installed under the program. These activities have been offered since February 2013.

Greenhouse gas abatement, for the first quarter of this year, associated with these activities, is counted as 27,271 tonnes of CO₂ equivalent being saved under the scheme. These installations are, of course, subject to audit and verification, and that is one of the activities of the scheme administrator—that they undertake audit and verification. At the moment only one retailer—that is, ActewAGL retailer—is offering these eligible activities. It is using a combination of householder-instigated bookings and suburb visits to identify participants. As at the end of April, the suburbs with the highest level of take-up have been Kambah, Ainslie, Wanniasa and Kaleen.

This program is a very important way of achieving cost-effective abatement. We expect, over the life of the scheme, to achieve three-quarters of a million tonnes of verified greenhouse gas abatement, which is a very important achievement in terms of our overall greenhouse gas reduction strategies. As I have indicated, there is a net saving to households from this scheme, as based on the regulatory impact assessment that was tabled by the government when the scheme was first established.

DR BOURKE: You mentioned a suburb-by-suburb approach. What are they doing—going out door to door, street by street?

Mr Corbell: It is a combination of door knocking. ActewAGL will engage subcontractors, companies, to go out and promote the scheme and advise households that they are eligible and assist them with installation of these power saving measures. Someone will come to the home, either as a result of a cold call door knock or as a result of a pre-arranged booking that the householder can make. Anyone who is a customer of ActewAGL can make that booking and receive the visit. That effort will then go into assisting the householder with the installation of door seals to stop drafts—for example, cold air leaving the home around doors—or perhaps stand-by power controllers that significantly reduce energy consumption when appliances are not being used, as well as the energy efficient lighting.

THE CHAIR: Members, noting that we have got to about 10 o'clock, I am happy to go straight to planning delivery and planning policy. But if you have any further questions on regulation and services, that is fine. We will open it up to all of those. Dr Bourke, do you have a new question? There was a bit of a supplementary there.

DR BOURKE: I do indeed; thank you, chair. Minister, on planning delivery, the Gungahlin strategic assessment biodiversity plan was recently put out for public comment. Could you explain to the committee what is a strategic assessment and what benefits this will have?

Mr Corbell: The strategic assessment is a critical project to achieve compliance with the Environment Protection and Biodiversity Conservation Act—the commonwealth EPBC legislation—that will make assessments about the impacts of future land development activities in the Gungahlin district. A strategic assessment is in contrast to a site-by-site assessment, both of which are possible approaches to achieving compliance assessment and approval under the EPBC legislation.

The government has taken the decision, supported by the commonwealth, that we will achieve a strategic assessment for all of the remaining development areas in the Gungahlin district. That will allow an holistic view to be taken about the impact of

development in the remaining proposed development areas in Gungahlin and identify suitable offsets, as well as identify those areas that should be subject to protection from development, and do so as a complete picture rather than on a site-by-site basis, which is much more complex and often more time consuming to achieve.

The strategic assessment, the assessment report and the plan—the Gungahlin strategic biodiversity plan—were open for public comment between 25 March and 19 April this year. This provided people with an opportunity to have their say on these proposals, particularly interested stakeholders—conservation groups and so on. The final strategic assessment documentation was submitted to the commonwealth at the end of May. We are currently awaiting a decision from the commonwealth on the strategic assessment and whether or not it will be approved and what the conditions of any approval will be.

DR BOURKE: How much public comment did you receive, minister?

Mr Corbell: There was a good level of engagement from stakeholders. This was a joint exercise between the Economic Development Directorate and the sustainable development directorate. There was a public forum about the assessment in March this year. There have been separate workshops with the Conservation Council of the ACT as well. In terms of the comments I would have to ask Mr Corrigan for some advice on that.

Mr Corrigan: We had approximately 14 submissions on the strategic assessment. There were some quite in-depth comments from a range of environment groups who were interested in the proposal and some of the commercial building owners in Gungahlin, the firms that own the town centre.

DR BOURKE: You mentioned offsets. Could you tell me a little bit more about that, minister?

Mr Corbell: There will be an expectation on the part of the commonwealth that if there are impacts on nationally listed species or ecosystems that, where appropriate, there will be appropriate offsets put in place—that is, areas identified for inclusion into the reserve network to compensate for the loss of other land that may be hosting or supporting particular species or ecosystems. This is a complex process that is subject to detailed site analysis.

The types of nationally listed species and ecosystems that we are dealing with here include the superb parrot, ecosystems for the superb parrot; the regent honeyeater; the striped legless lizard; the golden sun moth and the threatened ecological communities of the box gum woodland and natural temperate grassland. These are all species or ecosystems that are listed as matters of national environmental significance under the EPBC legislation. The government will have to identify areas of land that will be set aside for reserve as an offset for the purposes of allowing development to occur on other parcels of land in Gungahlin.

The significance of the Gungahlin area in terms of its ecosystem and ecological values should not be underestimated. Members may be aware that last week a report was released from my directorate that highlighted that the decisions to protect grasslands,

for example in the immediate vicinity of the Gungahlin Town Centre, have led to a resurgence in the number of striped legless lizards present in those grasslands. It highlights why we have to continue to do this work, why we have to continue to make sure that land development in Gungahlin is appropriately balanced with conservation outcomes, and that is our intention.

DR BOURKE: Is it possible to have those offsets in New South Wales, outside the ACT?

Mr Corbell: No. The offsets need to be within the jurisdiction.

DR BOURKE: But that does not make much difference for parrots, lizards and honeyeaters.

Mr Corbell: We only have control of land within the territory. We cannot promise an offset in a jurisdiction where we have no capacity to actually realise it.

THE CHAIR: They are ACT legless lizards, not New South Wales legless lizards.

MR GENTLEMAN: Minister, with regard to the biodiversity offset program, are you able to apply those offsets to other areas in the ACT that may be degraded areas?

Mr Corbell: Yes, that is possible. It depends on the circumstances and the suitability of the proposed offset, but it is possible to identify other areas of equivalent value that can be restored or protected. But that needs to be done on a case-by-case basis.

MR GENTLEMAN: They would no doubt have different values, those degraded areas, compared to the offsets that you are looking at for residential, for example?

Mr Corbell: I think the commonwealth would have regard to issues around equivalency. Mr Corrigan may be able to assist there.

Mr Corrigan: The great advantage of the strategic assessment is that it allows the territory, as the proponent, to look at the remaining developable areas of Gungahlin and the areas that could be added in the reserve system. That is the great advantage of what we have done. Within Gungahlin we were able to achieve the necessary offsets for the development within the same district. It is possible to look elsewhere in the ACT for equivalency. The commonwealth do like-for-like offsets when it is high value. In Gungahlin we were fortunate enough to be able to put a package, a program, together that the commonwealth, to date, have been receptive to.

MR GENTLEMAN: Minister, there have been some issues raised recently about exempt developments which have created issues for neighbours. Do you think it is appropriate to have a class of development which is exempt from development approval?

Mr Corbell: The short answer is yes, I do. There are many instances where developers and householders seeking to undertake some form of development should not have to seek a development approval. I am sure a number of us can hark back to the days when you could not build a small garden shed, a pergola or a deck without

getting a development approval, and this was a needlessly difficult, time-consuming and bureaucratic exercise that did not add much value to development assessment or build to outcomes in the territory.

The government has adopted the national best-practice arrangements when it comes to exempt development, and that is that for certain types of development there is not a requirement for a development approval. Instead, that work must be certified as exempt by the relevant private certifier.

We have seen a small number of instances where people have done the wrong thing, in particular where the certifiers have failed in their obligations to properly identify the development as exempt and in those circumstances the development has had to go through a development application process and be assessed as though it had not been built. And that leaves open to the planning authority the capacity to require or condition the development if it believes that is appropriate and require modifications to it if it believes that is appropriate.

It is worth stressing that in the small number of instances where that has occurred only relatively minor changes have had to be made to allow the development to be consistent with the relevant codes in the territory plan. And I think we have to put this relatively minor number of instances in some context.

Since July 2011, there have been in excess of 17,500 building applications made that were exempt from development approval. Of those, 3,800 were exempt applications for a new single dwelling. We have had three complaints raised about three dwellings in Deakin, O'Connor and Yarralumla. These three developments represent only 1.6 per cent of the 187 DA-exempt applications for single dwellings located in the inner north or inner south of Canberra since 1 July 2011.

I think what this highlights is that the problems associated with exempt development are very small in the overall context of how the scheme operates, and what I am keen to ensure is that, where certifiers do the wrong thing, appropriate disciplinary action is imposed on them. Those are matters that the Construction Occupations Registrar, I know, has close regard to and takes appropriate action on.

MR COE: Sorry, if I missed it amongst all those number that you rattled off, how many DAs will be assessed in 2012-13 by ACTPLA?

Mr Corrigan: Currently about 1,130 DAs have been determined to date. Obviously we are not at the end of the financial year.

MR COE: And all those required assessment by ACTPLA?

Mr Corrigan: That is right, yes, that is the development assessment as opposed to an exemption.

MR COE: And how many are you expecting to do in 2013-14?

Mr Corrigan: It is hard to predict the number of DAs because it turns on the amount of activity and what people lodge. If you look at the track record for the last three to

four years, we are around that 1,100 to 1,400 or 1,500 DAs per annum on average. It fluctuates from year to year. It is very hard to predict.

MR COE: And what is the average time for assessment of those 1,130?

Mr Corbell: It depends on the nature of the proposal. There are different time frames, depending on the nature of the proposal.

MR COE: What proportion would be outside the target?

Mr Corbell: Again, it would depend on the nature of the proposal. Obviously there are complex DAs and there are less complex DAs. Jim, are you able to assist?

Mr Corrigan: Yes, I can. On our performance target, we look to have 75 per cent completed within time, and at the moment we are travelling at 74 per cent for this financial year. We are looking to meet our target.

MR COE: Do you expect that in 2013-14, with new planning rules and other changes, that target of 75 per cent is plausible?

Mr Corrigan: Yes.

MR COE: Even with DV 306?

Mr Corrigan: Yes.

MR SMYTH: The median time in work days, the target was 40 but the outcome was 46.

THE CHAIR: What page number are you on?

MR SMYTH: I am on page 257 of budget paper 4. And the note says that this was the result of the complexity of several large applications received during the year. Can you explain how you get to the 46 and what was the complexity of those applications?

Mr Corrigan: How we get to the 46? Obviously from the way we track the DAs and the time they take, it only takes a certain small number of DAs to take a longer period than what is statutorily expected to get the average to go above the 40 days. The details of which DAs took the longest period, I cannot give you, off the top of my head at the moment.

MR SMYTH: So what were some of the complex applications that caused the blowout?

Mr Corrigan: I cannot remember all the details. Examples in the last 12 months would be the Brumbies club at Griffith—that is exceedingly complex—and some leasing applications around deconcessionalisation and things like that. They can be quite complex to deal with. We had some development applications that had long appeal periods. Obviously there was the ongoing work around the Gungahlin mosque application, examples like that. Recently a DA was lodged for the Raiders Club in

Braddon. Even that is still in the system. They are quite complex matters to resolve. It only takes a handful that are quite involved. It can take upwards of five, sometimes even six months to determine. That is what puts those average processing days beyond the 40.

Mr Ponton: If I could just add to that, others include developments in various town centres. For example, there were a number of applications in regard to the Belconnen town centre, one near the Westfield development in particular. That was a large, multi-storey development that took a long time. And whilst those large projects do mean that the average is higher than we would have liked, the median is less than the target.

DR BOURKE: So that is why there is a difference between the average and the median there?

Mr Ponton: That is right.

MR SMYTH: The implications of DV306 for the staff, what additional training was staff given to understand DV306 and how to apply it?

Mr Corrigan: As it is developed, the officers who actually develop the new rules and criteria in DV306 will work with the assessment staff in the development of that. The assessment staff are already aware of what is coming through, and often some of the changes that are made come from the assessment staff themselves. Once the minister approved the variation to go to the Assembly, some training commenced with the officers who worked with DV306, although they will work with the assessment staff, as well as certifiers and external industry players as well.

MR SMYTH: What assessment was done of the impact of DV306 on cost to development?

Mr Corrigan: In respect of?

MR SMYTH: Is DV306 going to cost more for developers and those that purchase homes?

Mr Corrigan: We do not believe so. DV306 seeks to meet a number of objectives, from, obviously, the increased solar provisions and all those energy efficiency gains through there to secondary residences and the character of development in the RZ2 zones near local shops and things like that. So its goals were a range of goals around sustainability measures.

In terms of costs, we do not believe that it will add significantly. A number of changes were made as DV306 progressed as well in terms of response to comments from industry and others to ensure that a reasonable outcome can be achieved on ground but meeting those sustainability objectives. An example would be some of the estate developers were concerned about smaller housing and compact housing and terrace-style housing like in Crace, some of the terraces in Crace.

What we call an integrated development clause has been included in variation 306 that

allows developers to propose a fully integrated proposal. If they want terrace houses and things like that, they have to demonstrate it. That allows a developer to put forward an outcome which they wish to see on ground, something that they think will sell well, but which allows them to put it forward in an integrated manner that we can look at it and say, "Okay, it meets those broader sustainability objectives at the same time." They are some of the advantages variation 306 has brought in.

MR SMYTH: So you did a cost-impact analysis?

Mr Corrigan: The ESDD? No, we did not do that.

MR SMYTH: Why not?

Mr Corbell: It is not normal practice. I do not think it has been done for any variation to the territory plan.

THE CHAIR: As a supplementary, Mr Barr and Mr Dawes were here last week and we were talking about DV306. We were discussing some of the concerns that have been raised by builders and by industry groups. Mr Dawes described a number of those concerns as hysterical. Would you share that view, that industry and builders who have raised concerns about DV306 have been hysterical?

Mr Corbell: I have read the transcript from the hearings, and I think the point that Mr Dawes and the minister, Mr Barr, were seeking to make was that there can be a significant level of hyperbole around "the world is going to end" in relation to variations to the territory plan. It is not the first time that this has occurred. But I think the points made by Mr Dawes and the minister were quite accurate insofar as making the point that when you actually drill down and look at the detail of how the variation will be implemented, there are a range of very good outcomes which will improve the performance of dwellings.

I think, at the end of the day, clearly the Assembly as a whole has adopted the view that there are significant benefits to this variation. We cannot afford a situation where we build homes in new estates and the homes do not get adequate sunlight in winter. In this day and age we should not be permitting little boxes to be built that do not get sufficient sunlight in winter, that cost more to heat them in winter, that are harder to keep cool in summer. Fundamentally that is what variation 306 is all about, addressing those issues and improving the quality of life for people that live in new homes that are built in accordance with these provisions.

MR COE: Are you proud of the overall planning outcomes in Wright?

Mr Corbell: I think the outcomes in Wright highlight some of the difficulties associated with building on small blocks. I think the real challenge in Wright is the complex issues of building on small blocks and meeting consumer expectations with the issues around the price of land. But many of the outcomes in Wright, I think, are going to create a really good community for the people who live there.

MR COE: Wright is of course relatively flat compared to some of the suburbs to come online in Molonglo. Do you see yourself, as planning minister, being put in a

position whereby you are going to have to start calling in some DAs that do not absolutely comply with DV306?

Mr Corbell: I could not use my call-in powers to approve a development that did not comply with the territory plan.

MR COE: However, there will always be discretion in DV306, and one of the serious issues that I think the MBA, the HIA, the Institute of Architects, the Institute of Landscape Architects, the Property Council and the Planning Institute raised is that there is so much discretion, there are so many rules, there is so much confusion in the current system that either it is going to require more technical variations to clean it up or another variation, a more holistic variation, or it is going to require more leniency from ACTPLA. Do you subscribe to that view?

Mr Corbell: No, I do not. I have heard all these claims before. I heard exactly the same claims and exactly the same arguments from industry about variation 200. It did not happen. And I think this is the point that Mr Dawes and Minister Barr made to the committee last week as well. There can be a lot of hyperbole around this debate, but we hear these claims all the time from elements of industry.

MR COE: Quite a few elements, though—

Mr Corbell: Quite frankly, they are not realised. The same claims have been made in the past but they have not been realised.

MR COE: So how and why is it that the HIA, the MBA, the Planning Institute, the Property Council, the Institute of Architects, the Institute of Landscape Architects all said that there are serious problems with this draft variation—

THE CHAIR: And a significant number of individual builders as well.

MR COE: How is it that they have all had the wool pulled over their eyes and none of them are seeing it with the clarity that you are?

Mr Corbell: You would have to ask them.

THE CHAIR: Are they being hysterical?

Mr Corbell: I think I have answered that question, Mr Hanson.

THE CHAIR: Do you have a new question, Mr Coe?

MR COE: It is still related to draft variations in general. With regard to draft variation 304, where is the government at with the progression of that draft draft variation?

Mr Corbell: That draft variation was released for public comment on 23 March this year. The closing date for public submissions was 6 May. Fourteen submissions have been received. I am advised that currently the planning authority is preparing a report for me as the minister on the outcome of the public consultation process.

MR COE: Do you have any views as to what you might change?

Mr Corbell: Not in advance of receiving the consultation report; that would be pre-emptive.

MR COE: You are the minister.

Mr Corbell: Yes, and—

MR COE: I know you have met with—

Mr Corbell: There is a process. There is a process when it comes to draft variations, and I take that process very seriously. I do not have a particular view or a final view on any of the matters that have been raised in the public comment period. I have certainly received representations on a number of matters. What I will do is wait for the public consultation report, and review that in its totality, looking at all of the submissions that have been lodged and what the planning authority's comments are on those matters. Then I will reach a view on what the next steps should be and whether any changes are required to the draft variation.

MR COE: Given that the livelihood of a lot of traders is potentially resting on this or is going to be severely affected by this variation, in the interests of certainty for this industry, what is the time frame likely to be for presenting the final version?

Mr Corbell: That is contingent on my consideration of it. Under the act, I receive the public consultation report and the preferred version of the variation from the Planning and Land Authority. I then have a set period of time in which to consider that. I can send it back to the authority if I am not satisfied with it or it does not address the issues that I consider need to be addressed. I will ask Mr Corrigan in a moment if he can give you a general indication around time frames.

The other comment I would make to you, Mr Coe, is that overwhelmingly this variation has been welcomed. The feedback I have had is that it has been very strongly welcomed, particularly by small supermarket retailers, independent operators who welcome the provisions around controls on the size of supermarket retailing at local centres. There is some comment from some of those retailers about the technical interpretation of the control.

MR COE: That is right.

Mr Corbell: Those are matters which I am very open to considering further. But the thrust of the variation, its intent, has been very strongly supported by industry. And changes in other centres beyond the local centres—this variation does not just deal with local centres; it also deals with group and town centre activities—have also been very warmly welcomed in terms of providing more diversity and opportunity for retailing activity in those centres. In terms of the time frame, Mr Corrigan might be able to give a general indication. There is no concluded time frame on this one.

Mr Corrigan: I am happy to. We are aiming to get the draft variation to the minister

within approximately four weeks.

MR COE: Can industry expect to have something in the Assembly by the end of the year?

Mr Corbell: I would certainly expect something in the Assembly by the end of the year, yes. The other proviso I put on that, though, is that it is entirely within both my hands but also the Assembly's hands as to whether it wants to send such a variation to a committee inquiry. In that instance, the time frame is in the hands of the committee.

MR COE: Still on supermarket policy, I asked you a question in the Assembly, I think a few weeks ago, about the situation in Bonner and Forde. You expressed some concern and even disappointment at the circumstances faced by the Forde supermarket owner.

Mr Corbell: Yes.

MR COE: What recourse does he have to try and seek compensation, rectification or anything at all to bring back some security for his business?

Mr Corbell: I understand the retailer has lodged a controlled activity order in relation to the site, in relation to the issues at Bonner. That is currently being considered by the regulatory areas within the directorate.

MR COE: Can you please detail, or can one of your officials detail, what that process entails.

Mr Corbell: The allegation is that there is a breach of the lease. That is a matter which will be investigated by my officials.

MR COE: What process does the directorate go through to investigate that?

Mr Simmons: When somebody makes an application under the Planning and Development Act for a controlled activity order, that comes to my area. We will then go and look at what is being claimed is the controlled activity. There are statutory requirements as to what a controlled activity is or is not. Once that decision is made, we make that decision either to accept or reject. Each of those decisions is an appellable decision. So whether we say that it is a controlled activity or whether we say that it is not, that is appellable. And in a number of cases, that is what happens: both sides seek to appeal the decision we make.

MR COE: Is there an internal appeal mechanism or does it go to ACAT first?

Mr Simmons: It goes to ACAT. Then ACAT makes its decision, and even that decision can then be appealed, in some cases through the internal appeal mechanism or through ACAT or the Supreme Court. That has happened in this matter previously.

MR COE: Do you know how long it is likely to take for your area to assess the allegation?

Mr Simmons: It will not be a long process for us. A lot of the matters that have been in this area have already been tested through the territory's review bodies. Our job at the moment is to assess if there is any new evidence or evidence that is substantially different from the evidence that has been put to us already in the earlier matter.

MR COE: Do you have a rough time frame for that?

Mr Simmons: I have not got an exact time frame, but it will not be very long. It is not months; it is weeks.

MR COE: So it is likely that the complainant will know in July what your decision is likely to be?

Mr Simmons: I expect that would be the case.

MR COE: What are the government's arrangements within your area for making that decision? Do you have to convene a panel or a board, or is the information simply fed to you and you make a call?

Mr Simmons: It will come to one of our investigating officers. The investigating officer will look through it and obtain all the relevant facts. That will be put in front of senior management. It will go up to the head of our land and lease area, who is the 2IC to me, and that is usually where that decision gets made.

MR COE: Finally on supermarket policy, are there any further updates on where things are at with the Supreme Court and Giralang?

Mr Corbell: Regrettably, I do not have any further advice for you. The matter was heard by the court of appeal earlier this year. The court of appeal has reserved its decision; we are waiting for the court of appeal to hand down its decision.

THE CHAIR: Dr Bourke.

DR BOURKE: Minister, a number of master plans have been finalised in the past year. Can you tell us what other master plans are currently underway and what areas are listed for future master plans?

Mr Corbell: The master plans that are underway at the moment include the ongoing master planning work for the Weston group centre. The Weston group centre master plan is in progress; work will commence shortly. Preliminary investigations have already commenced in relation to the Athllon Drive corridor, Mawson, which includes the Mawson group centre. Master planning work is ongoing for Pialligo, Oaks Estate and Tharwa. In terms of master plans due to commence, in 2013-14 we expect to commence master plans for the Belconnen town centre, which will be a revision of the previous master plan document, as well as for the Curtin group centre and Calwell group centre.

DR BOURKE: You seem to be focused on group centres. What is the strategy there, minister?

Mr Corbell: The master planning exercise as a whole is focused on areas that are undergoing change and are subject to growth pressures. Consistent with the broader planning strategy, which is about focusing development activity and growth, and intensification of uses around centres and along corridors, the master planning process is utilised to drill down into the fine detail around each of those locations and identify the planning issues that need to be explored and resolved. That may then inform changes to the territory plan around zoning controls and so on to facilitate the broader strategic outcomes of the planning strategy. There are, as you would appreciate, more centres than we can do each year in terms of the master planning exercise, so assessments are made as to the particular pressures or issues arising in centres and which centres should be included in the program on a year-by-year basis.

DR BOURKE: There has been a bit of discussion in the *Canberra Times* today about height restrictions. What are the height restrictions on new buildings and, where there are none, what factors are taken into account when deciding how high a building can be?

Mr Corbell: In some parts of the city there are formal height controls. For example, in the city centre, with respect to its relationship with the central national area, there is a very clear height control that has regard to the impact of development vis-a-vis the presentation and the values that are embedded in the development of the central national area.

Outside the central national area, height controls will vary. There are height limits set for buildings in the city centre, in Tuggeranong and in Gungahlin town centres. There are not high controls in place in either Woden or Belconnen. This is partly historic and partly a result of an assessment as to whether or not there is a requirement for height control.

I know that these are issues of concern to some people in the community. The other observation I would make on that, though, is that in areas where there are not height controls, there are still other relevant considerations that will come into play as to whether or not a particular development is approved. For example, impacts from overshadowing will be taken into account in deciding whether or not height is appropriate for particular locations and particular proposals.

DR BOURKE: What other relevant considerations would impact there, apart from overshadowing, which you alluded to?

Mr Ponton: One of the additional issues we would consider is in terms of amenity—the public realm. In some cases, for example at Belconnen, concern has been raised regarding the relationship with the taller buildings on the broader landscape. So we would look at the broader landscape issues. Another one is overshadowing, as the minister said. Traffic is another one in terms of density. Obviously, the higher you go the more apartments there would be, so we need to consider traffic.

DR BOURKE: Is that necessarily true? As the GEOCON proponent said, you can have tall and thin or short and fat and still have the same number of apartments.

Mr Ponton: That is possible. In terms of what we are seeing, it would be reasonable

to say that, for example, with Sentinel, that building has taken up the majority of the site. Therefore the additional height there is resulting in more apartments. I think the GEOCON proposal, even with a smaller, more squat building, as outlined, because of the additional height, is providing for more apartments. They are the key issues—traffic, amenity, overshadowing.

DR BOURKE: One issue that has been raised in Belconnen is people's view or sight lines when standing on high points around Belconnen. What relevance would that have to a development application?

Mr Ponton: It is a relevant consideration. Certainly, I recall that, for Altitude, we undertook some analysis of how that building would be viewed from key vantage points around the area; likewise Sentinel and the proposal at Westfield. Also, with the GEOCON development, we have asked for some additional information in relation to how that building will be viewed from various key vantage points.

The important thing to remember is that it is a town centre, so you are going to have height. Heights are best located in town centres. It needs to be of a reasonable scale in terms of how it sits in the broader landscape. But that does not mean you cannot have taller buildings in the landscape. It is about understanding what the impact will be from various vantage points.

MR GENTLEMAN: Minister, I want to go to budget paper 4, page 258. There is an indicator change for the transport for Canberra policy. Could you go through some of the key actions that you need to achieve by that date of June 2014?

Mr Corbell: Transport for Canberra provides for a range of actions to improve the split of journeys between public and private transport, walking and cycling. The strategy sets out a range of measures to achieve that. That includes enhancements to public transport infrastructure—for example, the development of dedicated right-of-way for public transport usage. The government is implementing a range of those measures now, including the dedicated right-of-way provisions and the busway provisions between Belconnen town centre and the city centre, significant elements of which have now been constructed, particularly in the area around city west along Barry Drive, for example.

There are other measures that will need to be pursued as well, including upgrades to existing bus transport infrastructure. For example, new stations are being developed in a range of locations. Work is underway now, I believe, in relation to the new bus station for the parliamentary triangle area in Barton, on National Circuit. I think that project is now underway. That is being delivered by Territory and Municipal Services. There is also work occurring in relation to the development of dedicated cycling and walking infrastructure. With the new Civic cycle loop, elements of that have now been completed.

The government is also doing some very important planning work that will inform future service delivery around coverage standards. We are looking at coverage standards in terms of how far people have to travel—that is walk, for example—to get to bus services, and doing that on an on-the-ground basis rather than just the notional diameter from a particular point on a map, which is not always reflective of the actual

route on the ground that people have to travel to walk to, for example, a bus stop.

We are also looking at ways that we can improve bus service delivery in terms of the routing of services and providing for more direct routes and less circuitous services. That is some work that is integrating between ourselves and Territory and Municipal Services. Finally, of course, there is the work on the development of the capital metro project, a very important exercise to provide light rail services between Gungahlin and the city centre as the first part of a broader light rail planning exercise across the city.

MR GENTLEMAN: You mentioned looking at routes that people may have to take to get to their bus stop. What is the current regulation or is there a distance involved?

Dr Brady: The general catchment is 400 metres but when we are looking at our cycle network as well, we look at a five-kilometre range and then a 10-kilometre range. So five kilometres is comfortable for cycling; about 400 metres for walking.

MR SMYTH: Minister, on page 257, output 1.2, point e. refers to the “percentage of development services assurance program completed”. The target in 2012-13 was 90 per cent but it was not achieved and the notes say it was because the program had undergone revision in the early part of the year and had been incorporated into the directorate’s governance services. Even if it had been moved into the directorate’s governance services, why wouldn’t it have been completed?

Mr Ponton: The position of assurance coordinator was focused full time, essentially, on looking at the planning for the development assessment leasing area. It had a very ambitious work program because the officer was engaged in essentially just that work. As part of our savings that we explored earlier in the session this morning, the decision was taken to not have that as a full-time position and to transfer that function to the governance services area. There was a slight restructure in governance services—the corporate area.

That meant it was no longer possible to complete all of the work program that had been identified because, as I said, it was a full-time position focused just on those areas. It was ambitious. The officer that is now doing that work with the planning delivery area is also looking at a range of other corporate governance functions.

MR SMYTH: What percentage was achieved before the revisions were undertaken?

Mr Ponton: It was wound up, essentially, about three months in. I would need to take it on notice in terms of what was done in those first three months or what was then continued through the period. As I said, it was taken from a full-time function to essentially looking at the broader governance. For example, we undertook an audit of fraud and corruption prevention through the governance area, monitored by the audit committee, and the officer that would otherwise have been working on the program, preparing work instructions and the like, worked with the auditors and the audit committee on that particular project.

THE CHAIR: Thanks; that has been taken on notice. We have drawn to a close. You will provide us with more information on that on notice. We will suspend the hearing for 15 minutes.

Sitting suspended from 10.44 to 11 am

THE CHAIR: We are moving now to capital metro. I am trying to get an understanding of what work has been done to date in terms of cost-benefit analysis or feasibility studies. Could you please give me an explanation of the work that has been completed to date.

Mr Corbell: Yes. There has been a significant body of work to date to develop a good understanding of the cost-benefit analysis behind the project as well as the requirements in terms of physical construction and engineering. A series of studies were developed and finalised last year that were established both to assist us with the government's own assessment of the viability of the project and to assist with our case to Infrastructure Australia. In terms of the details of the specific studies, I might defer to my officials, if somebody can assist. I might ask Dr Brady if she will come forward.

THE CHAIR: I know that we have a couple of new officials that were not here before, so before we start I might make a couple of housekeeping points. Can I just confirm that you have seen the privileges card? Great.

I really want to know what studies have been completed as separate bodies of work so that I can understand what was completed when and what was the purpose of that study and the outcomes of it.

Dr Brady: In relation to the studies that have been completed in the last year, as Minister Corbell referred to, the main one was a feasibility study. It looked at different options for transport on the corridor. It included a cost-benefit analysis of bus and light rail on the corridor. That led into the study that Minister Corbell also referred to that was part of the Infrastructure Australia submission. That was a much more detailed cost-benefit analysis and was undertaken to follow the guidelines that Infrastructure Australia has in how you need to submit to seek funding from Infrastructure Australia.

THE CHAIR: Where are those two documents? Have they been publicly released?

Dr Brady: The Infrastructure Australia documents are publicly available. If you make an application to Infrastructure Australia, those documents become public as part of that application.

THE CHAIR: And the first document that was done by the ACT government, the feasibility study?

Dr Brady: The feasibility study? I am sorry; I am not 100 per cent sure if it is available.

Mr Corbell: No. It is not a public document at this time.

THE CHAIR: Why is that?

Mr Corbell: Initially it was used to inform the government's considerations through

cabinet on the submission to Infrastructure Australia.

THE CHAIR: Given that that has now gone to Infrastructure Australia, and given that we can get the relevant information from Infrastructure Australia, will you now release that feasibility study?

Mr Corbell: I am happy to take the question on notice, Mr Hanson. I will have to go back and review the documentation.

THE CHAIR: What would preclude you from that?

MR SMYTH: Why do you have to take that on notice? You are spruiking the benefits.

Mr Corbell: I am quite open to releasing it. I just would want to go back and have a look at the detail of it. It has been a little while since I familiarised myself with the document. In principle, I have no objection to making it available.

THE CHAIR: The concern I have is that you might say in principle, "I'm happy to do it," and then come back post committee, once the committee has finished its hearings, and decide not to.

Mr Corbell: I am very happy to undertake to give you an answer whilst this committee is still meeting.

MR COE: What is the date of those two reports?

Mr Corbell: They are both dated last year. The exact dates I would have to take on notice, Mr Coe.

MR COE: So we are looking at October, November, December or thereabouts?

Mr Corbell: As I say, I just do not know the exact dates. They were occurring throughout last year. The exact final dates I would have to ascertain.

MR COE: On this issue, why wouldn't you want to release all these documents if they are in fact favourable for your case?

Mr Corbell: As I said—

MR COE: That would be a good thing to do from a PR point of view, to try and get as many Canberrans on board as possible to support this near \$1 billion investment.

Mr Corbell: As I have said, I have no real objection to releasing them. I would simply want to go back and familiarise myself with the documents in case there are elements of them that are still cabinet in confidence. With that proviso, I am quite happy to make information available to the committee.

MR COE: Have you seriously never considered whether to publish this feasibility report which you are talking about?

Mr Corbell: The question has never been asked of me before, Mr Coe.

MR COE: But you have never considered it? Are you saying that there is a feasibility study out there which supports your case for light rail, yet you do not think it is worth while, or you have not thought it worth while to date, to publish it to build some confidence in this huge project?

Mr Corbell: No, that is not what I am saying at all. I have previously released all of the key assumptions and costings behind the project. They are on the public record. There have been four project updates, a number of which have provided the detailed costings, and the elements and a breakdown of those costings. They are all on the public record already. In relation to the complete report, as I say, I do not have any particular concern with releasing it; I simply would want to familiarise myself again with the details of it in case there are elements that are still cabinet in confidence. With that one small proviso, I do not have any objection to making that information available to you.

MR COE: Why are you not familiar with the details of the report, given that this is the first time that capital metro has been before this committee?

Mr Corbell: As you would appreciate, I see many reports. This particular report was developed last year—indeed, before the last election. A lot of time and a lot of water have gone under the bridge since that time. This was an initial feasibility report. I am sure members of the committee would appreciate that I see many reports, and it is not surprising that I do not have an immediate recall of all of them, particularly ones that I may have seen over a year ago.

THE CHAIR: Your officials—

DR BOURKE: Minister, you have allocated another \$5 million—

THE CHAIR: Hang on. Your officials that are here—have none of them got the report here? Can none of them tell us what date it was published or what is contained within that report? Have you got a copy of it there, Mr Bain?

Mr Bain: I do not have a copy. I do not have a copy of that report with me at the moment. I would have to take it on notice as to the publication date.

THE CHAIR: Can you remember what date it was released?

Mr Bain: No, but according to the project updates the first submission to Infrastructure Australia was in August 2012.

DR BOURKE: Minister, you have allocated \$5 million under the capital works program for completing the design work by June 2014. What are you hoping the design will cover?

Mr Bain: The design work carries on from some of the extensive feasibility work. It works across physical design as well as the economic and financial analysis that we are looking at in terms of informing government as to the best methodology for

procurement for the light rail service. Some of the design work—we have some currently underway—is looking at some of the physical design in terms of the exact route, the locations and preliminary design of stations and stops. We then will move to some geotech and engineering studies as well as the other stream of planning work around the economic and financial options available.

DR BOURKE: You talked about the stations there. What sorts of design elements are going to be important for this project?

Mr Bain: One of the key elements—I defer to my planning colleagues here, I must say—is around accessibility and interconnection. The study to which I previously referred is actually a network integration study looking at how the light rail service will integrate with our other public and active transport systems.

Mr Corbell: The design of stations is a critical consideration. The stations will be servicing a large number of customers, and it is important that we place stations in close proximity to other uses—retail, commercial and other uses such as residential uses, for example. So the design of stations, in particular the design of some of the key station sites, such as the site at Dickson, will be critical. There is significant potential for a transit-oriented development to occur on that site. At this point in time, the analysis around Dickson suggests that a station on the site or in the vicinity of the current motor registry building is the most suitable location. That is subject, of course, to further analysis, but the master planning exercise for Dickson certainly identifies that that site, which is between Northbourne Avenue and Challis Street in Dickson, is a very suitable site. It also has the potential to perform an interchange function so that people will interchange between bus and light rail uses at that point, because there will still be a significant need for interconnection to the public bus network, particularly for journeys where people are travelling east-west, so servicing the area in the east-west corridor to and from Dickson while the light rail services the north-south corridor.

DR BOURKE: How far will these stations be apart? What will be the stations' separation along this network? Is that something you are still working through?

Mr Corbell: The network integration study will assist us in confirming the exact nature of how far apart stations need to be. That will vary along parts of the route, depending on service demand and also depending on issues around the timing of service delivery in terms of how frequently and how quickly services run along the route. For some parts of the route you can expect the light rail service to slow because it is servicing a larger number of stops; for example, as it gets closer to the city there will be more stops at a number of locations, potentially, whereas for other parts of the corridor there will be relatively fewer stops and therefore the vehicle will be travelling at a higher speed. These are matters that are subject to more detailed investigation as we identify the optimum number of stops and their location.

DR BOURKE: So there is going to be a trade-off between the speed of the network and the convenience of a number of stops?

Mr Corbell: Yes. That is the case with any public transport route, and it would be the case for this route as well.

THE CHAIR: Mr Gentleman.

MR GENTLEMAN: Minister, why was it important to construct the actual agency, the capital metro agency, in the first place?

Mr Corbell: The establishment of the capital metro agency is to give effect to the government's election commitments around the development of light rail. Capital metro is a task that spans a range of government priorities and functions. Yes, it is a transport project, but it is also a project that will drive significant development potential along the corridor, realise increases in land value and have implications both in terms of planning policy and land development and land release activity. The capital metro agency allows us to bring a dedicated focus to these tasks and to coordinate tasks that have an impact across a range of government agencies.

The government has also adopted the model that has been established in other jurisdictions that have sought to develop light rail projects. In particular, the government has had close regard to the governance arrangements put in place by the Queensland government for the GoldLinQ project, which is the Gold Coast light rail project. That project is overseen by a governing board who oversight the functions of a project director who is the day-to-day executive in charge of the project. That project director has a team of people facilitating the actual delivery of different elements of the project.

Here in the ACT, cabinet has agreed to the establishment of a governing board along the same lines as the GoldLinQ project. That governing board at this point in time is chaired by Mr Dawes, who is the Director-General of the Economic Development Directorate. It has on it director-generals from a range of other directorates, including Ms Ekkelund on behalf of ESDD and the Under Treasurer, amongst others. That governing board oversees the duties of the project director. The acting project director is Mr Bain, who is acting in that role pending the permanent recruitment to that position. The government has also agreed to the establishment of an independent chair for the governing board. Recruitment for that position is also ongoing. These will be two critical appointments. We will be seeking, in particular, for the project director, a person with substantial project delivery experience in this space, so someone who brings significant infrastructure delivery experience into the project director role.

As the project proceeds and there is the potential engagement of private sector partners, we expect the composition of the governing board to change, to have on the governing board inclusion of relevant representatives of the private sector partners. That is a process that will evolve over time, and this again is very similar to the approach that has been adopted in Queensland.

MR GENTLEMAN: Minister, there are several streams that operate underneath the project director—governance and operations, economics and finance, stakeholder engagement et cetera. When do you hope to have those positions filled?

Mr Corbell: The start-up of capital metro as an agency is still in its infancy, but work is well underway in establishing the framework and the core capabilities of the agency.

Office accommodation has been secured and relevant staff are starting to be recruited. A number of those staff are being recruited from other parts of the ACT public service and are coming into the central consolidated function of capital metro. In terms of progress on those various areas, I will ask Mr Bain to assist.

Mr Bain: In terms of the actual heads of those work streams, if you like, they are going through an exercise of job sizing and actually defining those positions. Some of them at this stage are being carried out through consultancies, particularly governance and operations, in terms of doing all the set-up work and helping us establish some of those fundamental project documents—project description, board charter and that sort of thing.

Economics and finance at the moment is being headed up by a senior executive out of Chief Minister and Treasury Directorate. My understanding is that from 1 July, as the Under Treasurer mentioned in the relevant estimates hearing, those arrangements will change, such that that person will come in formally as part of the agency.

Stakeholder engagement and communications—I have engaged a consultancy to establish a preliminary communications and engagement strategy to carry us through the next three to six months. A key element of that is actually incorporating the engagement strategy as part of the network integration study to which I referred earlier.

Planning and Design—I have some senior officers from both the TAMS Directorate and the Environment and Sustainable Development Directorate starting to work up some of the briefs for the studies that we will have to get done.

Procurement and delivery and customer experience and operations are positions that I expect to fill from outside of the ACT government public service. We do not necessarily have a capacity in either of those roles. My attention is being turned to getting that job sizing right and getting out to market as soon as I can.

DR BOURKE: On page 282 of budget paper 4 there is \$2.1 million budgeted for employees. How many people do you expect to have?

Mr Bain: The FTE for this is around 20, expected. There may well be more people coming in, but they are largely going to be consultants and contractors. The actual FTE footprint expected is 20.

MR GENTLEMAN: Just on the light rail component analysis, that document or investigation is due to be completed later on this year. Where are you up to with that analysis?

Mr Bain: That has not actually gone out to tender yet. Some of the scoping material has been drafted. I wanted to have a good look at that in terms of how it fits with a potential private partnership so we are not doing redundant work. We are very conscious of not expending the limited resources available on work that may well be done better later on in the partnership.

THE CHAIR: Mr Smyth.

MR SMYTH: How many people travel now from Gungahlin to Civic each morning?

Mr Corbell: We would have to take that on notice, Mr Smyth. We do have those figures, but they are not immediately to hand.

MR COE: If you could provide that for private transport, so cars, and also for each individual bus route that would be good.

Mr Corbell: Certainly.

MR SMYTH: Do we have any idea? It is a fairly fundamental number for the success of the project.

Dr Brady: It is in the thousands, but to give you an accurate number—

Mr Corbell: Those figures are in the possession of the directorate, but we do not have them immediately to hand today.

THE CHAIR: I assume that you have those for the current figures and also projected; is that right?

Mr Corbell: Yes, we do.

THE CHAIR: If you can make sure that you table it for both.

Mr Corbell: I am happy to provide that information to the committee.

THE CHAIR: Thank you.

MR SMYTH: I have to say it is quite disappointing. It is a fundamental number. What percentage of the people that we do not know the number of who travel regularly from Civic to Gungahlin are going to go—

Mr Corbell: I am sorry; could you repeat the question, Mr Smyth?

MR SMYTH: Yes, I am giving the question, minister. What percentage do you expect to shift from either the bus or private transport to the capital metro?

Dr Brady: In transport for Canberra we made projections of a shift from 2011 to 2016. From memory, on public transport—if you could just bear with me for a moment—it is to go up to about eight per cent.

MR SMYTH: Eight per cent, and it is currently—

Dr Brady: I am sorry; if you can just bear with me. Public transport is to go to 10.5 per cent by 2016. Currently we are at about eight per cent. About a year ago we were at about 7½ per cent. We are seeing shifts to public transport, cycling and walking. We are seeing positive shifts, which is related to the initiatives in transport for Canberra.

THE CHAIR: Specifically as a result of capital metro you will see it go from eight to 10, or you are saying that it will go from eight to another figure?

Dr Brady: We expect that capital metro will definitely help us get to that 10 per cent.

THE CHAIR: What is it currently? Eight per cent?

Dr Brady: At 2011, that is based on ABS journey to work data.

THE CHAIR: That is the latest data you have got, is it?

Dr Brady: Yes. I am sorry; 2011 showed 7.8 per cent. Our latest data from various surveys we do with TAMS shows us at eight per cent.

THE CHAIR: Eight per cent. So you are expecting capital metro will help to lift that figure by two per cent, amongst other measures?

Dr Brady: Yes.

Mr Corbell: The government has set out some targets in transport for Canberra around modal split—so use of various transport modes for journeys to work. Dr Brady has indicated to you where we think we are currently tracking—around eight per cent of all journeys to work by public transport. We have a target of 10½ per cent by 2016 and 16 per cent by 2026. The capital metro project will assist us in helping to achieve that modal split.

MR SMYTH: What are the expected numbers to use capital metro from Gungahlin to Civic every morning?

Mr Corbell: Those figures have previously been provided. They are based on an assessment of the ACT-wide impact on the public transport system. Our peak patronage figures for the first leg of LRT were estimated to be around 4½ thousand, growing to 7,000 people in the two-hour period for the peak morning commute.

THE CHAIR: How many of those come off buses? Is that included in those figures?

Mr Corbell: Yes, that would include assumptions about people who are currently using buses shifting to light rail. Again, as to the breakdown, we would have to take that on notice for you.

THE CHAIR: Could you take that on notice? Thank you.

MR SMYTH: The cost recovery through the fare box—what percentage of the operating costs do you expect to recover through the fare box?

Mr Corbell: Cost recovery is a matter that is still subject to more detailed analysis, including fare box recovery. No final conclusions have been drawn on that matter at this point in time. That will be dependent in particular on our engagement with the private sector partners around those issues.

MR SMYTH: What level of subsidy do you provide? ACTION is fairly heavily subsidised at the moment. Do you expect it to be a similar level of subsidy for capital metro or higher?

Mr Corbell: The first observation I would make is that there is no public transport system in the world, to the best of my knowledge, that operates with a profit and without some level of public subsidy. It is the nature of the provision of public transport that it is a subsidised service.

MR SMYTH: Yes, but ACTION is currently 85 per cent—

Mr Corbell: In terms of the level of subsidy, those issues are still subject to more detailed analysis and will be contingent on what the final agreement is with relevant private sector partners.

MR SMYTH: Is there a level of subsidy where this project will not have the support of the government?

Mr Corbell: The government will be looking very closely at issues of subsidy. I think the question is pre-emptive because there are a range of other considerations and issues that have to be addressed in our discussions with our potential private sector partners, and those discussions have not yet commenced. It would be pre-emptive for me to answer the question.

MR SMYTH: Well, it is hardly pre-emptive if you do not know what it is going to cost you to run year on year. Currently the rule of thumb, I understand, around Australia is about 45 to 55 per cent of subsidies for public transport through the fare box. We currently subsidise ACTION 84 to 85 per cent every year. Are you envisaging it will be at the same level of subsidy?

Mr Corbell: We are looking at achieving an efficient operation comparable with other light rail projects.

MR SMYTH: For other light rail projects around the country what is the level of subsidy?

Mr Corbell: Again, I would have to take that question on notice. I do not have the exact figures.

MR SMYTH: These are reasonably fundamental questions.

Mr Corbell: I do not have those exact figures, but I am very happy to make the information available to you.

MR SMYTH: You do not seem to have many answers about any of the numbers, minister.

THE CHAIR: Could I ask then: what are the per annum running costs? You do not know what the subsidy will be, but what do you expect this to cost per annum to run?

Mr Bain: We have got some preliminary indications that we are looking at somewhere around a \$7 million figure for ongoing operating costs per annum. I really would caution against reliability on that because of the—

MR SMYTH: Is this sort of Cotter Dam preliminary figures or just—

Mr Corbell: I think the point that needs to be made about this project is that this project is in its infancy and there will be a range of more detailed analysis that must take place before more conclusive and definitive figures can be provided. The agency is in its infancy, as is a range of work in relation to the development of the project. That is the nature of projects of this type; they develop over time and the analysis is iterative over time. Mr Bain is giving you an indicative figure at this point, but it is subject to further analysis.

THE CHAIR: The point is that—

DR BOURKE: Isn't that why you have allocated—

THE CHAIR: Hang on—

DR BOURKE: \$5 million for preliminary design work?

THE CHAIR: The point is that we have been, as Mr Smyth alludes to, conned before. This government went to an election saying that the cost of the Cotter Dam would be \$145 million. We saw that blow out to \$409 million. We have heard you say that the jail was going to cost us \$110 million. I think the costs are up to \$140 million and it is already full. So there is a degree of scepticism from the community that when you are touting numbers and then saying that they are indicative, "We don't really know," what is going to stop these costs from tripling in the same way as we have seen other costs triple?

Mr Corbell: I think this debate needs to be a more nuanced debate than the way it is often characterised. The development of major pieces of infrastructure is, by its very nature, an iterative process, that is, layer upon layer of analysis that becomes more and more detailed and fine grained as that work is ongoing. And as that work is ongoing, accuracy around costs improves. Governments can provide indicative costs at the outset of a project, but this government has always said this is subject to more detailed analysis, because there are still unknowns in the costs of various elements of this project.

It is no different from the Gold Coast project. It is no different from light rail in Sydney, Melbourne or Adelaide. You have to spend the money to do that next layer of analysis and the next layer of analysis below that to hone, refine and more closely detail your costs and the issues around costs of different elements of the project.

So what is occurring here is no different from any other project of this nature around the country. And the figures that we are providing you are pretty much the same sort of advice you would have got at this stage of the project if it had been GoldLinQ in Queensland or if it been the light rail project in Adelaide.

MR COE: That is not correct, minister, the reason being that in the Gold Coast, they did the research. They had it shovel ready before they committed to going ahead with it. Here, it is in reverse. What is happening is: you have committed to going ahead with it and only now you are doing the analysis. In effect, there is a blank cheque from the ACT taxpayer, and who knows how much it is actually going to end up costing.

Mr Corbell: Your characterisation of the Gold Coast experience is not correct. The Gold Coast experience involved 10 years of study and analysis—

MR COE: Before they committed to it, exactly, that is the point.

Mr Corbell: And there was about three or four years following the decision to proceed with light rail before construction commenced. So let us be really clear about that. The Queensland government took a decision to proceed with light rail, and that was followed by about three to four years of further detailed analysis and development of different pieces of investigations before construction actually commenced.

MR COE: Would you agree that the Gold Coast was—

Mr Corbell: We are in the same situation here. So I think the two projects are highly comparable in that respect.

MR COE: Would you agree that the Gold Coast had far more research and analysis undertaken on the project before the government committed to it than you had before you committed to light rail?

Mr Corbell: No, I do not think so, and I would simply highlight that many people have been critical of the government for the period of time it has taken to get to this point, to make a decision.

THE CHAIR: Other than the Greens?

Mr Corbell: And members of the opposition. Mr Seselja made such comments in the past. I think the point that has to be made is that the development of a major infrastructure project is a complex undertaking and it is not the case that you just go and do one study and have all of the answers and all of the details around costs. That is not the way these types of projects develop. It is not the experience of these projects in other places.

THE CHAIR: But when we compare the way—

Mr Corbell: What the establishment of the capital metro project is all about, and the establishment of the agency, is to give that dedicated focus to the fine-grain detail that we have to drill into. At some point in time a decision has to be taken on whether or not you are going to proceed with light rail or bus rapid transit on this corridor. It does not make sense to drill down to the very fine level of detail that we need to develop such a project and do in parallel the two pieces of technology.

What you do is you do the analysis that you need to do to make some relevant level of assessments around cost benefit and around engineering feasibility, and then at some point in time the government has to make the call about where taxpayers' resources are going to be focused to proceed with the more detailed analysis on the development project.

THE CHAIR: That is very different from your approach to other projects?

Mr Corbell: And that is exactly what we are doing here.

MR COE: Are you saying that you are not committed to light rail?

Mr Corbell: If I can just—

MR COE: It could be bus rapid transit?

Mr Corbell: No, that is not what I am saying. What I am saying is that we have done that analysis to decide that we want to develop LRT and only once that decision is taken do you then have the capacity to invest taxpayer resources into the level of detail needed to build up all of those details, all of those constraints and all of those issues around the cost and development of the project.

THE CHAIR: But you are getting the convention centre to shovel ready. You have got other projects that you are talking about, like the stadium. You are taking quite a different approach to those sorts of projects. Why is it that you basically signed off to light rail before you have got any sort of sense of mature costs, and you are just giving some indicative costs, which we know, based on experience with this government, have the potential to triple?

Mr Corbell: I would refute that. We have—

THE CHAIR: That is exactly what happened to the dam.

Mr Corbell: I would refute your characterisation.

THE CHAIR: The government said \$145 million, it is now \$405 million.

Mr Corbell: If I could answer your question—

DR BOURKE: Chair, could we let the minister speak please?

Mr Corbell: I refute the suggestion. What we have is a very detailed estimated cost which is, what is it, a P—?

Mr Bain: A P90.

Mr Corbell: It is a P90 estimate. That is a very high level of assessment. It is at \$614 million for construction. And what you would have seen over the past 12 months is that, as we have worked through different iterations of the assessment of the cost of

the project, it has come down because the level of accuracy in our assessment has been going up as more and more factors are brought to bear and taken into account. That is a normal part of developing the business case for these types of projects. We are now at a P90 estimate, which is a very high level of assessment compared to, say, a P50, and we are now in the position that we can put that figure in the frame as what we expect to be a reasonable level of assessment.

That is markedly different from the other projects you have mentioned, Mr Chairman, where we are simply not in a position to make that assessment at this point in time. We have the assessments we need to determine that the preference is for LRT, and now the process is to establish the agency and the governance arrangements and provide the budget to develop the further pieces of analysis that are absolutely essential for the delivery of this project.

MR SMYTH: Just on costings, you said \$614 million for construction. How much for the rolling stock? How many train sets do you buy?

Mr Corbell: That includes—

Mr Bain: It does include rolling stock.

Mr Corbell: That includes rolling stock, yes.

MR SMYTH: So the \$614 million is for construction and rolling stock?

Mr Corbell: That is correct, yes.

MR SMYTH: So what are the components? What is the rolling stock?

Mr Corbell: Those break-ups have been provided in previous project updates which are on the public record.

MR SMYTH: Actually they are not, because I have tried to find them. The city-Gungahlin project update is at www.transport.act.gov/studies, and when you click on it, it says “not available”, “page not found”.

Mr Corbell: I regret there is a problem with the website, but they have been previously published, and at page 9 of project update 3, which was published and publicly released in September last year, light rail rolling stock was identified at a cost of approximately \$54½ million.

MR SMYTH: I assume they call them train sets. How many train sets is that?

Mr Corbell: I would—

Mr Bain: It is about 11 or 12, based on an average price of between \$4 million and \$4½ million, I believe.

MR SMYTH: And what is that, two carriages, one carriage, one unit?

Mr Bain: I think that costing—and I am not sure, I will get back to you with the detail if I am wrong—is on a 42-metre stock.

MR COE: That is a capacity of about 200?

Mr Bain: It is 260, I think.

THE CHAIR: Given that the website does not seem to be working, could you table that please for the benefit of members?

Mr Corbell: Yes, I am happy to do so. I may just do so at the end of the hearing, because I may need to refer to it. But we can make that available.

THE CHAIR: Yes, certainly, that is fine.

Mr Corbell: It is a public document.

MR SMYTH: The train sets are \$54 million. How much for the track?

Mr Corbell: Let me just review the documentation. Track work is estimated at a cost of \$101 million approximately.

MR SMYTH: And how many stations would be on that track?

Mr Corbell: The exact number of stations is yet to be ascertained, as I said in my earlier answer. There are some assumptions around the number of stations in the cost. Direct cost of stations is anticipated at around \$27 million. The exact number I would have to take on notice in terms of the assumptions in this costing.

MR COE: What work have you done on engineering studies?

Mr Corbell: A series of engineering analyses has been undertaken as part of the work that was completed last year, including looking at options between a median and a kerbside alignment and other associated engineering issues. As a result of that analysis, the government has chosen to adopt a median alignment for the track.

MR COE: How do you get across to the motor registry if you are taking the median alignment?

Mr Corbell: There are options for the track to divert at particular points. So it will not remain necessarily on Northbourne Avenue for all of the route, and would potentially divert into the Challis Street motor registry site as part of the journey.

MR COE: What are the projected costs for moving the utility-related infrastructure, waterworks and everything else which is believed to go down Northbourne Avenue?

Mr Corbell: The issues around realignment of utilities, removal of utilities or strengthening the protection of utilities that need to remain in the median are issues that have been considered in some detail to date. In terms of the costs, I am not sure whether officials would be able to assist me with that at this point in time.

Mr Bain: We have broad indications of a figure through our contingencies of around \$200 million to move any utilities that need to be moved or otherwise protect them. One of the studies that is being undertaken—and hopefully the early parts of that will feed into our processes later this calendar year—is around an infrastructure audit and study for the Northbourne Avenue corridor to identify any such services.

MR COE: How can you get to a figure of \$614 million if that audit has not been done?

Mr Bain: It is part of the standard risk assessment and it is built into those costing assumptions. We build contingencies into those costs. As I said this one is in the order of \$200 million.

MR COE: Given Mr Gill from Roads ACT has previously told the planning committee that there are a fair degree of unknowns with regard to infrastructure in the inner north and inner south, that \$200 million could blow out significantly, could it not?

Mr Corbell: No. The \$200 million is a significant contingency, and it is a conservative contingency. Obviously, studies that will proceed as part of the next series of packages of work for this project will enable us to better understand those risks. But those risks have been appropriately identified and contingency made for them.

THE CHAIR: Can I ask a supplementary. With the engineering works that you have done—I might have missed it before—was that done as part of the feasibility study or is that a separate body of work?

Mr Corbell: It was done as a part of that feasibility work.

THE CHAIR: Who did the feasibility study? Was that done externally?

Mr Corbell: Yes. There were two key consultancies engaged to undertake that work. One element of that work was an economic analysis, benefit-cost ratio analysis, which was undertaken by Ernst & Young, if I recall correctly. The other body of work was undertaken by—was it AICOM?

Dr Brady: Some of the engineering has been AICOM and SMEC.

Mr Corbell: AICOM and SMEC were the two consultancies for the engineering studies.

THE CHAIR: In terms of future work that is being done, you will put that out to contract, will you, for people to do that engineering work?

Mr Corbell: Yes.

DR BOURKE: Minister, could you tell me about the land uplift values along the corridor that has been talked about quite a lot?

Mr Corbell: Along the corridor there is an expectation that there will be a significant uplift in land value. That will be driven by the fact that the attractiveness of living or working in close proximity to this very significant piece of infrastructure will add significant convenience for people and therefore a willingness to pay a premium to live closer to that area of service. This is consistent with the experience of other transit projects of this type, both nationally and internationally. The exact level of uplift will be the subject of more detailed analysis. It is difficult to fully quantify what the exact level of uplift will be, but we do know that there will be an increase in land value along the corridor based on the experience of other projects nationally and internationally.

DR BOURKE: Why is that significant for the success of the project?

Mr Corbell: This project is not just about transport provision, as important as that is. It is also about driving change regarding the way settlement patterns occur in the city—that is, where development occurs, where people choose to live. By providing a rapid, reliable, timely and segregated form of public transit, the government is strongly of the view that this is going to change the way people make choices about where they choose to live and the types of locations they favour across a whole range of housing types and household types.

The development potential within the Northbourne Avenue corridor is significant. I make that statement on the basis of what the current planning controls allow. The current planning controls allow a significant level of urban intensification which has not yet been realised. With the development of the light rail project, our expectation is that that will lift the level of development activity along the corridor above business-as-usual assumptions. That, again, is consistent with the experience of development patterns in other jurisdictions nationally and internationally.

DR BOURKE: Can you give us any international comparisons where there has been a significant uplift in value?

Mr Corbell: Yes. One of the most often cited examples is the experience of Portland in Oregon. The city of Portland in Oregon, the United States, have invested significantly in LRT technologies. They have, in part, financed the development of LRT through a levy based on the increased value of the land along the corridor. American taxation systems are quite different from Australian taxation systems, and I am not necessarily suggesting that that will be the approach here, but it does highlight that there is the capacity to help offset the cost of infrastructure based on the increased value of properties that accrue as a result of that infrastructure being developed.

MR COE: These residents will, in effect, be paying that levy, won't they? If their rates are going up, as everyone's in Canberra is, especially living on that corridor, if they are going to go up even faster, they are going to be paying a lot more in rates. So they are, in effect, already paying a levy.

DR BOURKE: But their rates will be going up, as you describe, Mr Coe, as a result of the increased value of their property, which is to their benefit.

MR COE: That does not do much for their income, though, does it?

Mr Corbell: Rates are driven by property values, and if property becomes—

MR COE: And their revenue stream.

DR BOURKE: Don't interrupt the witness, please, Mr Coe.

MR COE: Well, you interrupted me.

THE CHAIR: Continue, please, minister.

Mr Corbell: Thank you, Mr Chairman. Property values will go up because of the value of the sites based on the fact that there is better accessibility and better transport availability. For people who choose to live in these locations, yes, they may see higher rates because they see higher property values; equally, there will be other savings accruing to those households. Those households may feel that they do not need to own two cars—

MR COE: What if they are already catching a bus that goes down Northbourne Avenue?

Mr Corbell: or even one car.

DR BOURKE: Mr Coe.

Mr Corbell: At the moment, of course, the point to be made about bus transit along Northbourne Avenue is that it is part of the general traffic flow. So, to answer the question, it is caught up currently in the congestion that is on Northbourne Avenue already. Buses and cars are competing for space and for journey time along the corridor. That is leading to significant inconvenience to both modes of transport. Buses are caught up in traffic. Cars are caught behind buses. It is a highly unsatisfactory arrangement for both transport modes.

What we have to try and do is, first of all, give public transport priority and separate it from the general motor vehicle lanes. That has the benefit of providing a reliable, faster form of transport for people who are using public transit. At the same time it is also improving the efficiency of the corridor for private motor vehicle users, because, at the moment, of the six travel lanes on Northbourne Avenue, two of them are heavily congested because of the conflicts between buses and cars.

THE CHAIR: Minister, are you aware of studies conducted in the UK on new rail lines there, that studied the number of motor vehicles owned? It saw an increase in the number of vehicles per capita? Are you aware of studies that have contradicted some of the claims made here today, or have you been selective in the studies?

Mr Corbell: I am not aware of those studies. If you would like to provide details of them, I am happy to give you my views on them.

THE CHAIR: Sure. Mr Gentleman.

MR GENTLEMAN: Minister, you just mentioned the Portland, Oregon light rail program or the public transport program there. What have been the other benefits for the community out of the Portland story?

Mr Corbell: With respect to the real value of LRT technology, first of all, it is technology that people relate to, in a way that is not the case with buses. Members would know that, for a long time as minister, I was an advocate of bus rapid transit technologies. But I have reached a point in my thinking on this over quite a number of years that it is all very well to have a solely economically rational cost-benefit view of what is the best way of delivering public transport, but it is—

THE CHAIR: So your view is not rational; is that what you are suggesting?

Mr Corbell: No, what I am saying is that—

THE CHAIR: You have moved from a rational to an irrational view?

Mr Corbell: Let me finish my answer. But that is not the full picture. Yes, you have to look at the cost-benefit and the relative efficiency of different transport modes, but there is also a much more intangible factor, which is: what do people actually like and what are people willing to use?

MR COE: And pay for.

Mr Corbell: And pay for. There are a number of studies that highlight that there is a psychological factor involved in choices about transport mode which is not driven by timeliness, efficiency or relative cost-benefit; it is driven by other psychological factors—quality of ride, perceptions around reliability, perceptions around good level of service delivery—which are much more intangible. These are factors, too, that we have to bring to bear in this debate. It is not solely a straight technical analysis; there are also some psychological factors around what will convince people and encourage people and win popular support for the travelling public. These are matters that also have to be brought to bear in this debate.

THE CHAIR: It seems a bit speculative.

Mr Corbell: For this reason I have taken the view that LRT is the preferred mode. It certainly stacks up on a cost-benefit analysis. It certainly stacks up on a service delivery analysis. But it also has the benefit of being a mode that people respond to in a way that buses cannot match. That is another relevant consideration.

There is nothing particularly radical in what I say. City leaders around the world, city transport planners around the world, are engaged in this debate, and they, in cities around the world that have looked at LRT, have learnt that there is a level of popular support and therefore patronage that can be achieved with LRT that simply cannot be achieved with BRT. So these are relevant considerations as well.

MR GENTLEMAN: Minister, just continuing on with the studies that you have seen in Portland, has there been any effect on the rate of population growth in the city in

regard to their public transport system?

Mr Corbell: I would have to take it on notice, Mr Gentleman, around some specifics around the Portland debate. Portland is often seen as a city that has been able to achieve a more sustainable pattern of development by investing in LRT infrastructure and then concentrating development along those corridors. They have been able to constrain their outward sprawl and provide more opportunities for people to live close to reliable, frequent public transport services to get between key employment and residential sectors. Those are the same assumptions and the same strategic objectives that are set out in the government's planning strategy.

MR SMYTH: On the matter of the uplift, how far out do you have to go to get the uplift and what are the density changes? I notice in the city to the lake project, the material that has been propagated there, it just seems to be the blocks that face directly onto Northbourne Avenue. I have been told often you have to go 400 or 500 metres out to get the uplift that you are talking about. How far out do you travel from Northbourne Avenue and to what density do you have to go?

Mr Corbell: The assumptions, if I recall correctly, are in the order of about 500 metres on each side of the corridor, which equates to people's willingness to either walk or cycle to a station with relative convenience. Those are the general assumptions around how far people are willing to move on foot or by bike to get to a station.

In terms of your question about density, the assumptions around density are based on the existing zoning controls in the territory plan and the national capital plan. The government has not made assumptions about density based on rezoning and increasing density in the corridor. We have actually had a look at what the current zoning provides for and have come to the conclusion that it is more than adequate to accommodate the number of dwellings within the corridor that help make this business case stack up.

Whilst there may be some potential for, on a couple of landmark sites, if you like, slightly higher buildings and so on, those will be very much the exception, if at all. The assumptions in the economic business case are around realising the zoning potential that already exists, not some hypothetical higher level of zoning.

MR SMYTH: That is not the question I asked. I asked: what will the density need to go to? What is the density on the corridor at this stage?

Mr Corbell: By what measure? Dwellings per hectare?

MR SMYTH: Let us do population per hectare.

Mr Corbell: Population per hectare. Are you able to answer that question today?

Dr Brady: No; sorry.

Mr Corbell: I would have to take the question on notice. Those figures are available; I am happy to make those available to you.

MR SMYTH: And what the uplift will take it to—what it is currently and what you expect it to be. And perhaps we will do population and dwellings.

Mr Corbell: Again, I am happy to provide that information to the committee.

DR BOURKE: And perhaps you could give some comparative assessments with other Australian capital cities in the middle suburbs.

MR SMYTH: I find it quite astounding that we do not have that information today. These are basic assumptions. You talk about an uplift in one of your two reports. At the heart of that is the population. Not to have these numbers to have a discussion about today I find quite unacceptable, I have to say.

Mr Corbell: I will take that as a comment.

MR COE: Minister, I am sure you are across an article which appeared in the *BRW* magazine in November last year which reported commentary that the Gold Coast public-private partnership was marginal as to whether it would get off the ground or not. The Canberra patronage is likely to be half that of GoldLinQ. Therefore, the commentary in that article is that it is going to be very difficult for a PPP model to get up in the ACT. Do you share that view?

Mr Corbell: That is speculation. As I have indicated previously in questions I have taken in the Assembly and elsewhere, the government has received a significant level of interest from the private sector in this project.

MR COE: Is that for construction or for throwing money at it?

Mr Corbell: The private sector generally approaches government in the context of the PPP discussion.

MR GENTLEMAN: Have you looked at how the PPP is operating at the Gold Coast.

Mr Corbell: The project is not yet operational, Mr Gentleman, but it is under construction and the private sector partners are closely engaged. I have looked at the experience in the Gold Coast. I have met with the chief executive of the key private sector partner in the GoldLinQ project. That has been very useful for our consideration of this project and how it should be governed as well as considerations in terms of the financing choices before the territory. I and officials have also met with the project owners in Queensland, the state government, and their relevant officials, to understand the considerations brought to bear in those projects. And finally, we have met with the Gold Coast City Council officials, who also have a stake in the GoldLinQ project and who also made a significant investment in that project, to the tune of around \$100 million—from the Gold Coast City Council to assist with the realisation of the project up there.

The issue with light rail is that if it was easy it would already have been done. But it is not an easy project. It is a complex project, but it is worth doing. It will fundamentally change the way people perceive public transport and their willingness to consider it as

a viable alternative to the motor vehicle. It will fundamentally change the way settlement and development occur in the city and how the property sector and the housing sector consider where developments should occur and the types of housing products that should be made available. It will assist us to decarbonise our transport network by allowing us to switch to an electricity-based transport mode which can be powered by renewables. And it will encourage a more active city in that more people will walk, more people will cycle, more people will use public transport. It is a healthier city; it is a more active city; and it will be less of a city which is dominated by the need for large roadways, large noisy roadways, and heavy reliance on the private motor vehicle. These are all objectives that, as a city, we should be striving to achieve.

THE CHAIR: Minister, in comparison to other jurisdictions, there is discussion about the Gold Coast, but I want to go back to Portland. I have just done some quick research on the web. Portland's population density is four times greater than that of the ACT.

Mr Corbell: Yes.

THE CHAIR: Population density is a pretty critical factor when it comes to the feasibility of a system like this. I would have thought that comparison with a city that has demographics which are significantly different from the ACT's, with a density four times greater—have you looked at that when you are using Portland as your comparator to the ACT?

Mr Corbell: Exactly, Mr Hanson. It is denser because they have a great public transport system.

THE CHAIR: Is it? So you are saying that the population density of Portland has gone up four times since light rail came into being? Is that what you are saying?

Mr Corbell: I do not have the specific figures, but I can tell you that they have been able to achieve a denser urban environment in terms of population density because they have invested in good public transport. Portland went through a period when they believed the only response to their transport needs was to build more freeways. It was citizen opposition to proposals to build new freeways through existing parts of the city centre, including the reclamation and demolition of a number of residential areas in the city centre, that led the city leaders of Portland to revisit decisions, and as a result—

THE CHAIR: But no-one is suggesting that for Canberra, are they? No-one is suggesting—

Mr Corbell: As a result—I am just trying to give you some context. You raised—

THE CHAIR: No-one is suggesting we are knocking down residential areas.

Mr Corbell: There has been opposition, as you know, to certain freeway projects in the city in recent years.

THE CHAIR: What? Can you name one? Majura parkway.

Mr Corbell: The Gungahlin Drive extension would be a good example.

THE CHAIR: That was hardly knocking down residential areas, was it?

Mr Corbell: I said there had been opposition to freeway projects, and there has been.

THE CHAIR: Come on.

Mr Corbell: You are engaging in the debate, Mr Hanson. The point is—

THE CHAIR: You are comparing apples with oranges.

Mr Corbell: No, I am not at all. The point is that liveable cities, human cities, are not cities that are dominated—

THE CHAIR: What is an inhuman city? That is a nonsense word.

DR BOURKE: Let him finish.

Mr Corbell: If I can finish my answer, we can have a debate about it if you like, Mr Hanson. A liveable city and a human city—that is, a city that is designed for people and which is of a human scale—have very good public transport systems and do not allow their cities to be dominated by the need for large-scale road infrastructure which alienates spaces, which creates spaces which people feel unsafe and unwelcome in. Liveable and human cities invest in good public transport that creates liveable public spaces which are about people rather than cars and creates spaces where people feel safe to move around—

THE CHAIR: What road is this replacing, then? If this is going to be part of it being a more human city, what road is your light rail program going to replace?

Mr Corbell: It is designed to reduce congestion and make Northbourne Avenue much more effective as a transport corridor. These are fundamentally decisions about priority. We can continue to invest tens or hundreds of millions of dollars in road infrastructure and create more and more freeways. Those will be the choices our city faces at the end of the day: over the next 10 to 20 or 30 years, should we continue to have to build more freeways, larger roads, which cost us about the same amount as this project will cost the territory—in fact, much more—

THE CHAIR: Finally, minister, you talked about—

Mr Corbell: Let me respond to your question. Or we can make some decisions about allowing more people to move around the city quickly and efficiently without being reliant on the private motor vehicle, without the need to alienate more and more public spaces for roadway, and instead create liveable, human places that people actually enjoy being in.

THE CHAIR: You talked about human cities and the importance of human cities.

Can you give me an example of a city that you know that is not a human city?

Mr Corbell: By “human”, I mean giving priority to people rather than cars. These are concepts that are well understood in planning literature, in urban design literature. Ask anyone engaged in this debate—the Government Architect, the Institute of Architects, the Planning Institute, urban designers, city leaders around the world. We can have spaces which are designed solely for the private motor vehicle, which tend to end up becoming quite alien places.

THE CHAIR: But this does not replace a road. This does not change Northbourne. Northbourne is going to remain the same regardless. It does not create any change to Northbourne in terms of its nature, does it?

Mr Corbell: Or we can choose to create places which put people first rather than motor vehicles first and which people enjoy being in, can socialise in, can integrate in and can live the life of a citizen in a city in.

THE CHAIR: How do you socialise better being on a bus or a light rail tram? What is the difference?

DR BOURKE: It is a bit more sociable than being in a car.

Mr Corbell: The point I am making, Mr Hanson, is that we do not want spaces which become alien and unsafe to people. And large-scale road projects do that.

THE CHAIR: But there is no large-scale road project that this is going to replace. In putting a light rail system down the centre of Northbourne, you are still going to have Northbourne remaining just as it is now. What is the difference?

Mr Corbell: It will fundamentally change Northbourne Avenue. At the moment—

THE CHAIR: By making it more accessible?

Mr Corbell: If I could answer the question. It will fundamentally change the layout and the structure of Northbourne Avenue. First of all, you will have many more people walking and cycling up and down the corridor and in and out of the corridor, because they will be accessing light rail services within the corridor. Secondly, as part of the development of LRT along the corridor, there will be significant upgrades and improvements in pedestrian and cycling infrastructure and in the public realm. For example, at the moment Northbourne Avenue is often poorly lit at night. It is not a safe place to move up and down in at night in many spots, because it is dark and poorly lit. Pedestrian infrastructure is often inadequate. Cycling infrastructure needs to be improved.

THE CHAIR: You do not need light rail to do that, do you? Improve the lighting and the cycling infrastructure. It has got nothing to do with light rail.

Mr Corbell: As part of the upgrade in public transport services, there will also be an upgrade in the infrastructure for cyclists and pedestrians. These are moves that will make Northbourne Avenue a much more human place to be in, to exist in and to move

along. It will create the avenue that was originally envisaged as part of the plan for our city. Northbourne Avenue was not meant to be a six-lane freeway; it was meant to be a true avenue or boulevard where as many people walked and cycled along it as used other transport modes. We are trying to reclaim and recapture this avenue for everybody. Yes, we want it to be an efficient corridor for all forms of transport—cars as well as public transit—but we also want it to be a place where people can cycle and walk safely, actively, at all times of the day or night. Because of the investment we will be putting into the corridor, that investment also includes cycling and pedestrian upgrades to provide well-lit, wide pedestrian and cycle ways as well as the public transport improvements.

DR BOURKE: You have talked a lot about active travel this morning, minister. What is the benefit of that to the city?

Mr Corbell: First and foremost, active cities, in terms of people being able to choose to cycle or walk, are healthier cities—healthier for individual citizens who are choosing and able to move around the city more under their own power rather than relying on sitting a car. Any form of activity amongst citizens is highly desirable in terms of health outcomes. We need to get more people moving, quite frankly, because of the burden and the challenge of issues around obesity and other so-called lifestyle-related conditions—diabetes and so on—which are largely a result of highly sedentary lives. The more people can move around the city by walking and cycling, the better the health outcomes for our citizens.

The second outcome and improvement is more people on the street. The more people there are moving up and down a street, the safer our public places become. We know through urban design assessments that active spaces are safe spaces. If there are citizens on the street moving around the street, up and down, day or night, you are safer. You are safer as a person—rather than going through a dark, empty place late at night or even during some times of the day.

Those are the types of benefits that you get, amongst many others, from encouraging those types of transport choices. And those are dictated by built form and they are dictated by the level of service provision that is provided.

DR BOURKE: You talked about safety, minister. Most studies indicate that Canberra is a very safe place. Are you talking more about perceptions of safety?

Mr Corbell: It is both. It is perception and actual safety. Perceptions of crime are always of concern. Even though Canberra is a very safe place, when you look at any crime figures, there are still issues around perceptions of crime. People will avoid walking in dark spaces at night, and some people more than others. For example, women, young women, will not walk alone at night in the dark.

Those are sensible precautions to take, but we need to encourage and create places where people are able to feel that they are safe to move around at all times of the day and night. Particularly if public transport is to be a choice, a real choice, and a viable alternative to the car, people have to feel that once they finish their journey on, say, the light rail, it is safe to walk home. Improving the infrastructure—lighting, pedestrian paths and so on—as well as having more people moving around in that

mode means that safety does increase. Perceptions of safety also increase, and that encourages more people to make those journeys, because they feel safe.

DR BOURKE: What effect is this going to have on our ageing population where people in their 70s and 80s no longer feel like they want to drive their car at night or at all?

Mr Corbell: It will certainly have benefits for those people as well if they feel that they have got a viable alternative to having to own a motor vehicle.

MR GENTLEMAN: Minister, what do you think the effect will be on the amenity of the city in moving away from the construction of freeways to more public transport?

Mr Corbell: As I said before, Mr Gentleman, we can have cities that are increasingly dominated by the need to accommodate private motor vehicle journeys or we can have cities that are designed and built to accommodate people-friendly spaces. I would rather the latter than the former.

Canberra is fortunate in that to date we have been able to accommodate large-scale pieces of road infrastructure without too much impact on a number of our spaces, although when you look at some of the planning decisions that have been made there have been quite detrimental impacts on parts even of our city centre from the large-scale freeway building of the 1960s and 1970s, such as Parkes Way, which is a massive barrier, disconnecting the city from its best address, which is Lake Burley Griffin, and disconnecting a lot of people as a result. Or we have issues like trying to get across Vernon Circle, Northbourne Avenue, east-west. We all, I think, are familiar with how unsafe and how difficult that is. The primary purpose of that corridor is for fast motor vehicle traffic. Those are the types of issues we are seeking to address.

MR GENTLEMAN: Some cities in Europe, such as Freiburg in Germany, have banned automobiles from the city centre, which you can access only by light rail or public transport. Do you think that improved the amenity in those cities?

Mr Corbell: Undoubtedly it did. Those are very different cities. They are medieval cities with an inner city street network which pre-dates the motor vehicle. They are different cities. But the point is still illustrative insofar as you can create spaces and places which put people rather than cars first, and those are environments that overwhelmingly people favour being in and enjoy.

THE CHAIR: In terms of people enjoying certain areas, I will just quote from the internet again regarding Portland:

During redevelopment of north Portland along the ... yellow line, displacement of minorities occurred at a drastic rate. Out of 29 census tracts in north and northeast Portland, ten were majority nonwhite in 2000. By 2010, none of these tracts were majority nonwhite as gentrification drove the cost of living up. Today, Portland's African-American community is concentrated in the north and northeast section of the city, mainly in the King neighborhood.

Have you looked at the impact of this in driving up the cost of living and what that is going to do in terms of displacing people who simply cannot afford to live there, as

has been the experience in Portland?

Mr Corbell: That is not a reason not to do something. That is not a reason not to build light rail. That is a reason to make sure that—

THE CHAIR: So you accept that it is going to push up the cost of living?

Mr Corbell: No, I do not. Gentrification does occur in cities—

THE CHAIR: You are taking the good bits out of the Portland experience but not the bad bits, are you?

Mr Corbell: Am I able to answer your question, Mr Chair?

THE CHAIR: Sure.

Mr Corbell: Gentrification does occur in cities, and it occurs for a range of reasons. As property values increase, as places become desirable, you face risks around gentrification. But that is not a reason not to invest in better public transport. That is a reason to make sure that the accompanying policy settings, such as adequate provision of social housing in a range of locations which are close to good public transport, are still facilitated and maintained.

For example, that is why here in Canberra the government is making sure that, as part of our redevelopment of public housing estates, all of which are located in very good proximity to good public transport, social equity issues are taken into account and social equity outcomes are maintained by ensuring that there is still a good level of social housing for low income groups close to good public transport.

In fact, building better public transport helps disadvantaged groups as long as you make sure that the social housing outcomes mirror and are in place to take advantage of that. So, if anything, we believe that we are going to get better social equity outcomes because we are investing in better public transport close to where significant numbers of people on lower incomes live, because they live in social housing adjacent to the corridors.

THE CHAIR: Mr Coe.

MR COE: Minister, you referred to the Gold Coast scenario a fair bit. In one way it is applicable, but the Gold Coast is costing about \$1 billion. They are expecting to get 50,000 passengers in a catchment of 500,000 people and a city which attracts 10 million visitors. We are investing two-thirds of that and we are getting less than 10 per cent of the patronage. So instead of 50,000 we are getting 4,500. Our catchment area, which you have provided—which I think is somewhat ambitious—is 104,000. How do these numbers stack up? What tourists are going to be using this service? What tourists are going to go up Northbourne, especially if you remove Thoroughbred Park and EPIC?

Mr Corbell: First of all, I am not sure whether you are comparing like with like in terms of patronage numbers. I will take that—

MR COE: Well, your figures say 4½ thousand.

Mr Corbell: No, in terms of your comparison with the Gold Coast. I am not sure whether you are comparing—

MR COE: They say 50 to 75,000.

Mr Corbell: During the peak?

MR COE: They are saying 50 to 75,000.

Mr Corbell: During the peak?

MR COE: I am not sure.

Mr Corbell: That is my point. I think the issue that we have to have regard to here is that this is the first stage of a broader network. But you have to start it somewhere. You cannot build everything straightaway; you build it in stages. That is what we are proposing to do here. This is designed primarily for commuters. It is a commuter service. It is not designed as a tourist service; it is designed as a commuter service. It is about giving people who live along the corridor, people who live in the further out suburbs in Gungahlin, the opportunity to get good levels of public transport service into the city centre.

MR COE: It is not going out to the further suburbs of Gungahlin. Where is it going to—Forde or Bonner or Amaroo?

Mr Corbell: It allows people who live in those suburbs to conveniently connect at the terminus in the Gungahlin Town Centre.

MR COE: The 200 series does that now.

Mr Corbell: That is your view, Mr Coe.

MR COE: Well, does it not?

Mr Corbell: But we believe that we will see a better level of utilisation of public transport because of the investment in LRT. That is the experience of LRT around the world. I know that philosophically you do not agree with light rail. I know that you do not even agree with providing a public subsidy to public transport. I know that your approach to transport in this city is simply to facilitate more and more car use by building thousands and thousands of car parks.

THE CHAIR: Mr Corbell, although your commentary is interesting, if you could stick to answering the question rather than—

Mr Corbell: I am answering the question.

THE CHAIR: speculating on what someone's views may or may not be.

Mr Corbell: I am answering the question. I think we have moved away from questions about the project and more into a debate about whether or not it is a good idea. So I am putting on the record—

MR COE: I asked about the comparison with the Gold Coast.

THE CHAIR: It is a pretty clear comparative analysis to the Gold Coast. I ask you to be directly relevant, minister.

Mr Corbell: the government's position.

THE CHAIR: Yes, and the government's position is what we are after here, not speculation.

MR CORBELL: That is, we can choose to invest more and more in private motor vehicle infrastructure, but it is a zero sum gain. At the end of the day, the more you facilitate car use, the more cars you have on the roads, the more congestion you have the more you have to facilitate it even more. You have got to give people an alternative. That is what we are trying to do. We are trying to give people an alternative to having to invest more and more in very large-scale and expensive pieces of road infrastructure. Now, that is not to say that there is not a role for the private motor vehicle; there is. But it is about moderating the need to invest heavily in infrastructure for the private motor vehicle—

MR COE: Then why did you invest so much money in building the park and ride facilities?

Mr Corbell: To improve choices. I have just answered that.

THE CHAIR: Mr Corbell, one of the concerns I have from constituents in Gungahlin is not so much now the GDE as such but actually getting out of Gungahlin and getting around in Gungahlin. If you are saying that this is going to be something that would perhaps make life more convenient or improve the commute time, what infrastructure are you going to have on roads in and around Gungahlin which will actually facilitate people getting to the station to be able to park? If it is going to take people half an hour to get to the station, then they are just not going to utilise this service.

Mr Corbell: The government has an ongoing program of upgrading and improving internal road networks within districts like Gungahlin. That will continue. In the same way, we will continue to invest in infrastructure to facilitate connections with a future light rail terminus in the Gungahlin town centre, park and ride facilities, bike and ride facilities and improvements to the suburban bus connections between the Gungahlin town centre and Gungahlin suburbs. That is all part of the broader considerations.

THE CHAIR: Have you incorporated, as part of your costs for this project, the necessity to develop the road infrastructure that would allow people to actually get to the station and the cost of additional car parking required in Gungahlin?

Mr Corbell: The road infrastructure is a cost regardless of whether or not we build

LRT. That is something that is done anyway.

MR COE: So there is no correlation between reduced road usage and light rail? Is that what you are saying?

Mr Corbell: Mr Hanson's question is not about the large freeway connections between centres. Mr Hanson's question, as I took it, was about the internal—

THE CHAIR: Are you going to build more roads internal to Gungahlin?

Mr Corbell: If I can answer the question.

MR COE: The freeway is being avoided as a result of this.

DR BOURKE: I think one at a time, chair.

Mr Corbell: Mr Hanson's question was about the internal road network within Gungahlin, and the point I made was that upgrades to the operation of the internal road network within the Gungahlin district are an ongoing consideration for government regardless of whether or not the LRT project was to proceed.

THE CHAIR: Sure, but if you are increasing peak-hour traffic internal to Gungahlin, everybody coming in from Forde, Amaroo, Ngunnawal and all the satellites, trying to get to this railway station, then that is going to necessitate road works above and beyond what would otherwise be planned, because at peak hour people are normally heading towards the major arterials, they are not all heading internally. Surely you have done some scoping studies and you have worked out that that is going to necessitate additional infrastructure in roads internal to Gungahlin. Otherwise people are just going to be log-jammed trying to get to this railway station and you have resolved nothing. Are you saying that that is not part of the study?

Mr Corbell: These issues are part of the broader planning considerations. It will depend which parts of the internal road network we are talking about. So it is difficult to be specific about the issue you raise. But in general, these are issues which are taken account of as part of the general planning considerations for the project. But the point I would make is that road connections, if you look at business as usual, that is, without LRT, would be subject to considerations about capacity and improvements in any event.

THE CHAIR: Yes, but when you are doing your transport planning, when you look at the Gungahlin town centre, that does not on a normal day have a lot of extra usage at the peak periods, with people all driving into the centre, does it? That is new.

Ms Ekelund: If I could make the observation that it is not necessarily that all the residents of Gungahlin who want to use this facility would all go to the one stop to get on. There are multiple stops planned for Gungahlin. So there will be multiple opportunities for residents to get onto the light rail. And there was reference to park and ride. There might be multiple park and rides. It certainly would not be envisaged that you have your main park and ride necessarily right in the middle of the Gungahlin town centre to compete with the other residents that might be using car parking. It

might be located in Mitchell instead, which would probably be more sensible. That would mean the facility could probably be used by some Belconnen residents as well.

THE CHAIR: So you drive from Gungahlin to Mitchell, go into a car park in Mitchell and get on a light rail to then go into the city?

Ms Ekelund: It is quite possible. If you—

THE CHAIR: How many people are going to do that?

Ms Ekelund: I would suggest there will be quite a number of people that do that. That is how our park and rides operate with our buses already. And it has been shown, as the minister indicated, that light rail is seen as a much more desirable public transport mode than buses. So, proportionally, one would expect that more people would have a preparedness to drive to a park and ride for light rail.

Likewise, the minister talked about the walking catchments associated with light rail. There have been studies that have shown that people are often prepared to walk twice as far to actually access fixed rail than they are to get a bus. So there are, as the minister indicated, some psychological advantages that people see with a fixed rail system that they are prepared to use. They see it as a desirable form of public transport. And also, as the minister said, it is about the transformation of the whole corridor and the way in which this service will be a catalyst to redevelopment.

DR BOURKE: So are you suggesting that people might walk up to 800 metres in this transformational project?

Ms Ekelund: Indeed, there has been work that suggests for a reliable, frequent service, people will walk up to a kilometre. And there is quite a lot of work that has been done in Sydney in transport systems which indicate that.

DR BOURKE: That certainly fits back into the active city talk that we were talking about this morning.

MR COE: On the psychological considerations, the evidence in most of the studies I have seen suggests that the closer the park and ride is to the final destination, the fewer people will use it. So you need a park and ride as close as possible to where people live for people to otherwise avoid saying, "Stuff it, I've already gone 70 per cent of the way there. I've already gone from Bonner to Flemington to EPIC. I may as well just drive the final three, four or five kilometres." Therefore, as much as possible, it is going to have to be near the beginning of the route, is that not so?

Mr Corbell: Those are all relevant considerations. And you have to make assessments of what people are prepared to trade off in terms of time versus cost. And obviously, the cost of parking, as the relative scarcity of parking increases as the city centre develops, does have an impact on cost. And also, issues around time, such as congestion in the city centre versus the convenience of alternative transport modes, are all issues that people will take into account in making these decisions. So they are not straightforward or easy assessments to make but those are the types of considerations that our planning professionals look at and take into account in the

placement of those pieces of infrastructure like park and rides.

THE CHAIR: Thank you very much, minister and officials. It was a vigorous debate this morning. That is good, as it should be. The committee will suspend now for lunch and we will recommence at 2 pm with the Chief Minister appearing as the Minister for Higher Education.

Mr Corbell: Before you finish, I will table the project update 3, which is publicly available and was published in September last year. For the information of the committee, I make that available.

THE CHAIR: Thank you.

Sitting suspended from 12.29 to 2.01 pm.

Appearances:

Gallagher, Ms Katy, Chief Minister, Minister for Regional Development, Minister for Health and Minister for Higher Education

Education and Training Directorate

Cover, Ms Leanne, Acting Director-General

Johnston, Ms Jayne, Executive Director, Tertiary Education and Performance

THE CHAIR: Good afternoon. Welcome, minister and officials. Have you seen the privilege statement? You are across that; you are aware of that?

Ms Gallagher: Thank you, chair.

THE CHAIR: That is fantastic. Minister, would you like to make an opening statement?

Ms Gallagher: I will make a few opening comments. As you will recall, I took on the role of Minister for Higher Education following the ACT election last year. This is the first time we have had a separate portfolio for higher education and it reflects a decision of mine to be leading some of the discussions around higher education in the territory.

In this budget you will see the commencement of a study Canberra initiative which has an allocation of just over \$2 million over four years to work with the local tertiary education providers to promote Canberra as a higher education destination. I am very pleased with the work that has been done to date. Study Canberra came out of the work that was done by the Learning Capital Council in terms of forward planning of how to position Canberra as a higher education capital.

My priority in the next year will be to implement the study Canberra initiative. It will be to work directly with the vice-chancellors across our universities to make sure we are maximising the opportunities for the growth of the higher education sector here. There are obviously other ways we work with the tertiary education providers. This budget reflects some of those partnerships and historically those relationships. For example, the University of Canberra public hospital is progressed in this budget, as is the Centenary Chair in Cancer Research which we have discussed at previous estimates hearings.

There are other ways that we will continue to work with the higher education sector, but relevant to this portfolio is perhaps the study Canberra initiative. I would be happy to take further questions on it.

THE CHAIR: I would like to go to the impact of Gonski on the higher education sector here in the ACT. I am struggling to see how, I must admit, this has been a good deal for the ACT in many ways. I note that in terms of secondary education and primary education, it seems we have lost \$31 million comparative to what was planned under national partnerships. As far as I can measure, there is at least \$60 million being ripped out of our university sector. That is going to result in the cutting of a number of courses at UC, and in particular language courses, and ANU is

struggling to find how it is going to make \$50 million of cuts to its organisation. What consideration did you give to these massive cuts to higher education in the ACT before you signed up to Gonski?

Ms Gallagher: It is probably important to realise that the cuts to higher education were done as part of the budget, so my signing up to Gonski or not signing up to Gonski would not have changed that outcome. They were separate decisions by the federal government.

I have certainly made it clear that we have regretted the efficiency dividend that has been placed on the universities. I have met with both Vice-Chancellor Ian Young and Vice-Chancellor Stephen Parker around the changes they are making as part of the efficiency program over the next four years. But they are very much separate decisions from the ACT government. The only decision in the ACT government capacity was around Gonski; it was not around the efficiency dividend. That was removed as part of the budget.

THE CHAIR: But my understanding, and correct me if I am wrong, is that the federal government, as part of its Gonski reforms, announced at the same time that it was going to implement Gonski that, in order to pay for it, or in part pay for it, it was going to make these other cuts. Essentially, if Gonski goes ahead, these cuts go ahead. Or don't you see that connection?

Ms Gallagher: No, there was not a connection at all. The federal government made it very clear. In that sense the ACT government had no decision making or influence, and nor did any other government, around the changes that were made to any other line in the federal budget. They made a decision, they have implemented it, and a separate decision to that is to channel that money into Gonski.

THE CHAIR: So you were told essentially that should Gonski not go ahead because no-one signs up to it, those cuts to the tertiary institutions were going ahead anyway?

Ms Gallagher: I think the federal government made it clear, or they certainly made it clear around the COAG table—no secret there—that if agreement was not reached on the Gonski agreement, as it is called, and national partnerships expired, they would seek to implement their decisions about their own funding, their own needs-based funding, independently of the states and the territories. What I am trying to get you to understand is that, even if we had not signed Gonski, it would not return that money to the university sector. They are separate decisions by the federal government.

THE CHAIR: You mentioned that—

DR BOURKE: New South Wales were pretty keen to sign up, weren't they, minister?

THE CHAIR: I will just finish my question, thanks, Dr Bourke. You mentioned that you have had some engagement with the University of Canberra and the ANU. Have you spoken to the Australian Catholic University, the University of New South Wales on the ADFA campus or Charles Sturt, who have got a campus here?

Ms Gallagher: I have spoken to those separately and they have not raised any

concerns around the efficiency dividend. So maybe it is a scale matter. But certainly not with me. I have met them through the vice-chancellors forum that I have established. But with respect to the big universities in town where the vast majority of our students are educated, I have certainly discussed it with them and the changes that they are looking to implement.

DR BOURKE: Chief Minister, talking about study Canberra, can you advise the committee what this \$2 million initiative will deliver to the ACT and how it will assist universities to grow our tertiary sector and our knowledge economy?

Ms Gallagher: The Learning Capital Council were established to provide advice to the government on matters around higher education and vocational education and training. Out of that they developed an idea which study Canberra has been modelled on. This is around providing a relatively small amount of financial support to coordinate activities and priorities to promote Canberra as a learning capital.

The universities individually do their own marketing exercises and promotion exercises, and individually have their own notional targets about where they would like to see growth in their university. But quite often other issues operate across Canberra where we are all on the same page. So this is to establish a small unit to manage the study Canberra initiative. I have had my first meeting with the vice-chancellors forum. I have made it clear to them that I want them to be directing and advising on this initiative. It is about coordinating our efforts, so there is not one person in charge. From the outcomes of that meeting we are developing some more ideas around certainly the first year's implementation of this initiative. So there is some more work to be done, but this will require a body in a seat to help to start that work.

DR BOURKE: How do the study Canberra initiatives link in with your regional development portfolio?

Ms Gallagher: It will link in. When you talk with the vice-chancellors, they will tell you that the domestic market is pretty tight these days. The universities are developing programs for the region. I think the emergence of the national broadband network will assist in other programs that universities can offer.

I think our role as the major education hub for the region is already there, but it is about growing that. Also, in my work as regional development minister, a lot of the local towns would like people to stay there, and therefore look at how we can provide education back in. I know the universities are looking at that as well. So this initiative will build us up as a region, but we also have to look at our responsibilities to the region in terms of providing opportunities for online education.

The University of Canberra and the ANU are providing some health programs out in the region, and they have got some commonwealth support for that. So there are pilots and models for the way it can work. I think these two, regional development and higher education, and Chief Minister's, actually work very well together.

DR BOURKE: You have talked about the universities and also the region, but what sort of non-government groups have you been working with around this area?

Ms Gallagher: In study Canberra?

DR BOURKE: Yes.

Ms Gallagher: At the moment I am just targeting the universities. The Learning Capital Council had some broader representation from some private training providers and vocational education and training. At the moment, as we are establishing this program, we are just going to focus on the university sector. Sometimes in a small government you set yourself too many priorities, too many targets and too many areas to focus on. With this initiative we are going to try to be very tailored. Once we have agreed what the priorities are, we will stick to that priority and just work on that. Rather than have five things we are working on and doing each of them reasonably well, we will have one or two priorities which we do exceedingly well.

MR GENTLEMAN: Minister, how do you think this will provide assistance to build Canberra's profile as a study-centric city for Australia?

Ms Gallagher: There is no doubt that our efforts should be coordinated. We have had programs like this, such as live in Canberra, that have been very successful in promoting the city. But if we could get the universities, particularly the ANU and UC, who are the key universities in the town, to work with us on promoting Canberra we are going to get a better bang for our buck. As I said in my opening comments, everyone has their own marketing strategy and their own PR teams, but we need to combine them in certain areas to project an image of Canberra out.

The universities in particular work with overseas agents. They visit regularly. They have a very good understanding about what will sell the city, which perhaps we do not have because we are not overseas all the time and working in this competitive space. I think the vice-chancellors are very clear on what the strengths of Canberra are and how we should be focusing more on that. It is about things like accommodation, safety and being accepted—having a multicultural city, for example. They are all strengths. There is the natural beauty of the city. There are all of those issues when we look at how we are able to work with the universities in getting our message across.

The universities are overseas far more frequently than the government, so if they are able to have enough information and an agreed statement about what is good about Canberra, that will help us, and also with us going over there at times to open doors and make those connections that the university wants, that would work as well.

MR GENTLEMAN: You mentioned accommodation. Have you seen the provision in the sector for accommodation for international students, for example, have a direct correlation to the uptake of new students?

Ms Gallagher: There is no doubt that accommodation is probably the big issue for international students. Increasingly, families overseas are prepared to pay for education in another country but they would also like accommodation to come as part of that. Both major universities here look at the accommodation guarantee—that if you come and study you will have accommodation—as part of how they promote what they have to offer.

Accommodation is incredibly important. We recognised that several years ago with some of the work we have done on city west and with the University of Canberra in the provision of their student accommodation. All of that student accommodation on the west side—ANU, Weeden Lodge at the University of Canberra—again are partnerships with the ACT government.

MR SMYTH: Could we just go through the mechanics of how you see this working? There is no output class for higher education. This endeavour is in the Chief Minister's department or is it in the education directorate?

Ms Gallagher: It is across directorates at the moment. I am getting support and assistance from Chief Minister's as well from education. I would be very happy to take any estimates committee advice on how you would like to see it presented. It has been a challenge. I accept that. There is not a separate appropriation for this portfolio, there are not those output classes, but there is some money coming in, although that is, I think, being paid through CMTD, through study Canberra. There is a Minister for Higher Education, but I have not taken any funds with me.

MR SMYTH: Where are the strategic and accountability indicators for higher ed therefore?

Ms Gallagher: Certainly as part of this portfolio, there are none. You would have your own through education?

Ms Johnston: Yes, although they mostly do talk about the vocational education and training side. I think the minister is right.

MR SMYTH: There is no higher ed appropriation in education either. So is it your intention to have some strategic or accountability indicators as to whether or not the portfolio is delivering, and how will you measure them?

Ms Gallagher: We do have to measure it. I was primarily going to do it through the study Canberra initiative and some of the accountability around that, because at the first meeting I have had with the vice-chancellors since the budget, one of the things we did say was that we wanted to agree on what some particular targets were for that initiative. We have not agreed on them yet, on what they would be or what they would look like. But we will do that. It is, I think, No 1 on the agenda items for the second meeting.

MR SMYTH: The funding is in Chief Minister's. In which area would we find your intention of having the accountability indicators against this spend?

Ms Gallagher: It was not settled, other than it being in Chief Minister's and part of Chief Minister's. It is in budget paper 4. Not every single program in government has an accountability indicator. This is a subset of—

MR SMYTH: But normally portfolios do.

Ms Gallagher: Yes. This is a subset of a program within ACT government. All I can

say is that if you think there should be somewhere that we reflect an accountability indicator, I am very happy to have a look at that. I was intending to do it through accountability relating to the study Canberra initiative and the reports that would be generated as part of that and through the annual reports.

MR SMYTH: Which facilities are considered higher ed, just for clarity?

Ms Gallagher: I do not want to tread on any education toes here, but the ones I am working with—

MR SMYTH: This is the problem really. You may well end up doing that.

Ms Gallagher: I know, and the ones I am working with, the priority I am working with at the moment, are the universities.

MR SMYTH: So just the ANU, UC, ADFA, ACU and CSU?

Ms Gallagher: Yes.

MR SMYTH: What about tertiary studies at CIT?

Ms Gallagher: Minister Burch has responsibility for CIT, and we left that as part of that portfolio in the admin orders.

THE CHAIR: What about other RTOs?

Ms Gallagher: That is vocational education and training. Yes, that would remain with Minister Burch.

MR SMYTH: There is already a study in Canberra website, and Team Canberra has that. Who is Team Canberra?

Ms Cover: Team Canberra is a consortium of various institutions that have joined together to promote and coordinate some elements of overseas promotional activities to attract students to Canberra.

Ms Gallagher: And at the first meeting of the vice-chancellors forum there was talk of developing up that site and the work that they have been doing as part of the study Canberra initiative, which I have agreed that we need to look at further. In fact, there is a lot of support for doing a lot more online promotion of Canberra as a study destination.

MR SMYTH: Team Canberra belongs to the education department?

Ms Cover: No, Team Canberra is a consortium of various institutions that have come together to do that promotion. It is not run out of the Education and Training Directorate. It is those institutions coming together.

MR SMYTH: So will study Canberra now be stepping on the toes of Team Canberra, because it is fundamentally the same market?

Ms Gallagher: And this was the discussion we had at the vice-chancellors forum, and I think the agreement reached was that we needed to look at how we could manage that. There were a lot of comments about how that was good work but the online content needed to be bolstered and there needed to be more government involvement in selling the message of Canberra as a study destination. That was important primarily to people considering sending their children overseas.

We are not intending, I guess in short, to duplicate things that are already being done. We are intending to enhance the work that has been recognised through the Learning Capital Council and the work underway to improve it further, to set ourselves some targets and to agree on what those should be and, as a small team, go and promote Canberra and grow the international student market.

MR SMYTH: On page 295, the accountability indicators for the education department start. Some of them relate to tertiary entry scores. Particularly, there are a couple about Indigenous education. The percentage of year 12 students who receive a tertiary entrance score is 50 per cent, whereas the Indigenous figure is much lower than that at 19 per cent. Does higher ed now enter into that realm?

Ms Gallagher: Which one are you talking about?

MR SMYTH: At the bottom of 295, 50 per cent of our students as a total get a TER. If we go over to 296, for Indigenous kids, it is only 19 per cent.

Ms Gallagher: No, this is not related to the work that I am doing in higher education. This is focusing on public school education as output class 1.

MR SMYTH: It just promotes the choice. It has got nothing about the capability of the students coming out of the education system. That obviously has an impact on the number of local students. And part of your statement on page 144 of budget paper 3 is that the initiative will support activities to promote Canberra as Australia's study destination of choice for local, national and international students. If you have not got a score to get in, you cannot get in.

Ms Gallagher: Yes, but if we are talking about what I am doing under the study Canberra initiative, I have expectations that the minister for education is accountable for output class 1 and that the quality of public school education is of a standard that would have a high-class local student being eligible for consideration for the universities. But if we are not getting that right, we are not going to get it right under the higher ed portfolio. The effort has gone in from preschool to year 12.

MR SMYTH: One of the priorities for the CIT is to establish partnerships with higher education providers. Will you be part of that initiative?

Ms Gallagher: I can be. As Chief Minister, I am pretty much involved with all of these major partnerships. So there is nothing to keep me out of them. But again, I would expect that those partnerships continue the way they have in the past where they are negotiated locally and the minister for education would have primary responsibility for those. But in a whole-of-government sense, I have responsibility for

the relationship with the universities.

When I meet with Professor Ian Young, he is able to talk to me about multi programs that he is working on, whether it be about land, planning approvals, cancer research or issues like the School of Music. He would raise those. Similarly, Professor Parker will raise issues about development, planning, University of Canberra public hospital, INSPIRE Centre, professional development for teachers. All of those matters will be ones that I deal with as well.

MR SMYTH: So does that mean, for instance, you will have interaction with the Board of Senior Secondary Studies in regard to tertiary outcomes and prospects?

Ms Gallagher: No, not necessarily, other than if the Board of Senior Secondary Studies wanted to meet with me, then I would meet with them as Chief Minister. This role as higher education minister is very much a signal that I take growing the higher education sector of our community so seriously that it is with the Chief Minister and that I will be taking personal oversight of the initiatives and the support that we provide to promote Canberra. It does not mean picking elements out of the minister for education's portfolio. I can see you are enjoying this.

MR SMYTH: I am just intrigued as to how it will work. Higher ed is incredibly important. Is it a fair comment that you see this as a growth sector in the ACT economy rather than an education initiative? You want to grow the sector while leaving educational outcomes and standards to either the ACT education minister who is responsible for getting them ready for uni or the federal education minister who administers the university sector?

Ms Gallagher: Exactly, yes.

MR SMYTH: Does it, therefore, step on the toes of the business portfolio and staff there in regard to things like the international student ambassador program, which we have here and which now fits into global connect? What is the relationship with the international student ambassador program, and how does this work with global connect?

Ms Gallagher: Yes, there are elements where it will cross into the business portfolio as well. I imagine if I do an overseas delegation, for example, and there are opportunities for global connect and use of the supportive program for student ambassadors, that would be available. We are a small government. There are only five of us.

MR SMYTH: Ministers do that all the time. They are going overseas. They just do not necessarily travel for their own portfolio.

Ms Gallagher: I do not know that they go overseas all the time at all. In fact, I have only ever done one overseas trip in 11 years. There is some flexibility, but there is no intention to tread on other people's toes or complicate any matters as all. This is really about raising it to the highest level within the executive and putting all our efforts into promoting the growth of the higher education sector in the ACT. It is what the vice-chancellors want from the government. We want to see that continue to grow and

flourish. And it makes sense that I would have carriage of it as it does cross over a number of different areas across government.

MR SMYTH: How will you work with the Minister for Economic Development, given he has got the student ambassador program? What will be the interaction and coordination there?

Ms Gallagher: As required. I will work with him as required, as I do on a whole range of issues. For example, one of the ideas coming out of the first forum I have had is promoting an international students day, where we put a lot of effort into showcasing the opportunities for education. We bring together student ambassadors. We might bring delegations of potential students to sort of tie into when they might be visiting, when agents might be visiting and to try to put a bit of effort into that. And in that situation, you would see crossover.

MR SMYTH: With regard to the ACT higher education ministerial council, which was started in 2008, is that still operating?

Ms Gallagher: I have not come across that council.

MR SMYTH: Are you going to their meetings, or does Minister Burch go to their meetings?

Ms Gallagher: We might take that on notice. I certainly have not had any dealings with a ministerial council on higher ed.

MR SMYTH: There used to be an ACT council of education exports. Does that council still meet? Will you be going to that council or will Minister Burch be going to that council?

Ms Gallagher: I am sorry, Mr Smyth? I did not catch the end of your question.

MR SMYTH: Are you aware of the ACT council of education exports?

Ms Gallagher: Yes, but, again, I have not met with it myself in this portfolio. I think it is within EDD.

MR SMYTH: Who attends that meeting?

Ms Cover: I can make some comment around that at official level. We do the connections around EDD with their business interactions and business strategy there. That is where the education export group sat. We were certainly part of that group in the past. I think that work you will see coordinated up through the study Canberra initiative that is going to take place. Similarly, we work with Chief Minister and Treasury Directorate as well, as officials, to bring that sort of diverse portfolio that the Chief Minister described together in terms of providing a central area of advice.

MR SMYTH: So who will go to the meetings? Who does the council advise?

Ms Cover: The education export committee that has been in operation is in EDD. I

am happy to take that on notice in terms of getting advice to you from them.

Ms Gallagher: The government expects things to be managed through study Canberra efforts and advice.

THE CHAIR: Mr Smyth, I note your enthusiasm for this topic as the shadow minister for higher ed, but we might pass to other members of the committee so that they have a bit of a go as well. I just have a quick one: minister, do you have a view on CIT and UC and potential for a merger there? It was mooted, I think, last year or the year before. There were some views that there were potential opportunities there. Have you got views on that or are you going to be pursuing that as an issue?

Ms Gallagher: As Chief Minister, not necessarily as the Minister for Higher Education, I think the government has taken a decision that CIT had some other matters to focus on over the last year once negotiations fell away with the University of Canberra, and we have been focusing on that. That is subject to a Commissioner for Public Administration report. We have not pursued it again since we were not able to proceed with the merger. It has not been a priority.

THE CHAIR: Sure. The world has moved on. I know it has not been a priority, but now that you have got this new responsibility, is it going to be one of your priorities?

Ms Gallagher: I think the government's view now is to look at CIT and what needs to happen there to build that as an organisation. There are different views around that. I must say I have not spent a lot of time looking into this in detail in the last few months. Making sure that we have got a very strong vocational education and training public training provider is the starting point, and how to deliver that.

THE CHAIR: So it is off the table; it is not on the agenda? How would you describe it?

Ms Gallagher: I am not saying that change at CIT is off the table, but I would say that there is not a preferred view at this point in time.

THE CHAIR: Dr Bourke.

DR BOURKE: Minister, we have already heard a bit about the study Canberra initiative. How is that going to tie in with the ANU centenary chair in cancer research work within that study Canberra initiative?

Ms Gallagher: Again, if the centenary chair recruitment process is successful and ANU is able to secure an internationally renowned cancer researcher to ANU then I have no doubt, in time, and as that chair builds up capacity, that you would then attract people based on that chair. That is the idea—that you bring a research team, that research team then secures funding and funding then delivers research maybe in partnership with the cancer centre at Canberra Hospital. That, again, will highlight Canberra as a destination for people who want to work with talented people, perform cutting-edge research—all of that. They are linked in that way, but they are quite separate initiatives as well.

DR BOURKE: A couple of weeks ago there was the announcement of \$26 million for the University of Canberra. Could you give us some more details about that? That was from the commonwealth.

Ms Gallagher: Yes, as part of the national plan for school improvement.

DR BOURKE: Yes, it was announced at the same time.

Ms Gallagher: We are just working through some detail with the University of Canberra and the commonwealth government on that, and this was a challenge for us in the negotiations around the new national agreement in education. In many ways, we are at a point where many other jurisdictions want to be in terms of our performance and the amount of resourcing going into our education system. This was additional funding going, basically, to professional development of teachers. We are currently discussing with UC how that should work in a practical sense. So we are looking at the delivery of professional development to teachers and also at our schools as a research base that will inform the national learnings out of the national plan for school improvement. So it has a national focus as well.

DR BOURKE: Coming back to accommodation for tertiary students and the initiatives: as I recollect, this budget offers more support for student accommodation, particularly through a line of credit for UC. You also talked a little bit about regional accommodation as well through the regional development portfolio. Is there much more happening in that area with students living in the region but not necessarily in Canberra?

Ms Gallagher: As I said, there are specific programs that UC and, I think, ANU are doing in the health area, which is students working out in the regions. We certainly have a number of medical students that rotate through regional health services. Certainly, what I hear from the local councils is that they would like more opportunities for education above year 12 to be provided closer to where people live. Whether that is practical in this competitive education environment, I am not certain. I think the NBN and the rollout of more online learning gives some capacity to do that.

I think it is about respecting the view that not everyone should be dragged to Canberra to learn. If you are able to provide more education in an outreach sense then that should be on the table as well. But, at the end of the day, it comes back to whether you can make money out of it. It is a competitive environment these days. Universities need to make money, as do CITs as well. That informs some of those decisions. But it is interesting that when you go and meet with the regional mayors that is one of the things they will say.

MR GENTLEMAN: Minister, you mentioned during the budget speech that the ACT government is continuing to grow our education-based economy to bring significant benefits to our city, including additional research and grant funding and, of course, job creation. Can you tell us what grant funding may become available to universities in the ACT that might help them expand?

Ms Gallagher: There is a different range. One of the things the university said to us is that they get a range of assistance from government across portfolios. We have tried

in this budget to articulate a bit about how that works, because it is not always a budget initiative. It is partnerships like City West and Weeden Lodge—so giving a line of credit and being able to leverage our strength as a government and work with the universities to do certain things.

When you look through over the years where we have been able to partner with the universities, particularly in the area of accommodation, you will see that we have made a big difference. If we were not involved, or the commonwealth was not involved, the universities would have really struggled to provide the amount of accommodation they have needed to. Again, you look at the inspire partnership that we have at University of Canberra for that great facility out there that we have been able to again work with UC over and provide funding for. It is the same with the sports hub, the hospital and the cancer chair.

What we are trying to do through this budget is show all the areas where we are involved with the university, even though we are not the funding government of the university. But it is in our interests to work together and promote Canberra. That is what study Canberra tries to pull together.

MR GENTLEMAN: You have been able to help in the past, though, with land for accommodation, with the ANU exchange, for example.

Ms Gallagher: Exactly; through the provision of land, or we have occasionally given payroll tax waivers. The money we are able to lend them at a cheaper rate for them to go and borrow against helps; it saves money. We can do it because we are a government. In that sense, I think the government and the universities have a very respectful relationship.

MR GENTLEMAN: Have you had any conversations with CSIRO and ANU about any partnerships in a geographical sense?

Ms Gallagher: Not specifically with CSIRO, but I meet regularly with the vice-chancellor of ANU at different events. He knows that the door is always open. In the last week I have met with the University of New South Wales as well for them to brief me on plans they have for their university in areas that they would like to see a partnership with the ACT government. My view has always been that we will put everything on the table. What we can do, we will and what we cannot—if it is not possible—we will have to park that one. It is most genuinely trying to get the mutual benefit of the arrangement in Canberra.

THE CHAIR: Mr Smyth.

MR SMYTH: If we can go to the description of study Canberra on page 144 of budget paper 3 and, firstly, the financials at the top of the page on table 5.2.7. Why does the funding vary so much year from year?

Ms Gallagher: I would have to take on notice the 718 and the 664, but certainly this year it is about rounding up—we do not have anyone in place at the moment. It is a realistic time. By the time the budget is appropriated and we have recruited and have got things in line, we would expect only a partial year effect this year. But we can take

that on notice. I do not have that information with me, so I will not speculate on it. But there were some reasons around that moving around a bit.

MR SMYTH: So there is an FTE attached to study Canberra?

Ms Gallagher: Yes, there is.

MR SMYTH: And it will be what?

Ms Gallagher: Initially it will be the recruitment of a person to start study Canberra, and that will then inform decisions in 2014-15. It is envisaged that it will be a small team. This part-year effect is only one officer involved. The reason I am not going to be definite for you at this point in time is that I have had my first meeting with the vice-chancellors forum and they are keen for this not to result just in money for public servants, if I can be polite.

MR SMYTH: The first person to be recruited will be at what level?

Ms Gallagher: I do not know if that decision has been taken. It would be at a reasonably senior level but not in the senior executive. I imagine a senior officer.

MR SMYTH: So a SOG rather than an EL?

Ms Gallagher: Yes.

MR SMYTH: If we can come to the description a bit further down on the page, you have probably explained the reasoning behind the first sentence but the first half of the second sentence says:

It aims to increase the capacity of ACT tertiary education for research and innovation ...

How will you do that? Will this position be out there lobbying? Will it be seeking funds?

Ms Gallagher: Again—and this will be informed—I am very keen on working with the vice-chancellors. There has to be some flexibility here for areas that emerge as priorities for universities and alliance with the capacity for research dollars to be secured. There does need to be some flexibility with this. One of the things we would like to do is put together a focus on postgraduate study as part of our response. In the short time I have had to look at different jurisdictions' support for postgraduates, I have seen that it does vary across Australia. I would say we are probably at the lower end of support for postgraduate study at different levels. We have to have a look at that as part of it. That is about how we secure the brightest minds to come and do research, work and teach at the two universities.

MR SMYTH: “Capacity” to me sounds like dollars.

Ms Gallagher: Pardon?

MR SMYTH: “Capacity” sounds as though there are dollars involved.

Ms Gallagher: That is one of the things that are on the table. I have not formed a view on it yet. One of the things is how much we charge for the dependants of those students to access our schools, for example. Some jurisdictions waive it; some waive it if there is capacity; some partially waive it. We have waived it for some and not for others. If we waive it for all, as some jurisdictions do, that does come at a financial cost, in the order of \$200,000 or \$300,000 a year, depending on the numbers. That is something that the vice-chancellors rate very highly—those kinds of concessions being given. It is something that I have agreed to do further work on—to look at the cost, what it means, how our schools could absorb it if they could and how much money we have to put in if they could not.

DR BOURKE: Would we then also have calls from the CSIRO for similar issues?

Ms Gallagher: I would imagine so, yes.

MR SMYTH: The second half of the second sentence says:

... to promote the contribution of education to the ACT economy.

Why do you feel the need to do that, and how will you go about that?

Ms Gallagher: Essentially through growing the higher education sector. We already have a value; I think it is over \$300 million a year.

MR SMYTH: So when you say “promote”, you mean grow the contribution?

Ms Gallagher: Yes.

MR SMYTH: What support is given to the education minister or what support exists within ETD for higher ed at this stage?

Ms Gallagher: Anything I ask for. It is one government.

MR SMYTH: No, not for you.

Ms Gallagher: For the minister?

MR SMYTH: What does the current minister for education have? Is there a higher education unit inside the education directorate?

Ms Johnston: There is a tertiary education team that supports both the minister for education around vocational education and training and the Minister for Higher Education.

MR SMYTH: How many staff are in that unit?

Ms Johnston: In terms of the support around higher ed, it is a little bit of all of us, but it is probably about 1.5 FTE over a number of people who provide the support. At the

moment that is what we would judge it to be.

MR SMYTH: So your focus has mainly been CIT?

Ms Johnston: Vocational education and training. There are a number of areas, which we are talking about at 3 o'clock today, that the Education and Training Directorate provides.

MR SMYTH: So you have garnered lots of ideas from this last 50 minutes? What is the current relationship with the University of New South Wales college at ADFA, with Charles Sturt and with ACU?

Ms Gallagher: The only one I have not met with is Charles Sturt. I met with the University of New South Wales pro vice-chancellor last week. I have also met several times with the Australian Catholic University. I would say it was very good.

MR SMYTH: And—

THE CHAIR: Just finish up there, Mr Smyth—or are you done?

MR SMYTH: No; I can keep coming back to it.

THE CHAIR: Okay. If you come back, we will go to Dr Bourke.

DR BOURKE: Chief Minister, you talked about marketing the benefits of Canberra as the ideal place to undertake tertiary or higher education. One of the things you talked about was Canberra as a multicultural city. Could you talk to us a bit more about that and why that is such an advantage to Canberra as opposed to other Australian cities?

Ms Gallagher: In the last three to four years there have been concerns around some of the other major capital cities and their support of international students. I am not thinking about that from the jurisdictional point of view; I am thinking about it from the point of view of parents, primarily, looking outside in about where they want to send their young people if they are heading overseas for their early years of post-school education or even senior secondary education. Canberra has not had any of the issues some of the other major centres have had. All the feedback from the agencies is that it is a very safe city. We all know that; we live here. And its multicultural make-up means that it is not unusual to see people from a whole variety of backgrounds in Canberra. That is one of the real strengths.

But people have to feel welcome. Part of my job as the head of government is to make sure I am selling that message to those countries—that it is a safe city, it is a welcoming city. Particularly now that we have got some of our accommodation issues sorted with places, to the point where the universities can now offer an accommodation guarantee as part of their package, it is even easier to go out. I know people talk about the cost of living, but the cost of living here is cheaper than in some of the other major cities.

MR SMYTH: And the article in the *Canberra Times* this morning?

Ms Gallagher: I did read that, and it is important that you do not dismiss that. I would have to say that when I was a student studying in Canberra I was experiencing housing stress too. I need to drill down into what that study has looked at specifically. I do not think it is unusual that students experience housing stress; they are often juggling part-time work with study and the costs that come with that. But if there are things we can do now to respond to that, we should. There are transport costs. There are a whole range of things that potentially make Canberra a cost-effective jurisdiction to send students to, and we have to leverage that.

DR BOURKE: Do you get much feedback, particularly from representatives from other countries or parents, that Canberra is the focus of their attention to send children to?

Ms Gallagher: The feedback I have from the diplomatic corps, who I have had more to do with in this role than at other times in the Assembly, is that there is probably a view that we do not sell ourselves as strongly as we should. Living and working here, they see particular strengths. When they go back to their countries, they see that people are perhaps only focused on Sydney and Melbourne and they say: “Hello. Have you looked at Canberra?” When you have got the diplomatic corps saying that to you, and you have got your vice-chancellors saying that we could do more, there is huge capacity there.

But I do not want to just expend effort. I want to make sure that we have all signed onto what we then target. If it is China, for example—if that is going to be where we want to go and really sell Canberra—let us put our effort into that. If it is going to be India, or if it is going to be China and India, let us do that. But let us not have ANU wandering off somewhere, UC somewhere else and me somewhere else, hoping to pull people together eventually. Let us do it as a team. That is really what we have agreed to do for the next 12 months.

DR BOURKE: And that is—

Ms Gallagher: Give it a good shot, yes.

DR BOURKE: And that is what the study Canberra thing is about?

Ms Gallagher: Yes.

DR BOURKE: It is about going out with a coordinated approach to market Canberra to the world?

Ms Gallagher: Yes. The universities have their own budget. We would be expecting that it is not just this money but that they would support their involvement in study Canberra through some of the existing elements. We are not asking them for any more money, but we are saying that once we agree on our priorities we hope that they then align their marketing effort into supporting the priorities that study Canberra wants to.

DR BOURKE: You mentioned the accommodation guarantee a couple of times. Could you tell me a bit more about it?

Ms Gallagher: I am not sure ANU markets it as obviously as UC, but UC do it as part of their work with their agents and when they go overseas. I think their website will say that a spot in UC gives you an accommodation guarantee. They feel that they are able to offer that for entry students, because as students come in and establish, they might make other accommodation decisions. They are very confident that they are in a position to do that, and they have said that it is a very important part of selling themselves to the international market.

DR BOURKE: Do you think that provides them with a competitive advantage against other universities in other parts of Australia?

Ms Gallagher: I think so. They will say that many universities have either had that or own real estate through being older universities, primarily in larger cities. I think they feel that they have caught up to where they need to be. That is what the international market is looking for now: they want to know whether the city is safe; they want to know whether their young person is going to be well cared for; they want to know that they are not travelling all over the city and that they are close to where they are learning. That is important in terms of being able to sell the university.

A lot of effort has gone into this; each university has done a lot of work. They are all of the view that we should unite together—not spend months developing policy documents and strategic plans but just go: “These are our targets; this is where we want to go and this is how we are going to do it.” And then let us go.

THE CHAIR: Mr Gentleman.

MR GENTLEMAN: I do not have any further questions in this area.

THE CHAIR: Mr Smyth.

MR SMYTH: I will put the rest of mine on notice.

THE CHAIR: We might close there.

DR BOURKE: I would prefer to have a few minutes before the next session.

THE CHAIR: We need to change seating arrangements. Minister and officials, thank you very much for attending this afternoon. As per normal, there is an arrangement with questions on notice which you would no doubt be aware of. We will suspend for two minutes pending the changeover of ministers.

Short suspension

Appearances:

Burch, Ms Joy, Minister for Education and Training, Minister for Disability, Children and Young People, Minister for the Arts, Minister for Women, Minister for Multicultural Affairs and Minister for Racing and Gaming

Education and Training Directorate

Cover, Ms Leanne, Acting Director-General

Johnston, Ms Jayne, Executive Director, Tertiary Education and Performance

Goleby, Ms Ann, Director, Training and Tertiary Education

Whybrow, Mr Mark, Executive Director, Corporate Services

Stewart, Ms Tracy, Director, Planning and Performance

Canberra Institute of Technology

Dodd, Ms Jenny, Acting Chief Executive

Kay, Mr Shane, Chief Operating Officer

Stenlake, Dr Nicole, Executive Director, Governance and Executive Services

Ryan, Mr Paul, General Manager, CIT Solutions

ACT Building and Construction Industry Training Fund Authority

Guy, Mr Gary, Chief Executive Officer

Service, Mr James, Chairman

THE CHAIR: Welcome, minister and officials from CIT. Let us go through some housekeeping matters before we start. These proceedings are being recorded for *Hansard* and are being webstreamed. Are you aware of the privileges statement? People are nodding in the affirmative. And people that might come up, officials from the assembled masses?

Ms Burch: Yes, thank you.

THE CHAIR: Minister, would you like to make an opening statement?

Ms Burch: I will if I may, thank you. I do thank the committee for providing an opportunity to discuss the budget measures pertaining to the Canberra Institute of Technology. CIT is the largest registered training organisation and public provider of vocational education and training in the ACT and region and offers over 400 courses ranging from certificates, traineeships and apprenticeships through to degrees and diplomas. In 2012 the CIT trained over 21,000 students and delivered 6.5 million training hours.

The provision of VET through CIT is an important element in the ACT government's commitment to assist people of the ACT to be part of a well-trained and highly skilled workforce. The government is committed to the public provision of VET and provides CIT with close to \$70 million annually. CIT commercial enterprises contribute close to 40 per cent of the total revenue, with the figure likely to grow in an increasingly contestable environment.

CIT is currently undergoing a significant restructure to better meet the challenges of the local and national education and training environment. Over the coming year, CIT

will be working closely with ETD to implement a range of measures of the national partnership agreement on schools reform.

CIT also works to address skill shortages and provides additional support to people disadvantaged through its year 12 program and support for those with a disability. The student employment outcomes are a priority for CIT and are used to measure success. The strategic objective outlined in budget paper 4, page 462, cites 2012 figures published by NCVER showing that 94 per cent of CIT graduates were employed or in further study after training, compared to 87 per cent nationally.

This year the government has provided CIT with \$180,000 to conduct a feasibility study on the provision of VET in the south. The study is important to ensure that all models are considered before further development down at CIT in Tuggeranong.

I take this opportunity to thank the staff and all those involved in the delivery of such great outcomes at CIT.

THE CHAIR: Thank you, minister. If we could turn to budget paper 4, page 467, one of the priorities is:

... expanding and diversifying CIT's revenue base by increasing training and business activities in commercial, contestable and international markets and developing partnerships with industry and other training institutions ...

Could you give me an update on your outcomes in that area where you have actually increased business activity and increased numbers where your markets are progressing or, if vice versa, where they are going down? I am interested in the results, as opposed to what you are attempting to do. I am interested in what has actually been realised.

Ms Burch: I will go to Ms Dodd. I think it is a sixty-forty split at the moment between government and contestable funding, but there is a shift towards more fifty-fifty, not only here but across other public providers and large jurisdictional VET sectors as well. That is my understanding, but Ms Dodd can go to the detail if it is not considered in the outcomes here, which I will quickly try to find.

Ms Dodd: There are a range of measures that CIT has undertaken, and they are not just in specific areas. To start with, CIT has a range of now quite significant commercial contracts that are driving the way in which we do things. Some of those are driven from the national skills changes that have occurred, such as the national workforce development funding, and CIT has a significant contract in that space in the construction area, in particular in the spatial industries. That is one example of where we align our work against the new funding opportunities that exist in the national vocational education and training arena. That inevitably takes CIT beyond the borders of the ACT in terms of how those revenues are actually gathered and the implementation of training.

The second part of how we go about our business is in securing more local contracts with a range of significant organisations. Some of those include ADFA. We have a very significant military communication training program that we work with through

ADFA and our CIT business area.

Additionally, CIT then digresses into other areas in which funding is available. They include things like the skills for education employment program, the adult migrant education program, and the workforce education literacy and numeracy programs known as WELL.

It is looking at and tapping into a range of those different funding opportunities as well as picking up straight commercial contracts in how we do our business. CIT Solutions, of course, is part of the commercial element; CIT also plays very strongly in that space.

But there is another aspect of how we are transitioning in terms of our funding sources that it is very important to note. CIT is moving into the area of VET FEE-HELP where we are transitioning from what has been government-subsidised funding into an access opportunity, enabling people to defer the fee payment and take a loan. Let me take a particular program. In this particular instance, I will refer to our graphic design program. In 2013 we removed it from the government purchase and we put it into VET FEE-HELP. The price went up, certainly, but it was a deferred loan for the students. That is an important part of how we are transitioning in terms of the split in our funding and how it works.

Our strategy is wide and varied. It is not only in one particular area. We have been aware for some time that the dollars available through the state-funded and territory-funded opportunities will reduce. We have had our eye on the ball and we have been working very actively in some of those new funding arrangements.

THE CHAIR: Let us go to some of the courses like the graphic design course. I am aware that that went up significantly.

Ms Dodd: Absolutely.

THE CHAIR: For example, for students who are enrolled in that course, prior to enrolling were they made aware that their course fees were going to go up—quadrupling, as I see it, or doubling? Is that right? They have gone up quite significantly.

Ms Dodd: Yes; it is more than double.

THE CHAIR: How much have they gone up—from what to what?

Ms Dodd: The course is at \$5,000 a semester? I will take the exact figure on notice, if I can, but it is about a \$5,000 figure, which would be about three times the price that it had been.

THE CHAIR: So three times the price.

Ms Dodd: We will take the exact figures on notice, though, if that is all right and confirm those with you.

THE CHAIR: Sure.

Ms Dodd: The important component of this is that this is about access. It is about access to training that would not have been there before. In doing the research in that area, we looked very closely at what the competitive position in the ACT was in regard to those courses. We made a decision that the competitors were actually becoming attractive to students because they were doing exactly what we were not doing, which was allowing students to defer any fee payment at all. Students could take the loan and were finding that attractive. In the partnership CIT has had with the Australian interactive academy, the AIE, for many years we were finding that their students were more and more choosing to take the FEE-HELP approach rather than the subsidised fees that they could get through us. The students had a choice; we were losing student numbers and they were growing student numbers in FEE-HELP. We examined that as being an effective way of supporting and offering opportunities and access to more students to enter the course. The fee, therefore, was no longer a barrier.

THE CHAIR: This is only for students entering the course, not for students who are currently enrolled?

Ms Dodd: Correct. It was for new students.

THE CHAIR: So the fee increase went up before they enrolled?

Ms Dodd: Correct.

THE CHAIR: Have you got any feedback from people on this?

Ms Dodd: We predicted that we may have a shrinking of student numbers, and that has not been the case. I think that, in a way, demand speaks for itself.

THE CHAIR: Who provides the loan?

Ms Dodd: The commonwealth. It is on VET FEE-HELP.

THE CHAIR: It is like HECS, is it?

Ms Dodd: Yes.

THE CHAIR: They pay it back mainly through taxation?

Ms Dodd: Correct. When they reach the threshold on their salaries, they start paying it back. Our students in graphic design, for example, get a very good industry experience, so they do enter the job market and they will end up paying it back. But they have had the advantage of having that opportunity to get into the course.

THE CHAIR: Is there an interest rate on that loan?

Ms Dodd: There is a small interest rate, I understand, on a component of the loan. We will take that on notice.

THE CHAIR: If you could take that on notice. Is your intention to migrate more of your subsidised courses across to this structure?

Ms Dodd: I can answer that in two ways. Our intention is to do that—correct. But we will be forced to do that through income-contingent loans coming in in the national skills partnership arrangement from July. This was very important in terms of actually testing the market to see how the market would respond. The market held; it held really well. But the whole national skills partnership agenda for VET is, where there are higher level courses, to look at the opportunities for those students to contribute through a FEE-HELP arrangement in taking those courses.

THE CHAIR: How far do you envisage this going? At what point does the CIT, if you go down this model, essentially become self-sustaining?

Ms Burch: I think we are some way from that.

Ms Dodd: We have done one course.

THE CHAIR: I assume that this is part of a broader strategic plan; it is not just being done ad hoc.

Ms Dodd: Absolutely. It is part of our negotiations with the Education and Training Directorate as to where the priorities will be. We are putting input into that. It is also very important for us, in our space in terms of government and public access, to look at capacity to pay and the likelihood of ability to return that liability once it becomes shared by the ACT and the commonwealth in an income contingent loan in the new skills partnership.

We are looking at it course by course. We did one last year, and we trialled it. We had a meeting with the commonwealth towards the beginning of last year. We knew we were a bit behind the eight ball in terms of moving some of the courses this way, so we trialled it. It has been quite successful. We will look at a couple of others for the start of 2014. But more significantly, as the national skills partnership rolls out, we will be working with the Education and Training Directorate to look at what courses could lend themselves to going this way in a very planned process.

THE CHAIR: And it is essentially a supply and demand issue, is it? Is that the key measure there that makes it financially sustainable to do it this way? Or is it more of a mix?

Ms Dodd: In this particular case, in graphic design, we looked at what the competitors were doing. We had a good look at how robust the market was in terms of being able to be responsive to that arrangement. We saw in that environment that there was some robustness there, so we trialled it. The results have been a bit better than we thought they might have been. We had some concerns that we might drop student numbers, but we have not; we have sustained them, and sustained them well. We will look at it in areas where it is feasible for students to take such a loan and it provides better access. But it is also important in this context to remember that we will also be a responder to the policy directions coming through the Education and Training Directorate in that space as well. And there are some national directions. In

particular, they are around aged care, disabilities and building and construction. We are entering that discussion with Education and Training as to where those sorts of courses will move.

THE CHAIR: So it might be that if you were trying to attract more people into aged-care courses, you would not use that model, perhaps, because you are trying to—

Ms Dodd: There is an argument both ways. There is an argument that by removing all fees up front it is attractive. So it becomes a better access opportunity and more people can enter the space. Conversely, we need to be reflective as a whole government around the impact on individuals of income-contingent loans. In certain markets it might be a difficult spot. It is not a black and white decision; there are a whole range of things that need to be considered in this space.

DR BOURKE: I have a supplementary. Ms Dodd, do you have any idea what the average income for graphic design graduates from your course might be?

Ms Dodd: We would have to take that on notice, Dr Bourke.

DR BOURKE: Okay; I thought you might have known it.

Ms Dodd: I am not sure that we would have knowledge of the average income. We do know that our graphic design course is a successful course. We do know that our students get work. We do know that they are sought after in the industry. And we do know that their income starts to go up pretty soon after they have entered. As you know, many of our courses have a very high level of workplace experience while the students are studying. So many of those students are already entering the market while they are studying with us.

MR SMYTH: I have a further supplementary. It still does not explain why your course is now three or four times more expensive than interstate courses. Does the fee-pay service set the cost of the course or does the institution?

Ms Dodd: CIT sets the cost of the course. The government subsidy on courses like that is actually quite significant, coming through.

MR SMYTH: What does that mean? What government subsidy—the ACT government or the federal government?

Ms Dodd: The ACT government. If it had remained under the public provision, the ACT government subsidy is significant. This course then became full cost recovery, Mr Smyth.

MR SMYTH: So why would you go to full cost recovery?

Ms Dodd: Because that allowed us to get the VET FEE-HELP.

MR SMYTH: Does that mean the other jurisdictions, if they are using VET FEE-HELP, are full cost recovery as well?

Ms Dodd: Yes.

MR SMYTH: But they are still remarkably cheaper than the ACT. Why is that?

Ms Burch: Is it related to the structure of the course—what is in there and other cost drivers?

Ms Dodd: I am not sure that I have the evidence that you have that suggests they are. It would depend a little on where we were looking in terms of the implementation of how that state or territory has done their own implementation of the skills reform agenda and what the state component of that is. Remember that there is VET FEE-HELP, which was the commonwealth-based loan, which is what this one is. There are then income-contingent loans, which will be a different arrangement, where the territory and commonwealth will share liability. That will come in in July next year. We are not clear yet; we have not got the policy clarity yet around what that will look like. So I think we need to be careful in terms of comparing here. I would be interested in the data that you have, Mr Smyth, to look at—

MR SMYTH: Perhaps you would like to go and do the research.

Ms Burch: Is there a question there, Mr Smyth? We are not going to do your research for you.

MR SMYTH: If you would just wait, minister, and not be rude, perhaps you would like to look at what UC charge. I am told that at UC, for a Bachelor of Graphic Design, their fees are about \$5,800 per year.

Ms Dodd: You are comparing commonwealth-supported places as opposed to fully commercial.

MR SMYTH: That is what I am saying. Perhaps you have access to different information. Perhaps you could compare what you offer with UC and New South Wales TAFE, because we have had a number of constituents complain that it is now remarkably more expensive to study in the ACT than it is interstate.

Ms Dodd: Dr Stenlake will respond.

Dr Stenlake: Yes, we have had some correspondence in which people have brought that information forward. There are a couple of things there. The two examples that you are referring to—University of Canberra and Illawarra TAFE—are both currently government-subsidised training places. In the university sector, universities are eligible for commonwealth-supported places. That means the commonwealth picks up some of the bill and the rest of the bill is picked up by the student in terms of a HECS debt. With regard to Illawarra TAFE, those programs there are still going under state subsidy, so a large proportion of the cost is picked up by the state government. We are not really comparing the same things in terms of the price.

MR SMYTH: More than 90 per cent?

Dr Stenlake: Yes.

MR SMYTH: If you have got that detail, I would very much appreciate it if you could provide it to the committee.

THE CHAIR: Dr Bourke, do you have a new question?

DR BOURKE: I do, indeed. On page 3 of the statement of intent, minister, it says that in 2013 CIT is undergoing a structural realignment. Could you tell me more about what that “structural realignment” means?

Ms Burch: Again, I will go to Jenny Dodd on that. It is around making CIT better positioned to respond to the changes in the national skills reform area and the other changes with the national skills program.

Ms Dodd: The structural adjustment is there to enable CIT to be more competitive in an environment where competition will become part and parcel of how we move forward. Our structural adjustment also picks up on our learnings and our priorities of the last few years and has a couple of key priorities within it. We are bringing together our teaching clusters to enable better depth of ability to deliver specialised ways of performing in those particular disciplines. That will, in response to Mr Hanson’s question, also enable us to improve our depth in commercial delivery because we will get specialists able to operate in those commercial spaces in those disciplines.

We move from what is essentially nine teaching centres into four teaching clusters, where there are synergies of operations, where specialisation of what the actual management team does is enabled, and also where the teaching areas come together where there are discipline overlaps, and it brings together the knowledge and learning from each other in terms of those discipline overlaps.

We are also taking our support centres and realigning them under some key priority areas. Those priority areas involve strengthening the executive accountabilities and portfolios under corporate services, making that a very strong portfolio. In response to the regulatory environment that we find ourselves now operating in, we have now put in place an executive role that will lead and make sure that we are academically ensuring that we are meeting all the regulatory environments that we need to, and that we are reporting, monitoring and managing effectively in that context.

That executive portfolio will bring together three disparate centres that used to operate largely in their own areas. They are our learning centre support area, our student services area and also a centre that used to be called education excellence, where we did curriculum, accreditation and flexible learning. They come together to bring like teams together to provide more depth and also more efficiencies in the way in which we offer those support services.

The third portfolio area, which is an important one and links back to the previous question as well, is CIT brand and business development. That portfolio is specifically designed to look at different revenue streams and how CIT can better position itself with the competitive environment, whilst still retaining being the public provider within the ACT, and able to provide all the scaffolding that is required through a public provider.

The last of those portfolios is the elevation of the importance of people in the organisation and a portfolio will now be led by Dr Stenlake called people and organisational governance. Within that we have also made a decision to separate organisational governance and academic governance, to be clear about how the various components of those portfolios go.

We have now concluded our consultative period. That finished on Thursday. We have had generally positive staff feedback. We have been on the website responding to feedback as it occurs. It has been a very transparent process with many stages of communication, weekly updates, a structure reference committee to guide it, specific meetings with various internal stakeholder groups to bring them up to speed, meetings with industry reference committees to keep them informed, and meetings with our CIT council to keep that very important stakeholder group informed.

On Thursday this week we will release the final paper. We then undertake a review period. We will then have three months of very intensive implementation, followed by a final three months where the systems will catch up with that implementation. On 1 January we will go live with the new structure. We then have a review period and in April next year we will review the structure to make sure we have got it right.

We are also addressing what has been quite an expensive structure, because it has been a very flat structure, very devolved. Although it has not been the major driver, this structure will give us the chance to bring about some efficiencies of operations and, through those specialisations, actually get some new business development going and hit out in some new areas which we have not been able to do because we have been a little bit thin on the top.

Overall, the feedback on the structure has been positive. Of course, there are people who provide that feedback very positively and there are others who always will have concerns. But generally, the feedback has been positive. The impact on teaching staff has been negligible. It has never been about doing anything in a way with our teaching staff that was going to do anything other than provide them with better support and better clarity about where accountabilities lie.

DR BOURKE: How does this fit with the teaching and learning framework 2013-15?

Ms Dodd: The teaching and learning framework has been developed specifically to be responsive to the national skills partnership arrangement and to put us clearly in the space where we need to be going into the future. The teaching and learning framework, for example, focuses on some new objectives which are around improving completions. This is a national priority. It is an important priority.

The teaching and learning framework also has areas like foundation skills. One of the important aspects of what CIT will be doing in this new structure is bringing together apprenticeship learning and integrating with apprenticeship learning foundation skills. Foundation skills can be both entry level in communication and literacy and numeracy and ICT foundation skills. They can also be at the higher levels of the foundation skills people need to operate in different markets.

In terms of this structure, we have been quite creative. We would like to make a national statement about how CIT works with the apprenticeship market. We bring together our apprenticeships of construction, plumbing, electrical, automotive and metal fabrication. We are also bringing into the same fold construction as well as culinary trades. With that, we align our access 10 program and our year 12 program. There is a better synergy between those programs that offer equity opportunities into the trades. It is not just about the apprentices; it is also about the wider diverse range of our students.

Additionally, foundation skills will go across all the clusters. That particular cluster—we are actually calling them colleges; that will be released on Thursday—or that particular college will provide support to the other three colleges as well in those foundation skills programs. We have realigned the teaching and learning framework to identify what are the national priorities. We spent quite some time revisiting our teaching and learning framework at the start of this year. Although we looked at the old, we pretty well threw out the old and said it was time to really look fresh and see what the national priorities were and align our teaching. The structure then supports the implementation of that framework.

DR BOURKE: This work around building foundation skills will lead to improving completions, but what other things are you doing to improve completions?

Ms Dodd: In terms of improving completions?

DR BOURKE: Yes.

Ms Dodd: Firstly, focusing on them to start with is a really important aspect of what we do. It is important that our student support areas—our counselling and our support services—are counselling our students before they enter the program that they are in the right program, that they are in a program that is going to actually give them a chance of success and that they have not been moved into a program which is either too complex for them or too hard.

The other part around completions will be having a good look at skills recognition, because many CIT students—and the graphic design students we were talking about before are typical of this cohort—get jobs before they finish their course because their skills are so valued in the ACT economy. We will continue to look at where our students have gone and, with the skills recognition program, work with them to help them complete the components of their course that they may not have been able to.

Additionally—and I think that this is part of CIT's significant hallmark—we have invested very heavily in e-learning. E-learning provides us with the opportunity to have students learning anywhere, anytime; coming into CIT only at times to do certain parts of assessments or to contact us if they need to for certain components. We will continue to use and grow our e-learning system to enable and support students to help them complete.

So we have a range of strategies in place. Completions will be important, helping students to get that completion. Importantly, for a student, completion means a qualification. That is what is driving us to enable both our economy to benefit from

those qualified people but also the individual to benefit from that qualification and perhaps then enter that pathway of lifelong learning that means they take the next step to the next qualification.

THE CHAIR: We might move to Mr Gentleman now. I have just noted the time. We can come back to this as a supplementary perhaps.

DR BOURKE: Okay.

MR GENTLEMAN: Minister, I just want to go back to Mr Hanson's original question and add on to that a little bit in regard to increasing training and business activities at CIT. I want to congratulate CIT on their work with Nissan Australia in grabbing the electric vehicle training for the whole of Australia. I think that is fantastic. It is supported with the work from Toyota and the amount of income there. Have you been able to look at those successes and possible avenues for international students off the back of that?

Ms Burch: I think that we look to an international market and a local market, and what is the cutting edge as well, particularly with our skills. You have such a keen interest in the motor trade, Mr Gentleman, that I am not surprised that you have noticed a great development opportunity and that sponsorship adds value to what happens at Fyshwick. Ms Dodd can add to that.

Ms Dodd: We only came back from China last week. We were part of the electrical vehicle discussions that were occurring in China. CIT has made a niche in the electrical vehicle market, and we will continue to grow that niche. As you so rightly identified, that has been supported through Nissan, and we will continue to push that out.

We have a meeting this week to discuss the impact of that China visit and where to now, because our staff are saying there are a lot of opportunities in this field. It is an area where we have developed some expertise, and we are going to continue to specialise and grow in that expertise. Some of it, probably not much of it, will be actually AQF accredited training. They can see more short-term opportunities working with suppliers overseas for on-site training. We will enter that market with caution and examine it very carefully, but it is an area where we believe we have got some real strength.

Additionally, we are working with Toyota in the Philippines. We have the beginning of a relationship there that we are developing. The electrical vehicle market we have invested in. We have got some really strong staff in that area who are the champions in that space. They will become nationally respected for what they do, or are being nationally respected, and we can see some opportunities across Asia in that area.

MR GENTLEMAN: Earlier you mentioned the national workforce development fund and the opportunities to assist businesses with skilling up their employees. Have you done any more development with that program across Canberra in the automotive area especially?

Ms Dodd: In automotive, yes, we have. We have some arrangements with small

business where we were able to access the national workforce development fund in automotive. We brought those small businesses together, through motor traders in the ACT, and we were able to offer that training through the national workforce development fund.

We also have a relationship with Hindmarsh, in terms of the construction industry, also accessing training in that area; whereby it is Hindmarsh who are able to access the funds and CIT is the registered training provider working with their employees.

Additionally, similar to electric vehicles, we have a niche in the spatial information area. That is an area that we have also been able to grow within the ACT. We now have quite significant relationships starting to develop in Queensland in that area. That knowledge that we get from working outside the ACT brings back to our own workforce and also to the ACT a broader market base to enable us to implement what we need to do internally and within the ACT as well.

We are growing in a range of those areas. It is slow because those relationships take time to form and develop and we have to have the expertise of our staff, but we have been very successful in those three areas in particular.

We have also been able to access some funding in aged care in that area. You would also be aware that we have got a partnership with the Illawarra TAFE. It is in some of those community work areas that we are looking to grow that partnership for the benefit of our region based here in Canberra as the basis for some of that. There is a range of opportunities starting to emerge. We have been aware for some time that the importance of making CIT sustainable was to make sure that we were able to access those new funding opportunities, and that is where we will be driving.

THE CHAIR: Mr Smyth.

MR SMYTH: On page 468 of budget paper 4, minister—I see you have not reached your staffing outcome for the year. The note says that the increase of three FTE is due to increased casual teachers to deliver increased commercial training activities. What are increased commercial training activities?

Ms Burch: I think that goes to some of the activity around the contestable market and the opportunities and success that CIT has picked up with that.

MR SMYTH: What, for instance?

Ms Burch: What particular program?

Ms Dodd: The Hindmarsh example is probably one, Mr Smyth, where they had to employ additional casual teachers into the construction area to deliver on those commercial programs. We are very conscious that it is often our casual workforce that supplies the very current competencies in the industry. We are always aiming to mix our workforce, our full-time staff and our permanent staff, with casual employees who are very current in their industry. To pick up some of these commercial programs we need to be quite agile in some of that space.

MR SMYTH: That is offset by the payments made? The cost of the staff is covered in the payments you received?

Ms Dodd: Correct.

MR SMYTH: Okay. In the projected budget you lose 17 FTE. Why is that so, and where are they coming from?

Mr Kay: There are a couple of different measures in there, so a couple of different components. In the budget papers there is what is called “service reprofiling”. That accounts for about 12 of those positions. As to the direct government purchase of the subsidised training, the target has reduced. You might notice that if you look at the performance outcomes.

That is what we have estimated at this stage. It does not have to end up there. If we can go out and create some more contestable revenue and get some more contracts, in the same vein as Jenny was talking about, then we can keep growing the organisation. We do not have to have that net loss at the end of the year of staff. The challenge is on us, as an institution, to go out there and be more proactive and to get more commercial contracts.

MR SMYTH: That is 12.

Mr Kay: As to the other part, with the restructure we are going through at the moment there are some positions mainly in the administrative and management side of the organisation that we are not going to refill as they become vacant.

MR SMYTH: Are people aware they are not going to be refilled?

Mr Kay: I am sorry?

MR SMYTH: Are the current occupants aware their job is not going to be refilled?

Ms Burch: When their—

Ms Dodd: It is natural attrition.

Ms Burch: term finishes—

Ms Dodd: I can give you an example. We have tightened up our environment around student services. We have a senior member of staff who will go on leave pending retirement. Her position will not necessarily be refilled. There are five positions in that area that are quite senior, that are in our senior grouping, that we will be looking to tighten up through this structure. As I have mentioned before, we go from nine centres to four colleges and we go from a series of about seven support areas down to four. That gives us some opportunities through natural attrition to tighten up in that particular area.

MR SMYTH: On page 473, in your operating statement, what is the reason in the operating result for the decline of \$8 million to \$14 million?

Mr Kay: It is mostly the book entry that went with the return of the remainder of the Weston campus back to TAMS. When you have got a net book value you have to write it out of your books. There is no such thing as extraordinary items or abnormal items in your financial statements anymore, so you have to show it in the statements. There is a \$6 million transfer to do with that.

MR SMYTH: Which is that other expenses line.

Mr Kay: Correct.

MR SMYTH: Thank you.

THE CHAIR: Could you give me a bit of an update on how you are going with international students, what the numbers are, whether they have been increasing or declining and where we are getting our market share from and whether that has been changing at all?

Ms Burch: I think we are holding our own. Whilst either Ms Dodd or Mr Kay can go to the detail, there is a decline, I think. A number of institutions and jurisdictions are finding the international market more competitive but I think, in an environment such as that, we are holding our own.

THE CHAIR: How big is that decline, from how many to how many?

Ms Burch: I think Ms Dodd might have the numbers in front of her.

Ms Dodd: Our numbers have held. If it is all right, I might ask Mr Ryan, who is General Manager of CIT Solutions, to join us. CIT Solutions is CIT's agent for international students. But before we invite Mr Ryan to give the specifics on student numbers, we are a vocational education and training provider and the visa requirements that went through in terms of streamlining that was promised in 2012 have not been enabled. And that has held CIT's numbers in this space quite significantly. Given that, our—

THE CHAIR: Sorry, the visa requirements?

Ms Burch: There is a process where international students coming in to study apply for a visa, and there are different treatments of that visa if they are going into university as opposed to going into an RTO. I think it follows from some fairly public collapses of RTOs and international students being left high and dry. There are different treatments of visas, and I have had the discussion with CIT—

THE CHAIR: Are there any problems with students acquiring the visas or what is your point?

Ms Burch: It is more complicated than that. And my discussions with Ms Dodd over the last little while have led me to raise that through federal and other state colleagues to see—

THE CHAIR: So this is through the department of immigration, is it, that the—

Ms Burch: Yes. But I think we can do better within a public-funded TAFE sector, not necessarily for all RTOs but within the domain of a public-funded TAFE.

THE CHAIR: So what is the specific issue with the visa?

Ms Dodd: I will let Mr Ryan speak to it.

Mr Ryan: I will probably answer both those questions, because the original question was about numbers. Last year we had 1,207 international student enrolments. I am talking about calendar years. I know the budget is about financial years but I am talking about calendar years. In 2013, we estimate that number to be approximately 1,146. Second semester has not started yet. That is a genuine estimate, because it is later in the year that we start firming up those figures.

But as you can see by that, it is a decline of approximately 50 or 60 students in the calendar year. And we are expecting and hoping that to rebound to about 1,250 students in the 2014 year. As you can see, we hope we are nearing the worst of the market conditions.

The market conditions are caused by three factors: the policy one has just been mentioned. I will come back to that one. The second one is increased competition. The United States, the United Kingdom, Canada and New Zealand particularly, because obviously with international education, the students can choose wherever in the world they want to go—those countries have been very proactive in the marketplace. We know we are as a whole country, not just as a sector, losing market share to those countries.

The other issue has been the high Australian dollar. Yes, in the last couple of weeks that has come down. For the last few years it has been quite high, and that obviously makes us less competitive than other countries.

The question about visas is that, as the minister said, there are different visa settings that the commonwealth government apply to the higher ed sector than to the vocational education sector. That is risk based in the commonwealth's eyes. The 5,000-plus RTOs are a higher risk than the university sector. We would like to think that the—

THE CHAIR: Risk in terms of?

Mr Ryan: Financial collapse.

THE CHAIR: Security?

Mr Ryan: Yes, security for the international students who have pre-paid their fees, effectively. We would like to think that the public VET providers—TAFEs such as CIT—are a far lower risk and the concessions that were granted to the university sector, we thought, were going to be extended to TAFEs throughout this year. It was actually reported in the *Australian* newspaper this morning that that is unlikely to

happen before the election and that the commonwealth now is not likely to move on that. So that places the VET sector at a competitive disadvantage to the university sector.

One example I could give you is work rights. Modern international students not only need an international qualification but also work experience. And if you study for two years in higher ed, you are entitled to get a work rights visa. If you study for two years in a vocation education training provider, you are not entitled to that. Again, it is a policy setting that means potential students are leaning towards the higher ed sector.

THE CHAIR: And you are talking to the commonwealth about that?

Ms Burch: I have identified it as an issue. We are drafting a letter to put up the line for that to be reconsidered. I understand, because of the quite public collapse of an RTO, there is some risk in providers not being able to sustain their financial viability. My approach will be to streamline this into a public-funded TAFE environment. If we secure that, I think we are on a level playing field.

THE CHAIR: Members, we will, according to my program, suspend for afternoon tea now. We will come back at five past 4 and continue with CIT for about 15 minutes before moving on.

Sitting suspended from 3.46 to 4.04 pm.

THE CHAIR: We will resume. Dr Bourke.

DR BOURKE: We are up to CIT Solutions on our schedule. Perhaps for the benefit of those on the committee who do not understand what CIT Solutions is and its relationship to CIT, could you run through that, please?

Ms Burch: We might go to Mr Ryan.

Mr Ryan: Technically, from a governance point of view, CIT Solutions is a private company. The shareholdings are entirely owned by CIT. CIT Solutions operates to extend and multiply the capabilities of CIT through offering a range of full fee paying commercial programs, particularly in the public sector, as well as a very large adult community education training centre. The company has been incorporated for over 20 years, has revenues of approximately \$17 million and has approximately 320 employees, of which the majority are sessional tutors in our language business and our recreational business.

DR BOURKE: Speaking of the language business, how many languages do you offer?

Mr Ryan: That goes up and down based on demand. But it is in the vicinity at the moment of 65.

DR BOURKE: What is your target audience for those languages?

Mr Ryan: We have two very different, discrete markets. One is our key

commonwealth government clients. That is all one-on-one tuition, very intense, and can go for up to 40 weeks per student. We have contracts for that with the Department of Foreign Affairs, Austrade, the AFP, Customs and other agencies that you can think of that have offshore needs. So that is one-half of our business. The other half is the more recreational group-based training. We offer that for very entry level tourist-type training and people who are going overseas on holidays—semester-length group programs. Although learning the language is the same, they are very different target audiences in terms of the intensity of the training and obviously the cost as well.

Ms Burch: The latter is more of the adult ed type of approach?

Mr Ryan: Yes. The group-based approach is after hours, recreational based—a couple of hours a night for eight to 16 weeks.

DR BOURKE: This is not qualification-based training, is it?

Mr Ryan: Correct. Neither of them are but with both of them we do have recognition options available if people do want to go through a formal recognition process and get assessed against the qualification. The demand for that across all of our business is extremely low.

DR BOURKE: The demand for qualification?

Mr Ryan: For the recognition—for it to be qualification. For language training, the demand is very strong. As I said, it is either proficiency based, because it is linked to your job when you get posted overseas, or it is of recreational interest and engaging in a group and learning in a group is more important than getting a qualification.

DR BOURKE: In actual fact it is for the workers, for the people with DFAT or Defence?

Mr Ryan: Yes.

DR BOURKE: Not Defence, I suppose?

Mr Ryan: Yes, it is.

DR BOURKE: It is really a matter of enabling them to do their job properly, and the qualification is neither here nor there?

Mr Ryan: It is. However, they have proficiency testing as opposed to qualifications. So we do formal assessment of their language proficiency, and some of our clients link that to pay scales. But that is not related to qualifications of the RTO. So it is important that those clients who are spending a lot of money that internally they have proficiency ratings, and there are two. DFAT has one and Defence has a different one. So we do testing against those proficiencies. But that is unrelated to our qualifications as an RTO.

DR BOURKE: You mentioned spending a lot of money. What sort of money?

Mr Ryan: The training costs our clients about \$132 per hour and sometimes they do 15 hours of training for 44 weeks.

DR BOURKE: A lot of money.

Mr Ryan: It is about \$90,000.

DR BOURKE: For one person?

Mr Ryan: Yes.

MR GENTLEMAN: Minister, CIT Solutions was operating out of the Tuggeranong Arts Centre until recent accommodation changes, with some renovations going on there. Can you tell us how you have managed through that process? Also, what opportunities will be available to the community with the new CIT campus at Tuggeranong?

Ms Burch: I will go to one of the officials but we have decanted the CIT learning centre that was underneath the Arts Centre. That has been stripped out and will provide an enhanced opportunity for the Arts Centre. I am looking forward to another visit to the Arts Centre, but that is another story.

In this budget there is \$180,000-odd, from memory, on a feasibility study to look at CIT offerings in Tuggeranong. I am very firm in my view that there should be stronger and more enhanced offerings through CIT and CIT Solutions in Tuggeranong. If you look at student data, you would see almost a 3 : 1 ratio of students that are accessing Woden campus, for example, coming from the Tuggeranong area. We will use this feasibility study to build on the work in last year's budget, which was some concept design work, to a level of development, but then go through now and do some smart work on the fact that, given that there is a trades training centre through Erindale College and Tuggeranong College through the education and college system, how we can better utilise the suite of services that are coming up and provide a stronger offering for the people of Tuggeranong. That then goes to the question of how you prepare and grow as Molonglo grows, and then what to do with the campus at Woden that is ageing and will need some capital and investment if we are to maintain it.

MR GENTLEMAN: How have you been able to manage the linkages of those trade training centres into further education for those students with CIT?

Ms Burch: I think that is part of the work that will come up over the next 12 months. They are from two different streams. The trades training centre is funded in the main through the commonwealth. Certainly Tuggeranong College and Erindale College will have some work. It is my understanding—and we can go to that perhaps in the next session—that if tenders have not been allocated, they will very shortly be allocated for that construct work. There is no intention of CIT replicating the large, fabulous work that they have at Fyshwick. But if you know that that resource is coming there, it is about how you make those linkages as well.

Ms Dodd: We do work in partnership. We have ongoing conversations. There are

aspects of what CIT can do, in particular in some of the more specialised competencies or the higher end competencies, to support our schools in an appropriate way that is recognised and financially supported. We have ongoing conversations occurring in that space. In fact, we have one next week, to start to work through how we are going to enable and support that. CIT has a richness of offerings in both its staff expertise and in our experience, that can add to the school environment, and we need to be working in a way that facilitates and enables that. So it is a partnership.

Ms Burch: But as we look to disability care, aged care, community services—all of those can be delivered from a smart learning space. You do not need specialised workshops to get on and do that. That is my longer term plan for a Tuggeranong service.

MR SMYTH: Mr Ryan, you mentioned you are currently teaching 65 languages. On page 479 it says you train in more than 80 languages. What is the difference? Is it demand driven?

Mr Ryan: It is because with the group languages that we offer—again, it is a little demand based—there are only about 10 or 12. The rest of them are individual languages. We might have capability in a language but we do not have a student. Because our tutors are sessional, somebody could have three clients back-to-back and then not have somebody for six to 12 months. I guess our foreign policy dictates where our clients need language proficiency. So it does go up and down because it is one-on-one teaching. It is not publicly advertised training.

MR SMYTH: At the first dot point in “Priorities”, you talk about implementing the “putting people first” strategy. When did you start implementing that?

Mr Ryan: This would be the third calendar year—

MR SMYTH: That you have done it?

Mr Ryan: that we have done it. It is all of our results from staff surveys and indicators like sick leave and retaining staff; it is going very well.

MR SMYTH: Is “putting people first” operating in CIT itself or just in Solutions?

Mr Ryan: A different name for similar strategies. That is just the name we have made for our industrial HR arrangements.

MR SMYTH: The dividend policy back to CIT: who sets the dividend policy?

Mr Ryan: The dividend policy is in place through our constitution, as to who sets the annual dividend. It is a donation made by the CIT Solutions board to CIT.

MR SMYTH: So they could donate that anywhere, if it is just a donation?

Mr Ryan: The company’s board makes the decision on declaring a donation. What CIT does with any said donation is up to them.

MR SMYTH: So CIT Solutions sets the policy and the amount?

Mr Ryan: Yes, the policy is set by our constitution and the amount is set by the CIT Solutions board. The chief executive is on the board, so it is done in consultation. But yes, technically, the donation is determined by the CIT Solutions board of directors.

MR SMYTH: You were meant to give \$800,000 this year but only \$250,000 went.

Mr Ryan: Again, it is a little bit about the timing of the financial statements that we report on—a yearly basis. The declaration made at the most recent board meeting where that was decided declared a \$250,000 donation, yes.

MR SMYTH: Is that for 2012-13 or is that for 2012?

Mr Ryan: 2012.

MR SMYTH: But it appears in the 2012-13 statements for CIT?

Mr Ryan: Both, because both entities need to produce a financial statement. But because of our accounting practices, we operate under a calendar year financial year. So when you say it was 2012, yes, it was 2012, but that would appear in 2012-13. We make a determination at the first board meeting of each year, so that was in March this year, and it is due and payable.

MR SMYTH: So it is paid immediately; there is just a one-off payment and—

Mr Ryan: It is not paid immediately, it is due and it is paid at a time that is convenient to CIT and CIT Solutions.

MR SMYTH: You are doubling your dividend in the outyears. If you had difficulty getting \$800,000 this year, how will you achieve \$500,000?

Mr Ryan: As you can also see in the outyears, the 336 result for this year was quite a large decline. And in the outyears we are looking at a long-term sustainability profit of over \$700,000, which makes those possible or budgeted donations affordable.

DR BOURKE: Just coming back to the adult and community education section, what sort of research do you do around your client base to work out whether they are satisfied with what you are doing or whether they have other interests and needs?

Mr Ryan: Two ways. One, although it is not a requirement because we are not offering accredited training, we do a formal evaluation of every course, of every participant. So we do collect information from how happy they were with the venue, the topic, the presenter. We do collate that and we do make decisions based on that. We also make decisions based on demand because if we offer courses that simply do not run, we look to replace those with other courses.

In the course material that we put out into the marketplace, and there will be one going out in the *Canberra Times* in a few weeks, we overtly say, “If you are interested in a course, either as a participant or as a tutor, please email us and we will make it

available.” We do evaluate our current students at the end of each session and we are quite market driven because of the variety of the courses we have. We know which ones get popular and which ones do not, and we respond that way.

Our response is mainly to offer it at more locations. There was a question earlier about Tuggeranong. But in Gungahlin, we are now doing more work with more areas and as courses become popular, we just open them up to more locations. So that is how we respond.

DR BOURKE: You talk about your 2013-14 priorities as developing a social media presence. Will that feed into that sort of feedback?

Mr Ryan: It will, in two ways. One is in second semester. In the next few weeks we are taking the publication I just mentioned to the marketplace. We are actually, for the first time, offering a suite of social media training courses at the more recreational, small business-type level, not to replace an accredited program that you could do at a more formal study. So our reaction is to offer courses that are, again, being demand driven. If that is something that people are interested in, small business owners might want to incorporate that into their own business. So we are offering a suite of courses in that area.

But secondly then, as a business ourselves, we are incorporating social media. And whilst not all social media is appropriate for all sections of our business—namely, the language business you would not support with social media—our recreational business now has its own Facebook account and participants can upload photos when they have finished cake-making courses or something. That is getting attraction and followers through that as a community interested in sharing their adult education experience.

DR BOURKE: When you are deciding to run a course, is it something that a tutor brings to you or someone brings to you, “This is what I can do and let’s see if we can work it out together”?

Mr Ryan: It is a mix. That definitely happens. People come to us and say, “I think I could deliver a course on this.” We go through our normal rigours of, “Let’s see, it has got to be financially sustainable,” because all of our courses are full-fee paying. We have got to think there is a market for it, not just that someone is interested in it. And then as long as it meets our profile as far as being comfortable reputation-wise about offering that type of course, we will take it to the market.

We also do research. There are four full-time staff in our centre for education. They look at other providers and say, “If New South Wales are offering that particular course, maybe we should introduce it into our suite of courses.” So it is a mix of us taking courses like the social media ones—we think that is a part of the market that will attract enrolments—and other times people coming to us with an idea, either as a participant or as a tutor.

DR BOURKE: And also within this market what you are maybe finding is that some of your tutors then decide to go and make the offering themselves in the marketplace and sort of mix it backwards and forwards. Does that happen?

Mr Ryan: It happens. People like the high reputation and the low risk of doing it through a formal provider, even though it is recreational training. But then we partner with a lot of people. One of our very good partners is Canberra Glassworks. Yes, they offer their own programs but also we offer programs in partnership with them. So it just depends sometimes on some things like who has got the best administration to handle the enrolments. A lot of people are very good at teaching something but do not want to engage in the business side of it, and similarly with the tutors. With us, they get paid, their taxation requirements are all met, their insurances are under us. Even though some people might wish to take it to the market themselves, they do not have the business models and systems that we have.

MR GENTLEMAN: At page 480 of budget paper 4, there is a note there about an RTO compliance officer position within CIT Solutions. Can you tell us why it is important to have that position there?

Mr Ryan: The most important reason is that CIT Solutions trades under CIT's RTO status. When Ms Dodd was talking about in the future there will be four colleges delivering accredited training within CIT, CIT Solutions is a fifth delivery arm. So it is absolutely vital that we adhere to and comply with the exact same legislation around RTO compliance. Internally, because we offer accredited training, we established that position and it works very closely with CIT's curriculum area.

THE CHAIR: Any more for CIT Solutions? No. Great. We will now move to output class 3, vocational education and training. This is the planning and coordination of VET services. This is output 3.1, planning and coordination of vocational education and training services.

Ms Burch: Yes, as connected to ETD.

THE CHAIR: Welcome, officials; welcome back, minister. Because you have a number of personnel, I will just go through a few admin points before we start. Be aware that the proceedings are also being web-streamed. Are you all aware of the pink card with the privileges statement? Fantastic. Is there a statement you wish to make, minister?

Ms Burch: No, I am happy to go straight to questions.

THE CHAIR: Budget paper, page 293, vocational education and training, I assume that that encompasses CIT, does it?

Ms Burch: Output 3.1? No, it is through Education and Training. That covers your school-based apprenticeships, as I understand it.

Ms Cover: It does not include CIT funding, except for the part of apprenticeship training where we pay for apprentices that have been—

THE CHAIR: So that is like a subcontract, is it? And what is that worth?

Ms Cover: RTOs have a contract with us around user choice, which is Australian

apprenticeship funding, as do another 165 RTOs that are eligible for ACT funding.

THE CHAIR: And it is all post-school, this stuff, or it is within schools as well, secondary or post-secondary school?

Ms Cover: Australian apprenticeships can be both. They can be Australian school-based apprenticeships in the school and they can be post-school.

THE CHAIR: And you said you have got contracts with 180—

Ms Cover: One hundred and sixty-five RTOs.

THE CHAIR: What is the bulk of the training being delivered? What are the major categories?

Ms Cover: There are a number. The biggest category is Australian apprentices and the user choice, where the employer and the student actually choose the RTO of their choice and we provide funding to the RTO to give that qualification. That is the biggest component. There is also a component of priority support program, which is a targeted program. There is adult community education program and also productivity places program, which is finishing.

THE CHAIR: What was that program?

Ms Cover: The productivity places program was a program funded in combination with the commonwealth government and the ACT government for existing workers and new workers.

THE CHAIR: To do what?

Ms Burch: For example, the PPP would have covered some early childhood care certificate III places. Under these arrangements there would be an identified skill set that we would seek and that would be identified under programs such as PPP, which has now changed its name to something else. We just cannot keep acronyms for more than a couple of years.

THE CHAIR: That program is ceasing but the training is being transferred elsewhere to other programs, or there are just not going to be those positions available?

Ms Cover: We still have priority programs. That program training is finishing. Those qualifications have been completed at the moment.

Ms Burch: Mr Whybrow might have something to add.

Mr Whybrow: To give you some of the context around some of those programs, with the budget for 2013-14, as Leanne has identified, the vast majority of the payments are under the user choice program. That is estimated to be \$13.1 million for 2013-14. The productivity placement program, as was identified, was a joint ACT and commonwealth initiative. That was a 2009-10 initiative that provided funding over three years. The nature of these programs, however, is that people enter into the

training, and payment happens progressively. So while there was no new money from 20011-12, that program financially will end in the 2013-14 year. There is estimated to be remaining \$4 million of expenditure in 2013-14. I would expect that you would be asking me about why there is a difference and a reduction between the 2012-13 year and the 2013-14 year. It is primarily in relation to the productivity placement program. That had \$7.5 million of expenditure in the 2012-13 year.

THE CHAIR: That is a good question. Do you have any further questions for yourself? That is far better than my question. I actually do have another one.

Mr Whybrow: I apologise; it was on the page that you were referring to.

THE CHAIR: I like it. On page 297, the accountability indicators seem to all be changing, ceasing or starting. What is the reason for that? It is very difficult to get a grasp on how this area is tracking, simply because everything has changed in terms of indicators.

Ms Cover: As members will be aware, there has been quite a lot of change come in place with the national partnership on skills reform which has started. You will see reflected in the actual output class there a number of those changes, to reflect the national reform agenda that is coming through in this particular budget.

THE CHAIR: Given that they have all changed, are there any areas there that you have got concerns about with regard to not meeting targets? It is difficult to tell. You would have to cough this up, I suppose, but are you concerned about any of those targets?

Ms Cover: We do not have any concerns about the targets. There are new targets there which are aspirational. We think that is a good thing. We have no concerns about the targets, though.

THE CHAIR: Dr Bourke.

DR BOURKE: Minister, I see that you have a target to have 100 per cent of RTO audit reports provided within 30 days of completion of an on-site audit. This is budget paper 4, page 303. I see that only 60 per cent have been achieved this year. What has the issue been and what is being done to resolve it?

Ms Burch: This target, as I understand it, was not in place at the commencement, and I think it goes to new measures as well. It is certainly a commitment of ours to make sure that the RTOs do have an audit as we go through the national skills reform. We look at standards, capacity, capability and the responsiveness of RTOs. It is quite critical that we make sure all our providers are on task and delivering the quality product that they are funded to do.

DR BOURKE: Just coming back to the number of RTOs that Ms Goleby mentioned before, 165, obviously they range in size from CIT, which is your largest, down to quite small ones. Is there a median or mode measure for the size of RTO in terms of output of graduates, dollars or anything like that?

Ms Burch: I do not know that we would know a median or an average of size or output. But just to clarify, some of those are actually New South Wales RTOs that have an arrangement or a provision of service that we accept here in the ACT as well. And you are right: they go from a quite small, distinct, narrow train of delivery to very broad offerings.

DR BOURKE: But they include schools and colleges?

Ms Burch: Yes. I think all our colleges are RTOs.

DR BOURKE: And non-government schools as well?

Ms Burch: Yes.

DR BOURKE: What sort of offerings are school RTOs offering?

Ms Burch: Different colleges are offering different things, because they understand that they cannot be all things to all people. I think some generics—correct me if I am wrong—are community services and the hospitality business. That would probably be the core. But particularly where we have got trades training centres, which will happen in Erindale and Tuggeranong, they will have a particular focus, so that will be built up to their need. It is my understanding—what are they doing down in that neck of the woods?—that automotive, construction, horticulture and hospitality are in there at the Tuggeranong Sustainable Living Trade Training Centre.

DR BOURKE: They are the kinds of offerings that schools are providing for their students as the RTO, but you have also got school-based apprenticeships where the school may not be the RTO. Could you tell me about those, please?

Ms Burch: That is where they have a connection through to CIT or other providers. Ms Cover, you can talk to that.

Ms Cover: I might ask Ms Goleby to give you some information about the specifics of that program.

Ms Goleby: CIT delivers about 30 per cent of the ASBA training—the school-based apprenticeship training. Interestingly, there is a split between very small, where an RTO might offer just one program to our school-based apprentices, and a range of programs. The majority of the training is not actually delivered by the schools. Only about 10 per cent of the school-based apprentices study with their school as the RTO. The other 90 per cent are spread across a range of RTOs. There are four or five bigish ones, such as Regional Group Training. They do quite a diverse range of programs for our school-based apprentices. MBA does more of the construction end and CIT does a very wide range. Community services are popular in the school-based apprenticeship program, and that is offered by a range of different RTOs.

DR BOURKE: With those school-based apprenticeships, though, they also need to be working as well, don't they?

Ms Goleby: That is right. One of the huge outcomes is that they are more work ready.

They also understand whether or not that is where they want to be. They have not just developed the technical skills but started to develop the skills for work. You need to be on time; you need to ring up when you are not there. But you really have to take your hat off to the young people that do this, because they are balancing a school load. Many of them are going to not be able to drive, so they are getting themselves into the workplace. They are learning to negotiate. Where the school has moved an exam from day 1 to day 4, these students are learning to negotiate. They are getting a very wide portfolio of generic skills on top of the specific skills.

One of the other advantages is that if their school-based apprenticeship is in, say, construction, they learn some very valuable skills but they may also learn that that is not for them. If it is for them, they have got a leapfrog start when they leave school. If it is not for them, they are not to take the time post school to make that decision; they will have already made that decision and be ready for whatever the new decision is once they have left school.

THE CHAIR: How many children are we talking about enrolled in school-based apprenticeships?

Ms Goleby: As an unvalidated number, about 460. It is in that ballpark right now. That is an average sort of number per year.

DR BOURKE: And some of them are doing TER-type programs.

Ms Goleby: Absolutely. This is not just for the students who make the decision that tertiary education of an academic nature is not for them. A really good choice for a student can be to pick up something at the vocational end of where they think they might go. They might be looking at IT, for example, and getting some really good hands-on technical skills, getting some work-based experience, such that they can say: “Yes, this is for me. I am going to take on a higher education program in IT.” And if they are good at it, they have a work-based connection and they might have a job whilst they are studying. It is not just for the disenfranchised, the disengaged. That is a really common misconception that needs to be fixed.

THE CHAIR: Is this in colleges or is it in high school as well? In what year do people become eligible?

Ms Goleby: Children can start an ASBA in year 10 but they have to be 15.

DR BOURKE: Going back to the kind of programs that might be offered through a school-based apprenticeship, do you have a list of what is available or is it open season?

Ms Goleby: It runs to many pages, Dr Bourke. Right now, the most popular is hospitality, followed by children’s services, hairdressing and business construction. Stop me when you are getting bored. There are even students starting in electrical training, which has a high level of responsibility for mathematics, science, et cetera. Again, that is a really good one where a student can say, “Blimey, I have really got to knuckle down and learn some maths and physics because I am not going to survive in the electrical trades if I do not.” And then really it is just about everything.

DR BOURKE: So they are working?

Ms Goleby: Working.

DR BOURKE: Doing year 11 and year 12.

Ms Goleby: Correct.

DR BOURKE: Ninety per cent of them are doing their cert III or cert IV.

Ms Goleby: Study outside the school.

DR BOURKE: Whatever it is, outside school. That is after hours, is it?

Ms Goleby: No. They juggle their loads. Those students can use their ASBA training to contribute to their score for year 12. It depends on how they are doing that. There is a lot of flexibility and there are a lot of different options for how that contributes to their year 12. It becomes part of their year 12 certificate.

Ms Burch: The school clearly gives them time off, accepting that part of that arrangement and contract with their employer is to have X number of hours off during the week.

Ms Goleby: The support from the schools is really important as well. The support from the RTO is important, but the support from the schools is, too. Take that electrical ASBA. It has to make sure they keep up their mathematics and physics, not to mention their other subjects, so that they do not let that slide so they do not jeopardise their year 12. And they have to meet workplace competencies. This is not a work placement where I go in and I do a few things—I might get to sweep the floor or whatever. As an ASBA, you have got to actually have competencies ticked off. You have got to show workplace competence.

DR BOURKE: What is the advantage of this kind of program for employers?

Ms Goleby: Where the student is engaged and they have picked the right area, they get the enthusiastic student. They get the pick of the students then when they are finishing school. They can say: “Will you continue to be an apprentice? Will you continue with me?” You are a known entity as an ASBA.

DR BOURKE: There is probably an advantage during the summer holidays as well.

Ms Goleby: Absolutely. Those students will be working over the holidays. They will be working in their school holidays during the year as well as over the summer.

DR BOURKE: Thank you.

MR GENTLEMAN: Minister, page 303 of budget paper 4 has an indicator for trade training centres. There is a note there with some extra funding for those centres. Can you go through what that will provide for students in the ACT?

Mr Whybrow: I will start with the dollar amounts there. It is talking about \$17.3 million; that is the total value of that program. There are two components to that. One relates to trade training centres in the Tuggeranong region, which is an amount of \$8.2 million. Included in this is an estimate—I should be clear that we have not got a signed commonwealth agreement yet, but it is included based on the numbers in their budget papers—of an additional \$9 million for trade training centres in the Belconnen region. I will hand over to Leanne around the details of those programs.

Ms Cover: The minister has already spoken about the Tuggeranong trade training centre and what is happening out there with the collaborative work that is happening with both Erindale College and Lake Tuggeranong College partnering with their high schools, Wanniasa high, Caroline Chisholm high, Calwell high, Lanyon high and Namadgi high, in those programs there. We are planning a similar approach at the Belconnen trade training centre. The lead colleges will collaborate with their partner high schools to ensure that, with respect to some of the work that Ms Goleby was talking about, students can start engaging in some of these activities in high schools and we start to share resources and activities between the high schools and the colleges.

DR BOURKE: Which schools?

Ms Burch: In Belconnen, it is Kingsford Smith, Belconnen high, Canberra high, Kaleen and Melba Copland. That will work through Hawker College, Lake Ginninderra and Melba Copland senior college. So that is the Belconnen one. If I again go back down south, through Erindale their focus will be on hospitality, a cert II with pathways to cert III, and furniture making and competencies—ASBAs. Tuggeranong will look to a construction pathway from cert II to cert III and automotive services at cert II level with some cert III competencies as well. Up north, you will have horticultural, construction; in Lake Ginninderra they are looking at engineering fabrication, automotive as well, and then food processing, retail baking—I want to go to Hawker College when they are up and running—and hospitality as well.

A number of the schools that feed in to these have quite high-grade hospitality and kitchen areas within their schools. A young one in year 10 can have that opportunity and by the time they come out from college they are actually quite skilled and very employable. It is an end in its own right, but certainly it will support them through other life choices.

MR GENTLEMAN: You have some passionate educators in that sector as well. I remember working with Alex down at Tuggeranong College—his work in automotive. Some capital works, I think, were going to be done in that automotive training area. Where are we up to with those?

Mr Whybrow: My understanding is that completion of work is to happen at the end of 2014.

MR GENTLEMAN: Excellent.

Mr Whybrow: For the complete Tuggeranong region.

MR GENTLEMAN: Are you able to tell the committee how those educators have been working with the community—with businesses, for example?

Ms Cover: It is on a number of levels. The industry skills councils have been involved with those particular areas that the minister spoke about for Tuggeranong. They have also been working with both CIT and RGT—Regional Group Training—as an RTO, liaising with them in terms of what skills will be required for the VET workforce in those particular areas. I think they are the main stakeholders they are working with.

Ms Burch: The principal at Erindale College is certainly not backward in coming forward, and working through the various stakeholder groups and promoting it, because it is such a great opportunity for his school and his students, in making those connections across the community. Similarly in Belconnen, Hawker College and Lake Ginninderra have certainly made some really strong connections to various industries and organisations that will support that whole notion of getting ASBAs into workplaces for experience.

MR SMYTH: Minister, on page 293 of budget paper 4, the output class has suffered a loss of funding of \$1.290 million. Why is that and how will you make the savings?

Mr Whybrow: Could I get that reference—page 293?

MR SMYTH: 293, BP4.

Mr Whybrow: Could you repeat the question?

MR SMYTH: Your funding has gone from \$38 million down to \$37 million. Why, and how are you saving the money?

Mr Whybrow: I will refer back to the question I was not asked earlier.

MR SMYTH: Yes. Always useful!

Mr Whybrow: That actually relates to coming to the end of the productivity places program, which was a 2009-10 initiative. Final money for that was received in 2011-12. However, given the nature of the program and where people enrol, payments have been rolled. In the budget papers, I refer you to pages 298 and also 299, where it identifies the rolling forward of commonwealth funding for productivity places program, the commonwealth component, and the ACT component into the 2012-13 budget, and then an additional amount that has been rolled, at 299, into the following year's budget. That was the \$4 million that I was talking about that sits in the 2013-14 budget. The differential is primarily because of that. There is \$3.5 million there, so there are increases outside that program. It was always set for a finite life, and is coming to an end.

MR SMYTH: Does that mean this section loses jobs?

Mr Whybrow: The nature of those payments is grant payments. I refer you to page 316. The nature of the payments there is training of individuals and total grant payments to the sector.

MR SMYTH: Can we go back to the accountability indicators on page 297. What is being lost is being replaced by very different things. With the total numbers of hours purchased, do we have a number for 2013-14, even if you are not reporting on it?

Ms Stewart: We do not have that data yet. That comes out of the data that we compiled for the national collection, which we are in the process of putting together at the moment. So we will have it for our annual reporting but it is not due to be completed at this time.

MR SMYTH: Will a. through e. all become available when that collation is finished?

Ms Stewart: They are from different data sources. Certainly, that is the case for a., and it is the case for b. as well, but some of the others are coming from different sources. For example, d., which is now a strategic indicator, comes from a survey run by the National Centre for Vocational Education Research. That will come out later this year. So it depends on the data source for those. I can run through each of them, if you like, and let you know.

MR SMYTH: If you could, yes.

Mr Whybrow: With the finalisation of our current financial year, at the annual report hearings, there will be a report of actuals against the targets.

Ms Stewart: Indicators a., b., and e. come from our data collection for the 2012 calendar year that we are in the process of compiling at the moment. That will be available for reporting in our annual report and our statement of performance, which is for the financial year—in this case 30 June 2013. Indicator d. comes from the National Centre for Vocational Education Research student outcomes survey, which was released in December last year. So that estimated outcome there is the actual outcome from that collection. The next one is in the field at the moment and will be released at the end of this year. Indicators f. and g. are administrative processes. We collect that data on an ongoing basis but we have not yet compiled it for this financial year and we will do so at the end of June. Indicators h. and i., again, come from the national collection by the National Centre for Vocational Education Research. That data was released towards the end of 2012 for the 2011 year. So the 2012 data will become available later this year. In our annual report we will be reporting on the 2011 data that was released at the end of 2012.

DR BOURKE: On page 316 I refer to note 1, where it says that interest received from investments with the territory banking account is no longer presented as interest income. Why?

Mr Whybrow: I refer you to the item below. This is how it has been represented across government. Interest has now been replaced with the line item “distributions from investments within the territory banking account”. So that too was moved to the line below.

DR BOURKE: Why was that done?

Mr Whybrow: I believe it is simply a technical representation of the nature of the investment, but I can—

THE CHAIR: If there is any difference to that, take it on notice; otherwise you are satisfied with that answer?

DR BOURKE: Yes, reasonably.

MR SMYTH: It is the same answer all the other departments have given when asked.

THE CHAIR: We will assume that that is the case for you. It is the case for everybody else.

MR SMYTH: How many VET courses in high schools are delivered by private providers, if any?

Ms Burch: As in private providers that are RTOs?

MR SMYTH: That are delivering a course, yes.

Ms Burch: We will take that on notice.

THE CHAIR: You will take that on notice.

MR SMYTH: You are not aware of any or—

Ms Burch: I am deferring to officials who are saying they will take it on notice.

MR SMYTH: If such courses are delivered, how are private providers determined? Is it done by a tender process?

Ms Cover: It depends on the funding source that the schools are using.

MR SMYTH: If there are any, could you then tell me whether or not they were done by tender?

Ms Cover: Sure.

MR SMYTH: Who makes the decision as to whether or not a course will go out to a private provider?

Ms Burch: It is my understanding that with most of these courses it is a decision by the local school leadership, that this is what they want to offer to their students and they would go through local providers. CIT and RGD are a couple of the local key ones. It is the same with Newskills in the community sector. Beyond that, it is my understanding that if there is a unique piece of training that is not available from them then an alternative would be a private provider. As to the details of how many, what

they are and what their funding stream is—I think they were your questions, Mr Smyth—we will take that on notice.

DR BOURKE: I have a supplementary. Could we talk about who the public and private providers are in the territory?

Ms Burch: There is a public list of the 150-odd providers. We can provide that to the committee.

MR SMYTH: If you go back to page 293 of budget paper 4, the last paragraph talks about priorities of developing consultation with industry and community groups. Who do you consult in that consultation?

Ms Cover: I might ask Ms Goleby to talk about the work that we do in this space to identify priorities and who we actually consult with.

Ms Goleby: We have a significant project in place that has been underway this year to enhance that work. We have seen the need to make sure that, if we connect government funded training initiatives to a list of priorities, that list of priorities needs to be developed in a pretty robust way. We have done very substantial work on some modelling. We are at the point of having had that validated by a qualified actuary. We are now going out to consultation.

There are two tranches of consultation in that space. The first is being led by the Business Council. They are bringing in as wide a range of industry groups as they can possibly gather. Separate to that we are using all of our other stakeholder groups and we are going, for example, through the chamber of commerce as one of our groups to encourage some what we are calling “boots on the ground” input. The model has produced a draft skills needs list for the territory, and we are going to release that. Now we have started the consultation phase, and we are releasing that now for this deeper, boots on the ground input, to give us further intelligence on how we might refine that.

This is a much more robust process. The exciting thing about the process with the model is that the model is a sustainable model. We have worked very closely with Chief Minister and Treasury Directorate and also Economic Development. This model will be used to inform, for example, skills migration and all sorts of other avenues for getting skilled personnel into the workforce in the ACT.

MR SMYTH: Does that indicate the process you have followed in the past was in some way deficient?

Ms Goleby: It was very difficult to get engagement in the past. We found that we got a lot of engagement from RTOs. As you know, the RTOs work closely with industry, and they would have their contacts. But it was actually getting that deeper and broader engagement that we were really missing in the past. So with this methodology we think that we have significantly enhanced that. So far, the indications are that the list is possibly not going to be radically different but our confidence in the consultation process has been enhanced.

MR SMYTH: You will undertake that process then every year?

Ms Goleby: It is even more exciting than that.

MR SMYTH: More exciting?

Ms Goleby: The model is a sustainable one, so, for example, if something were to impact the territory—I cannot think of an example, but should we have a natural disaster again like the bushfire—then we would have certain skills requirements immediately. We would be able to factor that into the model by going to the groups that might be able to give us advice in that space and to factor that into the model to see what the gap between the supply and demand would be. We can more target our consultation in the future as well.

MR SMYTH: Thank you.

THE CHAIR: There is nothing further. Thank you very much, minister, and officials. There are requirements for questions on notice which you would no doubt be aware of. Thank you very much for attending. Any confirmation on the questions taken on notice can be provided by the secretariat.

We will now move to the ACT Building and Construction Industry Training Fund Authority. Welcome back, gentlemen.

Mr Service: Thank you, chairman.

THE CHAIR: Before we start, I just remind you that these proceedings are being webcast. Can you confirm that you have read and are aware of the privilege statement?

Mr Service: Thank you, chairman; yes.

THE CHAIR: Does anyone want to make an opening statement?

Mr Service: No, thank you.

Ms Burch: By way of making an opening statement, I will just thank the Building and Construction and Industry Training Fund Authority for the work that they do in providing advice and making sure that this industry, which is often in the headlights around safety and quality, can get on and provide that much needed training across a whole range of fields in the business.

Mr Service: Thank you, minister.

THE CHAIR: Great. In terms of your apprenticeship programs and training that you are doing, how are we going in terms of numbers? It seems to be a fluctuating thing in terms of who is putting their hand up to take on apprenticeships. Are you seeing an increase or a decrease?

Mr Service: We could safely say that the trend at the moment is a decrease in

numbers. For the corresponding period last year there has been a reasonable reduction in take-up.

THE CHAIR: Why do you think that is?

Mr Service: My own view is that it is a concern about the forward volume of work, chairman. The industry has been exceptionally strong in recent years. We have seen growth year on year for quite a specific amount of time. Certainly, in the commercial sector, which is largely driven, from my experience in the property industry, by the commonwealth government and then by the territory and then by the private sector, we have seen an almost zero demand by the commonwealth for new office accommodation, and that does have a marked effect on take-up. We have seen a couple of major projects the commonwealth have had underway, including the new building down towards the defence precinct which you are not allowed to talk about. It is coming to conclusion, and there are few new commercial construction projects in the field or proposed.

THE CHAIR: So really it is a slow-down in industry, then, and fewer positions being offered by industry?

Mr Service: Yes.

THE CHAIR: Are you aware of the number of people who are looking for apprenticeships that cannot find them? Is the supply exceeding the demand as such?

Mr Service: I think the short answer is supply is exceeding demand. Mr Guy may have some other views to add. But certainly supply is never a problem.

Ms Burch: Would it be in different areas as well? Some areas are more felt than others.

Mr Guy: In the licensing and carpentry trades it is not too bad—and the plumbing and the electrical area—but some of the other areas, like the bricklaying area, are starting to drop off a little bit. The plastering area is starting to drop off, as is painting and decorating. It is those kinds of wet trades where the numbers are dropping off a little bit. But also in the carpentry area, as Mr Service has pointed out, the amount of work that is out there at this particular point in time is slowing up.

One of the major group training companies, as of Monday, no longer exist; they do not train apprentices anymore—CITEA. But they are in the process of transferring the apprentices they had in the construction sector over to another group training company that is coming into the ACT. The majority of those people will be offered positions in that particular company.

THE CHAIR: In terms of the numbers, and you say there is a drop-off, have you got that detail—the last financial year compared to this financial year or calendar year—so that we can get a bit of a comparison? Are you talking about reduction of 10 per cent or 20 per cent? What is that in actual raw numbers?

Ms Burch: ETD could probably take that on notice.

THE CHAIR: If you could, just so that when you are talking about that drop-off I can get a bit of a comparison. It might be—and we might consider it for the report—an interesting statistic so that we can track where that is going. It is a bit of an indication of employment activity, if nothing else. Dr Bourke.

DR BOURKE: On page 6, under your KPIs, you talk about training incentives to employers of first-year apprentices in skills shortages areas. Can you tell me you how identify skill shortage trades? What are they and how are the incentives promoted and provided?

Mr Service: Each year we undertake a consultation project external of the authority, and that is to create the training plan. It is an interesting consultation process. We rely almost exclusively on industry advice through that consultation process to tell us where the shortages and the demands are. Mr Guy can talk about the incentives. We market that through a range of things. On our website we have industry newsletters. We market it through organisations and events that we promote and support, such as women in trades in the access and equity program. They are the core range of promotions. The rest of our marketing, for want of a better description, is really through the industry itself, through the registered training organisations and through the group training companies. The key ones that are running at the moment, Gary?

Mr Guy: The trades that we are currently funding in this particular year are plastering, both solid plastering and gyprock plastering, tiling—wall and floor tiling—bricklaying and block laying, horticulture, landscaping and greenkeeping in the horticultural area. We provide funding of \$4,000 to every employer who takes a first-year apprentice on in those particular trades in 2013.

DR BOURKE: Do different industries have different ways of working out what a skills shortage means or how they define it themselves?

Mr Guy: In a sense, it is just on numbers, when the numbers start to drop off, be it through CIT or be it through the private RTOs—when the numbers are not turning up. After consulting with all the stakeholders within the industry we have an understanding of what trades are falling off and then we provide funding for those particular areas. At this particular point in time there are more people who wish to join the carpentry trade than there are probably positions, so there is no use, in a sense, funding that. But we fund the ones where the people are needed. If an employer will take on an apprentice in plastering and get an extra \$4,000, he may then take on two first-years that year because he is getting additional funding.

DR BOURKE: You mentioned solid plastering. Is there still a lot of demand for that these days?

Mr Guy: Not a lot, no. There is some still out there, but not a great deal.

MR GENTLEMAN: What is the industry like now for access and equity? How much work do you do to try and entice women into those trades?

Mr Guy: We provide the same amount of funding for any young woman who wishes

to join the trades in the construction sector, and that is any trade, not particularly the skill shortage areas. We will also give an employer \$4,000 if they take on a young female within the sector. We have just approved, at last week's board meeting, funding of \$3,000 to the MBA. They are going to provide a scholarship for a young lady to do a diploma in business management through the YWCA. So that is being funded.

As to any other particular programs that are out there where we can help with the women, we provide funding for NAWIC and stuff like that for the young women in the industry. We promote it as much and as widely as we can. We have still got to promote it and go on with it. I mean, 50 per cent of our population are women and we have got about three per cent working in the construction sector.

Ms Burch: Can I take the opportunity of just talking about the women in construction program through Disability, or Housing ACT, where we will underwrite the cost of building two properties down in Richardson to be used by people with a disability. We will have a product, but it is about working with groups such as the training authority, NAWIC and others to just say that this is a very good chance to promote women in non-traditional trades.

MR GENTLEMAN: What other special project initiatives do you have from time to time?

Mr Guy: If any employer takes on an apprentice who has got a disability, we will treat that on a case-by-case basis. In the past we have had people who were blind or partially blind and we have provided additional funding for that. In one case a young boy was about 90 per cent deaf, so we provided additional funding. That funding can also mean setting up a workshop situation so that, when a saw or a working tool is on, a light will come on above it. The individual may not be able to hear the machinery working but can see the light on and notice that it is working. We will provide funding for that.

THE CHAIR: Mr Smyth.

MR SMYTH: What is the training company that is closing down?

Mr Guy: CITEA.

MR SMYTH: And the reason?

Mr Guy: They closed their RTO status down probably 12 months ago. The apprentices they had employed then, in the RTO situation, then had to go CIT. This year they have decided to change and have closed the group training status down as well. They have closed down.

MR SMYTH: You said a company is coming in to replace them?

Mr Guy: Yes. The information that we have, which was in their advice to tell us that they were closing down, is that it is the Australian training organisation, which is a national group training company. I assume it is trying to get a foothold in the ACT,

and taking over an existing group training company probably helps it out.

THE CHAIR: Dr Bourke, do you have any further questions?

DR BOURKE: No, I am done, thanks.

MR GENTLEMAN: I am too.

THE CHAIR: Are you done, Mr Smyth?

MR SMYTH: I am happy to pass. Mr Service gets an easy ride this year.

THE CHAIR: He normally does, doesn't?

MR SMYTH: How many years have you attended these functions?

Mr Service: I think this is my 13th in respect of the authority.

Ms Burch: Your 13th?

THE CHAIR: It is unusual that Mr Smyth does not have some obscure question about a funding line somewhere in budget paper 4.

MR SMYTH: I have got—

THE CHAIR: No, let us not encourage him at this late stage in the afternoon.

MR SMYTH: I have some if you want. I was just being nice.

THE CHAIR: That is perfectly okay; thank you, Mr Smyth. Thank you very much for attending. There are requirements for questions on notice. My secretariat is telling me to read it, so I had better read it. All questions on notice are to be lodged with the committee support office within three business days of receipt of the uncorrected proof of transcript with day one being the first business day after the transcript is received. Answers to questions on notice are to be lodged with the committee support office within five business days of receiving the question, with day one being the first business day after the question is received. Similarly, questions taken on notice are to be provided within five days of the hearing at which questions were taken, with day one being the first business day after the question was taken. On behalf of the committee, thanks very much.

Mr Service: Thank you, chair. Thank you, members.

Ms Burch: Thank you.

The committee adjourned at 5.11 pm.