



**LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY**

**SELECT COMMITTEE ON ESTIMATES 2015-2016**

**(Reference: [Appropriation Bill 2015-2016 and Appropriation  
\(Office of the Legislative Assembly\) Bill 2015-2016](#))**

**Members:**

**MR B SMYTH (Chair)  
MS M FITZHARRIS (Deputy Chair)  
DR C BOURKE  
MS N LAWDER**

**TRANSCRIPT OF EVIDENCE**

**CANBERRA**

**FRIDAY, 19 JUNE 2015**

**Secretary to the committee:  
Mrs N Kosseck (Ph 620 50435)**

**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

<b>ACT Audit Office</b> .....	<b>643</b>
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## **Privilege statement**

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*Amended 20 May 2013*

**The committee met at 9.31 am.**

Appearances:

Barr, Mr Andrew, Chief Minister, Treasurer, Minister for Economic Development, Minister for Urban Renewal and Minister for Tourism and Events

Chief Minister, Treasury and Economic Development Directorate

Dawes, Mr David, Director-General, Economic Development, and Chief Executive Officer, Land Development Agency

Rake, Mr Gary, Deputy Director-General, Arts, Business, Events, Sport and Tourism

Stewart, Mr Dan, Coordinator-General, Urban Renewal

Gilding, Ms Louise, Executive Director, Policy, Projects and Legislation

Cox, Mr Ian, Executive Director, Innovation, Trade and Investment

Hartley, Ms Laura, Senior Manager, Small Business and Skills

Bailey, Mr Daniel, Director, ACT Property Group

Tomlins, Mr George, Executive Director, Procurement and Capital Works

Lacey, Mr Glenn, Director, Civil Infrastructure

Ogden, Mr Paul, Chief Finance Officer

Hill, Mr Ian, Director, VisitCanberra

Clarke, Ms Liz, Director, Territory Venues

Collett, Mr David, Executive Coordinator, Public Housing Renewal Taskforce

**THE CHAIR:** Good morning all, and welcome to the sixth day of public hearings of the Select Committee on Estimates. At lunchtime we will be halfway through. Isn't that something to look forward to? Today we are looking at the portfolio responsibilities of economic development, tourism and events, urban renewal, the Ombudsman and the Auditor-General, amongst others, and we look forward to a good day of questions and answers.

Please be aware that the proceedings today are being broadcast and transcribed by Hansard and will be published. The proceedings are also being broadcast and webstreamed. When each witness appears, could you please read the pink privilege statement that is on the table. Could you please confirm that you understand the privilege implications of the statement? So confirmed.

The Chief Minister has waived his right to make an opening statement, so we will go straight to questions. Chief Minister, on output class 8, economic development, table 17 on page 23 of budget paper B seems to indicate a reduction in the total cost but an increase in the payment for outputs. Could you run us through what is happening there?

**Mr Ogden:** Mr Smyth, the movement from the government payment for outputs is generally as a result of the new initiative for the urban renewal projects. The slight decrease in total cost is mainly an impact of the increase in those projects, offset by the movement of the projects and contracts coming from Property Group into output class 5. I can provide you with a written reconciliation.

**THE CHAIR:** If we could have a reconciliation of the ins and outs, that would be

kind. Ms Fitzharris.

**MS FITZHARRIS:** I want to ask in this output class about the land release program and the changes that are in this year's budget. Could you run us through what goes into developing the land release program this year?

**Mr Dawes:** There is quite a bit of work that goes into formulating the land release program. We not only deal internally but also we engage with external stakeholders. So we always look at what underlying demands are. We look at other pressures that might be on the market in the marketplace to formulate the land release program.

If you look at where the land release has been in the course of the last number of years, the underlying core demand is somewhere around 2,750 to 3,000 dwellings. If you look at what has been supplied in the market on average since, say, 2007 it has been about 3,865. That is made up of both infill sites and greenfield sites. We have moved away from doing all of the developments in the greenfields sites. Obviously, we are looking at urban consolidation as well. So that is taken into account.

With the land release, we have a residential advisory group meeting and a commercial advisory group meeting. So we actually work with all of the key stakeholders in those areas to come up with the underlying demand.

One of the key things this year is that we had a target of 3,600, because we increased that. To date we have achieved 3,669, so we have achieved that target. As I reported some years ago, we did have a hiccup with getting environmental clearances through in Gungahlin and Molonglo. That did delay things. It took us a couple of years to get all of those clearances through from the commonwealth EPBC processes. But since they have been cleared we have got a hurry-on. Obviously, we have looked at what we are doing going forward.

One of the key things that we did in recalibrating some of the numbers is increase the land supply in the forward years. We are obviously very confident that that can be delivered, mainly because we have got through all of those commonwealth clearances and hurdles, and we have accelerated a couple of projects as well.

**MS FITZHARRIS:** With the projects that were accelerated, was Moncrieff one of those?

**Mr Dawes:** Moncrieff was a project that was part of looking at what we could do to help stimulate the civil sector in particular. Working with the Master Builders Association, it was discussed and agreed that we would let five contracts. There are not too many developers in Australia without pre-sales that would go to the market and release five contractors such as what has been undertaken by the LDA there. That is accelerating 2,000 dwelling sites. In round figures that was about \$110 million worth of civil contracts. That does not include the landscaping that will be completed as the project gets underway.

We have already released in the order of 900 of those dwelling sites to the market. Again, working with both HIA and MBA, we formulated their builders-only ballot, which provided 530 dwelling sites to the builders. We then had a general ballot for

that as well. So that has been quite successful. We have lodged further EDPs on some of the other land developments.

Overall, we are ahead, which is pleasing to see. Basically Moncrieff, depending on weather, will be all finished—we will have the last civil contract completed—by the end of this calendar year. Already the first stage of Moncrieff has been handed over, a couple of months ahead of schedule.

**MS FITZHARRIS:** Do you have mechanisms in any given year so that, if demand goes up, you are able to satisfy that through the land release program?

**Mr Dawes:** We have the flexibility to do that now. We have not had a great deal of that flexibility in previous years, mainly because of getting those environmental clearances through. But as I said, we do not have to worry about environmental clearances for Gungahlin. We know what is set. We have already lodged an EDP for Throsby, for example. Throsby was originally going to be in the order of 4,100 dwellings, but because of some of the environmental constraints, that will be in the order of 1,100. But an EDP has been lodged and that is in the process of being circulated. We advertised the tender for the first stage of Throsby back in May. We are going through the process of evaluating that, so we will be able to get that underway and under construction.

**MS FITZHARRIS:** Did the consideration of this year's land release program take into account Mr Fluffy properties? Was it adjusted to take account—

**Mr Dawes:** Yes, that was adjusted at the midyear review. Again, having talked to all of the private sector stakeholders, internally as well, it was agreed that that would be increased, back at the midyear review, and that has happened. That was 300 additional blocks this year. So it went from 3,300 to 3,600 this year, and we have taken that into account in the forward years as well.

**THE CHAIR:** Dr Bourke, a new question?

**MR COE:** Can I ask a supplementary on this, unless Dr Bourke has a supplementary?

**THE CHAIR:** Sure.

**MR COE:** Thank you, chair. With regard to the roads projects announced in Gungahlin, which ones in particular are to facilitate development in Throsby?

**Mr Dawes:** I can get Glenn Lacey to discuss this in more detail. There are some connections from Horse Park Drive into Throsby. There are some roundabouts and some linkage roads to get us into the estate, as part of our capital works bid there. That is to get us into Throsby. The balance of the work will be done as part of the LDA packages internally in the suburb. Part of that has already been done; it is out to tender.

**MR COE:** What access will there be from Horse Park into Throsby that is being funded in this year's budget?

**Mr Dawes:** Glenn will be able to go through the exact detail of that.

**Mr Lacey:** There are moneys already approved for the upgrade of the intersection with Anthony Rolfe and there are a further two intersections that will connect with Harrison as well. But there are multiple accesses required for Throsby for safety—egress issues. We have three in total to be built with current funds and the new year, 2015-16, funding.

**THE CHAIR:** There is a crossover here; some of this is in LDA and some of it is here.

**Mr Dawes:** Correct.

**THE CHAIR:** We will try and limit the LDA stuff until later today, if we could.

**Mr Dawes:** That answers that question, anyway, Mr Smyth.

**MR COE:** But these are not actually LDA funds, are they? The upgrades—

**Mr Dawes:** These are economic development funds for Horse Park Drive access into Throsby—

**MR COE:** Yes. It is not LDA.

**Mr Barr:** There is a crossover.

**Mr Dawes:** Yes, there is a crossover.

**THE CHAIR:** So it is reasonably in this class?

**Mr Barr:** Yes.

**THE CHAIR:** Pursue it if you want, but if you feel that you want more detail this afternoon then tell us.

**MR COE:** To clarify that issue, for planning of a new estate, whether it be Throsby, Moncrieff or wherever, at what point does it actually become an LDA project as opposed to a broader government capital works project? Is it simply as soon as you are off the trunk road, or what is it?

**Mr Dawes:** What happens in the master planning of the suburbs, when we are going through that process, is that some works are required in the general capital works program. One of the things that we did some years ago when economic development was established was to have the team working closer, side by side, within the LDA and economic development, which is delivering the broader packages of some of the trunk infrastructure and roads, to link into the suburbs.

Basically, the simplest way to explain it is that whatever the LDA plugs into is delivered by economic development under the framework of the broader capital works, to a point, and then the LDA will take over from there. One of the things that we have

been able to do in Molonglo, as has been demonstrated, is that we have been able to work quite cohesively there. There have been quite considerable savings, because when we look at the capital works they are not done in isolation. We look at it in broad terms, and we may even vary an economic or capital works project to incorporate some things.

There is nothing worse, as you could imagine, than going back and digging up some work that may have already been done. So better integration and cost savings have been exhibited as well. We saw that in particular in the last financial year, where we were able to accelerate some other projects with some of the savings that were yielded in Molonglo in particular.

In some cases, the LDA may have delivered part of the capital works that the broader capital works may have been required to deliver because we have been able to package that up more cost effectively in the LDA estate. It is a fine line as to where they join, but that has worked very well over the last couple of years.

**THE CHAIR:** Dr Bourke had a supplementary, followed by Ms Fitzharris.

**DR BOURKE:** Thank you, chair. Capital works has been moved from output 8.1 into output class 5.1. Continuing with capital works, can you outline for the committee what steps you have in place to manage that percentage of work projects completed on budget and on time? Can you provide a broad overview around that for us?

**Mr Dawes:** There are a couple of elements to that question. One of the things is that with recent admin changes, procurement and capital works now reports to me. I have looked again at trying to ensure that we do not have duplication and crossover as well. We have economic development capital works now sitting in that broader capital works division as well. It has still got a direct line. One of the successes I think with procurement and capital works has been where we have actually evened out posts and people within different directorates to help facilitate and improve timeliness of projects and keep a closer eye on cost effectiveness as well.

Glenn Lacey, for example, is responsible for economic development capital works but also now sits over all of the civil engineering contracts as well under procurement capital works. There are some better efficiencies that are being done there. That is one of the reasons why it might have moved as well, to give greater clarity around some of the output classes.

Again, the nature of the work that economic—that part of procurement and capital works—is delivering involves close cooperation and liaison with the Land Development Agency to ensure that what is being delivered is being delivered in a timely way. Obviously the LDA is very dependent on those capital works being done in a timely way so that we can actually connect. There would be nothing worse than people living in homes and not being able to connect to water or other more basic needs as well. So there is that synergy. Does that answer the question?

**DR BOURKE:** Yes. What you are talking about is basically a whole-of-government approach, which is great. But of course within particular directorates there is expertise developing in particular tasks which could then be transferred into other directorates

or to back up into overall management.

**Mr Dawes:** Correct.

**DR BOURKE:** Do you have any examples of that?

**Mr Dawes:** I think there are some examples. You could look at procurement and capital works. George Tomlins could go further to answer this in greater detail. As well, there is a great collaboration between procurement and capital works and TAMS. We have someone outposted delivering part of the health programs. We have at director-general level a committee that is oversighting some of those capital works, which has been established. Colm Mooney has been taking up that challenge with Health and delivering those capital works.

Again, this works towards us trying to look at establishing some savings. A very good example would be the Calvary car park. We saved several million dollars on the construction of that because we were able to have it back in the broader team. With the plan and that being reviewed as well, we were able to save a considerable amount of money—in the order of, I think, \$17 million. But George would be able to tell you the exact price on that. It was several million dollars of savings just on the Calvary car park.

**DR BOURKE:** Of course, there is that expertise in education which was able to deliver two schools in Gungahlin, both \$10 million under budget.

**Mr Dawes:** Correct. And also that carries on to Coombs and what we have done there. That is a different project that we delivered at the Coombs school. That has been brought in well under what the original budget was as well. That is all striving to ensure that our procurement and capital works are being proven cost effective. Again, procurement and capital works has worked very closely with education. The way I look at these sorts of things is that really these directorates are the clients. We have to deliver on behalf of our client.

I think the Coombs one, which was just a recent one, will be completed at the back end of this year ready for the opening of the new school year next year. Again, we have seen considerable savings being achieved there. The way we have changed some of the contracting nature as well is something that I even advocated in a former life, that a building is a building. Some of the things may have been done under project management. We are looking more for hard dollar jobs so there is a little more thought—not thought, but a lot more time—that goes into the design. Also, because a line on a plan can cost a lot of money, that is forensically reviewed by the contractor. By having that early engagement, we are seeing the fruits of the savings coming through.

**DR BOURKE:** You have mentioned some savings on the school at Coombs. Are you able to quantify that for us?

**Mr Dawes:** It is early days, but it is in the order of \$7 million to \$9 million.

**THE CHAIR:** A supplementary from Ms Fitzharris and then a new question from

Dr Bourke.

**MS FITZHARRIS:** Thank you. It is all very encouraging about the potential savings that you can make so that you can accelerate certain projects. I refer to the Horse Park Drive works in this budget. They are sort of split between economic development and Territory and Municipal Services. What potential is there in that program in this next financial year, in particular for the stretch between Majura Parkway and Well Station Drive where your work will get underway and TAMS's work is to do the early design, for that section that links Majura Parkway to Well Station Drive in particular to be duplicated? Could you think about accelerating that stretch in terms of the design and potential construction to the extent that there is dual carriageway leading into another dual carriageway about a kilometre further down? I think it would be welcomed considerably by people who are using what is now a magnificent piece of infrastructure on the Majura Parkway.

**Mr Barr:** Yes.

**MS FITZHARRIS:** Thank you.

**THE CHAIR:** Was that a comment or a supplementary?

**MS FITZHARRIS:** It was a question. I was asking for consideration.

**Mr Barr:** The answer to which is yes.

**MS FITZHARRIS:** Thank you.

**THE CHAIR:** A new question for Dr Bourke. Given the interlinked nature, we have got 8.1, 8.2, 8.7 and 5.1 as the output classes to be dealt with between now and 11 am.

**MS FITZHARRIS:** We are going to go for gold, are we?

**THE CHAIR:** It would appear we are going to go free range. All of the officials are here but try and keep your Land Development Agency questions for this afternoon. A new question, Dr Bourke, then Ms Lawder.

**DR BOURKE:** I will move on to the business development strategy, Chief Minister. How does the current business development strategy build on the successes from our previous iterations?

**Mr Barr:** Very well.

**THE CHAIR:** A new question, Ms Lawder.

**MS LAWDER:** A nice short answer.

**THE CHAIR:** It is answered. Under standing orders, the answer is now complete! We will move on to Ms Lawder.

**Mr Barr:** I will invite some representatives from the business area to come up before

we start.

**Mr Dawes:** Louise Gilding actually worked with Ian Cox. While Ian is getting to the table, she can lead with that again. These sorts of things have been very much worked through with the private sector to make sure that we are responding to some of the pressures that they are experiencing as well. But I think stage 1 of our business growth diversification strategy has worked extremely well and we are very confident that with the input and the collaboration that has been occurring with the private sector, stage 2 will be as successful. Louise, you might want to talk a little about that policy formulation and Ian can then talk a bit about the implementation.

**Ms Gilding:** Growth, diversification and jobs had three strategic themes in it which were about creating the right business environment, about innovation and about investment. This second strategy, delivered three years later, “Confident and business ready: building on our strengths,” continues on that commitment and continues with those three strategic imperatives of creating the right business environment, accelerating innovation to create wealth and jobs and supporting business investment in future growth areas. The government has provided funding of \$11.75 million over two years, including \$6 million for programs and initiatives to accelerate business innovation, trade and investment, \$4.35 million for the visitor economy and \$1.4 million to build on the successful first phase of the Brand Canberra project.

As with the first business development strategy, we certainly went back to our key stakeholders—the key players and industry—to once again talk to them about what they saw as the important parts, the important things and the priorities that we actually needed to concentrate on in this second phase of the strategy. What was pleasing to note was that we were starting to see further development and further growth from where we had started in creating the right business environment under our red tape reduction initiatives.

We have now seen that form into an even stronger direction from the government in terms of its creation of Access Canberra. Where we have seen the comment from businesses about the difficulties that they have in understanding who they need to speak to in government and perhaps in terms of navigating government, we have now, again, brought together with Access Canberra’s “No wrong door” approach.

In the innovation space, we have seen a fundamental shift in the way that the program is actually delivered by bringing together a strong partnering program, a partnership with the CBR Innovation Network. The creation of that network is quite a different way of delivering those programs where we have seen the partnering with the five universities. They essentially have what we would call skin in the game along with what government has provided in terms of that program context. Again, we have built on those 26 initiatives from the first program, fed them in and grown them. Now we are seeing those different deliveries and that growth, for example, in terms of the applications that we have had on some of the programs. We have seen, again, an exponential increase in the numbers that have been there.

In the investment space, again, I guess we have seen from the first strategy that it was an idea to have an investment facilitation unit. We have now seen that grown into Invest Canberra and the strategy formulation around how we actually promote

Canberra to the world. I will probably stop there and let my colleague continue in terms of the detail.

**Mr Cox:** Taking the question in terms of what is a significant shift or point of difference from strategy 1, there is a much more explicit recognition of the key wealth and innovation drivers within strategy 2 compared to one around an articulation of sectors, clusters and key knowledge capability areas. There is a stronger recognition of the higher education and research sector as a driver of innovation and wealth creation within the strategy. But what that means beyond the articulation is that the way our programs are scoped and designed will have more explicit focus on acceleration of the development of economic benefit programs within the sector environment.

I cite as an example the national agricultural and environmental sciences precinct. Some work was done in phase 1 of the strategy under a program called the strategic opportunities program. Funding out of that was used to develop a discovery and dialogue process with CSIRO and ANU. That has now taken another step forward. Those two entities or organisations have announced that precinct as a Black Mountain development precinct. So for the universities and CSIRO there will be a much stronger shared understanding of how the total precinct develops, including things like shared professorial arrangements, jointly managed PhD students and a joint approach to investment facilitation of key infrastructure with the precinct.

For the ACT government we have a suite of programs that sit around that which are largely around bringing businesses to the relationship process with those precincts. If you take precinct by precinct, area by area, that will be the approach to how we design and roll out our programs. The other clusters or key knowledge capability areas that are mentioned in the strategy are ICT and e-government, which are loosely based around what has grown around NICTA; the cyber security innovation cluster which ADFA and UC also have a strong role in; the ACT space innovation cluster, which is a Mount Stromlo-driven capability but which is also linked to UNSW Canberra and their micro-satellite program; the sports technology cluster at UC; and also healthy innovation.

Outside that, we mention also the key economic driver areas such as tourism and visitation. Also, the renewable sector is growing in quite interesting directions on the back of some of the procurements around renewable energy the ACT government has participated in.

**DR BOURKE:** The exporters network and BusinessPoint programs, where do they fit within this overall structure?

**Mr Cox:** The exporters network program continued under a funding arrangement. I think the last discrete contract was around \$170,000, which is also supplemented by in-kind resources supplemented by the Canberra Business Chamber. In the last 12 months we have worked with the network on a project basis rather than a block funding basis. However, through the development of the strategy, we have revisited some of those policy issues and program delivery issues. We have now, I think, funded the network at a smaller base funding amount but also with the capacity to do project-based funding around the network. So the network will continue to operate.

The network also, I might stress, is not a creation of government; it was something that evolved out of the private sector. In fact it was something that evolved away from the Canberra business council and now the chamber. Mid-life it attached itself to the chamber. It has its own dynamism and we will continue to work with it.

**Mr Rake:** The other thing we need to carefully look at is the interplay of ACT-led programs with commonwealth-led programs. We find that the commonwealth is investing a lot in support for start-up businesses. That is a space where Canberra BusinessPoint, in particular, could be overlapping and duplicating. We need to make sure we are applying our funds in the most appropriate places; so we have refined our service delivery to make sure it really complements and adds to the aggregate value of those programs.

**Mr Cox:** Adding to that, a very good example is in the export space. The Canberra Business Chamber late last year won a three-year arrangement through Austrade to deliver the TradeStart program. There needs to be some adjustment and refit of how these programs actually operate within the local environment.

**THE CHAIR:** Ms Lawder, a new question.

**MS LAWDER:** Thank you. I want to ask about the role that the economic development policy, projects and legislation area played in the sale of ACTTAB.

**Mr Dawes:** For example, we did some of the policy work around gaming and racing, but, as far as any direct input into the sale of ACTTAB is concerned, we had none. Louise, you might talk about some of the policy levers that we pulled.

**Ms Gilding:** We developed the Totalisator Act. The previous legislation was not robust or appropriate for a non-government entity to be operating that particular wagering business, so we developed the Totalisator Act before the sale of ACTTAB.

**MS LAWDER:** The same question about relocation of racing codes onto one site—have you done any policy work in that area?

**Mr Dawes:** Quite a bit of work has been done on that. There have been some conversations with the groups, but Louise is probably completely up to date with where that is at.

**Ms Gilding:** This is sitting in the urban renewal area at the moment, but certainly policy worked with the stakeholders to do that initial co-location feasibility study. I think that was tabled either late last year or early this year in the Assembly.

**Mr Dawes:** This year.

**Ms Gilding:** There are further pieces of work, obviously, to be done, around looking at the racecourse and EPIC. We need to work with stakeholders again to understand the various needs of the industry and what infrastructure is necessary.

**MS LAWDER:** Do you have a time frame for that, or will that be an urban renewal

question?

**Ms Gilding:** I do not have the time frame at the moment, but it is an urban renewal question.

**Mr Dawes:** That part of it is an urban renewal question.

**MS LAWDER:** What involvement does the area have in the development of west Tuggeranong?

**Mr Dawes:** At this point in time, whether it is urban renewal, LDA or whatever, we have not had very much engagement with west Tuggeranong at this point. That has been centred around the commonwealth and the National Capital Authority.

**MS LAWDER:** At what point would that area become involved?

**Mr Dawes:** If, for example, there was a national capital plan change and it had an urban overlay. That is when we would be involved. We have not been asked to be involved at this point in time, either.

**MS LAWDER:** What about Yarralumla brickworks and the Yarralumla development?

**Mr Dawes:** That is probably more an urban renewal question. We can give you more detail perhaps this afternoon.

**MS LAWDER:** We might not have enough time for urban renewal. The container village down at the lakefront—any involvement in that?

**Mr Dawes:** Yes, but, again, that is under LDA and urban renewal, and we can deal with that later. I am trying not to fob; I am happy to answer the questions now, but I feel—

**MS LAWDER:** No, I am happy to wait. What about international flights coming to Canberra?

**Mr Rake:** Yes; that is the Minister for Tourism and Events.

**MS LAWDER:** I knew I would get one eventually!

**Mr Rake:** Although our expert for that will be here at 11.15 for the Minister for Tourism and Events section. Would you like us to take it now or hold it?

**Mr Barr:** We can wait until later; that is fine. Could we get questions on the actual output classes.

**MR COE:** It is one government; does it matter when you ask it?

**Mr Barr:** We have output classes; we do it this way. We may as well ask questions in the right output class.

**MS LAWDER:** City to the lake project?

**Mr Dawes:** That is also urban renewal. I am sorry to be a dampener, but that is very much—

**Mr Barr:** This is your opportunity in the business development and innovation areas. There is a whole other section today for those other questions.

**THE CHAIR:** As a supplementary to that, I am intrigued that the racing industry would be in urban renewal. How is racing seen as urban renewal?

**Mr Barr:** It is not. The Minister for Racing and Gaming will deal with the policy issues associated with racing. But future use of the EPIC site is something that would fall in the urban renewal area. To the extent that you have one of the racing codes operating on the EPIC site at the moment, that is the only link.

**THE CHAIR:** So the link to urban renewal really is how much we can make out of the land?

**Mr Barr:** No; the link to urban renewal is what would be the future utilisation of the area to the east of Flemington Road.

**THE CHAIR:** Why is that not in planning?

**Mr Barr:** That is also in planning, but there is—

**THE CHAIR:** Why the duplication?

**Mr Barr:** Because there is a planning role and there is an urban development role. There are a variety of different tasks that need to be undertaken. Strategic planning sits with planning. If a decision is taken to have a change in land use at a planning level, it would then fall to the urban renewal area to consider what that might be in terms of a development.

**THE CHAIR:** Is urban renewal driving planning or is planning driving urban renewal?

**Mr Barr:** They work together.

**THE CHAIR:** Mr Coe, a new question.

**MR COE:** Thank you. With regard to contract policy in general, what provisions are there for local contractors to be appropriately recognised for the value they give to the community and also the pride they take in their work?

**Mr Barr:** There is a weighting within our procurement guidelines to reflect a level of local engagement. That is broader than just the borders of the territory; that includes the Canberra region—what was formerly the southeast region of councils, now the Canberra Region Joint Organisation. That is their new title. There is a weighting

within our procurement.

**MR COE:** So every single contract is going to have a weighting for a local contractor?

**Mr Barr:** Not every single contract, but there is a positive weighting in the procurement process. Mr Tomlins will provide more detail.

**Mr Tomlins:** For small to medium enterprises for goods and services contracts, there is generally a five per cent weighting for local contractors. That does not carry across into the infrastructure area, but local contractors have a number of natural advantages there inasmuch as they do not have to pay to set up an office in the city; they do not have to put up their staff in accommodation. They have a number of advantages. They also meet a number of conditions that we put in our contracts. They have to be able to attend a site within a pretty short time. Essentially, we require a lot of local presence. There are a number of structural issues that also support in the construction area.

In terms of looking at the quality of their work and rewarding the quality of their work, that is generally taken into account in the assessment of contracts, because their performance on previous projects is weighted and local contractors, who have generally worked for us before, have a good chance of getting reasonable weightings on those issues.

**MR COE:** If you have a five per cent weighting for SMEs, why would you not also have that for infrastructure projects?

**Mr Tomlins:** Essentially it is difficult to go through the construction contracts and work out where all the elements of the construction are going to come from. The cost impost of doing that would be quite substantial. The government has announced the policy of moving to local industry participation plans whereby industry is being asked to provide that information and we are looking at ways in which it can be tiered so that it is not too much of an impost at the lower level and it ratchets up at the higher level. We are trialling that at the moment with the courts project, the new hospital and the light rail project. All of those will have local industry participation plan requirements.

**Mr Dawes:** Building on that, in the case of the Capital Metro Agency, they have held a couple of forums and worked very much with the Master Builders Association. Most of their members would be there. They have had meetings with the short-listed tenderers as well. So there is that greater cooperation, and that is something we will be doing. Mr Tomlins and I have organised an industry briefing, as well, under Procurements and Capital Works, on Monday week, 29 June. We will talk about our capital works program and give them some forward warning of what projects are coming up.

Also, one of the things that were successful in the past was the joint venture that was formed between Canberra Contractors, Woden Contractors and Guideline ACT some years ago to deliver the Barton Highway and some other projects. They still do joint tendering today. We feel that some of the other local companies could be doing that sort of thing in general. We are engaging proactively with the industry to look at how

we might be able to facilitate that, especially when you are looking at some of the very large projects that may be delivered—how we can ensure that we have that local participation. Quite often, when you look at risk and all those sorts of things that are worked out, you ask how the locals can join with some of the tier 1 or some of the larger tier 2 companies. Again, we are trying to be very proactive in ensuring that that level of engagement will facilitate some joint venture workshops over the coming year.

**MR COE:** Specifically, if the principle of having a five per cent weighting applies to some contracts, why is it not ACT government-wide policy that all contracts will have a five per cent favouring of local operators? The very benefits you spoke of and that we just heard about for local companies, surely they apply to the contracts where there is a five per cent weighting as well. Why would you have a different approach for infrastructure projects as opposed to the supply of any other good or service?

**Mr Tomlins:** As I said before, there are the difficulties with working out where all of the various inputs are going to come from. With a building, there is structural steel, there is concrete, there are roofing materials, there is the ICT. There are literally thousands of elements that would have to be assessed as to whether they are local or where they come from. We would be going through an enormous amount of work to assess that—and, frankly, we would be putting the contractors through an enormous amount of work, because they would have to tell us where they are going to source all of their material before they have won the work.

**MR COE:** Given that most of them have usual suppliers, I am guessing they could pretty much tell you all that information in a flash straight away anyway.

**Mr Tomlins:** Not necessarily. I would—

**Mr Barr:** We would not want to base policy on your guesses, Mr Coe.

**MR COE:** I can tell you for a fact that there are many operators in the ACT, many local companies, that are furious that they are constantly being overlooked because the government does not recognise the value that local operators bring to the territory.

**Mr Barr:** That is a statement. We will move on. It is not a question.

**THE CHAIR:** It is not. We will go back to the provision of a service like a stationery service. Do we ask stationery suppliers to tell us where they get all their material from? None of it is made in the ACT.

**Mr Tomlins:** We ask them for information on what is local. Essentially the five per cent is ratcheted down as the local content is ratcheted down. It is a lot easier to make a reasonable assessment with goods and services than it is with construction.

**MR COE:** But given that there is virtually no manufacturing in the ACT for goods such as stationery items, does that mean there is no stationery contractor in the ACT that attracts five per cent?

**Mr Tomlins:** I would have to take that on notice. There is still a lot of value in terms

of the overheads, the local employment and all of that associated with the local suppliers.

**MR COE:** Would that not also apply for infrastructure projects?

**Mr Tomlins:** It does to some extent, but it is much more capitalised in terms of the construction industry.

**Mr Rake:** Certainly with the local procurement weighting, the biggest beneficiaries are in our service contracts, where it is quite easily demonstrated that a firm is domiciled in the ACT or the Canberra region and that the jobs are based here in the Canberra region. Those are the biggest beneficiaries; they are the ones that most easily get the full weighting of that SME advantage.

**MR COE:** With a labour-intensive project such as a road, a bridge or other civil works, surely they are the precise sort of project in which the largest portion of money is going to stay in the territory as opposed to the supply of the good?

**Mr Tomlins:** I think they would be regarded as capital-intensive projects.

**THE CHAIR:** Dr Bourke has a supplementary and we will finish this question.

**DR BOURKE:** Thank you, chair. Also talking about social tendering, the ACT government is a founding member and a signatory to Supply Nation, which used to be the Australian Indigenous Minority Supplier Council. How are businesses accredited by Supply Nation and what policy do we have on social tendering in the ACT?

**Mr Tomlins:** We have policies on social tenders and we have a number of contracts under social tendering. We are a member of Supply Nation. I think we pay \$15,000 a year to Supply Nation. We use those resources. One of the limitations with Supply Nation is that, unfortunately, there are a limited number of companies on the list in the ACT.

**DR BOURKE:** Are you able to give examples of businesses that have been contracted in that way?

**Mr Tomlins:** I cannot. I am thinking that there is work done at the arboretum and there are various maintenance projects.

**Mr Rake:** Laura will be able to help us out with that.

**Ms Hartley:** In terms of the Supply Nation registration, we had two Indigenous businesses registered, and we have got that up to seven in the last 12 months. Of those seven, we have contracted the services of one of those Supply Nation registered businesses, and that would be Darkies Design.

**DR BOURKE:** What are they doing for you?

**Ms Hartley:** They did a pilot yarning circle project in collaboration with our Innovation Network to facilitate economic participation of local Indigenous

businesses. We are doing a business landscape mapping exercise to see what the Indigenous business needs are and business intenders are in Canberra.

**Mr Rake:** That was part of a joint project with the Aboriginal and Torres Strait Islander Elected Body. It was to promote entrepreneurship within the Indigenous community. The Innovation Network have a broad remit to support entrepreneurship and innovation across the territory. They sought Dion Devow from Darkies Design to work out how we best engage with the Indigenous community and what is the discussion that we need to have. Dion helped design a program that was delivered about three weeks or a month ago. Reports from the elected body representatives who attended were that it was engaging and it is something they think is worth doing again.

Through our partnership with the Canberra Business Chamber we have had some extended discussions with their new chair, Glenn Keys. He has a strong focus on building social entrepreneurship in a broader sense. I think there is potential for partnerships between the ACT government and the Canberra Business Chamber over the next two to three years to support social entrepreneurship more broadly.

**DR BOURKE:** Thank you.

**THE CHAIR:** A supplementary on this question from Ms Fitzharris. I have one and then we will go to a new question.

**MS FITZHARRIS:** Thank you. The elected body were in with us last Friday. I do not have it in front of me, but they mentioned that one of the proposals they would like to look at relates to opportunities for Indigenous employment on one particular construction project. Have they spoken directly with you about that or is there anything currently underway through the procurement of capital works?

**Mr Dawes:** They have not spoken to me at this point in time. That is something we will follow up.

**Mr Rake:** We will contact them and ask.

**MS FITZHARRIS:** That would be great.

**THE CHAIR:** They also mentioned their Indigenous business chamber. What work is being done, if any, Chief Minister, to assist the elected body with the establishment of an Indigenous business chamber?

**MS FITZHARRIS:** They also indicated they had been speaking to Glenn Keys in particular but the Canberra Business Chamber as well.

**Mr Rake:** We certainly have been involved in those discussions. It is an area where we are very keen to help.

**THE CHAIR:** How will that help occur?

**Mr Rake:** The first thing for us, as we did with the Innovation Network and the entrepreneurship workshop, is to try and understand the best way to get involved.

What is the best partnership that we can form? Would an Indigenous business chamber be a stand-alone body? Would it be a specific group within the existing chamber? What would its remit be? What are the different support elements that it needs? Is it focused on growing existing businesses? Is it focused on encouraging entrepreneurship as an approach to skills and then an approach to starting businesses? We need to have that discussion, but we would basically be in the thick of it. That is how we would implement it—we would jump in and form a new partnership.

**Ms Hartley:** There would obviously have to be a consultation process. We need the Indigenous community to tell us how they want the chamber to operate.

**THE CHAIR:** A new question, perhaps for Mr Tomlins, but I will start with you, Chief Minister. In our contracting under procurement and capital works, what withdrawal or termination clauses are usually in our standard contracts for projects?

**Mr Barr:** Mr Tomlins can answer this.

**Mr Tomlins:** Thank you, Mr Chair. I am not able to be absolutely specific, but we have rights to terminate if the other party has substantially failed in their delivery process. Of course, that can be contested by them. They also have rights if the territory has been unreasonable. We also have a termination of convenience clause. We can terminate any contract. We are generally reluctant to do that because with termination of convenience comes large payments because, essentially, we have caused inconvenience to the other party.

**THE CHAIR:** Termination of convenience—how are they worded?

**Mr Tomlins:** Essentially, the principle behind it is that the territory can decide to terminate, but there is a compensation provision. I would have to get you details. They can vary from contract to contract.

**THE CHAIR:** I understand the commonwealth contracts that are done. There is normally a clause that says “all subject to budget funding”. Do we have such a clause in our contracts?

**Mr Tomlins:** We do in some, but it can vary.

**THE CHAIR:** How would they be worded?

**Mr Tomlins:** Essentially, they are contracts that have a clause that relates to the start of the contract. We might go out to tender where there has been general agreement and the project does not commence until budget funding is passed. But that is related to the commencement of the project generally and not to continuation of the project.

**THE CHAIR:** The government did some work recently on the new tower at Canberra Hospital. There was a preferred tenderer. A selected business had been put to a lot of effort and had spent a lot of money getting to that stage. How is it then that you can just cancel all that activity and say, “We’re not proceeding”?

**Mr Tomlins:** There are aspects of that question that relate to Health. In terms of the

technical issues, that is a Health question. If a contract has milestones in it, it can be terminated at the end of a particular milestone. If it is a contract process, so if it is a tender process, the territory has a right not to continue a tender process. We generally put clauses in our RFTs that enable us—if, for example, all of the tenders come in substantially over the appropriation—to stop the process, to go back and re-scope the process et cetera.

**THE CHAIR:** What milestones would normally go in a construction contract?

**Mr Tomlins:** The milestones depend on the project. If we take the towers at Manuka Oval, there were milestones associated with the foundations. There were milestones, I think, with supply and installation of the towers and then installation of the lights—those sorts of issues. Essentially, a number of reasonably clear elements of the contract are identified. There are milestones related to that and payments related to those milestones. That is a bit different from a design contract where elements of design and stages of design are specified.

**MR COE:** I have a supplementary, chair. Are you aware of any contracts where you have exercised the termination of convenience clause?

**Mr Tomlins:** I am sure there are some, but I am not aware of any, no. It is very rare.

**THE CHAIR:** But it is standard to have them in contracts?

**Mr Tomlins:** Sorry?

**THE CHAIR:** But it is standard to have them in ACT government contracts?

**Mr Tomlins:** Yes.

**MS FITZHARRIS:** I wanted to ask about housing affordability—some of the indicators we currently see in the market around housing affordability and the ongoing work to roll out the affordable housing action plan stage 3.

**Mr Dawes:** There are probably a couple of people who can answer this question. With housing affordability, it is ongoing analysis of what is happening. It is not all centred around one element of the affordable housing action plan. There is some proactive work being done across the directorates at present to look at it. One of the key elements is that we have to make sure we are targeting the right and appropriate places on the spectrum. Louise has been doing a little bit of work on that with the other directorates. I might defer to Louise. She can give you a bit more insight into some of the work that is going on.

**MS FITZHARRIS:** Can I just give some context from some evidence we had on Friday last week from the community groups? The national seniors association and the YWCA both said, in different ways and for different reasons, that one of the challenges they have faced with their members or clients was the ability for people who are ageing to age in their existing suburbs but no longer live in a large property. I have had a couple of letters about people wanting to subdivide their own land, for example, to live in an older suburb. I guess in some of the inner parts of Canberra

people have lived there for a long time. This is the point of view of national seniors, who have people who want to stay in some of the older suburbs in Canberra, and also the YWCA, who are dealing with older women who have lived in some of the older suburbs, who are either single and/or have fallen on one incidence of bad luck in their lives and find themselves no longer able to live in their own large home but want to stay in the suburb that they are in. That the context in which I ask the question.

**Mr Dawes:** There is quite a bit of work going on. It comes back to some of the land releases where we will have to look at how we can actually ensure that people can stay in those spheres of influence where they have got their friends' network, their church groups or any of the other groups that they might have.

If you look at, say, the proposal at Downer, working with CHC Affordable Housing, we were speaking to the community there and again trying to address the issue of older women in particular in the inner north. There is a component of that being done. There is some other work being done on some of the specific sites as well. That is ongoing work that we are trying to build into our land release program. We are actually looking at identifying some of those sites in some of those particular areas.

**Mr Barr:** I will just quickly add that it sounds like an argument in favour of DV343.

**MS FITZHARRIS:** That was raised on Friday as well by them.

**THE CHAIR:** Yes. They are still recovering from DV306 and may never do so.

**Ms Gilding:** I think, in general, housing affordability, as the committee knows, is a complex issue. Certainly it is on the national agenda at the moment. What we hear there is that it is about supply. When you look at what the ACT has done over the last five years, we have increased supply. Over the last five years to 2013-14, we have released over 19,000 dwelling sites to the market. Compared with the five years previously, it was around 11,000.

We have seen that increase in supply starting to flow through to the market. We have seen that stabilising of house prices partly due to supply and partly due to other economic indicators as well. We have certainly seen a reduction in rental prices which has put the ACT at the top of the charts in terms of those indicators that tell us what portion of income you need to buy a house or what portion of income you need to pay the rent. What is important is that we know that the story certainly does not stop there and that, while overall supply is part of it, we then need to come back and have a look at what our targeted initiatives are, particularly when we are looking in the quintile 2 range of the income cohorts and quintile 1.

There was an interesting research article released in March this year. It talks about slippers and stickers. It talks about the fact that people slide in and out of housing affordability. I think, Ms Fitzharris, that is some of the comment that you have probably been hearing from the seniors there. We have seen three phases of the affordable housing action plan from 2007 with 98 different initiatives. The government has certainly shown its commitment to addressing this problem.

One of the pieces of work that the economic policy team is currently undertaking is to

do an evaluation of those 98 initiatives. We need to just sit back and say, “What has worked really well? What do we need to continue doing? What should we perhaps be retargeting?” If we have a look at land rent, in the previous budget that was certainly retargeted to target that quintile to that cohort that we know struggles with housing affordability and goes against the grain of those higher level figures that says the ACT is actually doing really well.

But if you look at some of the initiatives in terms of the NRAS and providing affordable housing, the 74.9 per cent, I think the ACT did really well with its 2½ thousand incentives in relation to that. We have got land rent. We have got the 20 per cent of affordable dwellings in greenfields built to those thresholds. We have got the CHC partnership. There is also a critical question about bringing the community along to understand the discussion for those cohorts in terms of affordable housing.

A recent example is the engagement we did with the Higgins community about 12 months ago now. We had the conversation with the community that said, “There are a lot of large houses in Higgins. You have an ageing cohort, an ageing population. We know that they want to stay within the community and age in place.” We had a conversation about utilising the land for infill in that area. Unfortunately, the community was not supportive of affordable housing in Higgins at that time. Certainly there will be a site released in 2015-16 for aged care on the former school site, but in terms of revitalising that area and providing that diversity of housing choice, I think that is a conversation that we need to be continuing to have with the community.

**MS FITZHARRIS:** The decision of the commonwealth to longer proceed with NRAS was, I understand, poorly received. Is there anything in the pipeline that you see coming from the commonwealth in terms of a replacement for NRAS?

**Mr Dawes:** My intelligence is not at all. If you look at NRAS and the percentage of the take-up here in the ACT, we did very well in that as well, but we cannot see any programs at this point in time. That is not to say something may not come in in future years. We would certainly be very keen to participate if something like that option came up.

**THE CHAIR:** Supplementary, Dr Bourke, and Mr Coe.

**MS FITZHARRIS:** Sorry; with the report that you mentioned in March, could we get the specific reference?

**Ms Gilding:** Absolutely.

**MS FITZHARRIS:** Thank you.

**DR BOURKE:** You mentioned affordability in the ACT, in terms of both housing and rent, but isn't the higher average income in the ACT a factor there and therefore you have people in those lower quintiles who find affordability much more difficult? Maybe it is not such a good an indicator as we would like to think.

**Ms Gilding:** Absolutely right, and perhaps I was not as clear as I could have been in

saying that that indicator actually masks the problem that we know exists in that quintile 1, quintile 2 cohort. Yes, you are quite right. Our higher than average incomes have certainly pushed up those prices. We have a better ability to pay for our housing stock and therefore it needs to be a targeted approach.

**DR BOURKE:** What sorts of approaches are you looking at in the future to manage that decreased affordability, given the higher than average income in the ACT in those bottom two quintiles?

**Ms Gilding:** There are the 98 initiatives under the housing affordable action plan. Let me take land rent, for example. When it first came forward as an initiative it was open and available to everybody. There was a two per cent and a four per cent program. With the two per cent program we had certain eligibility requirements. We have since re-targeted that scheme so that it is only available to the two per cent cohort, and again there are the eligibility requirements, which are pegged to those quintile 2 income thresholds in terms of actually accessing that as an affordability strategy. So certainly the NRAS scheme, again, is targeted.

In working with CHC, they have eligibility requirements for their affordable rentals. I think the piece of work that we are looking is, again, looking at those initiatives and looking at what the impact has been and where the best effect has been, and then how we can actually tailor them going forward to ensure that we are actually making a difference for those quintile 2 households and families.

**Mr Dawes:** One of the other projects that the LDA undertook a couple of years ago was a project called own place. We are looking at working across the directorates again to look at how we can actually rebuild that into the program. That was quite well received, and now that supply is being increased we will be able to keep abreast of it and update. So that is something else that is in the mix. What we are doing is just taking stock and reviewing some of those programs to make sure we target the right sectors.

**THE CHAIR:** Supplementary, Mr Coe, and then a new question. A supplementary, Ms Lawder, then a new question from me.

**MR COE:** With regard to the comments about Higgins, when you say that the community was not supportive of the initiatives, what do you mean by that and how do you determine whether the community is supportive or not?

**Ms Gilding:** We undertook some community consultation engagement sessions. We had a roundtable workshop with the community in relation to that and we had a survey that we did as well. Flowing from those engagements, we felt that there was not community support for the redevelopment of the oval. Are you aware of the detail of the project? Higgins currently has a very large oval; I think it is around six hectares. It is great for walking your dog on, and the Higgins community certainly value their open space. The conversation we were having was about our newer suburbs having some fantastic infrastructure in terms of our community recreation parks. Why not in an older suburb? The community parks take between two and three hectares but seem to provide a fun or useable space, albeit a smaller space, but have many more interactions for the community in terms of the facility that they provide within that

community park.

**MR COE:** What say does a community have with regard to these sorts of projects? In effect you are saying that communities have sort of veto powers for the projects.

**Mr Dawes:** Again, it is community engagement processes that we go through. Since I have been in government, there have been a number of petitions signed or whatever. Again, it is a matter of that continual community discussion that we need to have. As Canberra matures, these are the discussions and the debates that we need to have as well.

When you look at land supply or whatever as well, you can see that we are eventually going to be running out of land in the greenfields spaces. Our borders are locked unless we can grow the borders, so infill is going to be a discussion that we are going to be having in future years as well. I think in Higgins there was not the support for the redevelopment of that. And that was really aimed at the exact question that Ms Fitzharris asked—some of the older persons' accommodation, affordable accommodation, as well. These are ongoing conversations that we have had and will have as we go through in the future.

**MR COE:** Sure.

**Mr Stewart:** To go to what I interpret as the heart of your question, Mr Coe, we consult with the Higgins community on a range of different options in relation to the redevelopment of both the former school site and the current oval site. We provided the minister with the feedback from those processes in terms of the levels of support or lack of support for different elements of the project. A series of options were put forward, and a decision was taken to proceed on the basis that we are moving forward—to release a site as part of the former school site for aged accommodation.

**MR COE:** There have been numerous other projects that spring to mind. A classic one that the LDA was involved with was the apartment building next to Jamison some years ago. I had a couple of hundred people turn up to my public meeting, and there was a huge outcry from the community, saying they did not want an eight-storey apartment building with 325 units next to the shopping centre. Yet the LDA said, "No; it is happening anyway." Eventually the developer could not get finance, and changed it to, in effect, townhouses and terraces. At what point does the community feedback kick in?

**Mr Dawes:** With respect, Mr Coe, with regard to the Jamison centre, the LDA had a very minor role in that particular development, because that was a private sector development. There was some contiguous land that adjoined that that it made sense to incorporate in that particular development. We are talking a couple of small triangles of land as well. So that was very much led by that particular developer. And I think the planning outcomes of the new development that is going there are quite outstanding.

**MR COE:** Absolutely, and I think the vast majority of people said that at the time. The vast majority at the public meeting said, "We want housing; we just want it to appropriate scale." That message was loud and clear. We discussed it in the Assembly.

The community did on many occasions. That did not spark a response from the government or the LDA. Yet in Higgins—

**Mr Barr:** That was a private development.

**MS FITZHARRIS:** I think you need to—

**THE CHAIR:** Perhaps we—

**Mr Stewart:** The difference between the two projects is—

**THE CHAIR:** I will wind this question up. We have got 10 minutes left in the area. A final comment from Mr Stewart?

**Mr Stewart:** The oval in Higgins is zoned open space. The block in Jamison was zoned for residential. It was owned by a private sector developer and the DA process is the process through which the issues raised through community engagement are able to be considered through the independent statutory planning processes of the ACT.

**MR COE:** Therefore government-owned land will, in effect, trigger this same response from the government should the community express these concerns?

**Mr Stewart:** At a number of gateway points, in terms of the rezoning process in relation to the territory plan variations that are required for a range of sites within the current and future programs and also after the land has been released to the private sector and the individual developers have to return the development applications to begin construction.

**THE CHAIR:** We might leave it there. A new question from Dr Bourke, and potentially new questions further down the line.

**DR BOURKE:** Chief Minister, could you tell us about the creation of the Canberra region network involving those 12 local councils and how that is going to strengthen our economy?

**Mr Barr:** The 12 surrounding councils that were the south-east region organisation of councils took a decision to move away from that structure and effectively to adopt the branding of the Canberra region, utilise the Canberra city branding, and work cooperatively amongst themselves as part of a joint organisation, which is how I understand the New South Wales government is seeking to structure cooperative arrangements within regions in New South Wales. A unique opportunity was presented in the areas surrounding the ACT. This was principally a decision of those surrounding councils to want to work with us rather than maintain an identity separate from and unrelated to Canberra.

As to why that is—they do not get that much out of Sydney. The New South Wales government, on both sides of politics, has been very focused on Newcastle, Sydney and Wollongong. They are the three main population centres in New South Wales. Whether it has been a conservative or Labor administration, over an extended period,

I think if you asked anyone from this region you would find that there is a greater affinity with Canberra than there is with Sydney—certainly a greater affinity with the policies and processes of this region and the ACT government than with the policies that have emerged out of Sydney. We are more proximate.

You can see the logic from the perspective of the New South Wales organisations wanting to work with us. The precursor to that you could observe in terms of the level of engagement with Canberra institutions versus the tourism awards for Canberra—Canberra and the capital region. You could probably rename that now and just call them the Canberra region tourism awards. That has seen businesses in surrounding New South Wales wanting to enter our awards and consider themselves part of our tourism region. And they get better service and better support out of VisitCanberra than they do out of the New South Wales body.

We, of course, want to establish stronger links with the New South Wales government. I will be meeting Premier Baird on the sidelines of the leaders retreat in July up in Sydney, and we will further discuss our MOU. In relation to the strength of the regional organisations wanting to partner with the territory government, certainly I am being intensely lobbied by surrounding mayors for issues to take to Premier Baird. So we will do that.

**DR BOURKE:** So this drive for this regional organisation is really coming out of the surrounding councils? So that would be a measure of their enthusiasm for the project?

**Mr Barr:** Indeed. We are very grateful for their support and engagement around the Canberra brand. It adds tremendously to the economic diversity of the region for us all to partner under that brand. No doubt it aids our case in seeking to attract new international investment when you can tell a broader regional economic development story rather than just one of 400,000 people inside the borders of the territory. It has certainly been very helpful for us, and we will continue to build on those opportunities.

**Mr Rake:** If I may add to that, Chief Minister, we have already had some very practical engagements in the Goulburn region. Some of their local shire entry signs on the highway now carry the identifier that they are part of the Canberra region rather than the capital region. Tomorrow at the GWS Giants home game in Sydney there will be a Canberra region focus, and I applaud the chair for wearing a GWS inspired tie.

**THE CHAIR:** They copied my tie.

**Mr Rake:** We know that Canberra's Jack Steele will have his first start with the Giants tomorrow. We will have the executive officer of the Canberra region joint organisation with us at that function tomorrow. All the local government leaders were invited to join us, and some of those are able to make that. Invitations to key businesses also went out.

We have taken specific trade and investment support to some of the local councils, including introducing them to Austrade specialists through our network and working closely with New South Wales Trade and Investment. We took the lead role to bring specialist expertise into the region to help them assess some potential investment

projects, and in the very near future we will be expanding the range of support that we provide to Canberra very locally based businesses to prepare for international trade and export to regional businesses. We will be running those training courses in partnership with the new joint organisation.

**DR BOURKE:** Indeed, we heard from Icon Water the other day in their evidence that they were doing more engineering contracting out into the local councils.

**Mr Barr:** That is correct.

**DR BOURKE:** That is beneficial on both sides. Do you have any other examples of some major projects which are proceeding that would benefit both shire councils and the ACT?

**Mr Barr:** Certainly focusing on transport links. I was very pleased earlier in the week to be able to join with Mayor Kettle in Goulburn and the member for Hume, Angus Taylor, to welcome the first Goulburn-Canberra commuter express service that Greyhound are offering. I do not want to give too much promotion for them, but it is a \$15 return ticket. That is a practical example to highlight the opportunity for increased regional transport provision.

My agenda with Premier Baird will also include rail connections from Sydney into the region, particularly the Canberra-Sydney services. We are also looking at opportunities for partnership with regional bus providers to provide transport services from the region into Canberra and through the ACT on to other parts of the region. There is no reason why a transport service could not originate in Queanbeyan and travel through the territory and perhaps on to Murrumbateman or Yass, picking up and dropping off passengers along the way.

**DR BOURKE:** And just—

**THE CHAIR:** Very quickly.

**DR BOURKE:** Morphing on to our next output category, events, is there going to be a more regional flavour to our Canberra tourism events?

**Mr Barr:** Certainly—

**MS LAWDER:** Can we cover that after the morning tea so I can have a question?

**Mr Barr:** Yes; we will come to that.

**THE CHAIR:** It is better to do it after morning tea.

**MS LAWDER:** Good try, though.

**THE CHAIR:** Good try, yes. Ms Lawder, you have two minutes; and if you were to leave 37 seconds for Ms Fitzharris, she has a question she would like to ask.

**MS LAWDER:** Thank you. I go to property services, which is on page 41 of the

budget paper. There was a low satisfaction, 20 per cent below target, with the management of community facilities. What were some of the reasons for that low satisfaction rating?

**Mr Bailey:** The challenge we have with the satisfaction survey is that a lot of the community tenants are sitting in old buildings that probably were not built for purpose, so that is a challenge; they are sort of retrofitted. The survey went out to over 250 different people; we had 60 responses. So whether or not we are capturing everybody—those surveys are always open to that, I suppose—is a challenge in itself as well, just the response rate for the survey.

**MS LAWDER:** They are, I understand, usually older buildings, but the tenants are also paying much less rent than they would for another commercial property. Do they not take that into account with the survey?

**Mr Bailey:** No, unfortunately not, I suppose. And we have got a mix of different rates there, some peppercorn, some on a community rate, and even some commercial tenants. I suppose that does not mean that they require any less service and amenity, so we still have to make sure that it is up to a certain standard.

**MS LAWDER:** So most of the dissatisfaction relates to the actual facilities, not the management or responsiveness?

**Mr Bailey:** I think there is a bit of both. We are quite open in the survey to make sure it is the building condition but also how they are serviced from the Property Group. There is probably a bit of that in there as well.

**MS LAWDER:** Are you able to provide a breakdown?

**Mr Bailey:** I could get the survey results, I suppose, and provide that to you in terms of—

**MS LAWDER:** So you will take that on notice?

**Mr Bailey:** Yes; I can take that on notice.

**MS LAWDER:** I was disappointed to see that that indicator will be discontinued, according to the budget paper. How will this committee, the Assembly, the wider public et cetera understand how that is trending in future?

**Mr Bailey:** I am not sure. It was an output that we inherited when the community services properties transferred over to us last year; it was not one that the Property Group had previously. It is just one we have got now. I think we regularly communicate with our tenants and we get honest feedback that way there, but—

**MS LAWDER:** Sure, but if you do it for public housing tenants, for example—a satisfaction survey—why would we not do it for community facilities as well?

**Mr Bailey:** I agree. I think Property Group in the past did do an annual survey; I just do not think it was reported on as such. But it was reported on with community

services as an output there, so I think it is something where we will always continue to get feedback.

**MS LAWDER:** How will we get access to that information in the future?

**Mr Dawes:** Can I just take that on notice as well? I must admit that Daniel—Mr Bailey—and I have been talking about how we can look at our property portfolio. We are doing an assessment of our property portfolio. Some are certainly getting to the end of their useful life; some others can be enhanced and improved. That is something that we are looking at and that I am more than happy to look at. I believe surveys are important in getting that feedback: if you do not know there is a problem, how can you fix it? We will take that on board.

**MS LAWDER:** Havelock House—has that now been transferred to this area?

**Mr Dawes:** No; Havelock House is still with CSD.

**MS LAWDER:** Thank you.

**THE CHAIR:** Ms Fitzharris has a very quick one.

**MS FITZHARRIS:** I think it is related, in the property area; perhaps you could just take it on notice. Now that they have been brought together, can you just give us a sense of some of the challenges and opportunities you are finding in that property portfolio? Secondly, yesterday it was raised that Gugan Gulwan's heating had broken down. We were wondering if you could possibly take that and talk to them.

**Mr Bailey:** I can answer that second part; I will take the first part on notice to provide a more comprehensive answer.

**MS FITZHARRIS:** Thanks.

**Mr Bailey:** I understand that the Gugan Gulwan air conditioning was fixed last week. It did break down early in June; we attended to it within an urgent time frame. We had to provide temporary heating because it could not be fixed straight away, but it is fixed now.

**THE CHAIR:** That reminds me that we have not asked a question about the property strategy, the accommodation strategy. Where is that at?

**Mr Bailey:** We could probably do that and then—

**THE CHAIR:** You have got a quick answer?

**Mr Bailey:** The government office accommodation strategy has been released; it is uploaded on the economic development website. The expression of interest that was undertaken last year in relation to the Civic accommodation option is still open; a decision has not been taken by government yet.

**THE CHAIR:** Thanks. We will finish the morning there. That is output class 8.1, 8.2,

8.7 and 5.1 covered. Members, we will return at 11.20 for 8.3, 8.5, 8.6, VisitCanberra, and venues and events.

**Sitting suspended from 11.04 to 11.19 am.**

**THE CHAIR:** Welcome, ladies and gentlemen, to the mid-morning session of estimates. Please be aware that the proceedings are being recorded and will be transcribed and then published by Hansard. They are also being broadcast and webstreamed.

On the table is the pink privilege statement. Could you please acknowledge that you have read the privilege card and understand its implications? Thank you. With that we will proceed to questions. We are looking at output classes 8.3, VisitCanberra; 8.5, venues; and 8.6, events. I want to ask a question on VisitCanberra but I am almost afraid I will be referred to urban renewal, which seems to get everything. What is happening with the visitors centre on Northbourne Avenue as part of the urban renewal?

**Mr Barr:** Certainly. We want to move it, in short.

**Mr Hill:** I think it is on the public record that the visitors centre on Northbourne Avenue will be sold as part of the commonwealth asset recycling scheme. Certainly, we are looking at options for relocation. We currently have a pop-up visitors centre in the Canberra Centre, which has been going well over the major event period of the Asian Cup and Cricket World Cup.

We have also been in some discussions with Malcolm Snow at the National Capital Authority around Regatta Point as a potential option for relocation. Certainly, VisitCanberra's view is that Regatta Point would be a fantastic venue for welcoming visitors to the national capital and getting a sense of what Canberra is about. So those discussions are underway and ongoing around relocation. We are obviously looking at the needs of interstate and international visitors to the ACT.

There are issues around technology and the changing face of what the consumer is looking for in a visitors centre. There have been some quite significant changes nationally in visitor centre models across the country, so we have been looking at that. We have been looking at some other options overseas around the services we provide through a visitor centre. There is one issue around the physical location and the other issue is around the services that we will provide, particularly around digital aspects, connectivity and dispersal through the region.

**THE CHAIR:** In regard to Regatta Point, is that with a view to putting it in the business centre, which I think the ACT government owns?

**Mr Rake:** We have a long-term lease agreement.

**THE CHAIR:** It is a lease, is it?

**Mr Rake:** A long-term licence agreement.

**THE CHAIR:** Is it in that end of the building, in the foyer or what would happen?

**Mr Rake:** It is primarily focused around that end of the building, but we are looking at opportunities to partner with the National Capital Authority and the exhibition that they run at the other end of the building to make sure we have a visitor experience that is as coordinated and connected as possible.

**THE CHAIR:** ACT government has a long-term lease on the western end, the business centre—

**Mr Rake:** Yes, the western end.

**THE CHAIR:** which we sublease then to the current operator?

**Mr Rake:** Correct.

**THE CHAIR:** So it would involve ending that lease and refitting it as a tourist centre, a tourist business centre?

**Mr Rake:** That is correct.

**THE CHAIR:** What is the timetable for that?

**Mr Hill:** We are working with the National Capital Authority and it is subject to a range of issues, including the capital expenditure, fitout and work that the National Capital Authority are working on as well. They have taken a proposal to their council which has been supported in principle to be progressed. It is very difficult to put a precise timing on it but we are certainly working actively right now. The next six months would be a very best case scenario, I would suggest, given the capital works requirements, but certainly within the next six to 12 months.

**THE CHAIR:** Is there capital works money in this year's budget to cover that?

**Mr Hill:** That is something on which we are working through a budget process.

**THE CHAIR:** So that is a no?

**Mr Rake:** There is nothing in this current budget. One of the things we need to work out is the extent of any capital works. The NCA may be able to manage some of it. We may be able to work within existing resources.

**THE CHAIR:** So as soon as you are out of that site, some of Mr Stewart's work can then commence?

**Mr Barr:** Yes, but with respect to the time frame on the Dickson site, there are a number of years there. There is no immediate pressure on that question. Really, nothing happens there until the visitors centre—

**THE CHAIR:** Moves?

**Mr Barr:** Yes, that is the key driver.

**Mr Rake:** We are quite enthusiastic about the move because the current visitors centre works in the old mould. There are much better ways to disseminate information. Visitors are looking for more than we can currently offer them.

**THE CHAIR:** Is the conclusion that Regatta Point is the best site because it is central? I would have thought a lot of our market is self-drive, and I would have thought they would come in on the Federal and the Barton rather than the Monaro Highway.

**Mr Barr:** Or hire a care from the airport, yes.

**Mr Hill:** Regatta Point has some advantages around amenity, car parking for Winnebagos, caravans and those sorts of things, whereas the current site is actually quite constrained at times. Probably more importantly, the actual vista and the interpretation of what the national capital is about make for an ideal spot.

**THE CHAIR:** Without a doubt. Has the current operator of the Business Event Centre been included in this discussion?

**Mr Hill:** Yes.

**THE CHAIR:** A new question?

**MS FITZHARRIS:** Thank you. I want to ask about the initiative continued in this year's budget around the airline stimulus fund of \$1.6 million. Could we have an update on both the domestic and international aviation market coming into Canberra?

**Mr Barr:** We continue our active engagement with airlines. In the last three or four months I have met with all of the Australian airline operations, with Air New Zealand, and on Sunday I will head to Singapore with Mr Snow and Mr Byron from Canberra Airport to continue discussions with Southeast Asian airlines, including Singapore, Cathay Pacific and Chinese airlines. These discussions continue.

**MS FITZHARRIS:** There is obviously clear support from Canberra Airport?

**Mr Barr:** Yes, very strong support. From the ACT perspective, we have lined up all of the industry partners locally and nationally. When I was in Sydney last week I met with John O'Sullivan at Tourism Australia and reiterated our intent here. I received a further commitment from Tourism Australia around their partnership in this endeavour. We have had very strong support from the federal tourism minister, Andrew Robb, who has written to various airlines on our behalf. So there has been a strong collective effort across the tourism sector, from government at both levels, and we will continue those discussions. The bottom line here is that there is a sense of inevitability that this will happen, and it will certainly happen quicker the harder we work towards it. So we continue to do so.

**MS FITZHARRIS:** The funding for two years means the commitment remains; it is not just this year?

**Mr Barr:** Indeed, absolutely. It gives us an opportunity to continue that work and then we can activate a range of options with the airlines. There are certain decision-making cycles in relation to route development for airlines. As a general rule of thumb they like to have a minimum of three and preferably six months in advance of scheduling a new service. This, in large part, goes to availability of aircraft as well, and when they do their schedule changes. For some airlines it is twice a year; for others it is an annual process.

**THE CHAIR:** Dr Bourke.

**DR BOURKE:** Minister, the room occupancy rates that are reported in the budget relate primarily to an annual survey of commercial premises. They do not take into account the more informal markets out there, such as Airbnb, which I know we have talked about previously. Do you have a handle on how much Airbnb capacity there is in Canberra, or in that informal market in Canberra, and whether that is actually relevant to these discussions about room occupancy rates?

**Mr Barr:** That is an interesting question to raise. Mr Hill, do you have any information?

**Mr Hill:** The occupancy rates are collected by the Australian Bureau of Statistics. You will see the average occupancy is about 69 per cent in the ACT, and that has been a fairly consistent figure over the last five or six years. There are a lot of new rooms coming on in Canberra, both in the last six months and for the next six months. We are seeing some rate challenges there by the industry, so it is becoming more and more competitive around those things.

In terms of collecting other sources of data for occupancy, we partner quite closely with the ACT branch of the AHA. VisitCanberra gets some commercial-in-confidence data from them from their members around occupancy rates. It is fair to say that those occupancy rates are aggregated, so we do not get individual properties necessarily because they do not want to share that. But that data would be consistent with the ABS data.

In relation to Airbnb, it is a really interesting challenge for the entire tourism industry in the country around these more disruptive technologies. It is the same with Uber and taxis as with Airbnb and different models, which give consumers choice, ultimately. We do not have a tight handle right now on what the Airbnb impact could be on the ACT. It is an absolutely valid question. It is certainly something we would work with the AHA closely on in terms of any impacts on existing hotel operators.

I make the point that there is considerable investment by the private sector here in hotel stock, which is a sign of confidence in what is going on. The Vibe hotel, which is part of the Toga Far East group, out at the airport is opening in November. The Little National, in Barton, which is part of the Doma Group, is opening in September. Refits at places like QT and the Kurrajong, again, are prosperous signs for the industry.

**DR BOURKE:** By how much is the number of rooms increasing in the region?

**Mr Hill:** It is about 790 to 820. I would have to take the exact number on notice. It is around the 800-room mark, if you go back from six months ago to the next six months.

**DR BOURKE:** What is that as a percentage overall?

**Mr Hill:** There are about 5,000 rooms in the ACT, so it is reasonable growth. There are places like the Avenue on Northbourne Avenue too. There is quite a bit going on in the hotel stock area, and generally a lift in quality. The major part of the investment is going into the four to 4½-star space rather than at the bottom end.

**DR BOURKE:** That would be about a 15 per cent increase?

**Mr Barr:** Yes, thereabouts. It is very significant.

**DR BOURKE:** Apart from room occupancy rates, what other measures do you have to determine tourist arrivals?

**Mr Hill:** We use a range of data sources. It is generally through Tourism Research Australia, which are a federally funded organisation. They collect data on the international visitor survey and the national visitor survey. They are big sample sizes of both phone and some online survey data across the country. We use that. There are quite long lag times in the NVS and IVS data—usually three to six months. There has been a delay with the IVS figures, unfortunately, due to some problems with the ABS about collecting data. But they are the primary sources for us, plus our AHA data.

We are pretty close to the industry. We book through the Bookeasy system at the visitor centre, so we have a pretty good handle on occupancy rates direct with accommodation providers. Also, the national attractions collect data on how many people are going through their doors. You will see quite regular data from them to us around general visitation numbers through national attractions. One challenge for us in that space is separating out visitors from Canberrans. They do not always collect that level of detail; sometimes it is just a door count.

Special event funded activities is probably another example. We request very comprehensive reports from funded applicants around data for blockbuster exhibitions. We get very good granular data. Most of the special event funded activity on average is about 70 per cent from interstate, stay about 2.7 nights and spend about \$180 to \$190 a night when they are here. So there is a range of data sources that we use.

**DR BOURKE:** What else does your analysis of that data reveal?

**Mr Hill:** It has been pretty volatile in the last 12 months, around NVS in particular. There has been quite a big drop-off in business nights. About 750-odd thousand business nights have dropped out of the market—a reflection of the contraction of federal government expenditure on travel. Domestically, we have seen in the leisure sector a drop-off which is driven by that number in business. We have seen some growth in leisure nights and some growth in the VFR market in particular. So there are some positive signs but it has been volatile.

On the IVS data, we have seen last December, year ending, data showing some growth in IVS figures. I think it went from 178,000 to 181,000 international visitors to the ACT. There was some growth in the number of nights and some growth in the value of that sector to the economy. New IVS stats are out on Sunday, so Minister Robb will be announcing them at the Australian Tourism Exchange, and the NVS data comes out in about another couple of weeks.

**THE CHAIR:** Just to follow up on that: five-star accommodation, progress on the Hilton? Is that happening or not?

**Mr Barr:** They announced that, did they not, as part of Campbell 5?

**Mr Dawes:** Minister, there has been some discussion with the ANU and the Hilton. My understanding is that is not proceeding. There has been some discussion at Campbell 5, with the developers at Campbell 5. I do not know the status of that, to be quite honest.

**Mr Barr:** At the launch there was a representative from Hilton there who said they were building a hotel as part of Campbell 5. They were there at the launch, anyway.

**THE CHAIR:** Mr Hill said the upper level for four stars and five stars seems to be well covered. The lower level, three stars, school accommodation—what is happening at EPIC? There was talk of accommodation at Stromlo Forest.

**Mr Barr:** Liz, do you want to give the update on that?

**THE CHAIR:** And caravan park accommodation for the grey nomads in particular.

**Mr Rake:** I will give it a go to start.

**THE CHAIR:** Does the government have an accommodation strategy as such to fill the holes?

**Mr Barr:** We certainly have a land release strategy for that accommodation, yes.

**THE CHAIR:** Yes, but that is not an accommodation strategy. That is part of our problem—we are always selling land without having a long-term purpose behind it.

**Mr Barr:** We do not run accommodation. We release land for various purposes that covers the range of accommodation options. As we are not in the business of operating accommodation, we do not have a business plan for that. But we do have a land release plan to supply the market with—

**THE CHAIR:** You do not run businesses, yet you have a business strategy.

**Mr Barr:** Yes, but we—

**THE CHAIR:** You could say that of government. All government does in theory is govern. Therefore, anything out of that you would not have a strategy for, but they feed you the revenue.

**Mr Barr:** We release land to facilitate the private sector to supply the market, and that is occurring. While Liz gets ready to talk about EPIC—

**Mr Rake:** In implementing the tourism 2020 plan, we put in place operational programs to try to make sure that we are covering the broad spectrum of accommodation needs, and low cost accommodation is one of those. We are still working with an operator on the Exhibition Park proposal for block 799. We still think that that will come on stream.

**THE CHAIR:** That has been in progress now, for what, four or five years?

**Mr Rake:** Yes, the progress is largely in the hands of the private sector operator. We are throwing every support we can behind them but, to a large extent, it is in their hands. At Stromlo there are two sites available within the draft master plan for low cost accommodation. We plan, in the next month or two, to put the proposed final master plan out to the community for discussion. We do not anticipate any great controversy there. The development of a Stromlo master plan has occurred over a number of years and has great support from stakeholder groups and the broader community. We would be then looking pretty quickly to get to the market with an expression of interest for at least one of those sites so that we can start augmenting the supply of low cost accommodation.

**THE CHAIR:** What sort of capacity are you looking at on each of those sites?

**Mr Rake:** It will depend on the models that come in. They will be of similar size to block 799 in capacity.

**Ms Clarke:** The capacity for block 799—we are looking at around 400 school children a night. It will be dormitory-style accommodation.

**THE CHAIR:** Is that the intention for Stromlo, that one of them be dormitory style, or both? What is the proposal?

**Mr Rake:** Again, we will be looking for expressions from the market, but certainly we would be pressing for a component to be dormitory style. We expect that would be very popular with some of the sporting groups that use Stromlo as well. We expect that at Stromlo on at least one of the sites there will be your typical holiday park, sporting-holiday park combination, allowing camping sites, motorised accommodation sites and dormitory style at least.

**THE CHAIR:** And the other—a more traditional style hotel?

**Mr Rake:** It may include a hotel option, if one comes forward. Our preference is that it is still towards the lower end. I would not expect it to be a 4½ or five-star hotel on the site of a mountain bike park.

**THE CHAIR:** When is block 799 likely to occur?

**Ms Clarke:** It is difficult for me to give a time frame, but the DA is in. I would be

optimistic and hopeful that the works will commence for the development later this year.

**THE CHAIR:** And the caravan park at EPIC?

**Ms Clarke:** The caravan park at EPIC is going very well. Once again, it is growing. There are a lot of people coming and utilising that facility. We can see the need going over block 799 to have caravans over there. That will also be utilised.

**THE CHAIR:** Thank you. Ms Lawder, a new question.

**MS LAWDER:** Thank you. Chief Minister, I want to ask about boosting tourism, the airline stimulus fund and how close the government is to getting international flights for Canberra.

**Mr Barr:** Ms Fitzharris asked that question about five minutes ago. We have been through it already.

**MS LAWDER:** Sorry, I was late.

**THE CHAIR:** While you look for another question, block 799 is block 799, Watson?

**Ms Clarke:** It is Gungahlin.

**MS LAWDER:** Did you get to the point of how much money was being spent—

**Mr Barr:** Yes, we have been through all of that—

**MS LAWDER:** I was really looking forward to that. I will have to read it now.

**Mr Barr:** the different airlines, domestic and international.

**MS LAWDER:** I will move to something just as exciting—Christmas in the city partnership funding. Can you tell us a bit more about it? Will there be a Christmas tree?

**Mr Barr:** Yes. It would not be Christmas without a Christmas tree. We were approached by Canberra CBD Ltd, together with some other partners, who have been involved in staging the Christmas lights, setting various records—world records, I think—with a proposal to integrate all of those activities over the Christmas period in the CBD. It is an opportunity for a longer term partnership which, from memory, was five years. The funding in the budget represents the government's contribution to this multi-party, multi-stakeholder Christmas in the city proposition. Canberra CBD Ltd, who were running a range of activities, are involved, together with a number of other groups who were involved in the lighting and a range of fundraising activities for various purposes.

**MS LAWDER:** Was there some renovation required for the Christmas tree?

**Mr Rake:** Yes.

**MS LAWDER:** How much is that worth?

**Mr Rake:** The budget allows \$198,000 to renovate the existing Christmas tree, remembering that the tree was formerly the national Christmas tree. It was gifted from the NCA many years ago. It has needed some renovation, and there is an opportunity to—

**THE CHAIR:** Always gift when you need a renovation.

**Mr Rake:** Yes, it was one of those gifts. This proposal supports the SIDS and Kids-led charity Christmas lights event. We will still have a lighting of the Christmas tree ceremony and community interaction. The tree will be renovated as part of that partnership. The tree will continue to be owned by the ACT government and shared with the charity partners for this event. They will be looking to grow the prominence of their world record attempt. That is probably all I should say at this moment for fear of stealing someone else's Christmas present.

**MS LAWDER:** Is that likely to stay in the same area? I know there are a couple of businesses who expressed some—

**Mr Rake:** The Christmas lights display will stay in the same area but will run more on the City Walk access than the Petrie Plaza access. It will minimise impact on any surrounding business. There will be some other changes to the display. Last year the cladding was black and fairly unattractive and looked a bit sombre from the outside, especially during the day. This year it will be more—

**THE CHAIR:** Red, green and white, Christmassy and—

**Mr Rake:** Again, I do not want to—it will be far more decoratively clad, and there will be opportunities for the community to participate in that.

**THE CHAIR:** Will you be decoratively clad at the opening?

**Mr Rake:** I will wear an elf costume if you will.

**Mr Barr:** I am not quite sure how to interpret a question like that.

**MS LAWDER:** After the costs of renovating the Christmas tree, how much money is left for the other partnerships with the business and community sectors?

**Mr Rake:** The budget provides \$125,000 per year in operational support and separately a one-off \$198,000 capital contribution.

**MS LAWDER:** You have been working with those businesses to address the concerns that they expressed?

**Mr Barr:** Yes, and so has CBD Ltd and the charity partners.

**THE CHAIR:** The progress on the convention centre, minister—where are we at?

Are we closer and when will it occur?

**Mr Barr:** The business case development continues. I would expect something to come forward from that in the coming months.

**THE CHAIR:** Exactly when?

**Mr Barr:** I do not know yet. It will come forward and we will look at it at that point. I understand it is a matter of months away.

**Mr Dawes:** It is. We have got the architect of the design here in a couple of weeks to have another workshop and further discussion with some of the industry stakeholders as well. It is in the process of being finalised. We will be presenting that to government. But it is imminent.

**THE CHAIR:** Will all the work that needs to be done to have it shovel ready, effectively, be concluded when this plan and design are done?

**Mr Barr:** No.

**THE CHAIR:** What is required then?

**Mr Barr:** Shovel ready would presumably have a procurement element associated with it. I guess the next big issue is an indication from the commonwealth government as to what, if any, role they would see perhaps more importantly as a user of the facility, but then equally so, if they are going to be a user of the facility then we would also want them to be a financial contributor to it. As I have characterised the debate at this point, if it is to be a national convention centre on a scale appropriate for the nation then the commonwealth government have to use it and contribute to it. If it is the Canberra convention centre on a scale appropriate for the city then they are two very different scaled and costed projects.

**THE CHAIR:** What have you designed then?

**Mr Barr:** The design at the moment is more on the national level. A city-level convention centre, I would argue we have that at the moment.

**THE CHAIR:** What consideration has been given to what will happen if the commonwealth—let us face it, Labor and Liberal governments are yet to stump up—does not stump up? Do we just not get a new convention centre? The government has found \$375 million for a capital injection into capital metro. Why can you not find that sort of money for injection into a convention centre?

**Mr Barr:** The principal issue there is: what are we building? The territory cannot build a facility of the scale that befits the nation if the national government is not going to use it. You are in white elephant territory there. The scale of the project is very heavily linked to: will the federal government use it? If they are going to use it then we would want them to make a contribution.

In terms of other options if the federal government is not going to contribute, we have

made some decisions this year on the recommendation of the Convention Bureau for some further investment in the fixtures and fitting and the look and feel of the existing centre. That is refurbishment rather than expansion. That is how I would characterise the budget investments this year.

The government is certainly open to unsolicited proposals in relation to convention facilities. We made that pitch internationally, nationally and locally. I am aware of a number of groups that are looking at what options might be there for both the national level convention centre and a necessarily smaller Canberra level convention centre, which includes everything from expansion of the current centre into adjoining land, potentially a relationship with a facility across the other side of Constitution Avenue, through to options on the car park site that the government has identified between London Circuit, Commonwealth Avenue, Vernon Circle and the Constitution Avenue extension. That site is reserved, although development there requires a significant amount of transport planning so that the transport infrastructure needs to be in place in advance of that, given the impact that would have on CBD parking.

A convention centre is going to be very busy, you would hope, so that would necessitate significant changes to CBD transport arrangements; hence the value of having the light rail in place in advance. You then have a ready-made transport option—

**THE CHAIR:** Lots of people attending conventions come from Gungahlin.

**Mr Barr:** They will also come from hotels along the Northbourne Avenue corridor, of which there are many.

**THE CHAIR:** True. You seem to have evolved the argument for national participation beyond just cash into cash and use. What success have you had in your conversations with the federal government about their use of such a centre, given that conventions very rarely tend to stay put in the same location? Some do but most tend to travel.

**Mr Barr:** Yes. I have spoken with Minister Briggs in relation to this. That was at a more formal meeting where we discussed a number of issues. I have raised it informally over dinner with Treasurer Hockey and I will take the opportunity at the leaders retreat to join the line of people who will, no doubt, be in the ear of the Prime Minister. You are right to a certain extent in relation to some elements of major conventions that would rotate.

**THE CHAIR:** But there are a number of ones that stay. I think APPEA has its annual conference and the defence strategic ones are always here.

**Mr Barr:** A couple of tests of this include when Prime Minister Rudd held his 2020 summit, and it would be fair to say the lack of a facility in Canberra meant that they extensively utilised Parliament House. I remember images of people sitting on the floor of committee rooms and the like. You would want a sense from the commonwealth that, were they to hold major national level events, they would want to utilise the centre. You would then need a commitment from the various commonwealth agencies in terms of their own business. Then I guess there are the

periodic international events that might be held.

Minister Briggs's observation on this, which I will summarise—I will not put words in his mouth but this is my assessment of his commentary on this—is that even though G20 was held in Brisbane a lot of the international leaders immediately flocked to Sydney, that Sydney is Australia's international city and it has a level of infrastructure because of its size that means those major international events that might be once a decade if we are lucky or once every 20 years are likely to be in Sydney.

**THE CHAIR:** You are not building a string of five-star hotels for an event that occurs every decade.

**Mr Barr:** Indeed, yes.

**THE CHAIR:** It does go back, then, to my previous question—then we will move on—about having an accommodation strategy. It is about managing to leverage off your assets to get maximum return.

**Mr Barr:** Sure.

**THE CHAIR:** It is chicken and egg—nobody is building five-star beds because we do not have a national convention centre. We do not have a national convention centre, so there are no more five-star beds, which then precludes you holding some of these events.

**Mr Barr:** Yes, that would be fair to observe, although there has been some movement in that space in recent times. Clearly, a new facility would need to incorporate hotels. That was clearly part of the brief and part of the business case for the project. But it is not just what would occur, I guess, in the immediate proximity or even on the site itself but, yes, the other precinct opportunities. The government regularly receives unsolicited proposals under our new framework for a variety of initiatives in this area. We will evaluate those.

I guess I can sum all of this up by saying that nothing in this world comes for free. There is no one private sector and government that is going to just float in and magically make this happen for us. But the commonwealth have a role to play, in my view. In large part, that goes to the question of scale of the facility. That is clearly linked to a level of contribution from them. But I recognise that that may take some time, regardless of who is in office federally. In this budget we agreed with the recommendation of the Convention Bureau around a refurbishment of the existing centre, and we have other irons in the fire in relation to upgrades of the existing centre or a willingness to hear proposals in relation to it.

**THE CHAIR:** What are those other irons?

**Mr Barr:** They are commercial-in-confidence at this point.

**THE CHAIR:** A new question, Ms Fitzharris.

**MS FITZHARRIS:** A quick supplementary.

**THE CHAIR:** A supplementary, if you wish.

**MS FITZHARRIS:** Your proposition was that it was a new thing that the commonwealth was going to be doing. My recollection from four or five years ago is that the commonwealth had always been a partner. National institutions are involved in the early stages of the discussions and the commonwealth—

**THE CHAIR:** No, that is not what I said. Commonwealth usage is now a new line that we are hearing about.

**Mr Barr:** In terms of the original business case that was put forward by the then Canberra Business Council with the funding the ACT government provided plus some in-kind support, an initial steering group had representation from the federal bureaucracy. In my view, part of the consideration has always been how the federal government would use it. It also goes to different elements of the proposals around the centre, the dialogue and those sorts of elements. It is probably a little unfair to say that but if you want to say it, say it. I am not going to lose any sleep over that.

**THE CHAIR:** A new question.

**MS FITZHARRIS:** With the special event fund, most of those proposals remain in confidence. Do you have any sense of what might be coming?

**Mr Barr:** Yes. When I was in Beijing, our sister city, the respective national libraries announced a partnership and the coming to Canberra of a major exhibition in 2016, the *Qing Dynasty*. I had the opportunity to look at some of the works that I think are leaving China for the first time ever. They are certainly coming to Australia for the first time ever in a Canberra-only exhibition. That is one that the National Library are supporting. It is an excellent exhibition coming at a very good time. It is a great thing for our sister city to be supporting us on. We were very pleased with that announcement earlier this year. There are a number of other proposals.

The point I want to make here is that there are a number of national institutions and a number of other proponents seeking to access this fund. Whilst the National Gallery have been a significant player and have brought some magnificent events to the city, it is not just for the National Gallery. There are others. We have supported the War Memorial with centenary of Anzac-related activities. We look forward to the National Museum, amongst others, bringing forward proposals.

It is not just for national institutions as well. There are opportunities for the private sector. We have supported a partnership, for example, with Fairfax, on events in relation to night noodle markets that had a very positive impact upon that period in March.

**THE CHAIR:** Dr Bourke, just recalling that we are doing the three output classes, visitors, tourism, events, and we finish at a quarter past.

**DR BOURKE:** And venues. I shall ask a question about venues. What are the plans for EPIC at the moment? You have the widening of Flemington Road presumably for

light rail. What does that all mean for EPIC?

**Mr Barr:** There are a range of considerations for Exhibition Park. I think principally it is an issue of quantity versus quality. There have been some good examples elsewhere around Australia of showground redevelopments. In Brisbane, for example, the Ekka presents a potential pathway in terms of how you can improve the infrastructure in such facilities.

It is an important facility and its current location is where it will remain. There is no active work to relocate the facility. What we are looking at now is redevelopment and improvement on its existing site. As we have heard, there is opportunity for new low cost accommodation to be built on an adjacent block. There is some further work around the racing code co-location issues as that relates to harness racing. There may be some possibilities for change there.

I guess the key messages now are that Exhibition Park will remain where it is, there will be investment in the future in upgrading facilities and we will make some further announcements on that in due course.

**DR BOURKE:** There also seems to be a container storage facility at the back, on Morisset Road. Is that part of EPIC or is something else going on out there?

**Ms Clarke:** That is a short leasing arrangement. When we were a corporation the board determined to seek alternative revenue sources and that was one of the areas that we identified as a short-term way of obtaining more revenue.

**DR BOURKE:** And when does the lease expire?

**Ms Clarke:** Each business has a very short leasing arrangement. It comes down to about 12 months to two years in each of these agreements. It is mainly for businesses to store their landscaping equipment. There are shipping containers and things like that.

**DR BOURKE:** So is that something that is going to be continued on a short-term basis?

**Ms Clarke:** On a short-term basis definitely. It is an underutilised area of land at the venue. With over 70 hectares of land at the venue there are areas like that. If we can utilise them to actually assist us in getting revenue to help with the maintenance of our buildings, it is really key.

**DR BOURKE:** And it is supporting Canberra business.

**Ms Clarke:** Absolutely.

**THE CHAIR:** Ms Lawder, do you have a question?

**MS LAWDER:** Yes, I wanted to ask about a couple of events that the government holds. Floriade—what are some of the lessons from this year's event that you may be able to apply to next year's event to keep it fresh and new and to keep attracting

visitors?

**Mr Barr:** I will get officials to provide some more detail in a moment. Yes, this issue of renewal and refreshing of the event is one that has been raised more frequently with government. It is also important to acknowledge that there is a group of people who say that if it is not broken there is no need for any change at all. But then I also have, I would say, a growing number of voices within the tourism industry who are calling for more radical change than I hear from the broader community. I think that would be the best way to characterise the range of responses. You get some, I guess, who are particularly focused on the event as a tourism attractor and want renewal, refreshing and things to change quite dramatically versus a view perhaps held by many in the Canberra community that they like it just the way it is, thank you very much.

Balancing those diametrically opposed views is indeed a challenge for event organisers. I think that range of views has been the case for some time. There are some media commentators who have written and spoken extensively about their dissatisfaction with the event holding largely the same format. We have innovated in recent times with the addition of activities like NightFest—night-time activities and the like. Concepts that range as far as Floriade fringe events that might appeal to different demographics are part of our consideration.

Clearly, the leasing arrangement with the NCA for Commonwealth Park expires after the end of this year's event, so our thinking around 2016 is continuing and evolving. That may present an opportunity for some change in relation to Floriade. These are things that we are considering. Obviously, we will make announcements—

**MS LAWDER:** That is in terms of an alternative venue, potentially?

**Mr Barr:** For example, yes.

**MS LAWDER:** But no decision has been made.

**Mr Barr:** Not yet, no. But, given the time frames associated with the event, planning for 2016 is commencing. I am mindful though that the 2015 event needs to be successfully delivered before we embark on major changes for 2016. But I think it is clear that the circumstances that have been the case for some time under the previous contractual arrangements with the NCA—the NCA themselves have signalled a desire for change in relation to areas we can use within Commonwealth Park and the impact on the park, given the bump in and bump out time frames associated with staging Floriade.

We need to start planting bulbs very early on. Fences go up many months in advance of the event and remain in place for some time after. By the time the beds are replaced with turf, you are well into summer. So I understand the rationale that the NCA have put forward in relation to wanting some change. I think it is fair to observe that the event will be different in 2016 from what has preceded because of those factors. So that will to some extent please those in the tourism industry in particular who are looking for change. Certainly, if you change anything in this city you are going to get a level of feedback from the community that will bear it.

My personal view is that further innovations to Floriade are needed but that we should also seek to maintain the core elements of the event that are so strongly supported. But given the level of investment in establishing a month-long festival, we need to be innovative in terms of how we leverage that significant investment. NightFest was a good example of that—of utilising it in the evening.

I also want to see the event appeal to a broader demographic. NightFest achieved that. Certainly the audience for NightFest is much younger, outside of the kids who come with parents. It is a much younger demographic that attends at night than would attend the day-time element. So we would want the event to have the broadest possible appeal. The fringe activities, I think, present that opportunity.

**MS LAWDER:** For Floriade and NightFest, what has been the dollar economic benefit and the attendance trend?

**Mr Barr:** Dollar economic benefit has been rising over the time I have been minister, from the \$20 million range up over \$40 million, from memory, in recent times. Attendances have moved from 380,000 up to more like 480,000, heading towards half a million. The event continues to grow. Its popularity, particularly with an approach to having themed weeks—things changing over the four weeks—has provided a pretty compelling reason for people to come multiple times. It became a bit of a debate with Jorian Gardner, as I recall.

**THE CHAIR:** Let's not.

**Mr Barr:** We will not. But an event staged over four weeks does present an opportunity for multiple attendance from visitors and locals. We certainly look to encourage multiple visits as well in the future.

**MS LAWDER:** Finally, similarly for Enlighten in respect of the economic benefit and the attendance patterns, are you able to quantify the noodle market component at all?

**Mr Barr:** Indeed, yes. The noodle market was an outrageous success, so much so that it is going to have to be twice as big, if not three times as big, in the coming years. I think probably twice as big next year and three times as big the year after. I am very keen for more local restaurants to participate.

**THE CHAIR:** Which was the complaint.

**Mr Barr:** It was not for a lack of invitation, but I understand that for a brand new event, when a proposal goes out, people want to see how it is going to go before they commit to it. Given how successful it was, there will be no shortage of interest and the capacity will be significantly expanded. Enlighten's growth path has now exceeded Floriade's in terms of its exponential level of increase. I think it went from 130,000 to 280,000 people going through from 2014 to 2015.

I have to say—I will take this opportunity—that personally I am delighted with that, because the event had its critics, some of whom are sitting opposite me. The fact that

it has achieved the outcomes it has is testimony to the concept and the passion of everyone who has been involved in developing it over a number of years. I think it is proof that we can as a community deliver some outstanding events that the community will support. I look forward to it growing.

We have an event evaluation report that is available online. We will continue to look for new partners for Enlighten as undoubtedly there are a number of players in the private sector who are looking to work with us to take advantage of the platform that this event has now established.

**MS LAWDER:** Any complaints about parking?

**Mr Barr:** Inevitably when you stage any activity in Canberra someone will complain about parking. I would not say that was a particular issue. It largely goes to how far people are prepared to walk, but if there are 280,000 people attending, that is going to put pressure on any level of car parking. Given it is a night-time event principally, that area has tens of thousands of car parks within walking distance at the various points. But people tend to have their favourite car parks. If that particular one is full, their desire to check one of the 30 other car parks within the region can often be less.

**MS LAWDER:** Thank you.

**MS FITZHARRIS:** A smart parking trial, then?

**Mr Barr:** Certainly there is an opportunity there with new technologies to guide people to car parking spaces.

**Mr Rake:** We would be very happy if the commonwealth wanted to partner with our smart parking trial, given they own those car parks.

**Mr Barr:** But there are a lot of car parks in the parliamentary triangle.

**THE CHAIR:** Our time is almost at an end. Is there an economic impact analysis for the noodle festival?

**Mr Barr:** I am not sure whether it is differentiated. There is one for Enlighten. Whether the noodle component itself—Fairfax may have produced something.

**Mr Rake:** We have not separated out the two components ourselves. What we can see is the aggregate increase, and that is really what we are after—what does it mean for the territory. To the extent that we could attribute a large portion of the additional success to the noodle markets, yes, we can do that basic math, but it is a good result either way.

**THE CHAIR:** There is only so much disposable income; so while everybody is eating at noodle festivals, are they not eating in the restaurants at Civic, Manuka and Kingston?

**Mr Barr:** Of course, there is a displacement, yes. That is right. But I think it clearly brought people out. That is the case with any event—there is a substitution of spend.

**THE CHAIR:** We will call a halt there. Members, that concludes VisitCanberra, venues and events. This afternoon we will resume at 1.40 with the Minister for Urban Renewal and the Land Development Agency.

**Sitting suspended from 12.16 to 1.45 pm.**

**THE CHAIR:** Good afternoon, ladies and gentlemen, and welcome to the afternoon of the sixth day of public hearings of the Select Committee on Estimates 2015-16. Please be aware that the proceedings today are being recorded and transcribed by Hansard for publication and that the proceedings are also being broadcast as well as webstreamed. I ask those at the table currently if they have read the privilege statement and understand its implications. They all so acknowledge. Chief Minister, would you like to make an opening statement on urban renewal?

**Mr Barr:** No, I will not. I will not break from tradition in this hearing.

**THE CHAIR:** I turn to page 26 on BP B, output class 8.9, urban renewal. It looks at delivering recycling, it looks at the capital metro corridor, it looks at delivering public housing and progressing city to the lake. What seems to be absent, though, is an agenda for the city centre itself. There was commentary from Canberra CBD Ltd that there was nothing in this budget for the city. We hear words like “transformational” and lots of other adjectives. What is the grand vision for the city and how does it occur?

**Mr Barr:** The city plan was the first phase of that work being undertaken in the planning directorate. There was a range of consultation and a series of priority projects of which city to the lake was one. In the context of the broader CBD, that overarching work is in the sequence of events first within the planning area before it moves into a delivery phase, although there were five priority projects under the city plan 1 of which city to the lake was part. That is the project that this area has responsibility for.

**THE CHAIR:** But what is the grand vision, particularly for the CBD?

**Mr Barr:** The city plan outlines five different precincts, from memory, each with their own characteristics. That gives the overall framework construction for individual precincts to be redeveloped.

**THE CHAIR:** Most of what is listed in the output class seems to be about getting ready to sell land. It has long been criticised as a land-based economy, a land-based budget. How do we change if we just continue to sell more land to pay for projects rather than having a long-term view of where the city ends up?

**Mr Barr:** Are you talking about the city of Canberra or the CBD?

**THE CHAIR:** The city; sorry, the CBD in particular, but the city itself as then the beneficiary of that.

**Mr Barr:** Sure. So in relation to land sales, depending of course on the nature of the

land release, that will then potentially be released for a number of different uses that generate economic activity for the city. That can be, given the zoning of that area, everything from CZ5 mixed use release to areas of land within the CBD that are for public administration. There is a retail core. There is an interaction between the university and the city through the ANU exchange project. So the city plan outlines those different regions.

City to the lake obviously seeks to tackle some of the significant physical barriers that would bring the lake to the city. Those are principally Parkes Way as we are aware, but then also a series of developments in the south-east and south-west of the CBD that would then link into those existing precincts.

**THE CHAIR:** It sounds very mundane.

**Mr Barr:** It is all there in the city plan.

**THE CHAIR:** Ms Fitzharris, a new question.

**MS FITZHARRIS:** Thank you. My apologies; I could have sworn you said, “See you back at 2.”

**THE CHAIR:** No, I did not. I deliberately said 1.45. Such is life.

**MS FITZHARRIS:** My apologies.

**THE CHAIR:** Dr Bourke, we might take your question and we will get to Ms Fitzharris.

**MS FITZHARRIS:** My apologies.

**DR BOURKE:** Minister, I refer to plans to build high density apartments at lakeside, Acton. How will that contribute to a more vibrant city centre? How many people could potentially be living there?

**Mr Barr:** The city to the lake project has an objective of increasing the residential population base in the CBD in the order of 15,000 to 20,000 residents over a period of a couple of decades. In that context, that certainly adds to the level of economic activity that occurs in the CBD. It is not just residential-related though. The government’s land releases will facilitate a range of mixed use activity.

There are a number of privately held sites that have already been sold that are obviously in the hands of private developers who will release those to market in due course. You are also seeing some adaptive reuse of knockdown-rebuild of some older accommodation in the city. The government has a number of sites that are now in the land release program that we will make available for the private sector to redevelop in the coming years.

**DR BOURKE:** Why is that mixed use so important?

**Mr Barr:** I think the prevailing planning view now is that mixed use development

offers the greatest level of flexibility to the market to respond to a variety of circumstances. We have seen some fairly successful mixed use precincts developed in recent times: New Acton, what is happening in Braddon, the Kingston foreshore. But it does not mean that there are not challenges associated with that, particularly with competing land users in the same precinct.

This can lead to some challenges around noise, for example. But they tend to be able to be managed with appropriate building design. I guess, going back to Mr Smyth's earlier questions, that one of the elements of the city plan is around the different precincts, each with a different focus. You can seek to co-locate those areas of activity that might be somewhat noisier with other similar activities and have other parts of the CBD not having such a contrast of uses.

**DR BOURKE:** Canberra, as a planned city, has had strong demarcation between land uses. So this concept of mixed use is not familiar to many, if not most, long-term Canberra residents. What work is your directorate doing to advocate the benefits of mixed use to the population at large?

**Mr Barr:** I think there is a lived experience obviously and that has been evolving for Canberra for a number of decades now. I think I accept the premise of your question for people who moved here like I did in the 1970s. It was pre-self-government days. Almost every element of the city was planned to within an inch of its life. Thankfully, that era is behind us now and we are starting to see a little more diversity in activity and opportunity emerging in different precincts.

It is really a question, Dr Bourke, of the pace of change. For some Canberrans the city's evolution is a glacial pace, and they find it too slow and leave. For others even glacial pace is too fast and they write letters to the editor and complain about a city that they chose to live in in 1970 not being the same in 2015.

I think cities constantly evolve. To a certain extent, that pace of change is driven by the citizens of the time and it will be driven in some part by government decision making or government getting out of the way and letting others move in and change areas. There will be mixed views on these questions. I think the best thing that government can do though is encourage best practice when it comes to urban renewal opportunities and seek to manage change over a period.

My experience is that the clearer you are in advance about where change will occur and over what time frame—people tend to appreciate knowing that it is going to be in areas A, B, and C and over a five, 10 or 15-year or longer time frame. But I think it would be fair to observe that a lot of concern that there is about the pace of change does not necessarily reflect people's lived experience. The time that certain areas will take to change from what they are now to what they will ultimately be can be the span of a human lifetime.

**DR BOURKE:** One of the characteristics of Sydney and Melbourne, for instance, or perhaps for cities of that age and era, are the laneways. Things are starting to come alive in those sorts of funky and, in a sense, grungy places. This tends to contrast with the Canberra model of spick, span, shiny and new. But we do have some laneways in the CBD. What is being done to revitalise and repurpose those spaces?

**Mr Barr:** Yes, we do—nowhere near the level of Melbourne or perhaps to a lesser extent Sydney. The design of our CBD is somewhat different and reflects the age of a city built in a different era. What makes those areas in Sydney and Melbourne so popular reflects the absolute human scale of them, because they were built in a time before the motor vehicle. So that is entirely about walkability and close proximity.

Someone—I think it might have been Jan Gehl—observed that two of the challenges for Canberra are that we try to have a party in too many rooms and that the scale of the city is as if it was built for humans who are four metres tall. Everything is just so spread out. Elements of that are going to be there forever—certainly in our lifetimes, anyway. No-one can predict what Canberra in 2222 will look like, but the nature of change in the city has to be gradual. So we have sought to work with private sector partners and there are a couple of laneway projects where we have worked with CBD Ltd or with particular private landholders outside the CBD Ltd umbrella.

Odgers Lane is an example. Tocumwal Lane has also recently had a transformation of sorts and there are other laneway projects that are underway. But I think that given the context of our city's laneways, where they differ from the ones in Melbourne for example, which are possibly the most famous and best promoted and advertised in Australia, is that our urban renewal challenges are a little different.

Whilst I think the laneway projects are good and a welcome addition, there is a little more that we need to think about in the context of the layout of our CBD. The city plan certainly goes to that and then the fine grain of city to the lake and the various projects associated with that—certainly where we have those opportunities in West Basin in particular in the design phase there to have a human scale for development. So West Basin will not be about four lanes of motor vehicle traffic. It will be much more intimate in those spaces, built for people to walk around, not to drive around.

**DR BOURKE:** That was certainly brought out the other day in the assessment of the National Multicultural Festival. One of the things that gave people the biggest buzz was the crowd; 250,000 jumped into our CBD. Suddenly there was energy, there was vibrancy, there was a life. If we could start to—

**Mr Barr:** I guess that is a sense about having the party in one room, isn't it?

**THE CHAIR:** Ms Fitzharris, a new question. I should remind members we are doing output class 8.9, urban renewal, and Land Development Agency in the next hour and a half so I expect there will be significant crossover.

**MS FITZHARRIS:** I would like to ask about the public housing renewal program in general terms, but specifically the target for the 2015-16 year of 352 dwellings. Can you just give us an update on those—the mix of dwellings, the range across the city? If you could, that would be great, thank you.

**Mr Barr:** Yes. I will get Mr Collett to.

**Mr Collett:** Thanks for the question. Work has progressed well on the first 350 replacement properties that we have been given budget appropriation for. A

significant number, the majority of the works, have been subject to the preparation of a DA and tendering; we are anticipating that the first of those tenders will be let before the end of June and that work will be starting on site soon after. The first three properties that will be started will be the community facility sites that we worked with, together with the LDA, to identify and secure; we are anticipating that the aged and disabled supportive accommodation will be the first that will be completed.

**MS FITZHARRIS:** Are they Nicholls, Monash and Chisholm?

**Mr Collett:** Chisholm, yes. It includes 20 units in the case of Chisholm, 16 in the case of Nicholls and 25 in the case of Monash.

**MS FITZHARRIS:** With the public consultation that you have been doing on the program, could you run us through what you have been doing in the context of the program as a whole?

**Mr Collett:** Yes, I am happy to do so. The consultation really falls into two parts. Firstly, there is the work that we have done to support the territory plan variations that we are progressing. That is reaching a conclusion in the sense that we have gone through a fairly exhaustive process of meetings with local residents, with the residents associations, and community councils have documented their concerns and aspirations for those sites that are scheduled for redevelopment and have included those factors in the territory plan proposals that have been brought forward. A number of those have already been referred to the Minister for Planning; the last three significant ones in inner south Canberra, being Stuart flats, Gowrie Court and Red Hill, are intended to be released for public comment by the planning authority prior to the end of this financial year. So in the next fortnight they will be released, as I am informed.

The remainder of consultation has been around the replacement housing. It is probably no surprise to the members of the Assembly that we ran into a bit of a headwind with the residents of Nicholls. We had not been sensitive enough to some of the concerns there might be about the use of the land that we identified. We are responding to the questions and issues that were raised in response to the DA.

In order to get a more comprehensive approach to consultation on the replacement sites, we met with the combined councils of the community organisations last Saturday at Gungahlin. It is a peak body that brings together all of the community councils and residents associations and provides a forum for them to compare notes. We asked for their assistance in going out to the community and giving them earlier advice about our intentions for those suburbs. There was a good response from the combined councils. They invited us to attend their individual meetings through July and August, offering to put us on the agenda and include the material that we are preparing that explains the benefits that an inclusive society that involves public housing tenants as part of an integrated community might have. That will be provided to the community councils for inclusion in their newsletters.

**MS FITZHARRIS:** Thanks. Like I said, there are some lessons out of the Nicholls one, but having been at the meetings where you have presented to the community council, I think there was quite a level of support in the community council meeting but a different one elsewhere. The community councils are all the same, and they are

valuable, but on many occasions—I attend every meeting, and have done so for a number of years—you might be pressing your luck to get more than 30 people there, people who are generally not very diverse in terms of age and gender in particular. I think a subsequent meeting has reflected a different sense. I just stress that the community councils are important but do not necessarily bring that representation with them.

With the rest of the dwellings that you are looking at, are they a mix of multi-unit dwellings, are there some stand-alone or are they all mostly one and two-bedroom housing or larger? What is the mix like?

**Mr Collett:** The first four sites that we negotiated with the land development authority were community facility sites. That restricted us to supportive accommodation, which did limit the range. Of course, those sites were all multi-unit sites. Since that time, we have been working hard with the LDA to identify a range of standard and compact blocks as well as a bigger range of sites for multi-unit accommodation. Rather than just single-storey two-bed aged accommodation, we will have a mixture of one, two and three storeys; we will have a mixture of one, two and three bedrooms; and we will be able to introduce a wider spread in terms of both the typologies that we are using and the geographic spread through the neighbourhoods.

**MS FITZHARRIS:** Given the mix of smaller multi-unit developments, are you coming across any innovations in building materials or methods of building that you can use as you roll out the really significant program?

**Mr Collett:** We are about to embark on a process that will pass that innovation that is available in the private sector. As of Saturday, we will be advertising in the *Canberra Times* for builders, landowners and developers who have sites that might be suitable for the renewal program. The advice from industry and the general industry intelligence are that there are a number of projects that are stalled waiting for pre-sales or finance and that there might be a number of developers who would see an advantage in dealing with the government for some of these sites. That will bring forward a wider range of both building types and construction types—and potentially even contracts and types of title. We are looking at innovations that are currently being promoted in terms of bodies corporate and those units plans.

**MS FITZHARRIS:** Will that give you an opportunity to partner on a particular site and/or do it all on your own, or a bit of a mix depending on what comes in?

**Mr Collett:** A mix depending on what comes in. We have said in the documentation, and we are being assisted with the marketing by Colliers, who are on the panel for the LDA in providing such advice, that we are interested in everything from land that somebody might have put together as a development site but has lost interest in or whose interest has moved on, through to land with DAs in place, building applications completed and ready to start work—and even work that is under construction or new completions. We are really opening the door to a full range. We will see what is out there. The issue will be finding the right price point that meets our business plan and makes the whole process work.

**MS FITZHARRIS:** Does this give you an opportunity to accelerate some of it

potentially?

**Mr Collett:** Potentially, yes. That is one of the key things that we are looking at. The program is quite a challenging one. The government is committed to 1,288 units by the middle of 2019, which, for the task force, really means by the end of 2018 in terms of giving time for tenants to be relocated and sites prepared for market. We are looking at every opportunity there is to “front-load the project”, to use the jargon, so that we do not get into a situation where we are struggling to make up the numbers at the back end of the project.

**MS FITZHARRIS:** I have one more question, just going back to the consultation. Minister Berry yesterday talked us through the split between your portfolio, Chief Minister, and hers. She simplified it by saying that as Minister for Housing she has responsibility for tenants and you have responsibilities for building. Is some of your consultation with the tenants that are currently in public housing working in with Housing the same consultation process in terms of the tenants who are currently in the houses?

**Mr Collett:** I heard Ms Berry’s response yesterday afternoon. As she pointed out, the primary responsibility for tenants is with Housing, but of course that needs to be carefully coordinated with the sites that they are going into. We have got a number of our staff members whose focus is on tenant coordination and relocation. They are working side by side with Housing staff and with the non-government sector, particularly, at this stage, the early stages, with Northside Community Service. They are out there together doing interviews with the tenants, finding out what their aspirations are, what their needs are, what their family compositions are and, from that, what is going to be the most appropriate housing.

I think Ms Berry also touched on the fact that some of those tenants that are being relocated from the redevelopment sites will be moving directly into the new housing that is being constructed, but others will be moving into the public housing portfolio and the portfolio will be augmented by the construction program.

**THE CHAIR:** Dr Bourke has a supplementary, Ms Lawder has a supplementary, Mr Coe has a supplementary and I have a supplementary. We will work our way down the line and then go back to Ms Lawder for a new question.

**DR BOURKE:** Could you tell us a bit more following along from previous discussion between the Chief Minister and me about activation, how these projects are going to activate local communities.

**Mr Collett:** The sites that have been chosen for the territory planning variations and for inclusion in the asset recycling initiative that the ACT government has committed to with the commonwealth government are focused on areas that support active transport use, revitalisation of the city and upgrading of our local and group centres. We are looking at properties along Northbourne Avenue and the Bega, Allawah and Currong apartments immediately adjacent to the front door of the Canberra Centre, as it were. We are looking at projects that support the Manuka group centre, Woden and Red Hill. These are all areas where not only will we realise the government’s objectives of building a more environmentally conscious and better performing city

but also we will be revitalising the look and feel and the level of activity and innovation that we have got. That will be though the redevelopment of those sites after they are disposed of and are no longer used for public housing.

The benefits will be that the territory planned variation work that we are doing will allow increased density and an increased range of uses that the land can be put to. We will build on the patchwork of roads and public transport, and in that way we will improve the city.

**DR BOURKE:** Can you tell me a bit more about the quality of what is going to be produced vis-a-vis the quality of what currently exists?

**Mr Collett:** Even prior to the asset recycling initiative, one of the major objectives of this redevelopment of public housing stock has been reducing the average age of the public housing portfolio. I still remember the Chief Minister reminding me of my earlier advice to him that we have got the oldest stock of any jurisdiction, that we are turning it over so slowly that we are getting older rather than newer, that the environmental and amenity performance of that accommodation is particularly poor, that the operating costs and the maintenance costs for the tenants and the territory are increasing and are high, and that there is a mismatch between the sort of accommodation that is provided and the needs of people in public housing on the public housing waiting list. That old tired stock that I think has been referred to as past its use-by date will be replaced by modern, energy-efficient housing. That will be both in terms of the replacement housing on new sites and also in terms of the accommodation that is built on those estates that are subject to redevelopment.

Of course, the territory plan variation provides the framework, and the development control plans that sit under the territory plan ensure that the community's objectives in terms of the retention of open space, view corridors, taller buildings and support for the local community in terms of retailing and transport are all delivered.

**DR BOURKE:** Thank you.

**THE CHAIR:** Ms Lawder with a supplementary.

**MS LAWDER:** I did.

**THE CHAIR:** Mr Coe with a supplementary. Mr Doszpot, do you want a supplementary?

**MS LAWDER:** Perhaps—

**THE CHAIR:** You cannot have one yet. We will come back; then I will have one.

**MS LAWDER:** We have had some discussion in the Assembly about the location of the properties. The ones we have already mentioned today are the Nicholls, Monash and Chisholm properties. Does the department use a metric about proximity to shops or other services when you are looking at location of these sorts of facilities?

**Mr Collett:** There are no prescriptive controls. We need a bit of flexibility in finding

those sites. But in evaluating the sites, as well as the size and configuration, the geotechnical characteristics and the general size and proportions of the site, we look, of course, at access to services, transport and other characteristics that are important to our tenants.

There is a reasonably comprehensive process in which the task force works with the LDA and with other government agencies to identify these sites, and then takes them forward to Housing, and there is a detailed discussion about what the benefits and disadvantages of the sites are. Ideally, every site would be in close proximity to those sorts of services, but of course those services are distributed across the metropolitan area. So public housing, like the rest of the housing stock in the ACT, needs to be spread around the suburbs.

In answers to questions and in presentations, Mr David Matthews, the executive director of Housing, has pointed out that the majority of public housing tenants do have private motor vehicles; therefore whilst we would like to find sites that have decent public transport to assist those tenants who do not, the demographic of public housing tenants is pretty close to that of the typical Canberra population.

**MS LAWDER:** With the proposed facilities in Monash, Chisholm and Nicholls, were you specifically looking at aged people accommodation, older people accommodation, or was there accommodation for people with disability as well?

**Mr Collett:** Supportive housing, as defined in the territory plan, allows for the accommodation of both older people and people with a disability. Housing ACT provides a range of supports for both of those cohorts, as well as the general support that it provides for its tenants.

**MS LAWDER:** I am asking about those three specific sites. What groups are you targeting? Is it just older people?

**Mr Collett:** No, my understanding is that Housing has maintained the flexibility of putting people with a disability onto those sites. The task force agrees with Housing the form and number of properties that will be constructed as part of the replacement program, and works with the tenants to find out who wants to move into that. But the final decision about the allocation of those units, eligibility and the criteria that would be used is down to Housing.

To answer your question, I understand that Housing's intention for those sites is to include both people who are older and people who have a disability. Of course, the recent work that Housing has done through Project Independence and the intentional community means that they are building on a long history of putting people with a need for disability support into a residential environment.

**MS LAWDER:** My point perhaps regarding the Chisholm property especially—I am not really familiar with the Nicholls one; I do not go up there very often—

**MS FITZHARRIS:** I will take you for a tour.

**MS LAWDER:** It is not that close to shops and community facilities. My concern is

about people in those properties being even more socially excluded. How are we going to encourage them to connect with other groups or get to education and training and employment opportunities if they are in a more isolated area?

**Mr Collett:** I understand your question. I point out that Chisholm does have a bus service and a bus stop quite close to the site. But not every site that is available to us is the ideal site.

In answer to your question, though, as to what we are doing to ensure that the tenants who move there are not further isolated, we are working very closely with Housing through two groups that they have initiated and that we support. One is LINCT, Linking in to New Communities, and the other one is the executive arm of that group, which comprises actual service providers.

I talked about our two tenancy coordinators and how closely they are working with Housing. They are working with senior managers, tenancy managers and area managers in the assessment of those tenants. We have also engaged fully with the service providers, and that is usually on the basis of which service providers are active in the sites that we are relocating from. In Northbourne Avenue generally, it is Northside Community Service. With the Dickson flats, it was the Canberra Men's Centre. In Bega and Allawah, it is Schizophrenia Australia as well as Northside.

So we are identifying those groups who are already providing services to the tenants where they are currently located, and we are looking at what the service and support needs of the tenants are to determine whether those supports can be taken to the new location that they are in or whether they will need a separate support arrangement for that.

I agreed with Frank Duggan from Housing earlier this week that, for every tenant who is relocated, they will have an individual support plan which identifies what supports they need, where they are currently deriving that support from, whether it is coming from family members, non-government organisations or government agencies. So what are their support needs, and how will those support needs be met in those new locations?

**MS LAWDER:** There are examples like the ones near Chisholm shops.

**Mr Collett:** Yes.

**MS LAWDER:** The current ones, and the ones near Lanyon Marketplace, which are lovely; a nice walking distance for people to get to those community facilities.

**Mr Collett:** Yes. And we will take ideal sites where we can get them.

**THE CHAIR:** I am sure Frank Duggan will sleep much easier at night knowing that you agree with him, Mr Collett! We will move on to Mr Coe.

**MR COE:** Regarding the Nicholls development, is it 16 or 14 units?

**Mr Collett:** The DA was lodged for 16. There were a range of comments received.

Some were about the tenants; some were about the design. The designs are straightforward in terms of our response. We looked at the configuration of the units internally, we looked at the setbacks and we agreed with the community that some improvements could be made by reducing the numbers.

That modest decrease from 16 to 14 allows us to increase the setbacks on the school and childcare centre. It enables us to increase the landscaping treatment. It enables us to put the garbage arrangements closer to the boundary, with less need for garbage trucks to enter the site. It allows us to use that flexibility to improve the landscaping in the centre of the site and to provide additional visitor car parking at grade within the development. All of these concerns were raised by the community.

**MR COE:** There was concern about the notification in particular. Also, going to what Ms Lawder said, there is the social isolation and the transport disadvantage that potentially occurs out there. In actual fact, a lot of people who contacted me said they would rather it was housing general tenants as opposed to supportive housing, because supportive housing, as it is listed in many government documents, is best located near services, whether it be health, administrative, social or retail. To that end, what consideration was there for the Nicholls site to be a general public housing site as opposed to supportive housing?

**Mr Collett:** The Nicholls site was excluded from general housing under the current definitions and arrangements with EPD because it is a community facilities site rather than a general residential site.

**MR COE:** Would there be an optimal outcome there if that was actually rezoned to RZ2 or RZ3 to allow for public housing with general tenants as opposed to supportive housing?

**Mr Collett:** We provided comments to the planning authority in response to the issues and objections that were raised through the DA process. That is proceeding along the path. In terms of a bureaucratic response, Mr Coe, we will have to wait until that process is completed before we regroup and look at what we should do going forward.

If you are speaking hypothetically about what it might have been better to have been, given that we could rewrite history, I do not think that the site is particularly poorly serviced. There is a local IGA. There is a good bus route past the site. It is not far from the Gungahlin town centre, which has quite a broad range of medical and other support services. So we are trading off access to a single GP for access to a regional health centre and a broader range of support facilities.

I do not believe that the site is a poor one. I think that many of the concerns that were raised about people who are aged or have a disability represented a failure on our part to adequately communicate with the community what the benefits might be of having public housing tenants integrated into their communities. I note that a similar community of Gungahlin has provided significant support for the Common Ground project, for Project Independence, which I know some members in the Assembly have been very closely involved with.

**MR COE:** It is interesting that you should raise the Common Ground project, because

the rationale for that site explicitly says that the benefits of being in a town centre are linked to administrative, social and retail services.

**Mr Collett:** That is right, but that is a particular model, Mr Coe. If we look at other examples of Common Ground in Australia, and in fact in the US where the model derives from, they are almost exclusively in urban areas. And we are taking people who are coming directly from primary homelessness. We are not taking people who are older or who have a disability. We can debate where the optimal site is—

**MS LAWDER:** I would suggest to you they are probably older and potentially have disability as well.

**Mr Collett:** They may well do, but the service delivery model is a differentiated one from one that applies to the general population. The point I am making is that we could debate forever where the perfect site is for the perfect public housing development, but in fact we are turning over our portfolio as we need to do to improve the housing that is available for public housing tenants and to safeguard the value of the portfolio, and in doing that we are taking a range of sites. The sites have good access to local shops, they have good access to transport and they have quite reasonable access to the Gungahlin town centre with a plethora of services. I think it is the sort of site that we would continue to look at and discuss with Housing as to how suitable it is, although we will be doing more consultation with the community about their view of those sites in future.

**MR COE:** I think there is a perception issue with regard to the timing of this—that it seems to be somewhat frantic, related to light rail timing in particular, and the government has simply gone through a register of all available land, and not necessary optimally, but through the process of elimination has selected a handful of blocks.

**Mr Collett:** The motivation of the timing is not within my remit, but I am responsible for a few of those sites, and there has not been a scramble. It has not been untimely. We have been building up to this for a long period of time. We have an opportunity to make a significant improvement to the public housing portfolio, and in order to deliver on that, we need to find replacement sites. We are going about it methodically and carefully. We are looking at the sites that are available, obviously. I do not see that as a criticism of the process. If I were to acknowledge one area in which we could make improvements, it would be communicating with the community.

**THE CHAIR:** We might move on then to me and then a new question from Ms Lawder. I have a couple of questions, just quick supplementaries. I am concerned about the notion of a gap between one minister being responsible for the buildings and another minister ending up being responsible for the tenants. One might be driven by cost and speed and the other has alternative responsibilities. This follows on from your comment about looking for innovative solutions. Will we always ensure that we build buildings that minimise the cost long term to public housing tenants?

**Mr Barr:** Indeed yes. You could not say that is the case with the existing stock.

**THE CHAIR:** Absolutely not, but it has been put to me by a number of architects that they have put forward solutions for public housing that are regularly knocked back

because of the fact that they are more costly—they are environmentally friendly buildings with good solar orientation that require less use of utilities to heat and cool—than just building standard housing but they never get a look in because they are too expensive.

**Mr Barr:** Whole-of-life costs are an important consideration, yes—not just the capital cost but the operating cost, that is understood, yes.

**THE CHAIR:** I can go back to these architects and say that whole-of-life costs are taken into account and that if they have innovative solutions, even though they are slightly more expensive or somewhat more expensive—of course the price matters—they will be taken into account with this renewal?

**Mr Barr:** Of course, yes.

**THE CHAIR:** I have a question for Mr Collett. We did City Edge some years ago that took McPherson Court, 144 bedsits, and turned it into a fabulous outcome for the community. It has won awards. We then did Lachlan Court which has delivered a very high standard of accommodation. We started on Burnie Court which is now virtually complete. Since those three last major projects what large-scale renewal has been undertaken in ACT housing stock?

**Mr Collett:** The other significant renewal which you would probably recall was the redevelopment of Fraser Court in Kingston, diagonally opposite the Kingston group centre. At the time that we brought forward Fraser Court and the former Burnie Court, we also brought the Currong apartments to the market looking for a joint venture partner to redevelop that site, similar to the others that I have mentioned. We were not successful in doing so. The figures that were offered were less than the valuation for those properties, and the decision was made to retain the housing for student housing, which was a need at the time. The rest of the time has been spent doing the groundwork for the territory plan, which will underpin the redevelopments we are talking about now.

**THE CHAIR:** In the last 15 years the only large-scale piece of renewal in ACT public housing was Fraser Court?

**Mr Collett:** And Burnie Court.

**THE CHAIR:** Burnie Court started in 2001.

**Mr Collett:** Yes, but it did not finish until just now. We are talking about—

**THE CHAIR:** We are not responsible for the slow delivery of projects by subsequent governments but one in 15 years is hardly substantial, is it, minister?

**Mr Barr:** That is a statement. I question the—

**THE CHAIR:** Is one large-scale urban renewal in the last 15 years how we should—

**Mr Barr:** That is not the only large-scale—

**THE CHAIR:** It is the only one Mr Collett has been able to cite.

**Mr Barr:** I think we can go back into the definitional games about what is large scale and what is not, but I do find it amusing that you are criticising the government for not moving fast enough in relation to a range of projects, and yet we are about, I am sure, to get a line of questions on moving too fast on a number of other ones. Anyway you have made your point. I will agree to disagree on it and we will move to the next question.

**THE CHAIR:** Would you like to take it on notice and provide a list of all the developments of over 20 units in the last decade?

**Mr Barr:** I am getting a big sense of deja vu about this. I think we did this last time.

**THE CHAIR:** No, that was on capital works last time. Are you taking it on notice or not?

**Mr Barr:** I will provide you with a list. I will take that as a question on notice, yes.

**THE CHAIR:** Thank you for confirming that.

**MS LAWDER:** According to budget paper 3, pages 111 and 112, it looks like Allawah Court, Karuah, Red Hill housing precinct and Owen flats have been identified to be demolished in the coming 15 or 16 years.

**Mr Barr:** Are you about to prove my point?

**MS LAWDER:** I hope so.

**THE CHAIR:** Wait and see.

**Mr Barr:** You hope so? Good. So do I.

**MS LAWDER:** That covers about 352 housing dwellings amongst those properties. We have heard that you are looking to put in properties at Nicholls, Monash and Chisholm at this time. Why were these four particular properties identified to be demolished first?

**Mr Barr:** In some instances they have been scheduled for some time but the housing directorate had a strategic asset management process and identified the large multi-unit complexes for a staged process of renewal. David will correct me if I am wrong here but that was going back four or five years at least.

**Mr Collett:** Yes.

**Mr Barr:** There has been a considerable amount of work over a number of years associated with the strategic asset management plan for housing. We are moving into a phase now where a number of those projects and changes are going to come to fruition. I understand it is the way these things are. You do years of planning. If you

do not do years of planning then you rush in to do something. If you do years of planning then you are not moving fast enough. We have done the work and we are now moving into the delivery phase on a number of these projects.

**MS LAWDER:** From my reading of the budget, it looks like you have got an expense amount, which is demolition of the properties, and then you have got a replacement cost of the units involved.

**Mr Barr:** Yes.

**MS LAWDER:** For example, Allawah, 114; Karuah, 46 et cetera. When you are looking at the capital replacement costs do you use a standard amount per dwelling to estimate the capital replacement costs?

**Mr Collett:** No. We have prepared business cases on a site by site basis until now, which has enabled us to factor in the construction costs for different forms of housing. There was a question earlier, I think it was from Ms Fitzharris, about whether we were expanding the type of accommodation that we are providing. We are doing that. The costs are different for a cottage on a stand-alone block, for a townhouse which might be two-storey with surface car parking, for an apartment in a three-storey block with underground car parking. In undertaking the financial analysis that underpins this program we factored in the costs based on our expectation about what the replacement housing is going to be and therefore what the cost of the land and the cost of the houses might be.

**MS LAWDER:** With the three sites we have identified at Nicholls, Monash and Chisholm, is that 52 dwellings or something in that area?

**Mr Collett:** Yes, depending on whether we include the 16 or the 14 on the Nicholls site.

**MS LAWDER:** Yes, somewhere about that. When you are developing your estimates of these capital replacements, taking Allawah Court, 114 units, as an example—you are going to smaller developments and I am not here to talk about the pros and cons of that—how do you work out that replacement cost? It is quite different for the four sites identified.

**Mr Collett:** Until now we have been doing it historically. If you take the three sites we have identified specifically, Chisholm, Nicholls and Monash, we actually did the analysis of that against the anticipated return from the Owen flats. As we have moved forward and looked at a broader range of sites and introduced other initiatives such as the expression of interest that I have been talking about, it has been necessary for us to move to indicative prices.

We are working with Treasury at the moment on the impact of moving to cost types rather than specific costs. For instance, if we suggest that the replacement housing for the next transition of renewal will be 50 per cent coming from the expression of interest process then what is the average cost of properties being provided through that process? We need to make an estimate of what the percentage of the total replacement housing is for each of those categories and we can do that because we

have historical data about what it costs us to build single-storey aged persons units with surface car parking attached to the unit, two bedrooms with good solid orientation. We know what that costs. We can plug that into the model.

**MS LAWDER:** If you look at the Owen flats it looks like you are expecting the replacement value to be something like \$273,000 per unit, whereas if you look at Allawah Court it is looking like about \$395,000 per unit. I just want to understand why they are so widely different. The other two are in between those.

**Mr Collett:** It depends where the replacement land is being sourced from, which affects both the cost of the land and the cost of the construction that it is necessary to build.

**MS LAWDER:** Why is the cost of the land factored in when the government owns the land?

**Mr Collett:** We are starting an expression of interest process. That means that we will be taking the land off the market as well. We are not restricting ourselves to land that is currently owned by the government and even the land owned by the government or under the government's control has an opportunity cost and that needs to be factored into our business case as well.

**MS LAWDER:** On the face value of this, though, in Allawah Court it looks your replacement unit is going to cost a lot more and therefore may be a lot nicer.

**Mr Collett:** The quality of the units will not change. The size, configuration and location of the units will change but in any case the allocation process, which would be done jointly between ourselves and Housing but will be finally the responsibility of Housing, will be done on the tenants' needs not on the basis of what is the nicest unit.

**MS LAWDER:** If the size and allocation vary, on what have you based it? Have you based it on how many one, two, three, whatever bedroom units there are? I am still not quite sure how you have worked out that price. I think my first question was: do you have a standard cost? You said no.

**Mr Collett:** We do not impose a standard cost but we have a history of costs going back for eight years or more for construction. Therefore we can forecast quite accurately what is the cost of a single-storey, two-bedroom aged persons accommodation which is classed as adaptable, meets a six-star energy rating and provides car parking for a single car. We can predict within 10 per cent what that is going to cost us and we can plug that into our model. That is what we have done.

**MS LAWDER:** For all four of these? I still do not understand why there are huge price differences but I guess I will let it go.

**MR COE:** Or perhaps you could take on notice what portion of each of those is the land.

**Mr Collett:** I can take that on notice, yes.

**THE CHAIR:** Thank you, Mr Collett. A new question, Mr Coe.

**MR COE:** Thank you. Minister, would you please explain what multi-unit sites are being constructed in Deakin at the moment?

**Mr Barr:** By the government?

**Mr Collett:** Just to confirm, there are no housing units being planned in Deakin at this time by the task force, but I am aware from a previous role that Housing have some general maintenance effort, if you could put it that way—units that are being constructed in Deakin. I think that Jervois Street and Buxton Street are the sites. There may be others. I can be clear that the task force is not doing that. I believe that Housing is. I cannot speak on behalf of Housing, obviously.

**MR COE:** So you are unaware whether the intention is to hang on to those or sell them?

**Mr Collett:** It would not be appropriate for me to talk about what Housing's intentions are; I do not know.

**Mr Barr:** Housing appeared yesterday.

**THE CHAIR:** Could we have some clarification? We were told yesterday that urban renewal was looking after buildings and Housing now looks after tenants.

**MR COE:** We were told to ask questions here.

**MS FITZHARRIS:** My question was the split around the public housing renewal.

**THE CHAIR:** That is okay. Can we just have some clarification?

**Mr Barr:** We have a renewal process. Housing has an ongoing business as usual process. The renewal process—

**THE CHAIR:** That is not what was said yesterday.

**Mr Barr:** is of such a scale that it is beyond business as usual for Housing ACT. We have had to scale up the capacity and it is being managed through this task force.

**THE CHAIR:** But if it is beyond Housing ACT, why was Mr Collett lifted from Housing ACT and brought across to urban renewal? It would appear the skills travel with the gentleman and it could have been left either way.

**Mr Barr:** Indeed. The team that is working on the larger scale projects are drawn from a number of areas of government. It is a specific whole-of-government task force.

**THE CHAIR:** This program is for all of those properties that are lost on Northbourne Avenue, moving them somewhere else?

**Mr Barr:** And the large multi-unit, the significant renewal ones. But the day-to-day housing is in their normal operations, their smaller scale capital program, which from memory is about, what, 50 million a year or thereabouts?

**Mr Collett:** Yes, between 40 and 60.

**THE CHAIR:** It may necessitate bringing the housing minister back because that was very unclear yesterday.

**MR COE:** If that question is null and void—

**Mr Barr:** It is not null and void, but we can—

**MR COE:** Well, for today.

**Mr Barr:** The information we can take on notice on behalf of the housing minister and we will get back to you.

**MR COE:** Okay. If you would please take on notice the nature of those projects in Jervois Street and Buxton Street?

**Mr Barr:** Yes. We will do that and get Housing to respond to you.

**MR COE:** Is this the time and place for asset recycling funds?

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

**MR COE:** With regard to that, in the 2014-15 budget—this is page 274 of last year's budget paper 3—there is investment in roads, including asset recycling funds, roads to recovery funds and black spot projects, including asset recycling funds. This is all in the federal financial relations. This year some of those line items have changed to be black spot projects, an investment road component and roads to recovery. Last year the three outyears, 2015-16, 2016-17 and 2017-18, tallied 44.9 million. This year the comparable figures are just \$23 million. So there was 44—

**Mr Barr:** Whose budget papers are you reading from?

**MR COE:** This is last year's territory versus this year's territory.

**Mr Barr:** Yes.

**MR COE:** The three outyears from last year show 44 million. The same three years in this year's budget show just 23 million. So, in effect, that is 44 million for roads projects and now there is only 23 million for roads projects.

**Mr Barr:** Yes.

**MR COE:** Where has that extra \$19 million gone?

**Mr Barr:** I will take that on notice. It is not directly related—Treasury will be able to

provide that information so I will take that on notice.

**MR COE:** Sure. I can see there is an impact, I think, with ACTTAB with regard to incentive payments as well. However, I do not think it seems to account for the full amount. If you could take that on notice, that would be appreciated. Thanks, chair.

**Mr Barr:** I will take that on notice.

**THE CHAIR:** Mr Doszpot, a new question.

**MR DOSZPOT:** Thank you. Minister, did you make the decision to transfer the lease of the Montgomery Oval site at Manuka from ETD to the LDA?

**Mr Barr:** Did I take the decision? I guess it would be cabinet that took that decision.

**MR DOSZPOT:** So it was a cabinet decision?

**Mr Barr:** But on my recommendation, yes.

**MR DOSZPOT:** It was a cabinet decision?

**Mr Barr:** I will need to check the record. Certainly we discussed it at cabinet level, but it most likely would have come from my recommendation, yes.

**MR DOSZPOT:** So why did you make that decision?

**Mr Barr:** In order to facilitate a broader outcome.

**MR DOSZPOT:** When you were education minister, you did something totally different. In fact, when you transferred the land to education, you specified that the land would only be used for education purposes. So why have you back-flipped on this decision?

**Mr Barr:** Well, when the circumstances change, Mr Doszpot, I retain the capacity to change my mind.

**MR DOSZPOT:** Opportunistic you would say.

**Mr Barr:** When the circumstances change I retain the capacity to change my mind. What do you do?

**MR DOSZPOT:** I will let you know when I am minister in your position.

**Mr Barr:** Well, if that day ever happens, Mr Doszpot, I will look forward to that lesson.

**MR DOSZPOT:** Thank you, Mr Barr. If there is an alternate site found for Mocca, would you return the leasehold to Telopea Park School?

**Mr Barr:** We could certainly consider doing that, yes.

**MR DOSZPOT:** In the interim, what have LDA instructed ETD to do with the site?

**Mr Barr:** There have been no instructions.

**MR DOSZPOT:** There have been no instructions. I have a communication from the Telopea Park board who have been told by Minister Burch that the tennis courts will be demolished in December. So where did that decision come from?

**Mr Stewart:** The time frame is based on the broader project time frame that was set out to the community at a recent public consultation meeting, which is subject to the satisfactory conclusion of the consultation with the school community about the replacement facilities. The intent would be that over the Christmas holiday break education would be in a position to deliver the replacement facilities on the Telopea campus which would allow for the decommissioning of the tennis courts on the Montgomery site.

**MR DOSZPOT:** So why would the education minister make a decision on when the tennis courts would be demolished on a site that is no longer under education?

**Mr Stewart:** I suspect the education minister, and I do not want to speak for the education minister—

**MR DOSZPOT:** Somebody would.

**Mr Stewart:** was making comments based on her understanding of the broader project time frames which would have the tennis courts no longer needed by the school based on the project program at the end of this school year.

**MR DOSZPOT:** But at the moment, as I understand it from what Mr Barr indicated, you are looking at other opportunities for Mocca.

**Mr Barr:** That is correct, yes.

**MR DOSZPOT:** So why are decisions being put? The school is under enormous pressure at the moment, the school community. Why make it even harder for them while there is still negotiation going on in different directions?

**Mr Barr:** There has to be planning for two outcomes, Mr Doszpot, either continuation of the originally proposed outcome or an alternate. If there is not any work progressed in relation to the originally proposed outcome then we would not be in a position to provide the new facilities to the school. It makes sense to have those new facilities provided over the summer holidays so that they are ready for the new school year in 2016.

**MR DOSZPOT:** It would make sense if everything was travelling in that direction but, as I understand it, you are looking at an alternate site for Mocca now.

**Mr Barr:** That is correct, yes.

**MR DOSZPOT:** So why go down this other track?

**Mr Barr:** All it is is a provision; it is not an actual outcome. It is just that if one course of action is followed, changes will occur in the school holidays. If another course of action is followed then those changes would not be necessary in the school holidays.

**MR DOSZPOT:** So if there is no decision reached in this alternate direction by December—

**Mr Barr:** No, there will be a decision before then.

**MR DOSZPOT:** There will be a decision before then?

**Mr Barr:** There has to be, yes; there has to be.

**MR DOSZPOT:** And I can take it on record that you have said that if there is an alternate site found for Mocca then you will consider that and give back the land to education?

**Mr Barr:** Indeed, yes. If there is an alternate site found then that would be the preferred course of action.

**MR DOSZPOT:** This time is it going to be a core promise that it will not be used for anything else but education?

**Mr Barr:** That is something, Mr Doszpot, that will be in the hands of future governments.

**MR DOSZPOT:** We will make the right decision.

**Mr Barr:** You will not be alive forever, Mr Doszpot; neither will I. Nothing is forever in this world other than death and taxes.

**THE CHAIR:** And rates increases, apparently.

**Mr Barr:** Death and taxes are two certainties, aren't they?

**MR DOSZPOT:** Yes. There may be a few questions I would like to put on—

**Mr Smyth:** Chief Minister, please do not intimidate Mr Doszpot. He was scared over your comments on the pop-up village, and we need to be careful. We will go to a new question, which is mine, and I will defer to Mr Coe, and then Ms Fitzharris.

**MR COE:** It is a question on the pop-up, no less. Regarding the Stomping Grounds, minister, what was the original budget for that?

**Mr Barr:** \$800,000 is my recollection.

**MR COE:** The original allocation was \$800,000?

**Mr Barr:** Yes.

**MR COE:** How much is it up to at the moment?

**Mr Barr:** \$933,000 approximately.

**MR COE:** What are the bulk of those expenses?

**Mr Barr:** The infrastructure; then there are some costs associated, obviously, with its installation.

**MR COE:** In terms of the installation, is 100 per cent of the risk borne by the taxpayer or do the proponents also wear some of the risk?

**Mr Stewart:** From this point forward we now have a full certificate of occupancy and use, and we are in the operational phase of the project with all risk being borne by the operator.

**MR COE:** But in terms of the construction, was all the risk borne by the government?

**Mr Stewart:** We engaged Stromlo Stomping Grounds to undertake the construction on our behalf. They engaged a range of subcontractors. With respect to those relationships, ordinary contractual arrangements would apply. I am interested in what specific elements you are curious about in relation to risk. Are we talking about potential accidents on site?

**MR COE:** No, financial risk.

**Mr Stewart:** The contract was specific in terms of the original estimate, which was \$800,000. Decisions were taken subsequent to the construction process commencing that additional funding would be required to take it to completion. The ACT government funded the full cost of the construction, with the Land Development Agency, of the original structure and provided additional funding to bring it to full certificate of use.

**MR COE:** What were those variations?

**Mr Stewart:** I do not have a detailed breakdown but it was some additional works around floor bracing, disability access and some additional landscaping around the site. There was some light pole removal, provision for disabled parking, some additional fencing, level site access and landscaping, as was mentioned. The tower itself is by far and away the largest thing alone. That was \$770-odd thousand, within the \$800,000 range.

**MR COE:** What changes were there to disability access and parking that were not envisaged at the time of the original contract?

**Mr Stewart:** I could not tell you off the top of my head. I will get that on notice.

**MR COE:** Thank you. What issues have there been with regard to supply of plumbing, be it town water or sewerage to the site?

**Mr Stewart:** There was, and I believe remains, a dispute between Stromlo Stomping Grounds and their plumbing contractor, the original plumbing contractor, in relation to those works. They engaged a new contractor to complete those works. Again, to the best of my knowledge, that is the only unpaid account which is in dispute between the contractor and Stromlo. So there are no plumbing issues now, to the best of my knowledge, but there were some issues with the first level of effort in relation to plumbing for the site.

**MR COE:** What about the fire escape and fire stairs? What issues arose there?

**Mr Stewart:** I do not have the level of detail on that. I would have to take that on notice.

**MR COE:** Yes, if you could; as to whether compliance with regard to fire safety and standards—

**Mr Stewart:** Sorry, it is fully compliant now. It has a certificate of occupancy and use, so there are no compliance issues.

**MR COE:** When was the certificate of occupancy issued?

**Mr Stewart:** Two weeks ago.

**MR COE:** Prior to two weeks ago, what were the conditions by which people could go on site?

**Mr Stewart:** It had been operating under a partial certificate of use, which meant that one of the two access points was not in use.

**MR COE:** Why was that?

**Mr Stewart:** I think it was in relation to the additional bracing that was subsequently provided. I would have to come back to you.

**MR COE:** Did the government put any pressure on Stomping Grounds to have it opened prior to the certificate of occupancy being issued?

**Mr Stewart:** None whatsoever. The initial deadlines included within the contracts were all based on estimates put forward by Stromlo Stomping Grounds, and every subsequent change to that time line was again based on the advice from Stromlo. With respect to the fact that Stromlo are still in place and operating, with all of those subsequent slippages, I think we were very understanding of the unique nature of the construction and were very much accepting of the level of risk and the desire to be part of something innovative and new for the ACT.

**MR COE:** Was it a single select tender?

**Mr Stewart:** It was an unsolicited bid, so yes.

**MR COE:** What impact was assessed for traders in the city or elsewhere by the opening up of commercial space at a significantly reduced rate?

**Mr Stewart:** We are not privy to the rental rates being charged by Stromlo Stomping Grounds to their vendors, so I do not know that we could make a judgement that they are paying significantly less—based on what, I am not sure.

**MR COE:** We have heard anecdotally it is in the vicinity of \$30 to \$50 per square metre per year which, of course, is a fraction of what any other commercial lease would be in the city. Are you concerned that that could have a—

**Mr Barr:** They are in a shipping container.

**MR COE:** Are you concerned about what the impact could be on the commercial market?

**Mr Barr:** They are entirely different operations. The nature of these sorts of facilities is that they are temporary, they are in shipping containers, and a like for like comparison would need to be with other shipping containers in the CBD, not permanent commercial facilities. I think there is quite a difference between the facilities there and in the Canberra Centre, for example.

**MR COE:** I think there would be a lot of bars or gym operators that would be saying, “Actually, at \$30 or \$50 a square metre, we could do just fine there.” Do you not think that would be so?

**Mr Barr:** There may be, and there is always a variety of commercial opportunities that present themselves in the marketplace. We have, within our CBD, rental opportunities and a lot of vacant space in the CBD. So there is plenty of opportunity to negotiate very cheap commercial rental opportunities in Civic now.

**Mr Stewart:** As I understand it, I think Stromlo are looking for additional vendors. There are some spare containers. So if there are any existing operators within the CBD who are interested in operating a sideline business at west basin, they would be encouraged to approach Stromlo.

**MR COE:** What process was undertaken with regard to this unsolicited proposal? Was it the full one as published on the government website or were there any steps there that were bypassed?

**Mr Stewart:** The proposal was put forward on the fringe of the existing framework but the exact same approach in relation to its assessment was undertaken. It did not come through the standard gateway.

**MR COE:** Why was it on the fringe as opposed to going through the standard gateway that the government has spoken about at some length as being a good way forward?

**Mr Stewart:** The proposal had been put forward as an unsolicited proposal directly without going in using the standard template. Following the initial presentation Stromlo were asked to come back with detailed designs and provide an assessment against the agreed business case that sits within the current framework. They did not come through as a formal unsolicited bid through the framework that you have mentioned in their first entry point to government, but they followed the same process from that point forward.

**MR COE:** Who arranged the initial presentation, who was at that initial presentation and then who ticked off on the decision following that?

**Mr Stewart:** I would have to take that on notice.

**MR COE:** Thank you, and the timing of that would be good as well. Finally, at what point was the \$800,000 figure agreed to?

**Mr Stewart:** In terms of a specific date? I would have to take that—

**MR COE:** No, the amount.

**Mr Stewart:** No, you said when was the specific amount agreed to.

**MR COE:** Yes, that is right. What was the date that the \$800,000 was agreed to?

**Mr Stewart:** I will have to take that on notice. I do not know that off the top of my head.

**THE CHAIR:** Dr Bourke has a supplementary, as do I; then a new question from Ms Fitzharris.

**DR BOURKE:** Thank you. Minister, we heard previously that a number of MLAs have been down there for a coffee, but who else is using it and what sort of usage has this facility been enjoying?

**Mr Barr:** There have been series of events held at the facility. More than 30,000 Canberrans have attended events that range from the Art, Not Apart festival through to a BMX event, the Rally of Canberra. There have been a series of future sessions held there. There are—

**DR BOURKE:** Sorry, you said 30,000?

**Mr Bar:** Yes, over the course of a series of different events there. I am aware of a strong level of future programming that—I have just been passed a note—includes the inaugural bike polo tournament, pop-up markets every Sunday, the vintage muscle car and hot rod visits on the weekend of 21 June, and the Jumptown Swing dance masterclass on 28 June. There will be a junior clothing video clip shoot on 4 July, the LittleBits Olympics on 11 July and the motivate street football competition on 11 July. They have open mic nights twice a month. There is a swing band competition on 1 August.

**MR COE:** Yet only 30,000 people.

**Mr Barr:** This is still to come.

**MR COE:** Still to come. Right.

**Mr Barr:** The Canberra's got talent showcasing competition, the fire fighters charity event, a winter music concert and a winter sports events are through August. In September there is the national capital motorcycle show. 12 September is the flower bomb food and wine fair associated with Floriade. Marymead are having their cocktails for life in spring. Barry's army ride for stroke victims will be on site on 26 September. There is the SpringOut festival fair day as part of Canberra's gay and lesbian festival; the AIDS Action Council are bringing the fair day to Westside on 31 October. There is a Melbourne Cup event in November. The UC sustainable design market will be on 6 November. There is a national no bullying awareness music event on 7 November. And the Property Council are coming down on 20 November for a future directions forum. That is just some of the programming coming in the remaining winter and spring before we move into the summer period.

**MR COE:** Very good. Twenty grand in events is good value.

**THE CHAIR:** Just a supplementary, minister. You signed off on a question to me last Friday that said that the final cost was unknown. It has now gone from an estimated 800,000 to 933,000. Who carries that extra cost?

**Mr Stewart:** The LDA.

**THE CHAIR:** The LDA. So it is a 16 per cent or 17 per cent blowout?

**Mr Stewart:** Yes.

**THE CHAIR:** Are you expecting anything beyond the 933?

**Mr Stewart:** Yes, but I could not tell you exactly what the incidental is.

**THE CHAIR:** Incidental a bit or incidental a lot?

**Mr Stewart:** I would say incidental a bit, Mr Smyth.

**THE CHAIR:** When will the final costs be known?

**Mr Stewart:** Within the next two months.

**THE CHAIR:** Were any other costs borne by other agencies or groups like TAMS, Icon or ActewAGL?

**Mr Stewart:** The approving areas of government have provided inspections in relation to inspections and approvals, as they would for any proponent, but nothing above that.

**THE CHAIR:** You were billed for those?

**Mr Stewart:** Sorry?

**THE CHAIR:** You were billed for those or was it waived.

**Mr Stewart:** Yes.

**THE CHAIR:** Part of the building fee?

**Mr Stewart:** Yes.

**THE CHAIR:** So it has gone from 800 to 933 and we have not got the final bill yet?

**Mr Stewart:** No.

**THE CHAIR:** New question, Ms Fitzharris.

**MS FITZHARRIS:** Thank you. Minister, I want to ask this, and it is probably for the coordinator-general. We have had discussions this week about how the coordinator-general's roles are working across government. Could you explain how your role as urban renewal coordinator-general works across government and is delivering some of the urban renewal projects that are further beyond the city centre?

**Mr Stewart:** Thank you for the question. It is an opportunity that was presented following the decision at the beginning of this year by the Chief Minister to create a new portfolio for urban renewal and an opportunity that I personally was very excited to take up.

We had observed over a period of time, and I think some of the observations have been reinforced in the conversations today, that there is a lot of very positive work going on in the broader urban renewal space across government but there is always an opportunity for improvement in the way that we coordinate across government projects. In relation to some of those much larger projects that have buy-in from two, three or four agencies—the active development strategy along the capital metro corridor, the planning around the public housing renewal, some of the other projects that have been undertaken through the office of the coordinator-general for infrastructure that David Dawes holds that delivered the IKEA project working very quickly across ACT and commonwealth government agencies—the decision was taken, acknowledging that we have some very large, very important projects underway across the territory, that there is a compelling argument to have a central point of coordination to ensure that they are being delivered in a joined-up way and that everybody who needs to be talking to each other is doing just that.

So although much of that activity was already within my remit as the Deputy Chief Executive of the Land Development Agency and the deputy director-general of economic development—I am going to get a larger business card—it was not always apparent to the other agencies, or, to a certain extent, within the larger portfolio, that that work was underway. We now have a far more joined-up approach, working very closely with EPD and the work that they are doing in the city and Northbourne urban

design framework. Capital metro, in its detailed planning, will also be through the delivery phase. There is city to the lake and its relationship to development within other parts of the city and along the Northbourne corridor. And then there are range of other projects, some within the public housing renewal task force that Mr Collett is driving and some of those larger profile urban renewal projects in other parts of the city like the redevelopment within Manuka and the brickworks, which are still sitting within my bailiwick.

**MS FITZHARRIS:** In terms of things like shopping centre upgrades and that sort of work that is going on in other regions as well, is there a link into those?

**Mr Stewart:** Not as strongly. I suppose from my perspective it is that distinction between urban renewal and suburban renewal. The suburban renewal projects are sitting with the agencies. They are still part of a broader whole-of-government effort in investment. We are very much aware of the work that is going on. Perhaps as the office of coordinator-general moves into some other projects that require a joined-up approach in other suburbs, we will need to be across the projects that are being done in those spaces, but we are not taking a coordinating role in those areas.

**MS FITZHARRIS:** In terms of the opportunities for, perhaps, new and different types of community engagement, do you see any emerging, having the linked-up nature of it?

**Mr Stewart:** I have got a few ideas, but I am nervous about pre-empting government decisions. The challenge in this space, and forgive me for the terminology, is that we often find that the usual suspects are the ones that would engage in processes. We talked around the roles of the community and centre councils. There are a handful—more than a handful; I think 380,000-odd developers and planners in Canberra at the moment—who are far more prominent and higher profile than others. They will have strong opinions on many issues. We are doing things like broader phone surveys and taking different approaches in the ways that we engage in trying to write the views of a younger demographic within the ACT. I think the Chief Minister observed at the budget breakfast that the 20 to 24-year-old cohort is the largest; they are the next group of homebuyers, spenders, employees and future employers within the territory.

We need to ensure that we are going broad and deep, not just narrow and shallow, in the way that we engage. We know, and rightly so, that the local communities will have strong views. But we are particularly keen to ensure that the broader views of Canberrans are heard in relation to all the projects we do. If we go back to time to talk, which was probably a trigger for this discussion, over 90 per cent of Canberrans support urban renewal and urban infill. But the numbers change markedly when it is happening in their local areas.

**MS FITZHARRIS:** Do you have a sense of how you catch the views of the people who are going to live somewhere and enjoy the space in the future? Mr Smyth mentioned City Edge as a development that I recall had a bit of controversy around it at the time and now is almost very much a part of the—

**THE CHAIR:** Total agreement in the Assembly; it is a wondrous thing.

**MS FITZHARRIS:** Agreement in the Assembly hopefully reflects agreement in the community.

**THE CHAIR:** It had agreement in the community at the same time.

**Mr Stewart:** There are a number of really good examples where ex post I think the community has understood what was planned and the way it was communicated. A lot of it is about the way it is communicated. In putting out a two-dimensional master plan with some nice colours and lines on a map and saying, “What do you think with three storeys here and four storeys there,” it is virtually impossible for the average punter to sense what that means. That brings us into a space where we start using three-dimensional modelling and fly-throughs. Technology offers some wonderful opportunities.

LDA, economic development, TAMS and EPD are working on some software at the moment that would allow us to do 3D imaging for any area of the city—the broader city, the urban form of Canberra. Within certain key areas, certain key corridors, you would be able to go down to a much higher degree of resolution. In others, it would be a higher scale. You can then push and pull—the technical term—certain development outcomes on certain sites so that you can get a fly-through and, as a person on the street walking past this development relative to other buildings that you know and engage with every day, get a sense of what it means.

Even if you said to somebody, “We are going to build a two-storey building here,” some people would say, “Okay; that is a ground floor and a first floor.” Others would think that is a ground floor, a first floor and a second floor. So there is confusion even between what two storeys means from person to person.

**THE CHAIR:** If you are in Kingston foreshore, you can have attics, lofts and all sorts of things; it might even make four.

**Mr Stewart:** Again, it is the way that you construct, though. When we travelled to the US and spent some time in Portland looking at some of the active development strategies that they had engaged in around their light rail projects, they were very clever in the way that they set buildings back. They built up a lot closer to the transport corridor than we will be doing in the ACT. But from about the second or third floor up, with scaled buildings not dissimilar to what is permissible on Northbourne Avenue, the subsequent floors were set back. So you did not get that sheer wall of development that I think scares a lot of people.

**THE CHAIR:** I would be happy to sit here and listen to you, Mr Stewart, but apparently the Chief Minister wants to be somewhere else. I cannot imagine why he would not want to sit here and listen to you.

**Mr Stewart:** Ms Fitzharris, I am happy to continue the conversation separately.

**MS FITZHARRIS:** Thank you.

**THE CHAIR:** We will draw the conversation to a close here.

**Mr Barr:** In a world of 15-minute time blocks, I need to be somewhere else.

**THE CHAIR:** The minister is going to disappear. After the break, we will go to some of the officers of the Assembly. Minister, thank you to you and your officials who have attended today from economic development and the Land Development Agency. If witnesses have taken any questions on notice, could they please get those answers to the secretariat as quickly as possible, hopefully within five working days. A transcript will be provided as soon as it is available, for correction or any suggestions you would like to make to us. And I would like to welcome the two youngest people who I think have ever attended an estimates hearing in my time here; I hope you are here because you wanted to be here and you are not lost. We will resume at 3.30 with the Ombudsman.

**Sitting suspended from 3.15 to 3.32 pm.**

Appearances:

Australian Capital Territory Ombudsman

Walsh, Mr Rodney, Senior Assistant Ombudsman

Passlow, Mr Simon, Assistant Director

**THE CHAIR:** Good afternoon, members, and welcome to this last session of the halfway point of the 2015-16 estimates. This afternoon we will hear from a number of the officers of the Legislative Assembly of the ACT, including the Ombudsman and the Auditor-General. We welcome you all here this afternoon. Please be aware that proceedings today are being recorded, will be transcribed by Hansard and will be published. The proceedings are also being broadcast and webstreamed.

Witnesses are covered by parliamentary privilege. In front of you is a privilege statement. Mr Walsh, could you please indicate that you have read the privilege card and understand the implications of it?

**Mr Walsh:** I have, chair, thank you.

**THE CHAIR:** Could any other witnesses that may come to the table also please familiarise themselves with the privilege statement. Before we move to questions, would you like to make an opening statement on behalf of the ACT Ombudsman?

**Mr Walsh:** Yes, thank you, Mr Smyth. I certainly want to make a short opening statement. Can I make, initially, an apology on behalf of the Ombudsman, Mr Neave, who is interstate today unavoidably, and Richard Glenn who is unwell. He has been for the last couple of days. So they send their apologies.

When parliaments think of ombudsmen they tend to think of complaints and remedies recovered for wrongs, but in one sense that is all past tense. It focuses on the horse that has bolted rather than the one that may be in the stables that is stirring. As much as today is rightly about the things that we have done in the past and what we have done to correct those things that might be wrong, the Ombudsman's office also sees great value in looking at things in a preventive way.

It is about trying to identify, if we can, those areas of foreseeable complaint, to work with agencies to ensure that they have a good strategy in dealing with those things and to ensure that the Ombudsman's office is involved only when those complaints are unable to be remedied by agencies. Our value perhaps in the prevention stage would occur at the design of policies and programs and in assisting agencies in terms of their own capability in dealing with complainants in the first instance.

I would probably point to a most recent event we held on 6 June—a conference with 60 commonwealth agencies including ACT government directorates. It is the commonwealth complaint handling forum. The topic it focused on was unreasonable complainant conduct behaviour, an area that has become more topical at both the ACT level and commonwealth level. It is to try and recognise that some behaviour is now becoming more extreme and that handling strategies for public servants and public officials is becoming more and more important.

We have a great interest in all agencies having robust complaint handling processes and practices. We see great value in trying to ensure that the public have a degree of standard treatment as far as possible with different agencies and also to ensure that there are no wrong doors when people raise concerns and that those things are being dealt with reasonably.

We place great stock in our work in the quality assurance space with our inspections role regarding ACT Policing. We consider this to be one of the great health checks of how an agency, that would otherwise operate relatively covertly, exercises intrusive and coercive powers that are entrusted to it by the parliament.

If it is a strategic prism through which we probably attempt to express how we would like our work to be seen, it would really be one where we try to empower as best we can directorates to be dealing with concerns at first instance and for those matters that are incapable of being resolved by those agencies or for which there are very good reasons for them not to handle those matters at first instance then to involve the Ombudsman.

An enduring theme that has occurred pretty much since last time we appeared before you is the notion that for all agencies, whether the complainant is being dealt with by the agency itself or coming to the Ombudsman, we continue to treat that person as being a customer of that agency that needs to be returned to that agency in good form and able to interact with that agency on a positive basis in coming months and years. Thanks, chair.

**THE CHAIR:** Thank you, Mr Walsh. Knowing his long-term interest in this field, I will offer the first question to Mr Hanson.

**MR HANSON:** Thank you very much, Mr Chair. My question is in relation to whistleblower disclosures under the Public Interest Disclosure Act. Have you had any cause to investigate any yourself in the past financial year, or are you aware of any that are pending? More broadly, do you look at how that operates within the ACT? Are you satisfied that the Public Interest Disclosure Act is being effectively applied within the ACT and that people are aware of that process?

**Mr Walsh:** I think primary responsibility for public interest whistle blowing, as you know, would sit more with the Public Service Commissioner. They would have more primary duties in relation to this, but we might deal with complaints that bubble out of that. To the extent of numbers, I might need to take that on notice. I probably could not go into too many more details on those things.

**MR HANSON:** You have not taken any steps to look at the way that that act is being applied in the ACT, to make sure that complaints being made through that process are being dealt with fairly?

**Mr Walsh:** No, I do not believe so.

**MR HANSON:** More broadly, with all of the complaints processes within the ACT, are you doing any proactive work to make sure that they are working effectively or are you just waiting for complaints to come to you?

**Mr Walsh:** No. Certainly, we see great value in trying to work with agencies on ensuring they have improved complaint handling processes, to try and introduce best practice. The inclusion of ACT directorates in the commonwealth complaint handling forum is an attempt to try and develop a community of individuals and agencies that have interest in that space, to try and borrow from one another, to see what is working and what might not be, and to incorporate that as appropriate in agencies.

**MR HANSON:** In looking at that, do you see areas in government where it has been done better than in other areas?

**Mr Walsh:** Often we will notice that particular agencies might be handling certain types of complaints well. That could well be because they have either a particular interest in that kind of space or particularly capable individuals. There is still an argument to be made that certain agencies need different types of complaint handling processes given the nature of their work. So it is, in one sense, a little bit horses for courses, if I could use the horse analogy once more. Certainly, where we can assist with more clearly worded policies and processes like that, we will give that input.

**MR HANSON:** Do you have a formal process of review of those or is it just done on occasion?

**Mr Walsh:** We conducted last year an own-motion investigation into commonwealth and ACT agencies' complaint handling processes and practices. That was a public report that the Ombudsman released. We do not call upon agencies to provide us with their complaint handling processes, but in the course of dealing with matters that are brought to us we will have regard to what they have in place. As a secondary measure, too, we have the ACT complaint management forum, where agencies will come together, and the express purpose of that is to have a look at how their policies are going and any tests, trials or stresses they are finding against those policies, to see if we can make some improvement there, too.

**MR HANSON:** Going back to the Public Interest Disclosure Act, who is having oversight in the ACT to see that that is working effectively?

**Mr Walsh:** You would find that there will be dual responsibility. The Public Service Commissioner would have a primary duty in that space. Agencies themselves would also have a duty in that space. We would be dealing with potential complaints that might be about that process.

**MR HANSON:** The Public Service Commissioner in the ACT is independent but they are dual hatted. You are probably aware of that. They have another role; essentially they work for the government, in a sense as a public servant, and they are also required to put on another hat as public service commissioner. You would have a situation where somebody is an employee of the government, a complaint could be made about that government and then they are required to essentially step outside that and look at that, supposedly objectively. Is that best practice when it comes to investigation of complaints, in trying to achieve an impartial structure? I would have thought public interest disclosure should be a rigorously independent process. Do you see any conflict?

**Mr Walsh:** That question might better be put to the Chief Minister. It might better be put to the Public Service Commissioner than me.

**MR HANSON:** Fair enough.

**THE CHAIR:** A new question from Ms Fitzharris.

**MS FITZHARRIS:** I am fairly new to this role, the newest member of the Assembly, so I have not been able to have the benefit of an explanation about the type of work you are doing in the ACT and some of the trends you are seeing around the types of complaints. Could you articulate a little more what you mentioned earlier? I think you said some complaints are becoming more extreme. Could you elaborate on that?

**Mr Walsh:** I will answer the second bit first. What we are noticing across the board is that people who might have concerns about an administrative decision by government might not necessarily go back to the agency at first instance to raise that concern. The rise of social media and other forums means that people sometimes will multi-list, if I could use that term, their concern amongst many forums. The speed at which social media now can operate means that the ability for someone to express a concern at the moment they first discover it, and less temperately than they might otherwise do after some reflection, means that these matters can then move to different levels in agencies. There is that kind of behaviour, but there are also perhaps societal trends in terms of the use of particular words, language and expression that might have been considered in previous times to be unacceptable and that are now perhaps becoming more common.

**MS FITZHARRIS:** Has the bureaucratic response to that changed as well? Given the nature of the complaint is different, has that affected the way the complaint is handled? Is it your observation that it is taken more or less seriously if it is more fiercely articulated?

**Mr Walsh:** The advice the Ombudsman's office would always have is to try and deal with the substance of the matter rather than the behaviour. In fact by dealing and responding to the behaviour at first instance, to use the saying, what gets rewarded gets repeated. So in one sense we would be asking people perhaps not to respond to the behaviour as dramatically but to have a look continually and just deal with the substance of what is being raised.

Public service agencies have a continuing duty to update complaint processes to pick up societal norms. If that means there are different ways that people would like to communicate their concerns then we should be reasonably open to receiving them in that way. There are now dozens of ways someone could raise the same matter in a slightly different form, and it is largely for agencies to try and ensure that people do use a channel that they are monitoring properly to be giving reasonable information.

**MS FITZHARRIS:** For example, someone could write with a complaint to every member of the Assembly. They could post it on Facebook, they could tweet it and they could write to the *Canberra Times*. Are you finding instances where it has been followed up in different ways? Does that get to a resolution any quicker?

**Mr Walsh:** It might well be that people have different degrees of notice and different notification points as to where someone might be raising a concern. But if they are multi-listing a concern, you often find agencies will reasonably say, “There are several strands of this. Let’s try and identify actually what the core issue is.” It might be expressed differently each time. As time progresses, people’s complaints might well change as well. So what started off as a quick update on Twitter might well mature into a much more considered concern in a letter to the *Canberra Times*, to the minister or to Assembly members.

**MS FITZHARRIS:** What about the other question around any particular trends that you see in the ACT jurisdiction?

**Mr Walsh:** The only trend we have noticed in the statistics is a little bit of a rise in complaints in the University of Canberra space. Whilst I do not have granular details of that, that is the only one that comes to note. With respect to the traditional agencies that are facing the public and interacting with them more, in terms of police and housing, those ones will traditionally have a presence just by force of numbers.

**MS FITZHARRIS:** Do you mean with the academic program at UC?

**Mr Walsh:** I do not have details with me; only to note that the quarterly stats suggest it is notable, in the sense that the University of Canberra would ordinarily not be a source for a number.

**MS FITZHARRIS:** So it is not clear to you. The subject matter is the University of Canberra; it is relating to the organisational entity?

**Mr Walsh:** Yes, the entity would be the one receiving the—

**THE CHAIR:** As a supplementary, could you take on notice what the nature of those concerns were?

**Mr Walsh:** To the extent that I have some of that.

**THE CHAIR:** Dr Bourke, a new question.

**DR BOURKE:** Following on from a matter that Mr Hanson raised previously but coming from a different angle, Professor John Wanna, writing in the *Canberra Times* today, said that statutory office holders and commissions or authorities are primarily the creations of executive government and that this is an issue about their independence which needs to be regarded. He said that their independence is neither absolute nor equivalent. What do you make of those sorts of comments in your role as Ombudsman?

**Mr Walsh:** I do not know that the Ombudsman could comment on those comments of particular academics. Professor Wanna, of course, is highly regarded in his space and has made comments to this effect over several years. To the extent that that is a comment from an independent commentator it is interesting. It oftentimes turns on the discharge of that by particular individuals. You will find that individuals throughout

the public service may hold many hats. It often comes to how they are going about doing that work at particular times and their ability to discharge those levels of independence for public scrutiny purposes.

**THE CHAIR:** Ms Lawder, a new question.

**MS LAWDER:** Last year the annual report said that the Ombudsman had commenced an own-motion investigation and survey on ACT and commonwealth agencies' complaint-handling processes. From an ACT perspective can you tell us how the progress of that is going and what you have found?

**Mr Walsh:** Yes. That report has been released and that was the one I think I made mention of to Mr Hanson. That is a public report which we can certainly provide to you.

**MS LAWDER:** Were there particular agencies? You have already mentioned housing as having a volume of complaints. Can you give us a bit of a summary? Were there particular agencies? Was it the ones you already referred to, housing for example and UC, that have the greater numbers?

**Mr Walsh:** It would be working from memory but ACT agencies did not rank highly as an area of concern for the office. I think by and large they had robust complaint-handling processes which may reflect the work we have been doing with agencies on an ongoing basis for a number of years. Certainly they had the processes in place. I think an issue that we could raise all the time is: one can have an excellent complaint-handling process yet not put it fully into place because of individual training capability and it being not well known across the agency. That is more a general reflection, a general concern, that you might well put but it would be localised and it sometimes can be time specific.

**MS LAWDER:** I had another question but it has gone out of my head.

**THE CHAIR:** We will come back to you shortly. Mr Hanson.

**MR HANSON:** On the trend of reports, investigations and complaints being made have you seen any spikes in any particular area, be it bullying, theft or whatever it might be? In a particular area is there a spike or any particular pattern that we should be aware of?

**Mr Walsh:** I might consult my colleagues for a moment and see if there is anything they have noticed.

**Mr Passlow:** We are always mindful of trends and we are always watching for them. I think what we tend to find is that the number of complaints does not give rise to an explosion of trends. It is very subtle. I could not say that there are trends that have warranted great attention. Bullying, harassment and any of those allegations are not things that the Ombudsman would deal with. They are matters that are best dealt with through human resources, the public service commissioner and those sorts of avenues.

**MR HANSON:** But if they are not being dealt with in a satisfactory way, if a

complainant thinks, “I am not getting resolution here,” and the complaint body that they are dealing with does not actually handle it, is that not then referred to you?

**Mr Passlow:** There is a particular exclusion, in fact, in our act that we do not deal with workplace matters. If we were to consider a matter like that we would be on the margins of our jurisdiction. We might take one up where it was about responsiveness, say. An agency might be dealing with a matter that you might describe and it is not being responded to, something to that effect. But how that matter itself is being handled is not something that we could address under our act.

**MR HANSON:** But in terms of the other matters that are within your purview you have not noticed any particular trend of any sort?

**Mr Passlow:** No. We look at the numbers. We have done some assessment. In Corrective Services, complaints are down on last year. We look at those things. There is nothing in those complaints themselves that point to any particular angst, trouble or environment that warrants particular action. Cases are always considered on their own individual merits and there might be occasions where we treat some with interest, and that has some broader influence.

**MR HANSON:** Following on from that, with the work that you do—and this is a broader question—are you confident you have got the resources to do your job or is your job constrained by the resources? Do you have a series or a list of things you want to do? Do you find that you have got 10 objectives for the year and you really have to cut it at No 7, so to speak, or do you feel that no, the resources broadly satisfy what you need? And if there were additional resources I assume that there would be proactive work that you could do. Where would that be?

**Mr Walsh:** I would say that on the question of resourcing we always work within the funding envelope that we have got. I think the comments I made at the start indicate that the office sees a responsibility on it to be investing in capability across the public service. In one sense it would be a matter of scale.

**MR HANSON:** There is nothing specifically that you are not doing because you do not have the resources to do it at the moment? You are doing everything but you do more of it? Is that—

**Mr Walsh:** Yes, probably in the same proportions too. We would still be investing in forward thinking in terms of understanding the foreseeable areas of complaint, working with agencies.

**THE CHAIR:** Is it possible to know what the budget for the current financial year is and the coming financial year?

**Mr Walsh:** Yes. Our funding is by service agreement. For 2015-16 we calculate the service agreement invoice to be \$1,147,415, which is split between our Ombudsman functions and then our separated-out police oversight functions.

**THE CHAIR:** Can we please have a breakdown?

**Mr Walsh:** Sorry?

**THE CHAIR:** Can you give us that split?

**Mr Walsh:** Yes, most certainly. It is, on the Ombudsman function, \$540,141, and on policing, \$607,274, which I am now hoping adds up to \$1,147,415.

**THE CHAIR:** I am sure that it does. What is the funding for the current year then?

**Mr Walsh:** It is \$1,131,753.

**THE CHAIR:** And the split?

**Mr Walsh:** Ombudsman work, \$532,683; and for policing, \$598,889.

**Mr Passlow:** Both components are indexed at the same rate.

**THE CHAIR:** And the indexation is, what, two per cent?

**Mr Passlow:** It varies according to the Treasury figures.

**Mr Walsh:** It is a formula.

**Mr Passlow:** But it works out at about two per cent over the last couple of years.

**THE CHAIR:** In response to Mr Hanson you said you work within the bounds of the contract. Are there reports or inquiries going unanswered because you do not have enough resources to do the work for the ACT government?

**Mr Walsh:** I do not believe so.

**THE CHAIR:** If we could go to your work for the police ombudsman—and it is the same sort of questioning Mr Hanson was going with—what is happening there? Is there a trend? Are you getting more complaints or fewer complaints and what is the nature of the complaints?

**Mr Passlow:** If I could speak just briefly to the trend in complaint numbers, across the year to date compared to the full year last year—this figure is from early June across the business—complaints have increased about 15 per cent and that comes off a record low in the previous year. We think we are returning to normal levels of complaints and that is also consistent with other complaint bodies such as the commonwealth and other complaint agencies. In our ACT Policing jurisdiction, for example, last year we recorded 94 complaints and year to date we have had 116; that would reflect that 15 per cent increase.

**THE CHAIR:** Is there anything of concern in that rise or are you reasonably confident it has just returned to a normal level, if there is such a thing, of complaint?

**Mr Passlow:** The average for the last five years for approaches to the Ombudsman on either side is about 500. That puts it below average in one respect. I think we would

like to see the lower side of complaints as an indicator—but it is not the only indicator—of performance that we would make an assessment on.

**THE CHAIR:** And in terms of resolution, is the satisfaction of the clients on the increase, flat or declining?

**Mr Walsh:** Of those matters that we refer back to police, that would be a matter more that the police might be able to comment on. Of the matters that we would be looking at, it would be a very small fraction of those. In one sense, to the extent that we would be able to deal with that in a satisfactory way, it would almost be self-evident.

**THE CHAIR:** What percentage goes back to police to deal with and what percentage do you take care of?

**Mr Walsh:** Actually quite a high number are returned to police. The reason for that will not surprise you, and that is the number of individuals that have not first approached the police. Like many institutions, one of the things that we always encourage first is an attempt to resolve it with the entity itself. In the case of police, sometimes, for whatever reason, individuals are more likely to come to a third party to say actually, “Is this a question I can put?” We would be returning those ones as much as much as we could back to the first instance.

**THE CHAIR:** Thank you. Ms Fitzharris.

**MS FITZHARRIS:** Thank you. Could you just talk me through your prevention role and how you actually go about doing that? Do you, for example, have a focus on prevention activities across the ACT public service for 2015-16?

**Mr Walsh:** We try and ensure that agencies understand that their role is not to avoid concerns that are expressed to them and that the Ombudsman is not an alternative to them dealing with matters. The first one is to ensure the public service understands that it has a very important role when it comes to interacting. These are, after all, its programs and services.

The second thing is that when they do receive these, we attempt, by some of the forums we are holding, to impart best practice. That might be dealing with unreasonable complainant behaviour and it might be dealing better with complaints that are raised by social media and other places like that to try and ensure that we have the capability there, that the right people are doing those particular jobs and see them as an important part of that service.

Then there are the ones where we will try to go to agencies to explain our role better—that the Ombudsman’s office is not there to find fault. In many ways, we are actually looking for information to suggest that the agency may well have been doing what it is meant to do but the individual has not received that information, for whatever reason. That gives us an opportunity to say, “Some of the information you are sending back is not clear. People are becoming confused by it. Perhaps if it was expressed in a different way, you might get fewer concerns being raised.”

Prevention also goes into the area of inviting agencies, if they are designing or

potentially initiating a policy or change in a program that might lead to some foreseeable downstream reaction from the public, to let us know at first instance. Tell us what the change is. Tell us what you are thinking of doing, what the communication strategy might be. In some cases, we will get people calling just to say, “Are you aware?” They have not necessarily got a complaint, but they are flagging with us that they have read about it. They might have a concern. The fact that the office can say, “We’re briefed. We understand it. We are monitoring it,” is sometimes a source of comfort and assurance to them: “Yes, absent a complaint, there is monitoring and oversight occurring more generally.”

Our job is very much to try and get ahead of the calls that are coming to you, to get ahead of the calls coming to the directorates, and to get ahead of the calls that are coming to us. It is really to try and understand where people are potentially going to raise a concern. By virtue of understanding from past practice that certain ways of doing something—a consultation round or the way you put something together—might lead to more concerns, particularly ones coming to us at first instance, we can make that known to agencies in an attempt to try and help them understand how better to deal with them.

**MS FITZHARRIS:** Do you work with a particular classification level in the public service? When complaints are made, do they generally refer to single officers in an area and, if they do, what sort of level in an organisation might they be at? Generally, are they more junior staff or more senior staff, or is it just a real mix?

**Mr Walsh:** It can vary. It might depend on whether the agency is a high volume receiver of concerns from the public. If you do not interact much with the public, you might well find it is a rather senior officer, just because it is a technical item, and will go there. So you get a range of approaches.

In terms of the Ombudsman’s office’s interaction, everyone from the Ombudsman down will be having interaction points at different levels in agencies. We have those formal forums where we bring together either people who might be managing complaints or those who are managing areas that are managing complaints, so we end up with a range of touch points just to make sure the system is running appropriately.

**MS FITZHARRIS:** For 2015-16 is there any particular focus you are having in terms of prevention activities?

**Mr Walsh:** I think the notion is just increasing that capability to try and understand from directorates where they are seeing the pressures and seeing if we can assist based on that. Often the lesson learnt in one directorate is applicable to many others. I think sometimes we have artificial distinctions raised as to “My work is on this topic. It has nothing to do with you,” and then you say, “There are some similarities here.”

It is also about building a bit of a “community of practice” amongst practitioners in the ACT. Complaint handling in an agency can be a little bit lonely at times. I think by bringing them together they at least have a shared experience of saying, “We’ve used this policy. It seems to have worked well. Do you want to adopt that?” It just gives them a bit of support in that kind of space.

I think that, by and large, interacting both with colleagues in the ACT and the commonwealth is about seeking ideas. You might well see there are not that many things to draw from the Department of Human Services at the federal level, but there are, and there are lessons to learn. We will have a range of agencies in that space, including the police, Australia Post and the Department of Defence, all of which will have different ideas which are applicable on different levels, even for municipal-type services.

**MS FITZHARRIS:** Would you read the ACT budget and say, “We can perhaps see where there might be some changes in here over the course of the coming year”?

**THE CHAIR:** And if you did, you may be the only one.

**Mr Walsh:** I am sure I am not the only one, but I might—

**MS FITZHARRIS:** For example, we have talked a lot about the public housing renewal program and the consultation that is going on, with the community in general but specifically the tenants. Is that an area that you might look at and think, “There might be some issues here; we could offer a hand of assistance,” or do you engage with them enough on a regular basis to—

**Mr Walsh:** Probably a bit of the latter, but I would almost be saying that I would not presume to be an expert in reading budgets or interpreting future directions of policy. That is really where, in one sense, ombudsmen need to stay in the area of expertise, which is saying to agencies, “You are experts in these things. You have dealt by past practice and understand where the reactions might occur. We are saying to you that if you tell us there is a reaction in this space, we might be able to help you with some kind of advice or solution, or at least a uniform strategy in how to answer this. If there is a point of contact within your agency you have nominated for this particular matter, we will refer people there.” It is about, I think, reducing the number of referral points, even for the public, who understandably do not like having to call seven or eight times to find something out. Not that I am suggesting there has been one of those, but if we could help by doing that, it would be a good thing.

**MS FITZHARRIS:** You are the third or fourth agency to come in here and say, “Our approach now is a no wrong door approach to these sorts of things.” It has been a common theme throughout the hearings. Thank you.

**THE CHAIR:** Dr Bourke.

**DR BOURKE:** Thank you, chair. Mr Walsh, in your previous description about complaints in your role as police ombudsman you said that many of them came to you for the first time and they actually had not gone to police first to complain there. Do you think that is because they are seeking validation that they have got an actual complaint or do you think it is an issue where, because of their history or their interactions in the past with the police, they are reluctant to actually complain to the police?

**Mr Walsh:** I think with any agency that is an authority figure in society—and the police naturally need to be in that kind of position—there is a reticence on the part of

someone to come forward and say, “I’m not sure whether by raising a concern this is going to be a worse outcome for me for having raised it.” Part of our role is to give that assurance. ACT Policing particularly are very open to receiving complaints, especially ones where the resolution in many cases is just a better explanation of why they decided to do what they did.

In the calm light of day, with someone returning and saying, “Can you explain to me again what happened here?” being taken through that when they are in a calm state sometimes can assist them in understanding better. This is not an uncommon experience to what we would see with the Taxation Office at the federal level where you might find that an individual goes, “I’m not too sure whether concerning myself about my tax return and raising it back with the same decision-maker is a good thing,” not realising, of course, that there are ways that they will independently attempt to assess that concern but with a view to try and reach some resolution that is acceptable.

**DR BOURKE:** Do you have any indication of those people that you refer back to police to first air their complaints and the outcomes of that?

**Mr Walsh:** We will not necessarily be getting that information, but we do make it clear that if they are dissatisfied with the treatment they receive when they go back with that matter they should come back to us if they do have that concern. I understand that the second referral back to us is a relatively very low number, which is a good sign, although we have to ensure that people are not then suffering some degree of referral fatigue and saying, “I came to you. You referred me. I went to the referred agency. They are referring me back.” I think we need to guard against that but certainly give the agency that ability to have a first instance opportunity to try and explain what it did and why and to see if it is within the realm of remedies that are available to it to try and exercise that discretion.

To our mind, at least, it is about ensuring that the relationship between the entity and the citizen can continue. If it is simply a matter of just spending a little bit of time with them and explaining what has happened, if that allows that individual then to have a meaningful relationship with the police or any other entity in the future without the Ombudsman’s intervention, that is probably a good outcome for everybody.

**DR BOURKE:** You raised referral fatigue there, which does tend to beg the question: what do you do about complaints about you?

**Mr Walsh:** Complaints that we will get about us are ones that we take seriously. We have a separate review channel where we can have a look at the way we have dealt with matters that have been raised with us. It is certainly something where we would hope to put ourselves on the same standard that we expect of other entities.

**DR BOURKE:** But there is no further independent place for people to complain about the Ombudsman if they are dissatisfied with your handling of their complaint.

**Mr Walsh:** I am fairly sure that people would find a way to express their continuing concerns if they felt that we had not attempted to address their concern. In one sense, ombudsmen are not unique in this scenario. Sometimes you can actually become part of the concern the person has raised. You simply become another decision-maker in

the tree. That is understandable to some degree, and it is something we need to have broad shoulders on.

We always attempt to ensure we explain adequately what we have done and why. The outcome of investigations the Ombudsman involves himself in is something the person does not always want to hear. It may well be something like, “The agency acted reasonably and properly. It was open to the agency to do what it did at the time.” That information sometimes is not the thing people want to hear and that might well be a reason for them to challenge the approach that we have adopted.

**DR BOURKE:** Thank you.

**THE CHAIR:** Ms Lawder, a new question.

**MS LAWDER:** Thank you. Just a supplementary before my substantive question.

**THE CHAIR:** Certainly.

**MS LAWDER:** On the transfers from other agencies or referrals, do you track that to see the paths people have taken?

**Mr Walsh:** Once we return it to the agency we would certainly have a sense of how many had been returned, but then we would leave it to that natural mechanism: “If you are dissatisfied with the remedy or the approach that you have had by going back through that process, then return to us.” That is when we would get the window on exactly what had happened. We would like to believe that having the matter referred back to the agency with a suggestion and maybe having another look at it is often an outcome that the person finds satisfactory at least.

**MS LAWDER:** What about their path to get to you? Might they have tried other agencies first, and do you keep a record of that?

**Mr Walsh:** The agencies will internally tell us if they find someone saying, “I would like to approach an external agency. You guys have not been particularly helpful.” They will usually be trying to say, “No, we’ve attempted to explain it to you. Here are the review mechanisms that are available to you,” which would include the Ombudsman, if someone is dissatisfied.

But we would often say that if a person is going back through the agency the natural mechanism of information exchange would be: “You’ve raised a concern. We’ve attempted to deal with it. This is the response we have got. If you are dissatisfied with that response, we have a process—if not that process then the Ombudsman.” So we would naturally be fed into that chain in most instances. Most agencies see that as being of benefit to them, where they have said, “I’ve exhausted what I believe to be the reasonable outcomes or options available to me to deal with this,” and it most rightly is one that maybe needs to be referred externally.

**MS LAWDER:** Going to my substantive question: I presume the commonwealth and the ACT ombudsmen are a sort of gathering of ombudsmen. Based on those discussions, whether at an annual conference or something else, how is the ACT

tracking? Do we have similar issues, similar trends, in police or housing areas? Can you give me a bit of a feel for comparisons?

**Mr Walsh:** I think the office is broadly representative of agencies of a similar size, dealing with the complaints they are dealing with of a similar size. We would be looking at what Tasmania, the Northern Territory and South Australia are doing. We tend also to look for lessons learned at the commonwealth level, to see if there are some things that might be of benefit and assistance—and certainly conjoining things like the commonwealth complaint handling forum, where you have got both those levels of government working together, which has been very positive.

We also have a range of international programs in the Pacific, PNG and Indonesia. We are having the opportunity to look at and informally benchmark ourselves against different services. Some of it becomes harder to line up because the jurisdictions are different; state jurisdictions can sometimes be much broader or more focused. It is harder in that sense, but all the officers have a mutual objective to try and learn best practice from one another and share that.

**MS LAWDER:** Those gatherings include the Telecommunications Industry Ombudsman and the energy one as well?

**Mr Walsh:** There is a broader association, the Australian and New Zealand Ombudsman Association, which brings in both parliamentary and industry ombudsmen—so the Telecommunications Industry Ombudsman and others, as well as the parliamentary ombudsman. But I think it also extends to energy and water ombudsmen and some of the complaint commissions that would also be attending. That is certainly at the agency kind of level. I understand ombudsmen and deputy ombudsmen meet from time to time.

**MS LAWDER:** Thank you.

**THE CHAIR:** Any further questions, members? No. Mr Walsh and officers, thank you for your attendance here today. Can you extend our regards to the Ombudsman; we hope that he is well, and perhaps we will see him next year. With that, we will finish this section. When it is available, a transcript will be provided. Could you review the transcript, and if you have any corrections or additional information you might like to provide, we would gratefully receive that. With any questions you have taken on notice, if you could have them with us within five working days, we would appreciate that. With that, thank you very much for your attendance.

**Mr Walsh:** Thank you.

**THE CHAIR:** We will suspend at this stage until the arrival of the Auditor-General of the ACT.

**Short suspension.**

ACT Audit Office

Cooper, Dr Maxine, Auditor-General  
Sheville, Mr Bernie, Director, Financial Audits

**THE CHAIR:** Welcome to the final session of the Select Committee on Estimates for 2015-16 for this Friday, 19 June. We conclude the day with Dr Maxine Cooper and officers from the ACT Auditor-General's office. Welcome to this hearing. Please be aware that proceedings today are being recorded and transcribed by Hansard and will be published and that the proceedings are also being broadcast and webstreamed. Should you need to take a question on notice, please say something or words to the effect of "I will take that on notice" so that we can track and monitor responses to those questions which we would appreciate within five working days.

Could I bring to your attention the privilege statement on the table before you, and could you please indicate for the record that you have read the statement and that you understand the implications of privilege?

**Dr Cooper:** I have read the statement and I understand it.

**Mr Sheville:** I have read the statement and I understand it.

**THE CHAIR:** Thank you very much for that. Before we proceed to questions, Auditor-General, would you like to make an opening statement.

**Dr Cooper:** Yes I would. Since the last budget the Auditor-General has become an officer of the Legislative Assembly. This occurred in July 2014. Therefore, importantly, this budget is the first one presented under the new process for determining the Audit Office budget. In the new process, the Speaker of the Assembly has a key role. Under section 20AB of the Financial Management Act, the Speaker must do two things: advise the Treasurer of the appropriation that the Speaker considers should be made for the Auditor-General for the forthcoming financial year, after consulting with me and the public accounts committee; and the second thing is to present the recommended appropriation to the Assembly.

The appropriation provided in 2015-16 and the forward years is less than that which was recommended by the Speaker. The Speaker, after consulting with the public accounts committee and me, recommended the appropriation be increased to fund additional performance audits. The Speaker recommended that an additional \$460,000 be provided in 2015-16 for two additional performance audits, which would mean that in that year, if that funding had been agreed, nine performance audits would be our target. And then in subsequent years, until 2018-19, there would be an additional one performance audit which would mean that by 2018-19 the sweet spot for performance audits would be 12, which would mean the funding for performance audits would roughly equal that which was given for the fees for financial audits. However, given that the additional funding sought was not agreed, we will be targeting our usual seven performance audits.

The Audit Office priorities for 2015 can succinctly be summarised as developing a program of performance audits and then successfully completing these and also completing our financial audits according to auditing standards, and also responding

effectively to public interest disclosures and representations. They have been and will continue to be our priority areas in the office.

However, in 2015-16 another priority is the strategic review of the Audit Office. Under the Auditor-General Act, the strategic review must be performed once in each term of the Legislative Assembly with the timing of that review being at the discretion of the public accounts committee. It is expected that the strategic review will commence around October. As these reviews usually identify areas of improvement, a high priority from our office will be given to those recommendations with which we agree. We will not only implement those recommendations from the strategic review but we will use them to complement the current arrangements that we have from our internal quality assurance reviews and also from our internal audit activities.

In terms of our budget, the Audit Office total revenue budget for 2015-16 is \$6.9 million. The total revenue budget consists of financial audit fees of \$4 million and appropriation of \$2.8 million. The appropriation is around 40 per cent of the revenue budget. The Audit Office expects to spend all of this funding. Consistent with the cost recovery nature of our operations, it is estimated that the Audit Office will incur a small, declining deficit of around \$200,000 in 2014-15 to around \$17,000 in 2017-18 before returning to a small surplus of around \$75,000 in 2018-19. These deficits are very small and can be met from our cash reserve.

The Audit Office balance sheet shows that we have the capacity to meet our obligations, mainly liabilities for employee entitlements, and any unforeseen cost pressures that may occur from time to time. The total revenue budget is expected to remain stable over the forward years, with revenue increasing from an estimated \$6.8 million in 2014-15 to \$7.4 million by 2018-19, an increase of around \$583,000 or 2.1 per cent per annum. The revenue budget assumes that the number of performance audits and other activities funded by appropriation will not change.

Other activities which I would like to bring to the committee's attention that are funded by appropriation—it is not just the performance audits—include the handling of representations and public interest disclosures, preparation of the report on the results of the financial audit program which we table in December each year, provision of briefings and advice to Assembly members, attending internal audit committees, provision of whole-of-government audit and accounting advice. The appropriation also contributes to meeting other corporate costs, including the production of the audit's annual report, learning and development programs for staff and other administrative expenses of a professional office, such as our accommodation.

Financial audit fees are also estimated to remain pretty stable over the forward years. This is on the budget assumption that the size and complexity of the financial audit program, around 66 financial audits in 2015-16, and 28 reviews of statement of performance will not change materially. There are no changes to the number of performance audits. As I said, we are targeting seven.

The total expenses are also expected to remain stable over the forward years with expenses increasing from an estimated \$7 million in 2014-15 to \$7.3 million by 2018-19, approximately a one per cent per annum increase.

The forward performance audit program, which I will just go to briefly, will shortly be announced. It will be announced this June. We have undertaken a strategic analysis and consulted widely with the key stakeholders in its development. We are currently doing some final planning to identify which areas should be the subject of the seven performance audits in 2015-16.

I will just outline for you that this year we have tabled the following performance audits: debt management, the rehabilitation of male detainees at the Alexander Maconochie Centre, restoration of the lower Cotter catchment, ACT government support to the University of Canberra for affordable student accommodation and, today, the integrity of data in the Health Directorate.

We are also planning to present to the Speaker for tabling by the end of June an audit on the bulk water alliance, initially flagged as an audit of ACTEW's capital infrastructure projects. It was also informed by a public interest disclosure. We are also looking to table by the end of this financial year a report on the sale of ACTTAB, also not part of the forward program that we would have mentioned to you a year ago.

We have commenced audits on public transport, the frequent network system, and have also commenced an audit on Calvary Public Hospital performance and financial reporting. Detailed background work is being undertaken to determine if two other audits should progress or not. One is vocational education and training and the other is implementation of the national disability insurance scheme. Our audit program has varied slightly from that which we proposed as we responded to some issues. The data management one that we tabled today, the Calvary Public Hospital performance one, and the sale of ACTTAB have all emerged since the program was first planned. I mention that we are finalising our forward audits program and, as our teams are concluding work on audits currently being tabled, we will then do the background work and commence other performance audits.

In terms of representations and public interest disclosures, so far this year we have had a total of 20. Of these, 16 have been representations and four have been what we would consider public interest disclosures. They have been variable in terms of issues and have covered a wide range of directorates and agencies. There is no obvious theme or agency focus. The representations and public interest disclosures are roughly aligned with what we had in the last financial year.

To conclude, I restate that our priorities in 2015-16 are delivering our audit programs, managing representations and public interest disclosures and supporting the strategic review of The Audit Office. Thank you for giving me the opportunity.

**THE CHAIR:** Thank you for your introductory remarks. As it is a budget, let us cut to the chase. The increase in revenue over the next couple of years is one per cent for 2015-16, about 2½ per cent for 2016-17, about 1.7 per cent for 2017-18 and about three per cent for 2018-19. Given the increasing number of representations or public interest disclosures, what is your capacity to do any further audits beyond the eight performance audits that you do each year?

**Dr Cooper:** If I go into deficit, I have the capacity within our own resources that we

currently have to do additional performance audits. The problem with doing that is that we could not sustain it into the future. It could not be something the Assembly or the broader community could rely upon to be continued.

**THE CHAIR:** We have had this discussion year after year for many years. The move around the country, around the world, seems to be a 50 per cent balance on the value of financial audits and the performance audits. That ratio is obviously slipping. What is it at the moment for your office, about 60—

**Dr Cooper:** About 60-40.

**THE CHAIR:** Clearly the government has chosen not to put additional funds for those performance audits this year. What is the pathway if we were attempting to go to 50-50, which I assume would take you therefore to about 16 performance audits? Could you gear up next year and do an additional eight?

**Dr Cooper:** We could. It would be roughly around 12 performance audits. You probably gear up in a measured way to the next financial year, and then one in subsequent years after that until you had an additional five.

**THE CHAIR:** Given the way that the government itself is evolving and the complexity of issues that it either addresses or the complexity of operations that it undertakes, I would assume you have no end of areas of interest with which you could fill that program.

**Dr Cooper:** Yes, and I think also coupled with that is the fact that we now have what is commonly referred to as follow the dollar powers. As we outsource more activities, those powers will allow you to look into areas beyond just the government agencies. I think there are a crucible of issues coming together that would suggest a broader coverage that could benefit the ACT and the Assembly.

**THE CHAIR:** You have said there is no pattern to the public interest disclosures or the representations that you receive. Some of those, I think, have come from the Assembly, some have come from MLAs and some have come from outside, from ordinary citizens. What has been the growth of that, and have you worked out whether there is a ratio which you seem to be responding to in terms of inquiries?

**Dr Cooper:** No. It is variable. Some of them we need to investigate ourselves. Some of them we refer to the agency that the PID is made about, and sometimes we refer them to the entity and, because they cannot quite be substantiated to a further degree, we will just give that information to the person raising the issue. It is, I think, a complex area. But they do take considerable time, because often the people that you are dealing with are stressed people. They demand much more time than “here is an issue; go look at it and solve it”.

**THE CHAIR:** Ms Fitzharris, a new question?

**MS FITZHARRIS:** My question is around public interest disclosures. As a very new member, I know that I received a very detailed briefing from you. Could you explain to me how that works and what your role is? Who has responsibilities under that? In

terms of a complaint—we have just heard from the Ombudsman—what is the substantively different nature between a complaint and a public interest disclosure?

**Dr Cooper:** I did not bring the legislation with me but I would be more than happy to come and talk at length, if the committee would not mind, out of session. The public interest disclosure legislation has key things that have to be met for it actually to be considered something of substance. So it is quite precise. What we do in a practical sense is that if anyone says, “I’m making a disclosure under the PID legislation,” or even if they are not and it looks like something that could be covered by the PID legislation, you should treat it as if it is for the PID legislation.

For instance, if someone is taking moneys they should not be taking, that would be one where you would say, “Okay, that would fit with a PID if we find something.” Often a disclosure entity will say, “Don’t tell anyone it’s me,” because they might be working next to that person. We will ask, “Can we use your information to share with the entity affecting you?” If that happens, the process we adopt is that we send it off for their response, and then we do a bit of an evaluation. Do we then do another further follow-up investigation? For instance, with the Bulk Water Alliance, there was a complaint about a whole range of things around the enlarged Cotter Dam, so we have combined what we could understand from that public interest disclosure, because sometimes the discloser will say, “It’s all been rigged,” and it is not quite precise enough to deal with. We have incorporated that in the performance audit, trying to cover the right areas.

So it is mixed. Sometimes we will investigate; sometimes we will send it to an agency for information and determine something more needs to be done, and then we might ask the agency.

The key person in PIDs, I think, is the Commissioner for Public Administration. That is the person or the entity that has to keep a finger on the pulse. So we all notify the commissioner in a general way regarding what we have got. It may be also that even somebody senior in a directorate, even at executive level, might say, “I think you need to look at this, because we can’t.” On those occasions we will pick something up and look at it. With the gastroenterology-hepatology-GEHU audit, I would have to go back and double-check, but I think that was the one that actually came from the directorate, and we looked into it through a performance audit.

**MS FITZHARRIS:** Can an individual make a public interest disclosure to anyone? Could they make it to a member of the Assembly?

**Dr Cooper:** No, to certain entities under the act, and we are one of those.

**MS FITZHARRIS:** So it would be worth while for me, for example, to find out, if someone makes that disclosure to me—

**Dr Cooper:** What your obligation is?

**MS FITZHARRIS:** Yes, what are my obligations?

**Dr Cooper:** Absolutely, and you probably do have an obligation to pass that on and

make sure—

**MS FITZHARRIS:** I will follow it up with you, thank you.

**THE CHAIR:** Dr Bourke, a new question.

**DR BOURKE:** Thank you, chair. On page 14 of budget paper A, dot point 4, could you tell us about the coaching, feedback and learning and development opportunities that you provide to your staff to improve your performance?

**Dr Cooper:** Certainly. We have a formal appraisal system, and I hope every day we give people feedback both ways. So we do have a performance appraisal system. We also, through that, will identify areas in which people should receive some coaching. We do the performance appraisal formally once a year, but six-monthly there is, if you like, an interim conversation that should occur. So we will look at that, and in that we also do a development plan for staff. They will identify in that development plan with their manager what areas they think they would like some training in. I do not have Ajay with me, but we have a budget for that, and then he allocates from that budget, according to each staff member's need, what they can get.

In our office we have quite a few people who do not have English as their first language. Part of our coaching and support will be for people from non-English-speaking backgrounds, to provide extra help. So it is very much focused upon each individual's need, and on the needs of the organisation. That is what we do on a one to one.

On a collective basis—and Bernie can talk about this—prior to each financial audit season we have training, and it is compulsory. We all turn up for the pre financial audit season training, and we also recently had training for the performance auditors. So we have quite a bit of training and, I would imagine, compared to many organisations, support. Do you want to talk about the financial training? It is a three-day session, Bernie?

**Mr Sheville:** The financial audit training happens annually. Because we have a lot of staff in the early years of their careers, they need to develop a strong understanding of the basics. The typical learning profile of someone who arrives in our office will be that they will commence doing their chartered accounting program or their CPA program, which we fund, and we give time off for exams for that basic training. We run other training as an office. Typically, it involves an update on training on audit methods. That specific training picks up on issues that have been identified for attention from the quality assurance of our audit work. We get external quality assurance providers to review the quality of our financial audit work, and that then forms the basis for a report that leads to training of staff in the areas that need most attention. That process is cyclical, so it happens on an ongoing basis.

For our new staff—and this is not just for the financial audit area but for all areas—when they arrive they are taken through an induction session which explains the legal responsibilities of our office. It focuses on Audit Office values, such as independence, integrity and the importance of this to our operations, how we are perceived externally and internally, how we treat each other and appropriate behaviours. We take people

through all of those things. That training is not just technical but focuses on making sure that, right from day one, they have a clear understanding of the sorts of behaviours we expect from all people who work in our office, at all levels.

Each staff member has their own learning and development program, and that is essentially compiled centrally. That picks up common themes through a central area. Maxine referred to Ajay. He essentially profiles the main training or common issues, such as English as a second language, or other issues that may come out of that process around communication skills or whatever the priority may be that is given to a number of people. They receive training to fit those needs.

Of course, training priorities will arise during the year from time to time that are simply instigated by the executive. If we feel that fraud awareness training is required, we will instigate that. If we feel that workplace safety training is required, we will instigate that.

**Dr Cooper:** We have had training, too, on domestic violence, with the new changes in the EBA. The irony for us is that we do invest, not just in dollars but in the way the office operates, a lot in supporting staff and training them, but we have a terribly high turnover. Because we do give them those extra skills, they then become much more attractive for other people to have in their teams.

**DR BOURKE:** Is the training that you provide in house accredited?

**Mr Sheville:** The training we provide in house—

**DR BOURKE:** Is it accredited training?

**Mr Sheville:** is provided by—

**Dr Cooper:** Accredited trainers.

**Mr Sheville:** people who have strong knowledge of the subject matter, but there is not separate accreditation for individual courses. Some of them may have accreditation. For example, the training may be delivered by our staff or by one of the big four audit service provider firms. It will not be badged as an accredited trainer but it will be coming from an experienced practitioner. If we get training on, say, mental health issues, it will be coming from someone who is a qualified person to talk on those specific issues.

**DR BOURKE:** You mentioned CPA certification; you pay for that?

**Mr Sheville:** Yes.

**Dr Cooper:** Yes, we do.

**DR BOURKE:** What does that cost?

**Mr Sheville:** Annual membership would be about a thousand bucks a year per staff member.

**Dr Cooper:** But not everybody is—

**Mr Sheville:** Not everyone does that. We pay for the chartered accounting program memberships and we also pay for successful completion of exams that they undertake through doing those.

**Dr Cooper:** Reimburse them.

**Mr Sheville:** That can be \$1,000 for each exam that a staff member sits.

**DR BOURKE:** How much does a program of certification cost to become a CPA?

**Mr Sheville:** I would have to take that on notice. I am not familiar with what the total cost would be to complete each of the exams. But the membership fee is about \$1,000 per person, I would say—in that order.

**DR BOURKE:** My concern, as you said before, and I think you have said previously, is that you have a high staff turnover. It would seem there is an issue there, perhaps with investing in people who only offer you their services for a short time.

**Dr Cooper:** Dr Bourke, I have a broader view on this. They are likely to end up in a government agency somewhere in the ACT. So the benefit of having highly qualified people is bigger than just for when they are in our office. Also the office historically has had problems—and we are this year—attracting people. So we try and have that pot of honey to make sure we can keep them. We actually do have some success. Being small, what we are noticing is that we have just had one person ask whether they could come back in, having been away from the office.

Yes, we could cut back, but I think the consequences—and there is no empirical data on this—would be we would then find it even harder to get people in to work, particularly in the financial area, where we have a lot more junior people. I think they do serve us extremely well. They work long hours and on weekends, because the only way we can deliver the financial performance audit program is by working on weekends and for long hours. We know we need to give it to them in January or February. It is unquantifiable, but I would hate to lose that little extra attraction. The ANAO are also a competitor in this area. They also provide some attractors.

**DR BOURKE:** I was not suggesting that you should remove it as an attractor but perhaps seek some regard from the employee to stay with you a little bit longer to justify your investment.

**Dr Cooper:** We do try and do that but we—

**Mr Sheville:** The CA program and the CPA program do take a few years to complete. They are not annual programs. So, in fact, for the period of time they are doing the program it provides an incentive for them to stay. But it is difficult to enter into an arrangement with somebody that insists that they refund the money if they leave within 12 months of having completed their program. It is difficult to monitor and manage that type of activity. Those sorts of programs assist us in retaining people for

that period of time. But by the time they have finished their third year and they have learnt the basics of audit, they become very valuable in a short period of time and they are more likely to be poached. I think it is just the nature of the beast.

**MS LAWDER:** I have a supplementary and then a substantive question. You mentioned people moving on from your office. Is it to other ACT government agencies, the federal government or private firms?

**Dr Cooper:** It is a mixture, is my observation, and quite a few actually go interstate. Often it is associated with a lifestyle change. Remember, the ones that move on most are the young cohorts—out of uni, get some really good training and grounding and then spread their wings a bit. As I said, one of them has just come back to us and taken a pay decrease to come back because they liked the work. I think it is more macro than just any particular isolated issue.

**MS LAWDER:** I move on to my substantive question. On page 13 of budget paper A, which covers the Auditor-General's office, are the 2015-16 priorities, apart from the last one about the strategic review, the same as last year's?

**Dr Cooper:** They are much the same, yes, because our legislation tells us what our priorities are. We are consistent.

**MS LAWDER:** On that last one about the strategic review, how many strategic reviews have there been so far?

**Dr Cooper:** I cannot answer that. It is once every four years roughly. Bernie might know.

**Mr Sheville:** The one that we expect to occur later this year will be the first under the new legislation. The last performance audit at the office, which is the strategic review by another name, occurred in 2010. There was one before that date but that might have been maybe five or six years under John Parkinson. So we are talking quite a number of years ago. In my time at the office this review will be the third that I am aware of.

**THE CHAIR:** 2003 or 2004 is my memory.

**Mr Sheville:** Yes.

**MS LAWDER:** What preparations do you undertake for the review?

**Dr Cooper:** We do our normal business hopefully and just keep going. Hopefully, if they walked in six months ago or if they walk in in another six months, we just run the office as the office should be run.

**MS LAWDER:** They are analysing your business as usual operation?

**Dr Cooper:** They will be analysing us. I would imagine, now having become an OLA, office of the Legislative Assembly, they will be looking at how maybe some of the budget preparation for that is. Are there some areas that an outsider might see and

might make the process a bit more efficient? We have recently had, I think about a year ago, a review under ACAG. In fact, it was in May last year. They come in and they look right through everything—our corporate systems, our financial performance. They gave us some recommendations; we put them into action.

We have got an audit and review committee. They have a look at some things independently for us in terms of direction as to what we should look at. We have had about nine reviews in my time or audits in my time. I think it is about 50 recommendations and now we are down to 20 recommendations to help improve us. We are very audited ourselves.

**MS LAWDER:** Is that a bit like a private organisation, no matter what you do from the previous year's recommendations there will always be more?

**Dr Cooper:** Yes, there will be.

**MS LAWDER:** Do you look at strategic reviews of other states and territories and try and take learnings from those ones as well?

**Dr Cooper:** We do that. We are part of the collective of auditors-general and we certainly look at what they have done and we share all that.

**MS LAWDER:** You internally talk about that and potentially—

**Dr Cooper:** Absolutely, and there is also benchmarking that goes on between the different offices although it is really hard to compare some variables.

**MS LAWDER:** Can you pick perhaps just one recommendation from last year's review that you had and talk about what you changed and how you went through that change?

**Dr Cooper:** They are mostly around the edges ones. They will not be to go and redo the whole system. Give me a minute and I will find one.

**Mr Sheville:** The sort of thing we pick up in financial audits, say from an internal audit—

**Dr Cooper:** Speak up a bit.

**Mr Sheville:** That was when we had our work done on the review. The overall conclusion on the audits which we selected for review was that we were managing those audits efficiently. But the reviewer made some suggestions about how the team could at the end of the current audit round get together and have a specific meeting to identify areas where they may do the audit more efficiently next time and ensure that that was clearly documented in a way that the team that picks it up next year would go about implementing that.

We implemented that for the first time in our December audits. It seems to have worked well, and time will tell how effective it is. But it was just one area that they picked. Their overall conclusion was a favourable one that made some suggestions as

to how we could finetune or improve things.

**Dr Cooper:** The same thing happened in the performance area. We had a review of the performance audit methods and practices that they use. It has been completely reviewed, and it is a matter of updating it. You are reviewed to help you do it a bit better. We have recently had one on the setting of financial audit fees, and we not only do it to improve what we do but to check because, with financial audit fees, we always get the comment, “It costs too much,” even though we are cost recovery.

We picked three of those that were ones where we thought that maybe there were cost problems. It was found that we are doing the process appropriately but they did suggest a couple of minor changes really.

**Mr Sheville:** There were two reviews. One was an efficiency review of seven audits that we did, and three of those audits were ones where we had experienced overruns. There had been question marks raised about the costs. So we decided to check to see if the work we were doing was efficiently done, and the reviewer came back favourably.

The second thing is that once you have got the audits happening efficiently you need to make sure that what you are charging agencies is reasonable. We had all of the fees reviewed for the office to see that we had a reasonable basis for charging fees and that they met the requirements of the Auditor-General Act in relation to charging fees as set by the Auditor-General. We were able to demonstrate through our work that we were essentially operating in the manner that we have been disclosing in our annual report and that we were complying with the legislation.

They were two reviews that were done. We were not expecting problems in those areas but it is still useful to have someone with a fresh set of eyes cast their eye over what you are doing and form an opinion.

**Dr Cooper:** I will give you a really concrete example. We had quite an extensive review of our legislative compliance, not just our A-G Act, and there was one finding there around whether or not we were documenting correctly our interviewing under oath. We have only ever done that once. They felt that we should have had a system in place that then documented that we had finalised interviewing under oath. I thought that was a bit pedantic. Nonetheless they went to that level of “improve your system” that much.

**MS LAWDER:** Mr Sheville, on your point about the reviewing of the costs—you got someone to review it—where do you get your reviewers from? Who does those reviews for you?

**Dr Cooper:** From external firms.

**MS LAWDER:** The big four or—

**Dr Cooper:** No, that one was not from the big four, but yes, we would get them from firms. And we go through—

**Mr Sheville:** Yes, it was done under our internal audit program. They are not working to me when they are doing the review. It happens, I guess, if you like, independently but externally, and then the report cards come in.

**MS LAWDER:** They are reviewers from outside?

**Mr Sheville:** Yes, to maintain arm's length from me. That review then goes through our audit committee process, and the Audit Committee—

**MS LAWDER:** Chooses.

**Mr Sheville:** I will then front the Audit Committee and discuss the results of the review and explain how we are going to address the issues identified in the review.

**MS LAWDER:** For this year's strategic review, something like that, getting an independent reviewer of something, is included in the money that you have been allocated or—

**Dr Cooper:** No, we do not have a specific budget for that review. However, it is likely to be around \$100,000, and in our budget we will just have to find it.

**MS LAWDER:** Good luck with that.

**Dr Cooper:** As I said, we have probably got some funding that, even if we go into deficit, we will still be able to cover it.

**THE CHAIR:** Because there would be no hollow logs in the auditor's budget, would there?

**Dr Cooper:** Never.

**THE CHAIR:** In regard to performance audits, you have often described large audits and small audits. What is a small audit worth in the current environment, and what is a large audit worth?

**Dr Cooper:** I would look to my colleague here. We have just done the data one within about three or four months. It is somewhere in the vicinity of \$140,000.

**THE CHAIR:** That is a small or a large?

**Dr Cooper:** That would be a small one. Your large ones can go up to \$400,000 or \$500,000. They do range according to the number of criteria that you are looking at and the topic, around \$230,000, \$240,000.

**Mr Sheville:** It would be our average.

**Dr Cooper:** Average.

**Mr Sheville:** And that is around the funding that was requested, yes.

**Dr Cooper:** And we will design our program to try and work within the budget. We will design a large one, a more focused one, but sometimes when you start doing a performance audit, issues will emerge that you then have to investigate or you, for instance, have to get technical advice or legal advice which will affect the cost.

**THE CHAIR:** If you have started eating into your reserves doing those, the reserves will not particularly last a great time.

**Dr Cooper:** No.

**THE CHAIR:** Are other jurisdictions, to the best of your knowledge, moving towards the 50-50 ratio?

**Dr Cooper:** I do not know. I think some might be and some are not. I think the Canadian counterparts who are in the vanguard in this are more in that area.

**THE CHAIR:** And we have often quoted a number in the return that the office gives to the community and to the budget line, that for every dollar spent it leads to a \$9 or \$10 improvement or saving. Do you still stand by those numbers?

**Dr Cooper:** I think somebody wiser than I gave us those numbers, but I would say that, in the data one that has just been tabled today, I think the audit identified that the agency could have missed out on \$2 million to \$3 million in funding from the commonwealth if the issues that the Audit Office had picked up were not picked up. If you divide 140,000 into that, it is even greater, in terms of the value for money that has been invested in that audit.

**THE CHAIR:** Fifteen times.

**Dr Cooper:** Yes.

**THE CHAIR:** Thank you. Ms Fitzharris?

**MS FITZHARRIS:** Thank you. I want to ask about following the dollar, as you mentioned, the capacity you have now. I understand that is fairly new. Is that right?

**Dr Cooper:** Yes, it is.

**MS FITZHARRIS:** Have you done any audits in that area? Is that the official term?

**Dr Cooper:** No, it is not, but following the dollar is understandable.

**MS FITZHARRIS:** I understand what it means, yes.

**Dr Cooper:** We have not had to, because we have had cooperation and we have been able to use other powers. With the audit that we are currently doing on the Calvary hospital in terms of some budgetary issues last year, we are doing that under the agreement they had with Health. But if we did not have that agreement, and we had the same problem, or that clause in the agreement was not there, we would have pursued follow the dollar.

**MS FITZHARRIS:** Right.

**Dr Cooper:** We have done a legal test on that, and that is where it could have been used.

**MS FITZHARRIS:** Can you give me an example of what it could be used for?

**Dr Cooper:** Yes, certainly. In the forward program that we are looking at, for instance, Housing ACT have a lot of their maintenance done through contractors; you could look at how the contractor is managing its business to deliver for you.

**MS FITZHARRIS:** Yes.

**Dr Cooper:** You could also do that with ACT Policing. And the Calvary hospital, as I said; you could do that there. Anywhere where ACT government money goes out the door, you can now follow the money, literally.

**MS FITZHARRIS:** Right.

**Dr Cooper:** Care and protection—money that is given over for that.

**Mr Sheville:** NGOs too.

**Dr Cooper:** NGOs, yes.

**MS FITZHARRIS:** So all people that receive money through the government in a service-level agreement. Does it also cover grants?

**Dr Cooper:** Yes, it would cover all of that, but I think we would then have to step back and say, “What is the key strategic focus that you are trying to achieve?” It would have to be either something significant happening—I would imagine, even if the dollars were small, in something like care and protection, you would want make sure that things were as they should be—or big dollars. As I said, maintenance on ACT Housing is certainly an area of interest. You would be selective. I would not want to alarm the broader community that if they get a grant they are going to have an Auditor-General visit; that might be a bit overpowering. But it is something that I think will benefit the territory a fair bit through us being able to do it.

**MS FITZHARRIS:** Presumably all entities that now receive government funding are aware that that is a possibility under the terms of the—

**Dr Cooper:** I would imagine not, and I would not imagine that there would be a great deal of benefit in doing that, because you would not want to make them nervous. Those who receive large sums of money would know there would have to be some scrutiny. So I would be selective in the message I would give. And the way we communicate, or we try to, is to tell you we are coming, talk to you as we coming, tell you what we are thinking about doing in your area. Also, we only do seven performance audits a year, so the chances of doing follow the dollar more than once a year would be very small.

**MS FITZHARRIS:** What is behind the change to that?

**Dr Cooper:** Just giving us powers that other jurisdictions have to allow, if you like, full accountability to be made more transparent for public funds.

**MS FITZHARRIS:** Thank you.

**THE CHAIR:** To give one example, we did receive a complaint about some money that had been given to a charitable group that somebody claimed was being misspent. You are the appropriate body but have no power.

**Dr Cooper:** Yes.

**MS FITZHARRIS:** And now you do?

**Dr Cooper:** Yes.

**THE CHAIR:** Ms Lawder with a supplementary and then Dr Bourke with a new question.

**MS LAWDER:** When you are looking at things, whether it is follow the money or a normal performance audit, is the amount of money involved one of the criteria that you look at?

**Dr Cooper:** It can or it cannot be. The audit jargon is that the materiality can vary. It could be just that the very issue might be significant enough; at other times it might be that the money is significant enough. Often it is a combination of things. We have got a whole lot of criteria we sieve potential audits through. Both of those variables can be put forward, but money alone does not determine it.

**THE CHAIR:** Dr Bourke, a new question.

**DR BOURKE:** Thank you. You talked about performance audits in other jurisdictions. How do seven audits with a billion or so budget compare with other states and territories in Australia?

**Dr Cooper:** It is variable. The ANAO does around 50 a year. I am not quite sure how to answer you. Are we comparable or not? Different jurisdictions have different emphases. If you want a breakdown, I could provide that.

**DR BOURKE:** Yes. I was just trying to get a handle on what other Australian jurisdictions do in this area which is comparable on an audit per budget value.

**Dr Cooper:** You mean benchmarking? Sorry.

**DR BOURKE:** Yes.

**Dr Cooper:** Yes, okay. We are very comparable. Bernie is just about to find some figures for you. Sorry, Dr Bourke.

**DR BOURKE:** No worries; it is Friday afternoon.

**Dr Cooper:** Thank you. I think our costs—

**Mr Sheville:** Our cost is an average of about \$230,000 per performance audit on average, and that is well below the average for all state and territories. I have tried to put my finger on the amount here, but it is in order of \$300,000 per audit if you take the average of other state and territory offices.

**DR BOURKE:** What I am really trying to get at is how many performance audits other states and territories do per, say, \$1 billion of expenditure.

**Dr Cooper:** Right. I do not think we have got that analysis.

**Mr Sheville:** I do not think it has been collected in that way. It is really what you produce with the outputs that you are given and then comparing it to, for example, the size of your jurisdiction.

**Dr Cooper:** Budget, yes.

**Mr Sheville:** Yes. It is more to do with how much money I receive and how many audits I do with what I receive. That is more of a measure.

**Dr Cooper:** The problem or the challenge we might have is this. If you take it on the jurisdiction's total budget, we are, by far, a small budget place, but we have got just as many issues in the governance sense. I will play with that concept, but to my knowledge that analysis has never been done. Thank you; it is a good question and I will think about it.

**DR BOURKE:** Thank you.

**Mr Sheville:** I have got the information finally. The average cost per audit over the last three years was \$230,000 compared to an average cost per audit of \$316,000 per audit for all audit offices.

**THE CHAIR:** Ms Lawder.

**MS LAWDER:** Thanks. My memory is not as good as it once was, but I am sure I have heard talk about the Auditor-General renewing your office furniture.

**Dr Cooper:** Yes.

**MS LAWDER:** Did that happen already?

**Dr Cooper:** No, it has not. It has been very much tied up with whether the lease on our premises is to remain. The lease, I think, finishes in October this year; we have had verbal confirmation that it is going to be extended, but being the Audit Office we are not going to make any investment till we have got it in writing. It does look as though we can stay there for the next four or five years. To revamp the office, given

the staffing arrangements we have, we are looking at about 100,000. We will also be able to accommodate that and have made a commitment to staff that we will. Although not every staff member will have a desk, because often they work out in agencies, they are going to have at least a hot desk to come to and negotiate with some other staff for when others are out in the field.

**MS LAWDER:** So you will probably be able to accommodate that in this coming financial year?

**Dr Cooper:** On the assumption that that lease gets signed. We have been on a bit of a long term—"The decision will be made and then we will give it to you in writing"—for about a year.

**MS LAWDER:** I am sure your staff will enjoy that if and when it happens.

**Dr Cooper:** Yes, absolutely.

**THE CHAIR:** I have no more questions. Further questions, members?

On behalf of the committee, I would like to say thank you to you, Auditor-General, and your officers for your attendance. I think you have taken on notice a question, maybe two. If we could have an answer as quickly as you can within five working days, that would be appreciated. The secretary will provide you with a copy of the proof transcript of today's hearings when it is available, for any corrections or clarification, and we would be grateful to receive those.

With that, members, it is the end of day 6; we are well over halfway. The chair's award today goes to Mr Gary Rake, who has tantalised us with the hint that he will come to the Christmas tree launch wearing a decorative dress. I have visions of tinsel, baubles and Santa snow. We cannot wait. We will return on Monday at 9.30 for Minister Burch and a day of education.

**The committee adjourned at 5.07 pm.**