



**LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY**

**SELECT COMMITTEE ON ESTIMATES 2016-2017**

(Reference: [Appropriation Bill 2016-2017 and Appropriation \(Office of the Legislative Assembly\) Bill 2016-2017](#))

**Members:**

**MR B SMYTH (Chair)**  
**MR J HINDER (Deputy Chair)**  
**MS J BURCH**  
**MR S DOSZPOT**

**TRANSCRIPT OF EVIDENCE**

**CANBERRA**

**WEDNESDAY, 22 JUNE 2016**

**Secretary to the committee:**  
**Ms K Harkins (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>442</b>
<b>Chief Minister, Treasury and Economic Development Directorate .....</b>	<b>362, 454</b>

## **Privilege statement**

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*Amended 20 May 2013*

**The committee met at 9.32 am.**

Appearances:

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

Chief Minister, Treasury and Economic Development Directorate  
Dawes Mr David, Director-General, Economic Development  
House Mr Jeff, Deputy Director-General, Enterprise Canberra  
Tomlins, Mr George, Executive Director, Procurement and Capital Works  
Purser, Mr Dave, Director, Goods and Services Procurement, Procurement and Capital Works  
Doran, Ms Karen, Acting Coordinator-General, Urban Renewal  
Cox, Mr Ian, Executive Director, Innovate Canberra  
Hill, Mr Ian, Director, VisitCanberra  
Clarke, Ms Liz, Director, Venues Canberra  
Stankevicius, Mr Adam, Director, Cultural Canberra  
Gordon, Mr Tom, Executive Director, Land Development, Greenfield  
Holt, Mr Nicholas, Director, Infill, Urban Projects

**THE CHAIR:** Good morning, ladies and gentlemen, minister and officials. Welcome to the fourth day of the public hearings of the Select Committee on Estimates. Again I would like to start, on behalf of the committee, by acknowledging that we meet on the lands of the Ngunnawal people.

The proceedings today will examine the expenditure proposals and revenue estimates for the Chief Minister, Territory and Economic Development Directorate in relation to Budget Statement B and the Auditor-General in relation to Budget Statement A.

Please be aware that the proceedings today are being recorded and transcribed by Hansard and will be published. The proceedings are also being broadcast and webstreamed. The committee would appreciate receiving answers to questions taken on notice within five working days after today.

In front of you on the table is the pink privilege card. Could you please confirm that you have read the card and understand the implications of privilege?

**Mr Barr:** Yes.

**THE CHAIR:** So acknowledged; thank you very much for that. Before we begin, yesterday, Chief Minister, the word “coward” was used. I have been advised that word is unparliamentary and would ask if you would withdraw.

**Mr Barr:** On that advice, I will withdraw.

**THE CHAIR:** Thank you, Chief Minister. Would you like to make an opening statement?

**Mr Barr:** No.

**THE CHAIR:** Members, today we are looking at output class 9, which is 9.1, economic development; 9.2, innovation, trade and investment; 9.7, property services; as well as output class 8, procurement and capital works. I will start with output class 8. Chief Minister, could you explain how the MOU with the unions actually functions?

**Mr Barr:** Mr Tomlins will assist you in relation to the operation of the MOU in regard to procurement.

**Mr Tomlins:** The MOU with the unions has been integrated into our working documents. We have a prequalification process. We have an industrial relations and employment certificate. We have an ethical suppliers declaration. People wanting to contract with the territory—so that we know that we have people who are reliable, fair and who have paid their bills—need to comply with those proposals and their contract. Essentially, that is the full process.

The rationale for different limits of prequalification has proved to be successful because I can refer to a number of businesses. One worked with us for many years in the \$5 million to \$10 million area, took on a \$20 million job along Constitution Avenue and went bankrupt. One was prequalified for \$1 million; they took \$6 million of contracts and went bankrupt. Another earth moving contractor who was prequalified with us for \$20 million built a number of roads and bridges, took on a \$60 million contract and went bankrupt. So these processes have proved to be quite effective. Provided that businesses have their prequal, their IRE, ethical suppliers declaration and honour the contract, that is how we operate the process.

**THE CHAIR:** Specifically on the MOU with the union, what resources are dedicated to that MOU and how does it actually work?

**Mr Tomlins:** There are none specifically allocated to the MOU. There were two funded. They work in a team of about six working on the prequalification, IRE, ethical suppliers databases, checking those, and making sure that when a contract comes in these sorts of checks are made, databases are maintained and processes are maintained. There are also some people working on the correspondence, the policy and the business aspects. But we have integrated that into our processes.

**THE CHAIR:** So there are two staff funded?

**Mr Tomlins:** Yes.

**THE CHAIR:** What happens? A tender comes in; who determines which contracts go where?

**Mr Tomlins:** Essentially, it starts with the scoping done by the agency. That is then turned into a request for tender. Tenders are received. There is an evaluation committee which might have someone from procurement and capital works on it; in many instances it does not. It just has people from the agencies. They do the evaluation and there are checks to make sure that the relevant people have the

required prequalification, IRE et cetera. A recommendation is then made to the delegate. In our directorate it might be the Director-General of Economic Development, for example. That is accepted or rejected. More work is done and finally we get a recommendation of a tenderer.

**THE CHAIR:** Perhaps you could specifically discuss how a tender document is then sent to the unions for their vetting approval.

**Mr Tomlins:** No tender documents are sent to unions. When the tenderers come in, a list of tenderers is sent to the unions and some other groups—I think to do with insurance, workers comp et cetera—and they are put on the website. I would have to say that, over a period of time, I get an equal number of calls from the industry side as I do from the union side—probably more from industry, to be honest.

**THE CHAIR:** What is the role of industry? What industry groups do you see?

**Mr Tomlins:** Industry will ring up and will provide their views on which tenderer might be better than another tenderer, and we might get a similar comment. Ninety-nine times out of 100 my comment will be, “I hope they put that in their submission because I’m not involved in the evaluation. I’m not going to interfere with the evaluation. Thank you for the call.” If anyone alleges, for example, that a person is not fit and proper, we will look for the objective evidence as to whether they have their prequalification and IRE. It is used as a due diligence process, and those calls are kept away from the evaluation committee.

**THE CHAIR:** When you say you send it to industry, or you get comments from industry, is that unsolicited advice from other competitors?

**Mr Tomlins:** Generally, yes.

**THE CHAIR:** It is not an industry body like the MBA or the chamber that you send information to in the same way?

**Mr Tomlins:** No, we do not send it to industry; we put it on the website.

**THE CHAIR:** So it is unsolicited advice, whereas under the MOU you have to provide information to the union?

**Mr Tomlins:** What we put on the website is what goes to the union. So if the union got onto the website they would probably get the information faster.

**THE CHAIR:** What happens then? When the union has the information, what do they do with it?

**Mr Tomlins:** In most cases nothing happens at all. Occasionally they might make a comment, and that will be filtered and checked. As I suggested, if they say someone is not a fit and proper person then we will check to see whether they have their IRE and their prequalification. If, for example, they did not have their prequalification, that would be a due diligence issue. That affects the tender. But if that comes in from an industry person—and the same sorts of comments are made by industry, such as, “We

don't think company X is very good," or whatever—there is the same sort of check. The evaluation panel will generally be kept away from that, and in most cases it will not get to the evaluation panel.

**THE CHAIR:** Mr Doszpot has a supplementary, and then Mr Wall has a supplementary.

**MR WALL:** Mr Tomlins, could you walk me through this. If, for example, a tender—

**Mr Barr:** I am not sure you had the call.

**THE CHAIR:** Yes, I think Mr Doszpot got it first.

**MR DOSZPOT:** Further to Mr Smyth's questions regarding the MOU with the union, is there any logical reason why a similar arrangement cannot be in place with an industry association to have, if you like, equal time on the issues that are being discussed?

**Mr Tomlins:** No, there is not. In fact we meet quarterly with the MBA for a much longer time than we meet with the unions. We do not have regular meetings with the unions. I would probably say that industry groups have more time. The MBA a few years ago put out a procurement policy which was negotiated with the government, and we made changes. All I would say is that the form is slightly different. The substance of the engagement with industry stakeholders and the process of negotiation are very similar.

**MR DOSZPOT:** I would imagine, though, that the meetings under the MOU with the unions relate to specific activities taking place.

**Mr Tomlins:** No, generally not. We may have discussions about the IRE certificates. We might have general discussions. Obviously, they do have discussions about work health and safety matters. If there is a collapse on a building site or—

**MR DOSZPOT:** That is what I am saying; they are specific—

**Mr Tomlins:** something like that, they will come in. It might be generated by a specific site, but it is often an argument for a policy change or something.

**MR DOSZPOT:** But you are only hearing one side of the equation for any of those instances you have mentioned.

**MS BURCH:** Not if he is meeting more often with the industry.

**MR DOSZPOT:** Excuse me, my question is to Mr Tomlins.

**Mr Tomlins:** If there is a change suggested, we go to the other stakeholders because, generally, it will be reflected in a policy change. This was not raised with us; it was raised as an example internally with the government that we were not getting accurate work-as-executed drawings. We negotiated with the industry for about a year about

that process before we changed the clauses in the act. Essentially, we negotiate with both stakeholders. Probably the most onerous, robust negotiation we had was with industry players over the introduction of active certification. We also had negotiations with the unions about active certification. But far more meetings and far more robust.

**MR DOSZPOT:** I understand that there is also an MOU monitoring committee that has been established. Can you tell us how many times that monitoring committee has met?

**Mr Tomlins:** We do not have a monitoring committee that meets as such. We have met with the unions a handful of times about the MOU in the past year or two, but not in that context.

**MR DOSZPOT:** The Chief Minister has stated that the MOU is to alert government to wrongdoing by contractors. Other than information already available to the government, on how many occasions have the unions advised the government of wrongdoing under the terms of the MOU?

**Mr Tomlins:** I am aware, as I said before, that the unions have raised claims about contractors, as have industry on occasions. A claim might be made and it is alleged that such-and-such a company is a phoenix company. A project has just been completed on which form workers were not paid their money. We put in a phone call to the company, pointed out the clause in the contract and those people were paid the next day. Most of these things are sorted out over the telephone fairly quickly. There is probably a handful of those a year.

**THE CHAIR:** A supplementary from Mr Wall, then Mr Hinder has a supplementary.

**MR WALL:** With respect to the time lines, Mr Tomlins, if, for example, a tender closed today, when would that information go up on the website and when would that information then be made available to unions under the MOU?

**Mr Tomlins:** If it closes, it will be on the website today, and sent out to the unions today. The same person does it.

**MR WALL:** The website that you refer to, which website is that?

**Mr Tomlins:** The procurement and capital works website.

**MR WALL:** Under what part of that website can the general public see a list of everyone that has made an application for that tender?

**Mr Tomlins:** You can go through the website and find that. I will take on notice the provision of the link.

**MR WALL:** Thank you. How is information from UnionsACT then formally funnelled back in to the tender process?

**Mr Tomlins:** They might ring, in which case my staff have an instruction that if it is anything substantive, to get it in writing. We then get a letter or an email.



**MR WALL:** What is the threshold for something substantive?

**Mr Tomlins:** Essentially, it is something that would have an impact on the tender process, saying, “This company doesn’t have an IRE certificate.” In one instance I can think of the unions rang up and said, “This company doesn’t have an IRE certificate.” They were right, because the company had changed its name. So the company rang up and said, “We’ve just changed our name. We were this. These are the details.” They had an IRE certificate. The crew spent the afternoon in the shed, presumably playing cards.

**MS BURCH:** If industry made contact to you, would the same threshold apply?

**Mr Tomlins:** It would be exactly the same approach.

**MS BURCH:** So you treat either side—

**Mr Tomlins:** Yes, exactly the same.

**MR WALL:** Have the directorate or the government ever been provided advice to say that it would be undermining the procurement process and the tender process by providing the details of tenderers to third parties outside government?

**Mr Tomlins:** I do not know, obviously, about all the advice that the government receives, but I am not aware that—

**MR HINDER:** Can we just get some clarity around that question? Has the government been provided with advice that it has undermined—

**MR WALL:** Has the government received advice of a legal nature to say that it would be inappropriate to share the details surrounding applicants for a tender process to third parties outside government?

**MS BURCH:** The same information goes to industry.

**Mr Tomlins:** We get all sorts of commentary, and probably even my staff have said, “Why do we do this?” No-one that I am aware of has ever provided legal advice or substantive argument to that effect. Obviously, there is always commentary—“Why do you have a prequal system? Why do you have this system? Why can’t we get rid of that? What is all this red tape for?”—but nobody has actually, in a rigorous way, said, “No, you shouldn’t do this.”

**Mr Barr:** It is on the website, Mr Wall.

**MS BURCH:** I have a supplementary.

**THE CHAIR:** Mr Hinder had the next—

**MS BURCH:** I just want to clarify Mr Wall’s question around providing third-party information. This information is available; anyone who has access to the internet can

go on the website?

**Mr Tomlins:** Yes, you could get it from New York.

**MS BURCH:** There is nothing else; it is the same information that is available to you and me and to Joe Blow.

**Mr Tomlins:** That is right, and it is only a list of names. It is not their tender submissions or anything like that. It would be highly unlikely that anybody would talk to the evaluation committee.

**MR WALL:** Contact details for the directors of the company: are they provided to UnionsACT?

**Mr Tomlins:** I do not think they are but it would not be too hard for UnionsACT to go on the ASIC website, or for anybody to go on the ASIC website, and to get them.

**MR WALL:** You are not aware of the information that your directorate is providing to a third party and the scope of it.

**MS BURCH:** It is on a public website.

**Mr Barr:** This is the sound of a scare campaign deflating, isn't it?

**THE CHAIR:** Steady.

**MS BURCH:** It is on a public website.

**Mr Barr:** The hot air is all coming out now, Andrew, isn't it?

**THE CHAIR:** Members should be addressed by their name, please.

**Mr Tomlins:** The reason I am being cautious in answering that question is that the name of the company in many instances is, if you like, a direct link to the director of the company. We provide the list of the tenderers. That is it; full stop. That could in some instances include the name. But that is publicly available, anyway.

**THE CHAIR:** Mr Hinder has waited patiently for his supplementary.

**MR HINDER:** The whole purpose of publicly listing all of these details on the procurement website is to ensure that we get feedback and we get good quality—all of those sorts of things—in relation to those tenderers.

**Mr Tomlins:** Yes.

**MR HINDER:** Your organisation collects information from a range of sources, which you say includes unions, the insurance industry and the construction industry. You said you had met with unions perhaps a handful of times over the past couple of years, but you meet quarterly with the MBA; is that right?

**Mr Tomlins:** Yes, that is right.

**MR HINDER:** So you have a set meeting with the MBA on a quarterly basis.

**Mr Tomlins:** That is right, yes.

**MR HINDER:** So you get feedback from the MBA at least quarterly, if not more.

**Mr Tomlins:** Yes, that is right.

**MR HINDER:** They have the opportunity to have input into the procurement process at least quarterly?

**Mr Tomlins:** They do, yes. The transparency—

**MR HINDER:** It is a fixed arrangement with your agency.

**Mr Tomlins:** Yes. The procurement act requires us to be transparent. This is essentially due diligence. Something like 1,500 or 1,800 companies every 18 months get their IRE certificates. Companies change names on a daily basis. We are not perfect; we might miss something. This transparency allows due diligence and to say, “Hang on, you missed the fact that these people have had a problem in South Australia,” or wherever.

**MR HINDER:** So you would be checking insurances, PI, non-compliance and all of those sorts of things—non-payment of accounts?

**Mr Tomlins:** Yes.

**MR HINDER:** The whole phoenix phrase refers to companies that rise out of the ashes: same directors turn up, new badge, new shirt, but largely the same companies. That is the theory around the phoenix?

**Mr Tomlins:** Yes.

**MR HINDER:** The way you would check that is to go to the ASIC website, I suppose, and see whether those directors are largely the same as for the previous companies. From the information you obtain from all sorts of sources, you decide whether they are in fact a fit and proper tenderer to take on works for the territory. Is that accurate?

**Mr Tomlins:** Yes, that is accurate. One issue is that the ASIC website is sometimes a bit slow to be updated, and that time gap can also be relevant.

**MR HINDER:** If you collect information direct from industry groups, they may have more of a finger on the pulse than ASIC, perhaps—and, of course, ASIC have 30-day and 90-day requirements about notification, so you can understand that.

**Mr Tomlins:** Yes.

**MR HINDER:** To be able to obtain it from industry, from insurance companies and

from unions is a valuable resource to you and, in turn, to the people of the territory in terms of getting good value and good contractors doing government work?

**Mr Tomlins:** Yes, it adds to our due diligence process.

**THE CHAIR:** A new question from Mr Hinder.

**MR HINDER:** In terms of the University of Canberra new public hospital, can you give us some information about where that is up to, the procurement process around the contracts associated with that, and the time line for construction and completion?

**Mr Tomlins:** I can give that in broad terms. The University of Canberra public hospital is now under construction. I regard that as quite a successful process. When it started out, it was initially scoped at something like \$280 million. Through the capital framework process and our processes, we did interactive tendering with a short list. I think we spent about 4½ months working with all of the stakeholders—the doctors, the nurses, client groups et cetera—and got them to sign off that it was totally fit for purpose. We then got the tenderers—they were working with two tenderers at this stage—to sign it off. We signed a construction contract for \$139 million. There is still another \$30 million or \$40 million in the software and other processes, but it is monumentally under budget. It is actually ahead of time. It should be finished I think at the end of next year. I will provide confirmation of that.

**MR HINDER:** Is there enough left to run light rail out to Belconnen?

**THE CHAIR:** There is enough to build a train station. That is all.

**Mr Tomlins:** That would be a decision for the directorate and the government.

**MR HINDER:** Things for me to think about. Thanks.

**THE CHAIR:** Just on that, you said in respect of the original scope that it was under budget. What was it originally scoped for—how many beds, what floor area?

**Mr Tomlins:** The scope has not changed.

**MR COE:** I have a supplementary question. What lobbyists have come to see you or your officials about this tender?

**Mr Tomlins:** About the tender for the University of—

**MR COE:** Yes, the contract that was awarded.

**Mr Tomlins:** I think we have had quite a few over the time. I could not identify them all. There has been the Canberra Business Chamber, failed contractors—

**MR COE:** What about individual lobbyists?

**Mr Tomlins:** If—to get to the point, I suppose—if you are talking about Mr Lamont, he was working for the University of Canberra. So he did not come to us in any role

as a lobbyist.

**MR COE:** Right.

**Mr Tomlins:** We did deal with Mr Lamont in his role working for the University of Canberra but that was where—

**MS BURCH:** The hospital is on the University of Canberra campus.

**Mr Tomlins:** he was normally with another person from the University of Canberra.

**MR COE:** Sure. So in terms of the probity issues—

**Mr Barr:** The sound of another scare campaign deflating.

**MS BURCH:** Yes, somebody who worked for the university talking about something—

**MR COE:** You know, I did not even mention his name; so that is quite intriguing.

**MR HINDER:** There is a theme, though.

**THE CHAIR:** But let us see if there is.

**Mr Barr:** You are not subtle, Alistair. You have never been subtle.

**MR COE:** So how do you ensure that there is probity in such meetings? Here at the Assembly, of course, there is a lobbyist register. How are lobbyist meetings, I guess, recorded and how are their intentions declared?

**Mr Tomlins:** I suppose the lobbyists that we would meet with most would be probably the MBA and we record—there are minutes of our quarterly meetings with them.

**MS BURCH:** Do they register when they visit you?

**MR COE:** They are registered, yes.

**Mr Tomlins:** I spoke with Kirk Coningham yesterday. It was just to provide information; so there was no record of that. But I agreed that we would put a circular out on the changes to the active certification program and he was interested in putting it in his newsletter. I mean, I—

**MR COE:** Sure. I think for industry associations, it is relatively clear who they are bargaining for and what their motivation is. It is more so the individuals that are guns for hire. How do you know exactly who they are working for when they call up and say, “I would like to have a meeting about contract X or tender Y”?

**Mr Tomlins:** We do not always know who they are working for but I have outlined the process that we go through. In a way, it does not really matter what stakeholder

rings because we go through the same probity process which is: this goes to a matter of due diligence, whether it is to pre-qual or ethical supplying or industrial relations and employment. If you have got some facts, put them in writing and send them in and we will look at the facts. Frankly, who it comes from is, from our perspective, not material. It is what the fact is as to whether it has an impact on what we do.

Our staff know that they have to do that. It does not really matter who rings. The almost automatic reaction, the knee-jerk reaction, is to say, “Can you put it in writing and support it with material? If you actually make an allegation without any support, it will be ignored.”

**MR COE:** Sure, but is there actually a system that records the representations made for each tenderer that is actually available for the staff to peruse?

**Mr Tomlins:** No, there is not a system where the representations are put on a list or anything like that, no. We deal with that in our normal email and correspondence process.

**MR COE:** Why would there not be such a system whereby you can actually record what representations have been made and by whom for specific tenderers?

**Mr Tomlins:** I guess the representations that we have had from our stakeholders have been to put pressure on us to reduce our requirements, to reduce red tape. We have not done that. If there is a policy direction to consider that, we would consider that and advise on it.

**MR COE:** Sure, but if you added it—

**MS BURCH:** Mr Tomlins, just on that if I can?

**THE CHAIR:** No, sorry.

**MR COE:** Sorry, one second here.

**THE CHAIR:** Do you have a supplementary? Mr Hinder has a supplementary as well.

**MR COE:** If you are going to the effort of writing an email and you are obviously documenting the conversation anyway, would it not make sense to actually attach that as, in effect, a file note or a memo to that contract—

**Mr Tomlins:** Yes, we are—

**MR COE:** so that anybody who gets representations, perhaps from a different lobbyist or from the same lobbyist who is working for multiple clients, can actually see what their motivation might be?

**Mr Tomlins:** I think we are going to achieve your objective but by another means. We are out to tender now. Hopefully we will bring this to fruition fairly soon for a project management and reporting system—so an electronic data system. All of the emails associated with a particular project will be tagged to that project so it would be

possible to go back when we get this system up. We are hoping that about August or so we will introduce this system and then that would allow us to answer those questions.

**THE CHAIR:** All right. Mr Hinder has a supplementary. Was that a supplementary you wanted to ask, Ms Burch?

**MS BURCH:** Yes.

**THE CHAIR:** All right. Mr Hinder, then Ms Burch and then a new question to Mr Barr.

**MR DOSZPOT:** I have got a supplementary. I understand there is—

**THE CHAIR:** All right; and a supplementary from Mr Doszpot. You have an hour and a half and we have 55 minutes left, members, to do output classes 9.1, 9.2, 9.7 and procurement. How you use your time is up to you. So Mr Hinder, Ms Burch, Mr Doszpot.

**MR HINDER:** I have a question about approaches from whoever over tender documents. I previously was a commercial lawyer and quite often was asked by clients who did not want to be identified to approach various organisations to make representation or to gather more information. Much of the information that my client did not want disclosed, I suppose, was commercial in-confidence. I would assume you would have had approaches from a vast range of people over the years about a vast range of tenderers who possibly did not want to be identified initially and who would come through some sort of lobbyist or organisation, whether that is the MBA or—

**Mr Tomlins:** Yes, not all that often because what tends to happen is that the tender is downloaded by, not uncommonly, 50 different people. We keep a record of the numbers of downloads. A tender might get 50 downloads and then we will get six tenders. All sorts of people look at them. It can be the electrical subbies, the concreters or whoever that will download them as well. They can then approach the bigger companies to try to line themselves up as subbies. All sorts of people download the tenders; it tends to be done electronically.

The only time we will hear from that is if there is a clarification question that comes in. Then we have a protocol for that. If somebody says, “You have said that the roof on the Assembly building is 10 square metres,” and it is not, we will send out a notice saying that we got that wrong. In fact, it is a thousand square metres. There was a typo or something like that and it will go out as a broadband.

**MR HINDER:** So do you keep some sort of notes about meetings you have or conversations or—

**Mr Tomlins:** Yes, I have got an electronic diary, as do the key people in the organisation, yes.

**MR HINDER:** If needed, you could recall what happened, when it happened, who was there and all of these things?

**Mr Tomlins:** Yes.

**MR HINDER:** Okay.

**THE CHAIR:** Ms Burch, a supplementary?

**MS BURCH:** Just on that, on recording who came in and the questions they were after, in response to a question from Mr Wall you said you were often approached to reduce requirements or red tape. Is that an approach from unions or from industry members?

**Mr Tomlins:** That would normally be from industry members.

**MS BURCH:** Do you consider that on its merits?

**Mr Tomlins:** Yes.

**MS BURCH:** So people approach you with maybe sensible suggestions; you consider them; and if they are not sensible, you consider that and deal with them appropriately?

**Mr Tomlins:** Yes. For example, industry have said, “You asked for the same document in two different processes,” and we have said, “Just let us know you’ve put it in in the other process and we will go and dig it out of our system.”

**MS BURCH:** My supp almost leads to a substantive question but I will wait my turn.

**THE CHAIR:** Mr Doszpot has a supp and then a substantive and then you can have your substantive.

**MR DOSZPOT:** My supplementary actually related to the question that was asked before, about the MOU. Mr Tomlins—

**THE CHAIR:** It needs to be a concise supplementary. Supplementaries seem to go on forever. I am very generous in letting people run on, but you are using up your time.

**MR DOSZPOT:** The MOU with the union is between the ACT government and UnionsACT. UnionsACT is the peak organisation representing workers in the Australian Capital Territory. This is a whole-of-government agreement which applies to all government agencies undertaking procurement activity. We have been talking about your meetings with the industry-specific MBA. Does this MOU give the unions the same power in some of the other contracts—such as ICT—where the same level of scrutiny will be applied by the unions to whether individuals are union members or not, and other similar issues?

**Mr Tomlins:** The MOU relates to construction and, essentially, to exertion of labour—if you like, what previously might have been called construction and blue-collar work.



**MR DOSZPOT:** No, it does not specify that. It refers to all unions in the ACT and all government agencies. It does not specify construction.

**MS BURCH:** I think Mr Tomlins is just saying how it is applied.

**Mr Tomlins:** Sorry, I will have to—

**MR HINDER:** We can understand how you would not have memorised it.

**Mr Tomlins:** I will have to find the clause, Mr Chair, if you can give me a couple of minutes while we answer other questions.

**MR DOSZPOT:** Can I ask for a couple of other factors to be looked at by—

**THE CHAIR:** It is becoming a substantive question. The supplementaries cannot keep going endlessly; otherwise there will be one question per day.

**MR DOSZPOT:** Okay; I will defer my substantive question to Mr Wall.

**MR WALL:** Chief Minister, the Local Industry Advocate falls within this output class; that is my understanding. What is the budget allocation for that office?

**Mr Dawes:** We have carriage of that. As you are aware, Kate Lundy has been appointed as the industry advocate. Not only is the industry advocate working with the construction sector; they are also working right across IT, Canberra-IN, and working closely with the Canberra Business Chamber. The industry advocate has had a number of meetings with a number of different organisations and has participated in some focus groups with the business chamber. With respect to the dollars you are talking about, it is in the order of \$200,000.

**MR WALL:** What is the remuneration for the Local Industry Advocate?

**Mr Dawes:** That is around \$200,000. That also covers some secretarial support. Initially it is fair to say that the industry advocate is doing a lot more work than we are actually paying her to do.

**MR WALL:** What was the process for selecting the Local Industry Advocate?

**Mr Barr:** A non-statutory executive appointment.

**MR WALL:** Were any other candidates considered for that position?

**Mr Barr:** Yes.

**MR WALL:** What role does the Local Industry Advocate have in the web that is the agreement between UnionsACT and the ACT government in selecting and identifying local businesses to lobby or apply for local work?

**Mr Barr:** The Local Industry Advocate position fulfils the commitment I gave to establish such a role. They advocate exclusively in the interests of the ACT business

community to ensure that work that can and should be done by local business stays in the territory.

**MR WALL:** The engagement, Chief Minister: is it a full-time position?

**Mr Barr:** No.

**MR WALL:** What sort of commitment is expected from the advocate for the position and the remuneration received?

**Mr Barr:** As Mr Dawes indicated, the Local Industry Advocate is working well beyond what she is being paid to undertake. I will get the details for the committee of the exact number of hours that she has committed.

**MR WALL:** Okay.

**THE CHAIR:** Mr Hinder had a supp and then Ms Burch has a new question.

**MR HINDER:** What is the program or focus for the industry advocate over the next 12 months?

**Mr Barr:** Work on the local industry participation policy, which lays out the policy framework requirements for government-funded procurement projects to ensure the highest level of business participation. That is the key piece of policy work, and to work across the areas that Mr Dawes has indicated: working with a number of local business organisations and sectors to assist local businesses to ensure that their opportunities are maximised as part of the procurement process.

**MR HINDER:** Will she be helping businesses get ready for light rail?

**Mr Barr:** The Canberra Business Chamber has a specific program. We have an MOU with the Canberra Business Chamber in relation to—

**MR HINDER:** No, surely not!

**MS BURCH:** Is it secret?

**MR WALL:** No, that one was not.

**MS BURCH:** Neither was the other. Just talk to Mr Smyth; at previous committees, asking all about it.

**Mr Barr:** Yes, that is right. Mr Smyth was asking questions about it seven years ago.

**MR WALL:** He never asked a question. Check *Hansard*, Ms Burch. Never asked a question about it.

**Mr Barr:** It must have escaped your memory that you were asking questions about it seven years ago.

**THE CHAIR:** No, I remember it.

**Mr Barr:** You had hearings on it, but there we are. Then all of a sudden it was a shock revelation.

**MR HINDER:** So it should be working with the Canberra business—

**MR WALL:** Yes, but it has taken months to get the documents out from cabinet. There you go.

**Mr Barr:** Indeed, yes.

**THE CHAIR:** Ms Burch, a new question?

**MS BURCH:** Yes, on budget paper 3, two budget lines. One is “better infrastructure for Canberra—enhanced policy approach” on page 82. Then at the bottom of page 83 there is “confident and business ready”. Can you talk about the first because it seems to touch on what we have just spoken about, which is complex infrastructure procurement, which is of great interest, it seems, this morning. The other is just about broader business development from what I can see. Can you talk about those?

**Mr Barr:** As to the better infrastructure for Canberra, this is a unit within Treasury who undertake infrastructure finance and advice for the government. The division have responsibility for providing advice on complex infrastructure projects. They were involved, for example, in both of the PPP procurements for the courts and for light rail. They also provided advice and worked with the education directorate on new school procurement and also in the context of the University of Canberra public hospital and other larger—

**MS BURCH:** This goes to not going out with a cookie cutter pre-planned but rather being a little bit innovative along the way?

**Mr Barr:** Indeed; that is correct.

**MS BURCH:** Then if you could talk about confident and business ready—building on our strengths. There are a number of elements—Data61, CBR and Fulbright.

**Mr Barr:** That is right. They are the three main elements of that budget initiative. Data61 has a two-year \$2.5 million allocation. There is support in 2016-17 and 2017-18 in relation to the CBR Innovation Network. Then on a recent US trade mission for partnership with the Fulbright Commission the ACT government agreed to allocate \$60,000 by way of sponsorship for an ACT Fulbright scholar. That is a three-year commitment and that is 2016-17, 2017-18 and 2018-19, as outlined in the papers.

The support in the context of the business development strategy also includes support for ScreenACT. You would be aware of the recent success in relation to a couple of fairly high-profile productions in the territory that are—

**MR HINDER:** Another fictional conspiracy, wasn't it?

**Mr Barr:** Indeed; that is right. We may out of the estimates process have the makings of a story with similarities to Godwin Grech and a massive overreach from impatient oppositions.

**MR HINDER:** I will not be investing.

**Mr Barr:** You will not be investing in that one?

**MS BURCH:** Who will play the various roles, Mr Hinder?

**Mr Barr:** It sounds like a story with a sad ending.

**MS BURCH:** How does that then link up? I am also looking at BP3, page 40, around some of the indicators for innovative start-ups. There are new initiatives coming through. But is that building on or filling areas of new development for a general, smarter Canberra?

**Mr Barr:** Yes.

**MS BURCH:** I think I asked yesterday of various witnesses how is all this then tied together.

**Mr Barr:** There is a range of broad supports for ecosystem development and supporting entities like the CBR Innovation Network. Then there is a range of specific programs that go to support different areas of the business development strategy and different areas of comparative advantage for the territory economy. I now turn to one of the officials at the table to provide some further information on the detail you are seeking, Ms Burch.

**Mr Cox:** What is significant in terms of the new policy approach which was announced in 2015 is that there is a more deliberate sector development pathway. That is now being reflected in sub-level initiatives such as the CBR innovation development fund, which for year one is \$700,000 and has just passed 22 applications—I think eight or nine were actually funded—and CBR innovation development fund phase 2. The appropriation starts from 1 July. We have been through an application process just recently. The intent of that program is to look at funding the best sets of initiatives that also tie into the sector development ambitions.

**MS BURCH:** Just to give us a bit of a closer view, what would be some of those? What are we funding?

**Mr Cox:** The current funding round has not been completed so I am not at liberty to actually talk about that.

**MS BURCH:** Last year?

**Mr Cox:** Last year, for example, there was funding provided to the KILN incubator, which is a resident incubator in the CBR Innovation Network. That was provided with, I think, \$100,000 funding to instigate a formalised incubation program. The

continuum of SME or start-up development through the program environment is Entry 29, a shared working space—typically a guy or a gal with a desk with an idea that can graduate then into an accelerated program, which is a more formalised three months in exchange for, typically, equity. So private investors are typically putting in about \$25,000 in equity to the company or the idea in exchange for a three-month rapid development or learning and mentoring program within the accelerated framework. I think we have now had three rounds of the Griffin accelerator, and that has produced some quite interesting company outputs. For example, a company called Enabled Employment came through that process. At the end of that is the KILN incubator, which is a much deeper, longer term company building program with equity investment and mentors and so forth.

That is where those particular start-up outcomes can be created. Beyond that we have got the general environment of CBR Innovation Network which last year had 12,000 individual person visits through the front door. We are also in the process of negotiating the Data61 funding agreement. It is \$2½ million per year for two years, so \$5 million in total. That will have quite deliberate funding directions around cyber security industry development, which is one of the sector development objectives articulated in 2005.

The other side of that would be around smart city, industry development initiatives. The other parts of the program environment, including even the VCs forum and what we are doing with the higher education sector, have a very strong sector development focus where, for example, an institution or an industry has critical mass through the university sector, IP through the university sector, and particularly leadership through the university sector as well.

**MS BURCH:** Does all this enhance keeping our brains trust here?

**Mr Cox:** Sorry?

**MS BURCH:** In the past I have heard that to chase innovation and smart work people have gone to Melbourne or Sydney. It sounds like we could now become a place of destination for some of these innovative start-ups.

**Mr Cox:** That is certainly true. The first rounds of the Griffin accelerator program actually had a national outreach. I think there were quite significant numbers of applicants from outside Canberra. The CBR Innovation Network is, if you like, also acting like a bit of a beacon or a lightning rod for this. It is becoming nationally—and indeed internationally—recognised for what it is doing and it has created a go-to point for the innovation community in the ACT. It is also attracting the interests of other like organisations. For example, there are some entities in Sydney such as Stone and Chalk, which is a similar incubation and innovation centre. There is also Fishburners. There are now mutual agreements and tie-ups between CBR IN and Fishburners. This allows for expertise and capital flow to move between the two cities. There is also work going on with an organisation called, I think, the butter factory in Melbourne, which also has a relationship with CBR IN. So there is now the ability to have expertise, capital and ideas around a more connected environment.

**MS BURCH:** We see the emergence of venture capital; so various people that might

have capital but not so much innovative flair can come in and invest in some of these emerging trends. Is that facilitated through CBR? I want to know who thinks up half these names—Data61, CBR, Chalk and Stone. It is the younger generation perhaps.

**Mr Cox:** Entry 29, KILN and Griffin all relate to Walter Burley Griffin. In terms of venture capital, there has been a fairly long history of ACT government involvement in seeding, leveraging and supplying matching venture capital in the environment here. ANU Connect Ventures was established about 10 years ago. It is now moving into its divestment phase. I think there is one more year of active investing and then it moves into an active divestment phase. The Canberra business development fund is in a similar situation. It is a 14-year program which is now moving into a divestment phase. The question becomes what happens after this. I think the Chief Minister launched a new venture program called significant capital ventures in late May.

**Mr Barr:** Correct.

**Mr Cox:** That is a program that is built around the new entrepreneurship and visa rules that have been put in place by the commonwealth government that allows the placement of equity into compliant funds in Australia. The ACT is now one of a small number of jurisdictions that have managed to put in place a compliant fund for offshore visa applicants to invest in. That is a program that has been created in partnership between the Hindmarsh Group, the ANU, the University of Canberra and also a private equity underwriter, I believe, as well. That program will now move into the formal VC investing space.

Localised VCs are quite important in this environment because, typically, what they also need to deposit into a small company is mentoring and expert and management skills. It has been an issue for Canberra for quite a long time, where the major VC organisations tend to be Sydney and Melbourne based and they tend to operate in their own backyards. We have now got something. We have had a history of 10 years of building up not just the investment but also the management expertise and connectivity around it as well. Just to complete the story, there is also—

**MS BURCH:** Are you going to tell me there is a shark tank over in Allara House?

**Mr Cox:** I could go further. There are some—

**Mr Barr:** Just on the first floor over there, I think, yes.

**Mr Cox:** We have had two companies with significant equity out of the shark tank process. One is called On The Go Sports and the other is called Enabled Employment. But there is also a growing private investor equity movement in Canberra. There are people with significant wealth in the city that are now making active investments in government services.

**MS BURCH:** That was the point of my question: making sure that that is facilitated through groups and vehicles such as yours.

**Mr Cox:** In fact, the volume of that investment is as large or is larger than the institutionalised investment.

**Mr Barr:** I think the point to make here is that a lot of work is being undertaken at a local level, but there is also clearly a national effort. To a certain extent we are in competition with other states and territories who also want to work collaboratively where those opportunities arise. Mr House and I took the opportunity to meet with LaunchVic and Fishburners on a recent visit in the last 10 days.

**MS BURCH:** I was waiting for Mr House to actually christen himself on the official table.

**Mr House:** There is no rush, Ms Burch!

**Mr Barr:** That collaboration and those opportunities are there with the innovation network, together with some of the more interestingly named organisations from different parts of the country. The story of Fishburners is that it was one of the supply ships in the First Fleet which predominantly carried rum, we were told, but nonetheless it is now the source of other—

**MS BURCH:** I think there was a high market for it at the time.

**THE CHAIR:** We might wrap this up. Are you finished with your new question?

**MS BURCH:** I am. Thank you.

**THE CHAIR:** As interesting as the story of the Fishburners is. A new question, Mr Coe. Then we might reverse the order; we will come back to Ms Burch and work our way back down the line.

**MR COE:** I have a question about the total facilities management contract. I do not know whether that is in property or in procurement.

**Mr Barr:** We will just do an officials swap.

**MR COE:** Thank you.

**Mr Tomlins:** Sorry, I missed the question.

**MR COE:** The issue is the total facilities management contract, which I think has been put out to tender and recently closed. Can you please tell me what the breadth of that contract is intended to be; what contract it is intended to replace, and across what directorates; and how many are likely to be on that panel?

**Mr Tomlins:** The contract is now in evaluation, so we will need to be careful, but we can certainly provide information that is on the web and answer that. And we can certainly give the number on the panel, but would not want to give any names.

**Mr Purser:** The model for the TFM is to wrap a common approach across facilities, maintenance, cleaning services and security services; in a sense, obviously, total facilities wrapping up under a common head contract arrangement. The way that has been structured is that it can be developed over time, so agencies will have their own

sub-agreement and they will marry into the head arrangement. You will have one common head contractor who will then subcontract to deliver those services under those sub-agreements. Agencies will develop their sub-agreements over time as existing arrangements expire. At this point, perhaps ESA are looking to come on board, shortly followed by the Property Group, with other directorates to follow in later years.

**MR COE:** Will this head contractor be able to actually do any of the work themselves or will it be purely a job of farming out work?

**Mr Purser:** Largely they are set up to manage the contract. The model is that it is a simple pass-through. They get a fee for managing the work. The way we constructed it was really to provide better coordination. There was not going to be any change in how the services were being delivered currently.

**MR COE:** But will this head contractor be able to do any actual service delivery or goods delivery as part of this contract?

**Mr Purser:** That would need to be considered by the agencies in their sub-agreement. We are establishing them to manage. Then you know, as each agency determines, as it currently does, how it is going to deliver the specific services, they would manage those.

**Mr Tomlins:** If I could just interpose, in a lot of our contracts where we are managing the contract, the project management agreement and these sorts of head contractor agreements, we often allow a bit of work to be done by the head contractor, because if somebody needs to be brought in for a day, the overhead of administration can be more than the cost of doing it. So we allow the head contractor to do a bit of work, and that might be configured into these sorts of things down the line. Usually we also put in a control so that that head contractor can only do the work with the approval of the territory. Then we go in and make sure that they are not doing anything that is unfair. We screen those to make sure that there is value for money and probity in that process.

**MR COE:** Often in these contracts there is in effect a panel that sits underneath this head contractor. Often in effect they have to do all the work that is given to them in order to comply with their panel membership. That can potentially mean that the head contractor can take some of the more fruitful and more profitable work and then farm out some of the more difficult or less profitable work. We have seen that with the housing contract, the total facilities management contract. I was wondering how you are going to overcome that in this contract.

**Mr Purser:** In the model we have set up, the head contractor needs to deliver to us a plan for how the services are going to be delivered, and we need to accept that. We have that facility to ensure that we are happy with the arrangement for all the subcontracting.

**MR COE:** You have that provision, but it comes down to policy within the actual directorate as to how you are actually going to authorise such work. How will you know whether the head contractor is simply taking the profitable work and farming



out the difficult or less profitable work?

**Mr Purser:** I suppose there is full visibility, again, of who is doing the work. We will be able to see all the activity underneath it. I think we will be able to see if anything like that could occur, but we have that provision to determine whether those arrangements are acceptable or not. I think we have good visibility of the activity.

**Mr Tomlins:** There are relationship meetings that occur within these contracts. On either a monthly or a quarterly basis there will be meetings, and there will be performance reviews. These sorts of things are flushed out. We are in a competitive process, and if someone is doing something that is less than could be achieved, that tends to get flushed out. We also get complaints raised with us by subcontractors, et cetera.

**MR COE:** Just two quick supps. Firstly, who has been advocating or lobbying to delay this tender closing for six to eight weeks?

**Mr Tomlins:** I thought the tender closed.

**MR COE:** It did close, but—

**Mr Tomlins:** It was not delayed.

**MR COE:** No, it was not, but did you receive some lobbying or numerous requests to delay closing this tender?

**Mr Tomlins:** We did receive some requests to negotiate or to change elements in the tender, and we have had meetings on that. That is nothing unusual.

**MR COE:** Was that UnionsACT?

**Mr Tomlins:** I think UnionsACT was one of the parties. This is not unusual. For example, on projects like the courts, et cetera, we go out and we have industry soundings. The nature of the contract for the courts—the Chief Minister mentioned that the group in Treasury was involved—was changed as a result of representations from the industry in an environment that we orchestrated. It makes a lot of sense to have a contract. This is what happens in the interactive tendering process that occurred on the courts, that occurred on the light rail, that occurred on the hospital and that occurred on the Coombs school. We work with the groups before the tenders are submitted to make sure that we get precisely what we want and we get it in a way that is efficient for them. That is how Economic Development was able to return about \$30 million to Treasury over the last year; because we were able to absolutely focus on what we wanted and the best way that industry could deliver it.

**MR COE:** Have the tenderers been provided to UnionsACT yet—the list of tenderers?

**Mr Tomlins:** The list of tenders would have been provided to UnionsACT and put on the website.

**MR COE:** Is there—

**MS BURCH:** So it is available publicly?

**Mr Tomlins:** It is available for everyone, yes.

**MR COE:** Is there a requirement for the winning contractor to have an EBA?

**Mr Tomlins:** Not from my knowledge.

**Mr Purser:** No, because the head contractor is really managing all the works underneath it.

**MR COE:** But is there a requirement for the head contractor to have an EBA or is there a requirement for the head contractor to require that subcontractors have EBAs?

**Mr Purser:** No.

**Mr Tomlins:** We do not require any of our contractors to have EBAs. We require them to have pre-qualification, ethical suppliers and IRE certificates.

**THE CHAIR:** Mr Hinder has a supplementary, and then we will have a new question from Ms Burch.

**MR HINDER:** I have a question about the total facilities management contract. I do not know whether I should disclose a conflict of interest.

**THE CHAIR:** Always.

**MR HINDER:** Mr Purser and I play in the federal parliamentary rugby team together. World champions, we are.

**Mr Barr:** That was the point you were keen to get on the record.

**MR HINDER:** He more so than I.

**THE CHAIR:** I am not sure that is relevant to the debate.

**MR HINDER:** In relation to that head contract, does it go as far as to prescribe, say, an hourly rate or a piece rate for work that the contractor might perform so that you know up-front, if they are going to do the work, what it is going to cost us? Or is that up for negotiation when you have these management meetings?

**Mr Purser:** That generally is established in the sub-agreement. Yes, we would see from the head contractor, when they provide their service plan, what the rates are that are going to be paid and how it is going to be delivered.

**MS BURCH:** But it would be a job rate, not an hourly rate? It is just a schedule of costs?

**Mr Tomlins:** Yes.

**MS BURCH:** Not going back to what they are paid?

**Mr Tomlins:** Yes. It could be a lump sum, a schedule of rates, whatever. Yes.

**MR HINDER:** On non-complying tenders, is it unusual to get a non-complying tender put to you, or is all of that worked out? When you said you re-scoped the courts project, was that a result of that consultation prior to tender or was that a non-complying tender that made a lot of sense?

**Mr Tomlins:** No. What happens with these processes in interactive tendering is that we get a list of tenders—and by far the majority of tenders that I have dealt with are complying—and then there is an assessment process. There is a short list. Then the short list is worked with over a period of months. All of the stakeholders are involved in the discussions.

I can remember a discussion with one of the tenderers about the fact that corrections were concerned that the distance between the prisoner cells and the lift was too long and there was a risk that prisoners going in opposite directions might attack one another. At the subsequent meeting, the tenderer came back with that corridor with a wall down the centre and essentially said that prisoners going one way with escorts go on the right-hand side and the others go on the left-hand side. It is that sort of involvement.

After the design is such that we have made all of our comments, it is up to the tenderer to decide whether they want to take them on board. After the tenderers feel that it has been fully discussed, they put in their price. They are given maximum opportunity to be fit for purpose and maximum opportunity to decide what their tender price will be and how they will do it.

They will also come back with innovations. On the Coombs school we got innovations in the millions. The architect working with the contractor comes up with ideas, and they say, “How about this?” The territory has the sole right to say, “Yes, we’ll take it.” It is a reduction in cost for achieving the same fit-for-purpose outcome. Then the tenders come in and then they are assessed.

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

**MS BURCH:** My question relates to the accountability indicators relating to output 9.2, which are dealt with on pages 40 and 41 in BSB, I am trying to get Mr House to come up and talk again. But is there anymore information that we can be provided with in relation to that set of indicators? Again, I made this comment yesterday to the Under Treasurer. Some of the indicators appear static. Is that because that is the best we can do? Are they responsive? Will we grow some of these various ones? For example, new client connections for Innovation Connect are shown as “50, 50 and 50”. They are the numbers for the 2015-16 target, the 2015-16 estimated outcome and the 2016-17 target. What is the science behind them? Are you challenging yourself enough, Mr House?

**Mr House:** I think there are a number of issues around that, Ms Burch, in terms of the capacity not just of government to provide that service but the capacity of industry to absorb it. Some of these indicators obviously are raw numbers but I think what goes into achieving those numbers is harder to fathom just by looking at the budget papers. It is important to ensure that the interaction that we have with industry, as reflected in these numbers, is of a standard, is useful and is—

**MS BURCH:** To consolidate and build on an informed base rather than chase an increasing number perhaps?

**Mr House:** Achieving a higher number for some of these metrics next year is not necessarily the only measure of a good outcome.

**MS BURCH:** On page 41 under “Support development to key industry capability in the ACT Innovation ecosystem” similar numbers are again provided in respect of delivering targeted programs.

**Mr House:** Which page are you on, sorry, Ms Burch?

**MS BURCH:** Page 41, indicator b; does the same logic apply to that?

**Mr Cox:** I might answer that. The “four” relates to four subprograms, they being CBR IN, Data61, CollabIT, which is an SME ICT engagement program, and also ScreenACT. That is the delivery of those four programs. The level of activity in each of those programs varies. For example, CBRIN, buried within—

**MS BURCH:** In here.

**Mr Cox:** Within the four in the sub-level. We now have CBRIN rapidly growing. In fact, it is growing out of its physical capacity at Moore Street. I think I said in an earlier response that there is something like 12,000 people that have been through the premises over the past 12 months. Then we have Data61, which I provided information on in a previous question. It will focus on smart city and cyber initiatives.

On a daily basis, Data61—the old NICTA—would have an interaction with an SME about something, whether it is around a commercialisation strategy or mentoring around technical issues. We have a much deeper level of reporting around the Data61 or the NICTA contract.

We have a formal meeting and review process with them every quarter. We also negotiate a statement of intent each year, which is also aligned with its federal connections. It also has various other funding partners, including state governments and universities.

**MS BURCH:** Is indicator c, Invest Canberra, which may or not be the responsibility of you two gentlemen, the same? This relates to Trade Connect grants delivered. Can you tell us what makes up those grants—what sort of trade, what sort of businesses are in there?

**Mr Cox:** There is a large range of SMEs that participate in the granting program.

Typically, a grant I think is—I am struggling here; is it \$50,000 per annum? Typically it would be a co-investment-type grant. So the applicant would articulate a business development activity, typically an offshore activity—perhaps participation in a major sectoral trade fair or something like that. The ACT government would provide an agreed amount towards the cost of that—no more than 50 per cent of the total cost. The report on the actual grants paid to companies is in the annual reporting process, but they typically range in the \$2,000, \$3,000, \$4,000, \$5,000 range per company.

**Mr House:** It is a good example, Ms Burch, of the difference you can garner simply from the budget papers versus the activity that lies beneath. The accountability program for 2015-16 for that particular program was 20 grants. In 2015-16 there have been 60 applications approved and in total just over \$285,000 provided.

**MS BURCH:** The footnote makes reference to a stronger new cooperation agreement with Canberra Business Chamber as well. That links the various players in town.

**Mr House:** That is correct.

**Mr Cox:** CBC are now doing mentoring and company prep for the trade missions, for example. So part of the reason why there has been an increase in activity over the past 12 months is because there were, I think, three trade missions over the course of the year. There was very strong interest from the business community to participate in those trade missions. Companies participating in them would typically—if they qualified—apply for some sort of a grant as part of that process.

**Mr Barr:** The overall picture here is one of very strong service export growth, as we have discussed previously. ACT service exports increased by 16.2 per cent to \$1.6 billion in the 2015 calendar year. That is the sort of work that has been undertaken.

**MS BURCH:** Would that be growth that would outstrip other states?

**Mr Barr:** It certainly would, yes. In fact, if you look back over the past five years, the standout performer in terms of service export growth in the nation is the ACT. That, of course, flows through to other economic indicators and supports the tripling of economic growth in the territory in the past three years. We have the lowest unemployment rate in the country, strong population growth and then one other key statistic that the committee should take note of and that should feature in the estimates committee report is that—

**MS BURCH:** Let us know what that is, Chief Minister.

**THE CHAIR:** Would you like to join us for the deliberations?

**Mr Barr:** the number of ACT-based businesses increased by a third of one per cent in the 2014-15 financial year to 25,689. The latest census small business index continues to show that small and medium enterprises support the policies of the ACT government with the second highest ranking nationally, which reflects the government's efforts in the economic development sphere, but also in the regulatory sphere, to reduce red tape, to become more efficient. The CommSec *State of the states*

report shows that the ACT economy is in third place on business conditions amongst the states and territories.

As we discussed previously, the shift in economic growth in Australia back into the south-east corner—into New South Wales, Victoria and the ACT—is definitely occurring, but the ACT on all of these key indicators demonstrates a very strong performance. It is to the great credit of the team of officials gathered before you this morning that a lot of these opportunities have been realised. It is frankly disappointing that in the 90 minutes we have spent on this area we have had the opportunity to talk about this for about five minutes. But that reflects, chair, the priorities of your colleagues in asking questions that you alluded to numerous times during the hearing.

**THE CHAIR:** Members will spend their time as they see fit.

**Mr Barr:** They certainly will, and it is a reflection of who is interested in the future—

**THE CHAIR:** No, we do not—

**MR DOSZPOT:** Why don't you give us an opportunity to ask a question now, Mr Barr, instead of pontificating—

**Mr Barr:** and the growth of our economy, job creation, opportunity. I thank members for their questions on those very important topics.

**THE CHAIR:** With that, we will go to Mr Doszpot for what will probably be the final question.

**MR DOSZPOT:** This is a procurement issue.

**Mr Barr:** Shock me!

**MR DOSZPOT:** You might be surprised by the question, I think.

**Mr Barr:** I might be surprised? I am always open to being surprised by you, Mr Doszpot. As you know—

**MR DOSZPOT:** I am always very happy to surprise you.

**Mr Barr:** I have great respect for you, sir. Please, surprise me with a question.

**MR DOSZPOT:** The question relates to a procurement issue I brought up about a current tender. I am waiting for the relevant people to come to the table. Mr Tomlins, the question I am about to ask I asked yesterday during our consideration of Shared Services and I was told it would be a more appropriate question for procurement, which we are discussing now. There currently is, I understand, a tender for the department of health that is outstanding. Are you aware of this particular tender itself?

**Mr Tomlins:** The department of health is a large part of our business. There would probably be quite a few. Could you—

**MR DOSZPOT:** I understand it is a tender that probably relates to fairly significant work that Health is undertaking and possibly has some relation to—

**Mr Barr:** Are we meant to guess or are you going to tell us which one you are talking about here?

**MR DOSZPOT:** ConsultIT is part of the tender activity. It is a tender to do with ICT.

**Mr Tomlins:** I do not know much about that. That would be being handled by Shared Services ICT with our goods and services area. I am not—

**THE CHAIR:** Yesterday they referred us to you.

**Mr Tomlins:** Right.

**MR DOSZPOT:** What I will do is—

**MR HINDER:** Have you got a tender number?

**MR DOSZPOT:** I will ask a couple of questions and perhaps you can take these on notice. Essentially, the question relates to a tender that was put out in March. Within a very short space of time—a week before closing—there were significant changes made to the weighted criteria with only five business days from the closing period. Weightings were significantly changed, including the pricing being blocked as a weighted criterion.

There are a number of issues with this. This is just the opening question. I understand that the tender still has not closed—sorry, I think the tender has been either extended or not awarded. I am not quite sure of the actual status of the tender at the moment. Keep in mind, this was back in March that it was let. It was supposed to close in the middle of March. We are now nearly at the end of June and there are questions as to why nothing has happened.

The question is: what prompted such a significant change to the weighted criteria that was advised in an addendum—I think addendum 6, to be specific? What was the logic behind the original RFT weightings and the revised weightings? Who instigated the changes? Why did the changes occur? Is it highly unusual or even permissible under procurement guidelines for criteria weightings to be changed during the actual course of such an RFT? Why was there no local SME weighting included in the original RFT? What governance was in place for the conduct of this RFT? Was a probity adviser appointed to this RFT process?

Further questions have to be asked: were there any concerns raised by a probity adviser, if there was one appointed? Further to yesterday's question, I am led to believe that there are three parts to this. There is procurement, there is Shared Services and there is also the Health Directorate's own ICT specialists. So between all of these, I would like to understand or get some answers about—

**Mr Barr:** We will take it all on notice. It would be useful if there is any further detail you can provide. That will assist. We have been furiously writing things down but—

**Mr Tomlins:** Could I suggest a meeting?

**Mr Barr:** We will see what we can do to resolve that issue for you.

**MR DOSZPOT:** So did I surprise you, Mr Barr?

**Mr Barr:** Did you surprise me? No, not really.

**Mr Tomlins:** Mr Chair, could I respond to Mr Doszpot's previous question about the MOU?

**THE CHAIR:** Yes.

**Mr Tomlins:** On page 2 of the MOU under the definition of "employee", it talks about anyone who works for a provider under a contract that is wholly or principally for the labour of a person. Then over on page 4 under "Part 4—project management", it says that contracts that do not provide for the provision of labour are excluded from this requirement. The advice we have is that, essentially, it is construction and blue collar.

**MR DOSZPOT:** Can you take another question on board? My understanding is that other companies do have people who provide labour outside of the construction industry. The ICT industry is one of them. They are service technicians. There are people who lay cables and all sorts of labour is provided. They also provide services as well. So if you read the terms of the MOU, that covers just about every industry in Canberra.

**Mr Tomlins:** We will respond.

**THE CHAIR:** Perhaps you can take it on notice and respond. Members, that finishes the first session of today. We have now finished with economic output class 9.1, 9.2, 9.7 as well as procurement and capital works, 8.1. We will return just before 20 past 11 and we will look at output class 9, Economic Development; 9.3, VisitCanberra; 9.5, venues; and 9.6, events.

**Sitting suspended from 11.03 to 11.21 am.**

**THE CHAIR:** Good morning all, and welcome back to the fourth day of estimates. Witnesses, please be aware that today's proceedings are being recorded and will be transcribed by Hansard and published by the committee. The proceedings are also being broadcast as well as being webstreamed. When you come to the table, could you please read the privilege card and be aware of the implications of privilege.

Chief Minister, in regard to VisitCanberra, could you update the committee on the progress of the move of the visitor centre to Regatta Point.

**Mr Barr:** Yes.

**THE CHAIR:** In particular, a number of people have raised with me how will you



park your caravan up there during Floriade or how will you park a caravan up there when you arrive at the best of times, let alone during Floriade.

**Mr Barr:** Yes, the construction on the combined facility that is both the new visitor centre and the National Capital Exhibition, which is the NCA part of the building, is nearing completion. I understand the visitors centre will start their move in on 15 July and will be fully moved by the end of that month. I am noting a nodding of heads from officials.

In relation to parking, there are a number of arrangements in place with the National Capital Authority both in Floriade and non-Floriade times around parking availability, both short and long term. There is more large vehicle parking at Regatta Point than there is at Northbourne Avenue; they take big coaches. Also there is more parking at Regatta Point than there is on Northbourne Avenue. There are more major arterial roads that connect, and as far as the outlook from the visitors centre in terms of selling Canberra from that location is concerned, I am not sure there is a better location in Canberra, other than possibly the view from the top of the Arboretum.

I know change is difficult for some people and they have been used to a particular style of visitor centre in a particular location. But it is on the same major road—you take a left-hand turn off the same major road, but the location here is central. The road directly in from the airport where we are going to have a lot more tourists coming through, again, very directly connects. The new visitors centre will provide a fundamental leap in terms of the look and feel of the place.

I will invite either Mr House or Mr Hill to talk a little more about what the new centre will provide.

**Mr Hill:** As the Chief Minister has outlined, we are on the move from 330 Northbourne to Regatta Point. We did some scoping on a range of sites. We do not think there is a better site in Canberra for the visitors centre. We are currently attracting round about 130,000 people to our site. The move to Regatta Point combines with the National Capital Exhibition, which the NCA run. That attracts around 140,000-odd school kids, so we are expecting growth in visitation through our centre.

We also think there is an opportunity to engage more holistically with the Canberra community. About 30 per cent of people who come to visit Canberra visit for the purpose of visiting a friend or relative. So the local community is an important advocate for Canberra as a tourism destination. This site allows us to do that.

We are looking at a total re-imagination of the current offering to the new offering—very digitally focused, a lot of content being displayed through the centre. There will still be brochures, there will still be staffing, there will still be volunteers. But if you can imagine an Apple store experience, it is going to be more like that than our current visitor centre. Our staff will be out front. They will be welcoming people as they come through, sharing information on all of the great things to see and do. We are very much looking forward to engaging around content.

We are seeing more and more people come through with mobile devices. They are

taking photographs, images, video. Again, you can imagine someone coming through our centre being encouraged to go to Stromlo Forest Park to go mountain biking, and we will share some of the footage that they take through some of our digital screens.

It will be a very different type of experience in an iconic location. Car park issues—there will still be some free car parking for short stay. There is greater car parking capacity and certainly more space for things like Winnebagos and the larger vehicles that a lot of drive tourists bring through.

**THE CHAIR:** I know that car park well.

**Mr Hill:** Yes.

**THE CHAIR:** What happens in Floriade, though, when the parking up there is constrained?

**Mr Hill:** Good question. We are working very closely with EventsACT at the moment around integrated transport solutions for Floriade. Floriade is always a time that puts pressure on car parking in that area. There have been some good recent solutions with people like the Canberra Centre running shuttle buses from the city, park-and-ride options, the loop bus that currently is privately operated picks up and does more services during the Floriade time. Things like Uber are part of the solution for this, so share-riding facilities, and also scoping out where people can park and ultimately access. I think there will be some more scope around boat tours off the lake, too, where the centre is. We are anticipating some new operators entering the market around some of those transport solutions.

**Mr Barr:** It would also be worth noting that there will be 500,000 people over the course of that month right next door. In fact, I expect that the visitor centre will receive more people in its new location than it would telling people who have come down to Floriade that, “No, you have to go all the way up to Northbourne Avenue to get further visitor information.” It is going to be right there at the centre of the city’s biggest tourism event with the best vista looking over some of the best tourist attractions our city has to offer.

I will invite Adam to talk a little about the specifics.

**Mr Stankevicius:** We have been very cognisant in planning this year’s Floriade of the fact that VisitCanberra is moving into the site and is going to take a prominent position. We think there are some fantastic opportunities to work together. That has forced us to rethink the way in which we accommodate the vehicles related to traders on site. We will reduce the amount of space that traders are actually taking up in parking all day or relocate. That will also provide further opportunities for car parking to be available to people who are visiting both the visitor centre and Floriade.

**THE CHAIR:** What happens with the existing visitors centre on Northbourne Avenue?

**Mr Barr:** It will become in the short term a facility for the light rail construction.

**THE CHAIR:** “Short term” being how long?

**Mr Barr:** The duration of the project I would imagine—so 2016 through to its completion in 2018.

**THE CHAIR:** Two years.

**Mr Barr:** Thereabouts.

**THE CHAIR:** Hardly short. So was the visitor centre moved to facilitate providing an office for capital metro?

**Mr Barr:** No. It was moved as part of the asset recycling initiative associated with that parcel of land and the adjacent parcel that was one of the first of the old public housing sites to be demolished. The decision to relocate was associated with the asset recycling initiative. To the extent that the asset recycling is associated with the rejuvenation of Northbourne Avenue, then, yes, there is a connection. But, regardless, we would have needed to reinvest in the visitors centre in the context of its look and feel and its approach. We have the opportunity here with a better location to get a better outcome, which we believe we have.

**THE CHAIR:** When capital metro moves in, is that capital metro ACT public servants or is it capital metro the consortium?

**Mr Barr:** The consortium.

**THE CHAIR:** The consortium?

**Mr Barr:** Yes.

**THE CHAIR:** And they will be charged rent, will they?

**Mr Barr:** That is an interesting question. I will need to check on that.

**Mr Dawes:** If I may answer, Chief Minister, as people are aware—and we can probably discuss this a little further this afternoon—part of that site on that side of Dickson is for sale and that forms one precinct with the current flats that have been demolished. The visitors centre forms one parcel of land that will go to the market.

**MR DOSZPOT:** Chief Minister, can you tell me the ratio between the number of total visitors to Canberra and the number of visitors during Floriade?

**Mr Barr:** Total visitors to Canberra for the past 12 months in term of domestic overnight visitors, 2.3 million and 200,000 international visitors. That is an all-time record level of visitors to Canberra: credit to the team at VisitCanberra and the outstanding efforts over recent years to significantly grow tourism in the territory to the point that in the past 12 months we have seen the highest ever number of tourists visit our city.

Floriade attracts around 480,000 visits. Of that 480,000 a number of people attend

more than once over the course of the month, and there are a large number of Canberrans who attend. From memory, the surveys of international and interstate visitors for Floriade are around the 130,000 mark, thereabouts.

**Mr Stankevicius:** It is about 50-50.

**Mr Barr:** Yes, in terms of actual individuals. Of the 2.5 million domestic and international visitors, around 130,000, 140,000 visit Floriade.

**MR DOSZPOT:** So it is less than one-eighth, whatever that calculation is.

**Mr Barr:** Yes, but it is our single biggest tourism event.

**MR DOSZPOT:** I understand. I have given you a dorothy dixer, so thank you. The question I and a lot of other people in Canberra have is, to use the logic of moving the location of the visitors centre because of the benefits that Floriade will bring seems a long bow. Most people have been aware of the location and they have been very happy with being able to access the site on the way in to Canberra rather than then trying to seek it out, as they will have to now. That is the logic that defies—

**Mr Barr:** It is change, Steve, I understand that. If you ever move—

**MS BURCH:** So when I come in from the Monaro Highway I automatically go to—

**Mr Barr:** Indeed. The point being that its location a long way out of the CBD and away from most of our major tourist attractions is not ideal. Yes, it was there and it had been there for a long time, but most other visitor information centres are located in CBDs or central areas.

**MR DOSZPOT:** Centrally accessible, yes.

**Mr Barr:** If you come in from the east or the south on the Monaro or the Kings highways, you would have to go north of the city and go out of your way to get to the centre. Again, I know I could look outside, Steve and say, “Mmm, a sunny day would be nice,” and you would disagree with me because I said it.

**THE CHAIR:** Chief Minister, keep it—

**MR DOSZPOT:** Chief Minister, your condescension is incredible.

**Mr Barr:** The fundamental point here is—

**MR DOSZPOT:** I asked you a simple question—

**Mr Barr:** And I am responding to it.

**MR DOSZPOT:** and you are getting into the personal aspects of it.

**Mr Barr:** And I am responding to it. The only reason you are asking these questions is because we have proposed change.

**MR DOSZPOT:** Not at all. I am here as a member of this committee—

**Mr Barr:** No, it absolutely is.

**THE CHAIR:** Gentlemen, if we could come back to the question.

**MR DOSZPOT:** If you cannot take the scrutiny, you should not be here. Okay?

**Mr Barr:** It is not a question of taking scrutiny, Steve; is it a question of responding to your questions.

**MR DOSZPOT:** We are asking—

**Mr Barr:** And I am attempting to, but you keep on interjecting.

**THE CHAIR:** Mr Doszpot, please.

**Mr Barr:** So the simple point here—

**MR DOSZPOT:** You are incredible.

**Mr Barr:** The simple point here is that we have taken a decision to move the visitor information centre to a better location. You can disagree with that; that is fine. But my assessment of your reason for disagreeing is that it is not based on any of the objective facts; it is because we have proposed it. That is fine; you can oppose for opposition's sake. But fundamentally this was the right decision to take. Collocating this facility with the national capital exhibition in a fantastic location is the right decision. We have taken it. The new centre opens in a few weeks, and it will be an outstanding success for Canberra. And it comes off the back of an all-time record level of tourists in our city before the international flights start.

This is one area, Mr Doszpot, where the government's decisions and the government's work have consistently delivered amazing outcomes for Canberra. The work of this team and the advice the government received on the best location for the visitor centre has been taken. We are investing in a new world-class facility reflecting the changing nature of the visitors to our city and their preferences and the way that they want to consume tourist information. That is what has underpinned the decision. Because I have taken it, you do not like it. That is why.

**MR DOSZPOT:** Mr Barr, your condescension has reached its high limits.

**MS BURCH:** My supp?

**THE CHAIR:** All right.

**MR DOSZPOT:** No, I do—

**THE CHAIR:** No, it is not for commentary. You have had your question.

**MR DOSZPOT:** It is not for commentary, Mr Smyth, but I cannot understand why—

**THE CHAIR:** No. Yes, you can.

**MR DOSZPOT:** the Chief Minister is allowed to have all of these wonderful little side comments which have nothing to do with—

**Mr Barr:** Because I get to answer the questions. You get to ask them; I get to answer them.

**THE CHAIR:** Mr Barr, I am quite capable of answering—

**MR DOSZPOT:** You just do not like anything—

**MS BURCH:** A supp—

**THE CHAIR:** No, Mr Doszpot—

**MS BURCH:** Mr Doszpot—

**MR DOSZPOT:** that questions—

**MS BURCH:** Mr Doszpot, you have been called to order by the chair.

**THE CHAIR:** Ms Burch, I do not need your assistance; it is not helpful. Mr Doszpot, if you have a question rather than a comment, continue. Otherwise, Ms Burch, you have the call.

**MS BURCH:** Thank you. My question goes to the visitors centre. It was something that Mr Hill mentioned. The Apple experience caught my attention. With this new state-of-the-art facility, do we have apps that guide tourists around our city? Could people go into this and have an Apple experience, that is, actually download an app that says, “I want to follow street art; I want to follow walks; I want to do all of that.”? Can you talk to me about how ICT will enhance that type of experience?

**Mr Hill:** It is a very good question. The ICT is a critical component of what we do more broadly in the tourism space. All of our research shows, internationally, nationally and locally, that consumers are using technology to research their next holiday and to book and consume their next holiday. What is becoming very interesting is sharing that experience through social networks. Then they are advocating for a particular destination.

We have been doing a lot of work over the years in that space, from human brochures to digital campaigns. Our latest platform is called “one good thing after another”, and it is an app-based execution. There are five hero videos of mini-moments that depict the types of experiences you can have in Canberra. That has been loaded up through the Apple store and has already had about a thousand downloads.

We have also got a visitor guide which is in hard copy but also in an app format which is downloadable. We have multiple apps that we are using at the moment.

There is absolutely no doubt that people are engaging with that technology. I am sure that, like the people in this room who are looking at where they will go next on holiday, they tend to research online.

Our website continues to be a really important asset for us, too, and it is a mobile-friendly website. It is built to be viewed very easily on a mobile phone or a tablet. Again, the growth in visits has gone from about 1.4 million visits a year to about 1.6 at the moment on our website. We are going to continue to invest in that type of technology and generating content. A really important thing for us is that it helps show the authentic side of Canberra. There is only so much you can do in a brochure; there is so much more you can do through social media channels and video. How we execute that is something we are very focused on.

**MS BURCH:** As you move around town, you can see signs—“Walk this way; 2.4 kilometres”—but you are saying that when I go for a walk in the morning and plug myself into my phone I can now actually get instructions on the phone to cover, say, the public art in the city?

**Mr Hill:** There is a range of apps that we run and there is a range of apps that are run by other operators—ANU and others—who do walks around the area. Technology is enabling us to connect with those types of partners as well. Absolutely.

**MS BURCH:** The Apple store—just intriguing.

**THE CHAIR:** A supplementary from Mr Hinder, and then a new question from Mr Hinder.

**MR HINDER:** For those tourists who are not young hipsters like Ms Burch with her apps—

**MS BURCH:** That is the first time I have been called a hipster, Mr Hinder.

**THE CHAIR:** It is a broadening of the definition.

**MR HINDER:** You are a long time dead. Is there any plan to replace, at each of the major entry points to Canberra, any sort of signage that could perhaps direct the grey nomads who still use phones for ringing people to where the tourist information centre might be?

**Mr Hill:** Yes. Part of the relocation is that all the major gateway entry signage to Canberra that has the big “I”, which is an internationally recognised symbol, is being updated. That will go live in early July. All that directional signage about how to get to our visitor centre will change. And we are still very conscious of the needs of consumers that walk in our door. We still stock brochures. We have people out front talking to people. There is very much a human element in our interaction through the visitor centre as well. It is not all digital but, in terms of net balance, we are certainly moving towards that digital space.

**MR HINDER:** They will not be confused about where they need to go if they do need information?

**Mr Hill:** Correct. That big “I” is the key, and it is globally recognised.

**Mr House:** One of the things to add about the platforms that VisitCanberra have been rolling out is the ability for those to be integrated with and to integrate campaigns run at a national level, which are obviously all in a digital space. The interoperability of that is important; for us to be able to ride on the coat-tails, as it were, of national campaigns and vice versa.

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

**MR HINDER:** I have a segue about the international aspect of that. We have our record numbers of tourists visiting both internationally and nationally. I was at the tourism awards a couple of months ago and heard that either Wellington council or the New Zealand government are running full-page ads in Singapore saying, “Visit Middle Earth”—with “via Canberra” in very small print. What are we doing to ensure that we continue to maximise the influx of tourism and their bed night dollars?

**Mr Barr:** We are obviously strategically placed in the new capital express route in so much as we get the direct service to Singapore and the direct service to Wellington without having to go via another city. It has been years of work to get to the point where Singapore Airlines made the announcement they did. We are obviously doubling down in our efforts now to capitalise on that new international opportunity. Next week I will lead a delegation to Wellington to formalise the sister city relationship between Canberra and Wellington. VisitCanberra was in Wellington about a month ahead of that trip doing some important work on the ground with key tourism partners in Wellington. Similar exercises have been undertaken in Singapore. This year’s budget provides a significant additional boost to international marketing in those two key destinations.

As part of the partnership with Singapore Airlines and Tourism Australia, of course, we are also able to tap into their contributions, their resources and their channels to further promote these services across a much wider network. When we were in China for Australia Week in China, we met with Singapore Airlines’ north Asia representatives together with Tourism Australia’s north Asia representatives. Singapore Airlines is a preferred airline for Chinese tourists to come to Australia. They are quite happy to do the connection from a part of China directly into Changi and then go from Changi Airport into Australia. That opportunity is there for us. Again, we are working diligently to take up those opportunities.

The connections on the New Zealand side are as important to us as the south-east Asian connections. The fact that we have moved ahead so quickly with a sister city relationship and intend to build not just on the tourism elements of that relationship but on a range of other economic development and cultural, social and other opportunities reflects the importance we place on that New Zealand relationship.

In many regards, Canberra and Wellington should have had this relationship years ago. But the tyranny of distance or the poor aviation connections meant that cities that are really three hours apart were eight hours apart, given the process to get there. Now is our moment, and we are seizing that opportunity. We are very pleased with the



unanimous support of the Assembly for that new relationship, and we look forward to building on that.

I will ask Ian to talk a little about the specific plans that VisitCanberra has in market in those two key areas.

**THE CHAIR:** While you do that, could you elaborate on where the money is coming from. VisitCanberra's budget just goes up \$4,000. Are the additional funds somewhere else?

**Mr Barr:** Yes, there is an appropriation.

**THE CHAIR:** Yes, I appreciate that, but where do they reside?

**Mr Barr:** We will come to that whilst Ian talks to that.

**Mr Hill:** In terms of the international marketing we are doing now, we are very active as we speak. We are active in market in Malaysia, in Singapore and in Wellington. That is off the back of some recent sales missions. These have been about building relationships. We are doing some consumer work now—outdoor, bus shelters, some digital advertising—in partnership with Singapore Airlines. You are seeing promotions about Canberra with a fare attached to that. It is about \$648 Singapore return to Canberra, which is a great price from Singapore.

We are doing some work with Singapore Airlines in Wellington, in particular, the Wellington region. Again, there are flights from \$392 return to Canberra. That has been in market for about four to five weeks. Since that campaign with Singapore Airlines, we have been made aware by SQ that over 580 tickets have been booked as a result of the campaign. Some of the tactical work we are doing that the community here does not see because it is being done offshore in market is certainly delivering some promising results on the inbound side.

Going to your point around Wellington starting to do some work here, you would be expecting to see more of that. We have not seen much from the Singapore Tourism Board or too much from Wellington here yet, but we obviously want the route to work both ways. Singapore Airlines want that to work so we can grow from four flights a week to five, to six, to daily. But, rest assured, we are very active at the moment in some of these offshore markets.

**MR HINDER:** Is any other carrier showing an interest?

**Mr Barr:** We see the engagement in terms that international aviation will continue to focus on a connection east to New Zealand and then on to north and south America. We have met with Air New Zealand on a number of occasions, and they would be a logical partner for a Canberra-Auckland connection; from Auckland, you could then access a range of destinations in north and south America.

Air New Zealand are the logical partner because that will bring passengers into their major hub—being Auckland—so we will continue to work with them over the medium term. But to put a time frame on this, a realistic time frame, it was around

four to five years worth of work with Singapore Airlines. Getting that service from four times a week to ultimately a daily service is the priority in the short term. Air New Zealand connections would be a medium-term priority—something we would work on in the next parliamentary term. I would hope that the same sort of approach that we have undertaken with Singapore Airlines would work with Air New Zealand. But, obviously, there is a lot more to be done. I am meeting with the New Zealand Prime Minister, who is also tourism minister, in Wellington next week. I will take the opportunity to begin that process of deeper engagement with the New Zealand government on this opportunity. But it is a medium-term prospect. The short-term goal, of course, is to make an outstanding success of the current Singapore flights and increase their frequency.

Going to Mr Smyth's question in relation to output class 9.3, as is normally the case, there are movements in and out.

**THE CHAIR:** Indeed.

**Mr Barr:** But the major change out is that the brand Canberra appropriations have moved to output class 9.2. So that is an out, and the in is the new appropriation together with a series of impacts of rollovers and the like. We can provide a reconciliation.

**THE CHAIR:** Do the reconciliation, yes.

**Mr Barr:** But the major thing out is brand Canberra going into another output class. That takes a significant amount of money out of the output class—

**THE CHAIR:** How much goes with brand Canberra?

**Mr Barr:** About \$700,000, and then the budget initiative, the new initiative for this year for—

**THE CHAIR:** Is \$2.3 million for VisitCanberra?

**Mr Barr:** Yes, that is right.

**THE CHAIR:** You are taking \$700,000 out; you are putting in \$2.3 million.

**Mr Barr:** Yes, and then there is a series of—

**THE CHAIR:** Where is the other 1,600—

**Mr Barr:** rollovers from 2014-15 to 2015-16 of \$1.1 million.

**THE CHAIR:** That makes it worse.

**Mr Barr:** It means that 2015-16 is a larger year. Your comparative year was rolled over from previous initiatives. If you are talking about where the base has gone—

**THE CHAIR:** Yes, all right.

**Mr Barr:** We do not see that that makes it better in the context of where the base is.

**THE CHAIR:** Sorry, I thought you were talking about a rollover into 2016-17.

**Mr Barr:** No, for the previous fiscal year.

**THE CHAIR:** Which makes it worse.

**Mr Barr:** Yes. So with the point-to-point comparison of what the base is, the new initiative is as outlined in the budget papers for that specific purpose.

**THE CHAIR:** There is lack of clarity. A reconciliation would be useful. Mr Doszpot, a new question.

**MR DOSZPOT:** Thank you. Chief Minister, going to BSB, page 27, events, why was the National Arboretum transferred from TAMS to this directorate?

**Mr Barr:** To consolidate all of the territory venues in the territory venues portfolio.

**MR DOSZPOT:** Regarding the arboretum, how many dead trees have been replaced?

**Mr Stankevicius:** It depends which year you are talking about.

**MR DOSZPOT:** Let us take the last financial year. Which ones have you got a record for?

**THE CHAIR:** How many years have you got?

**Mr Stankevicius:** In terms of the trees that have been replaced, I think last financial year it was about 900.

**MR DOSZPOT:** And the previous year?

**Mr Stankevicius:** I have not got the figures for the previous year, but we can provide those.

**MR DOSZPOT:** That would be good.

**Mr Stankevicius:** Yes.

**MR DOSZPOT:** Also, in which forests have the trees been replaced?

**Mr Stankevicius:** I do not have that list with me. I can provide that.

**MR DOSZPOT:** That is fine. If you can provide that as well, that would be good—for the past two years for starters.

**Mr Stankevicius:** Yes.

**Mr Barr:** Are you mob still against the arboretum?

**THE CHAIR:** You view a question as some sort of opposition; this is just gathering information, Chief Minister.

**Mr Barr:** No; all questions have motivations.

**MR DOSZPOT:** It is very hard not to respond to the cynicism, Mr Chair.

**THE CHAIR:** Move along, Mr Doszpot.

**MR DOSZPOT:** How much has the ACT government spent on replacing the dead trees each year since the first forest was planted?

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

**MS BURCH:** And a supp on that, if I can—

**THE CHAIR:** You come through me for the supp. That is okay.

**MS BURCH:** It is a supp.

**THE CHAIR:** I think he is still running.

**MR DOSZPOT:** You have to talk to the chair about it.

**THE CHAIR:** No, Mr Doszpot—

**MS BURCH:** I did.

**THE CHAIR:** Would you just stop it.

**MS BURCH:** Yes.

**THE CHAIR:** Mr Doszpot, keep going. Ms Burch, I note you want a supplementary.

**MR DOSZPOT:** Thank you. Has the ACT government, Chief Minister, conducted a review of the health of trees in the various forests?

**Mr Barr:** Yes, I believe so.

**Mr Stankevicius:** Yes, we have.

**MR DOSZPOT:** And who conducted the review?

**Mr Stankevicius:** The review was conducted by Mark Richardson, who has a long involvement. He is a consultant who has a long involvement with the Arboretum.

**MR DOSZPOT:** What were the outcomes of the review?

**Mr Stankevicius:** The outcomes of the review were a report delivered to us with a series of recommendations, which the government is currently considering.

**MR DOSZPOT:** Are you able to elaborate on that?

**Mr Stankevicius:** The government is currently considering it in the cabinet process. When the government makes its decision, then information will be available.

**MR DOSZPOT:** What is this? Top secret information, is it?

**Mr Stankevicius:** It is, as usual, the confidentiality of the cabinet process. That is where the government is considering that report at the moment.

**MR DOSZPOT:** Will there be a report of the review to be released to the community?

**Mr Stankevicius:** That is up to cabinet to make that decision.

**Mr Barr:** The cabinet will make its determination on that in the fullness of time, Mr Doszpot. I would imagine so. I do not think this is an area of state secret, but I would not pre-empt a cabinet decision.

**MR DOSZPOT:** So you are not anti suppressing information?

**MS BURCH:** Honestly, Mr Doszpot.

**Mr Barr:** It is always revealing, the line of questions that indicate the prejudices and perspectives of the questioner.

**MR DOSZPOT:** And the prejudices of the answerer, as well.

**Mr Barr:** We see this all the time.

**THE CHAIR:** Moving along, gentlemen.

**MR DOSZPOT:** BSH, page 30, what is the reason for the spend of \$220,000 in 2015-16 for the official opening of the Arboretum in 2013?

**MS BURCH:** BP3?

**MR DOSZPOT:** BSH, page 30.

**Mr Barr:** Budget statement H?

**MR DOSZPOT:** BSH, page 30.

**Mr Stankevicius:** Sorry, could you repeat the question, Mr Doszpot?

**MR DOSZPOT:** Certainly. There is a spend of \$220,000 in 2015-16 for the official opening of the Arboretum, which was in 2013.

**Mr Stankevicius:** Yes, it was. We will have to dig in and get to the details of that, obviously.

**MR DOSZPOT:** My question, then I will make way for Ms Burch—

**Mr Barr:** Sorry, which page was that on in budget statement H?

**MR DOSZPOT:** Page 30.

**MR BARR:** Page 30. I am just loading it up now.

**THE CHAIR:** It is the seventh item down.

**MR DOSZPOT:** The two questions I have regarding it: why was payment made so long after the actual opening, and who was the payment made to?

**Mr Stankevicius:** Absolutely. We will definitely take those on notice and come back to you.

**THE CHAIR:** Unless the Chief Minister has an answer.

**Mr Barr:** I am just looking for the reference.

**THE CHAIR:** Perhaps Ms Burch, you would like to ask your supplementary while they ponder.

**Mr Barr:** And they are rollovers from a previous year.

**MS BURCH:** It was a supp on the line of inquiry around dead trees at the Arboretum. I am a keen gardener, and with the best intent and planting and care, trees will go. Maybe in this report—and within budget confidence—you could provide the circumstances around why trees were replaced.

**Mr Stankevicius:** Yes.

**MS BURCH:** I think it would be useful additional information to crude numbers.

**Mr Stankevicius:** Absolutely. The context, Ms Burch, is that 31 of the tree species we have up at the Arboretum are classified as threatened. As we have put into the public domain on a number of occasions, it is an experimental place; we did not expect every tree to live. We are trying trees that have been extinct—two trees in particular—that have been extinct across the world for quite a period of time and we are trying to regrow those from seeds.

**MS BURCH:** I think that is an important point. Rather than just saying you have put in 100 trees and you had to replace 90 of any given species, it is understanding the dynamic or the information behind that.

**Mr Stankevicius:** Absolutely.

**MS BURCH:** That would be useful.

**THE CHAIR:** While they are still gathering information, Ms Burch, a new question.

**MS BURCH:** I will go to BP3, page 83, bigger and better events for Canberra. There is a one-off injection of funding to support some of those major events—Enlighten Canberra and Spring Out. Can you explain, one, how successful those events have been to date and, two, what benefit this \$1.5 million will bring?

**Mr Barr:** This package of funding provides for the staging of Enlighten for the fiscal year 2016-17—so March 2017—as well as funding for Canberra Day events and an allocation of funding for the Spring Out Festival, which is Canberra’s LGBTI pride festival. That Spring Out Festival is held in late October, November of each year. Canberra Day is obviously in March and Enlighten as well is in that period. This provides funding for those events for 2016-17.

I foreshadow today that the government will make some commitments around the longer term future of those events in the context of the election campaign. But, to be clear, Enlighten will only continue—unless there is a commitment from the opposition—under a Labor government. We will certainly make that funding commitment for the longer term, but this provides funding for next year’s event.

**MS BURCH:** So you can start to plan and put it into play?

**Mr Barr:** Indeed. Then the government will make—

**MR DOSZPOT:** Signing contracts?

**Mr Barr:** Indeed. The government will make some further announcements about our four-year events strategy obviously in the lead-up to the election. But it will be important for people to understand that this most popular of events was a Labor government initiative and will continue under a Labor government.

**MS BURCH:** On Enlighten, how many years has it been in play now?

**Mr Barr:** It has been in place for six years now.

**MS BURCH:** And it has grown in popularity significantly over that time?

**Mr Barr:** It certainly has, yes. I think the—

**Mr Stankevicius:** Absolutely, over the time.

**MS BURCH:** Was it always well received by all members of—

**Mr Barr:** No, there were critics of the event, there is no doubting that. The egg on the face of the critics is there for all to see. It is a very significant event now and one of the most anticipated events in Canberra’s annual calendar.

**MS BURCH:** How many people do you think—

**Mr Barr:** More than 300,000 attended last year's event.

**MR DOSZPOT:** Are you getting your candidates to hand out brochures on this as well?

**Mr Barr:** I am sure that all candidates who have been interest in a strong and vibrant events program—

**MS BURCH:** Which one would you like, Steve? You did start there way back, and then you ended up—

**THE CHAIR:** Ms Burch, if you have got a question, ask the question. The banter between you two you can conduct—

**MS BURCH:** The end of the table will get interesting by the end of the two weeks, I have no doubt. Anyway—

**THE CHAIR:** This is the earliest onset of cabin fever in the history of estimates.

**MS BURCH:** Can you talk to us about Spring Out? How many years and has that grown in recognition and, again, would that only be a Labor investment in the event?

**Mr Barr:** Yes, the Spring Out Festival first began in—

**THE CHAIR:** Of course, the Chief Minister does not speak for anybody else but the government, so he can confine his answers to that.

**Mr Barr:** the late 1990s. I believe 1999 was its first year. It is significant on a personal level because I may have met Anthony at said event, so it is a date I do remember.

**MS BURCH:** It is not considered with any favouritism, I hope, Chief Minister.

**Mr Barr:** No, absolutely. Although it was on my register of interests at the time I became a member of the Assembly that I was once a committee member as a volunteer on said festival—about 15 years ago now. I obviously have not been involved in said committee since my time in the Assembly.

This event has grown significantly over that period. It has a number of community-led activities, most principally the AIDS Action Council's fair day that they have run every year I think going back to 1999. Probably the major LGBTI event on the calendar each year is the Canberra Gay and Lesbian Tennis Club's bush dance that is held at the Yarralumla woolshed. It is quite a night. About a thousand people—a little more than that—attend, and it is a major community fundraiser. The voluntary committee that organises that event then disperses some of the proceeds from that night to community groups here in Canberra.

**MS BURCH:** Is it a platform, then, for leadership amongst support of the



LGBTI community?

**Mr Barr:** I think there has been opportunity for a number of community groups who do fantastic grassroots work to be supported through opportunities to promote their work in the festival itself but then also through some of the events, particularly the bush dance event. It is a charged event, so the community pays a fee to attend. It buys a ticket and then what is left over from the cost of running the event is then donated back to the community through a grants process that the tennis club committee supports.

The government has over the years provided some financial support for the event through events grants rounds or, in recent years, I have supported the event through the Chief Minister's community support fund. This year we make an allocation through this appropriation for the festival, recognising that in its 17th year it has reached a point that it is now a month-long event and has the opportunity for further significant growth in the context of public debate that may occur later this year on the issue of marriage equality. I am certain that will be a theme for this year's festival.

ACT government and the ACT Assembly are on the record as being supportive of marriage equality, and I have no doubt that the festival will provide an opportunity to further that most significant cause this year. It might be very timely in the context of a plebiscite should that be the direction that is pursued by the federal government after July's election.

**THE CHAIR:** There is a string of supplementaries, so I am going to go first. Why does Enlighten require additional funding? Was it not in the base?

**Mr Barr:** No, it was an appropriation over a period of time. We have extended that by a further year.

**THE CHAIR:** Why for only one year, if it is as successful as you claim and worthy of support?

**Mr Barr:** It is very successful. As I indicated in my opening remarks, I will take a four-year events proposal, package, to the election, but I want to make it very clear that unless the opposition provides support for it then the event will only continue under a Labor government.

**THE CHAIR:** Of the \$1.5 million, how much is for Enlighten?

**Mr Barr:** \$1.1 million.

**THE CHAIR:** And how much for Spring Out?

**Mr Barr:** Around \$100,000.

**THE CHAIR:** Therefore Canberra Day is about \$300,000?

**Mr Barr:** It is around the balance, yes.

**Mr Stankevicius:** It will be about \$200,000 for Canberra Day from the initiative, but we will also be getting sponsorship. So there will be about \$300,000 for Canberra Day funds. So \$200,000 from this, \$100,000 from sponsors—

**Mr Barr:** A number of these events obviously have a GPO, plus they also have sponsorship amounts.

**Mr Stankevicius:** Exactly. The extra \$100,000 that is left over we have just called Australia Day events in Canberra.

**THE CHAIR:** Mr Hinder, a supplementary, Mr Doszpot a supplementary, and we will finish at 12.15, members.

**MR HINDER:** The Spring Out event—if there is any ignorance on my part—

**THE CHAIR:** Don't show it!

**MR HINDER:** The “out” bit I probably get, but “spring” would be for November?

**Mr Barr:** It is October-November. That is spring. Summer is not until December.

**THE CHAIR:** It is still spring.

**Mr Barr:** Let me assure you that over the 17 years November has delivered for us stinking hot bush dance nights or freezing nights. I think last year's fair day event had Melbourne-like weather. It started in brilliant, hot sunshine and ended in a torrential storm.

**MR HINDER:** So the jack-in-a-box picture I had is wrong; it is nothing like that?

**Mr Barr:** No.

**THE CHAIR:** He goes to Mad Hatter's balls, but I have not seen him dressed up as a jack-in-a-box.

**MS BURCH:** I just want to see the photos!

**Mr Barr:** Indeed. But to not get cabin fever and to come back to the key question, this is another significant commitment from the territory government to reflect our overarching policy objective to be Australia's most LGBTI-friendly city. We see that manifested in all of the legislative change and the support we provide for community organisations, but also the fact that we are prepared to support these sorts of community events. This increases the visibility of the LGBTI community in Canberra and provides an opportunity for the community to come together in safe places. It is sadly still the case in this city and in this country—and clearly in the world in light of recent events—that those who identify as LGBTI face significant threats to their personal safety at times. This is a very clear demonstration of my government's commitment to that overall goal of social inclusion and to be the most LGBTI-friendly city in Australia. We provide support for this event as one such example of that.

**MR HINDER:** That is only a one further year commitment, so should a Labor government not be returned—

**Mr Barr:** Again, I will foreshadow today, as I have on a number of other policy initiatives, that in the context of the election we will put forward four-year programs and be very clear about what our priorities are in the events space and which events we want to support and which new events we would like to bring to the city. We will make those announcements in due course. But this year I wanted it to be very clear that Enlighten would continue, that we would continue our support for Canberra Day and Australia Day and that we would provide support for the Spring Out festival.

**THE CHAIR:** Mr Doszpot, a supplementary.

**MR DOSZPOT:** Chief Minister, you mentioned some of the associated events, including tennis as a sport. Are any other sporting events included in the—

**Mr Barr:** In Spring Out?

**MR DOSZPOT:** Yes.

**Mr Barr:** Yes. There is a wide variety of sporting events associated with Spring Out. There are a number of community groups who undertake their own activities. The way that the event works is that there is an overarching organising committee and a series of community groups who then run individual activities. That is everything from a running group to a bunch of other recreational activities. It is not just competitive sport. The event organisers seek to embrace a wide range of activities. I never cease to be amazed at the breadth of LGBTI community involvement in so many different areas.

**MR DOSZPOT:** My question was specifically: how many sports are involved?

**Mr Barr:** We do not run the event; we are just providing a grant to the event organisers to assist in the staging of the event. We will provide support to dress up the city in the context of the month. We think it is an important opportunity to raise the profile of LGBTI issues in Canberra. If there is a plebiscite on same-sex marriage at that time, I think you can imagine that the theme of the month will focus very heavily on a yes vote on that issue.

**Mr Stankevicius:** In previous years, Mr Doszpot, between six and eight different sports have been involved in the Spring Out festival, from volleyball to, as the Chief Minister said, running. It depends whether you consider competitive bush dancing to be a sport or not. But certainly it is across a wide range of areas and it is very grassroots. It is a very community-initiated kind of focus. One of the really important things to recognise about bush dance, as the Chief Minister has outlined, is that about 30 per cent of the attendees of bush dance come from Sydney and Melbourne. It is actually on the national calendar as one of the events that the community focuses around.

**MS BURCH:** Last year's program would be on their website.

**Mr Barr:** Yes.

**MS BURCH:** So an interested community member could go and have a look.

**Mr Stankevicius:** Absolutely.

**Mr Barr:** The patron of the festival is Cate McGregor—or co-patron. Maybe I am the other patron. That is right; we are co-patrons, from memory.

**THE CHAIR:** Moving it along, you mentioned earlier the move to bring the Arboretum from TAMS into your department was to have it with all the venues, except it is listed in output class 9.6 as an event. Is the management for the Arboretum in venues or is it in events?

**Mr House:** It sits with Events ACT, which is part of Cultural Canberra, which Mr Stankevicius runs. Part of the thinking around bringing it into that area is to better align it with the discussion that will happen inevitably about the next phase of the development of the Arboretum, which is underway as we speak.

**THE CHAIR:** Is it a venue or is it an event?

**Mr House:** It is obviously a venue—it is a facility—but it is obviously also a site for a number of events.

**MR HINDER:** The trees have all grown.

**THE CHAIR:** Why is Manuka Oval not in events, because a number of events are held at Manuka Oval, like a test cricket match, for instance?

**Mr House:** All of these facilities sit broadly in my division, regardless of which particular branch they sit in. They all sit in what is now called Enterprise Canberra. The reason they all sit within Enterprise Canberra is to bring together a range of different facilities, events and initiatives that broadly sit within that economic development sphere. That is why they sit within Enterprise Canberra.

**THE CHAIR:** In output class 9.5, venues, what drives the growth from \$14.6 million to \$18.2 million?

**Mr House:** In territory venues?

**THE CHAIR:** Yes.

**Mr House:** There would be some supplementation around costs to do with water, if I am not mistaken.

**Ms Clarke:** Yes. Some of that amount is to do with the performance fee.

**THE CHAIR:** Sorry, I cannot hear, Ms Clarke.

**Ms Clarke:** Some of that amount is to do with the Brumbies performance fee component as well as other major events acquisition.

**THE CHAIR:** Major events? So venues is getting the funding for events?

**Mr House:** Territory venues is responsible for EPIC, GIO Stadium and Manuka, so the cost of running events at those facilities obviously also sits with territory venues.

**MR HINDER:** It used to be called Venues and Events, didn't it?

**THE CHAIR:** Yes.

**Mr House:** It is confusing following the name changes. It is actually called Venues Canberra now. I should keep calling it that.

**THE CHAIR:** How much of that extra funding is for the Brumbies, and why are the Brumbies getting that?

**Mr House:** There is a three per cent increase in the performance fee for the Brumbies, which was significantly less than what was requested but was what was agreed to as part of the normal budget process and the renegotiation of their performance fee agreement.

**THE CHAIR:** The three per cent equates to how many dollars?

**Mr House:** I can provide the specific figure for you, Mr Smyth.

**THE CHAIR:** The first question I asked when we started was about a reconciliation. Could you do that for 9.3, VisitCanberra; 9.5, venues; and 9.6, events, so that we get the full picture?

**Mr House:** Of course.

**THE CHAIR:** Members, our time has come to an end. I know how much you enjoy your time here with the estimates committee. We will return this afternoon at 1.45—no lateness, please—when we will look at—

**Mr Barr:** I have been here on time throughout.

**THE CHAIR:** I was about to compliment you, Chief Minister. You and I have been here on time at all times.

**Mr Barr:** Not this morning, actually. Steve was here on time this morning.

**THE CHAIR:** At 1.45 we return for economic development, urban renewal and the Land Development Agency.

**Sitting suspended from 12.16 to 1.44 pm.**

**THE CHAIR:** Good afternoon, ladies and gentleman. Welcome to the start of the

afternoon sessions of the 2016-17 estimates committee which is inquiring into the government's budget for 2016-17. This afternoon we have output class 9.9, urban renewal, in conjunction with the Land Development Agency until about 3.15. Then later in the afternoon we have the Auditor-General followed by the Gambling and Racing Commission. Could you confirm for the committee that you have read and understand the implications of privilege?

**Mr Barr:** Yes.

**THE CHAIR:** So confirmed. The Chief Minister has indicated he does not want to make an opening statement; so I will move straight to questions.

**Mr Barr:** Closing statements are more fun.

**THE CHAIR:** We will discuss the closing statements later. We will move straight to questions. I will defer and give my questions to Mr Coe.

**MR COE:** Thank you, Mr Smyth. Chief Minister, would you please advise what the background is to the Auditor-General's inquiry into issues at the LDA?

**Mr Barr:** I am not sure I have any need to. You can speak to the Auditor-General about that.

**MR COE:** Are you aware of any anomalies with the three parcels of land that she has highlighted?

**Mr Barr:** No, I am not.

**MR COE:** You are not aware of any anomalies at Glebe Park or at the two sites by the lake?

**Mr Barr:** No.

**MR COE:** You are not?

**Mr Barr:** No.

**MR COE:** Would Mr Dawes like to add—?

**Mr Dawes:** No.

**Mr Barr:** I have answered the question.

**MR COE:** So no anomalies?

**Mr Barr:** No.

**MR COE:** You are not concerned at all? What is the basis of the Auditor-General's investigation?

**Mr Barr:** You would need to ask the Auditor-General that, and you will have that opportunity at 3.30.

**MR COE:** Are there any positions or executives at the LDA whose role is untenable in light of the investigations that are underway?

**Mr Barr:** No.

**MR COE:** Talk me through how and why the payment of \$4.2 million was made for the Glebe Park site rather than the \$900,000 valuation which was also received.

**Mr Barr:** I will invite the CEO of the LDA to outline the process that was undertaken, noting, as you have, that the Auditor-General has signalled an interest in this area. But I would not seek to pre-empt an auditor-general inquiry into this matter and I would not have thought you would either.

**MR COE:** That is not an anomaly, though?

**Mr Barr:** No. An auditor-general inquires into a range of matters and pre-empting such an inquiry and politicising it would be anomaly. That would be a very immature anomaly, but one that I would come to expect from an individual such as yourself.

**MR COE:** We can discuss that further later.

**Mr Barr:** I am sure we will. Mr Dawes, you have the floor.

**Mr Dawes:** I am quite comfortable with the Auditor-General doing an audit on the purchases of that land. I welcome their doing it. I would like to get it wrapped up as quickly as possible because I do not believe there are any anomalies at all in how they were purchased or obtained at all. We had—you are referring to one valuation; we had also a second valuation of that particular parcel of land as well and we had quite a bit of market advice.

As you would know, that is zoned as CZ6, and the same zoning—the Glebe Park Apartments are built there as well. There have been a number of club sites sold as well under the same sort of basis that people have paid more than I actually paid, or the LDA paid, for Glebe Park. But I do not think we need to get into all of it. I think it will all be revealed with the Auditor-General's report which will be handed down, hopefully, as soon as possible.

**MR COE:** Were any conflicts of interests declared by staff at the LDA ahead of the acquisition of any of these plots?

**Mr Dawes:** I do not believe there were. I would have to take that on notice but I do not believe there would have been any conflicts of interest.

**MR COE:** Thank you, yes. Under what purchasing process, what policy, were these purchases made?

**Mr Dawes:** We have a couple of policies. I can get someone to talk to you about

those policies. There are two policies. There is strategic acquisitions for long-term developments that the territory might undertake, or there is a particular project purchase as well, which is a cost to a particular project. Obviously, and it has been well stated in the media—I think there have been five or six comments made in the *Canberra Times* about this in the last month—that was a crucial part of the city to the lake project.

One of the key things for us to work with on Parkes Way is to realign Parkes Way and move Parkes Way 11 metres. That particular Coranderrk Pond, at the present time, is being moved back into Glebe Park as part of both a water feature and also for the detention. You would know if you looked at the back of the Convention Centre that the main drainage that comes down from Ainslie, down through there, comes down through that part of Glebe Park into the back of the Convention Centre, into the main drain. I remember the Master Builders Association award back in 1994 for the engineering feat. It then drains underneath Coranderrk and into the Coranderrk pond. So the only solution for us was to ensure that a pond or whatever was located in that particular location.

**MR COE:** For those three acquisitions, did the LDA board approve the acquisitions prior to contracts exchanging?

**Mr Dawes:** The board were very aware of the negotiations that were occurring on the city—the west side. I actually made the decision—it has been reported; it is no secret that I made the decision under my delegation—to purchase the land in Glebe Park, after advice that I had received from a prominent real estate agent in Canberra who provided advice to us. It was within the range and recommendations that that particular commercial agent made.

**MR COE:** Sure, but the original question was: did the LDA board approve—

**Mr Dawes:** I informed—if your question is whether I informed the board after I bought Glebe Park, that has been publicly stated already, Mr Coe, and the purchase—

**MS BURCH:** Can I ask whether that was within your delegation?

**Mr Dawes:** It is within my delegation.

**MS BURCH:** So it is within a standard process; right?

**Mr Dawes:** There was a paper that went to the board after that because obviously sometimes the board's meetings are out of kilter when you have to do these particular issues, make some of these decisions. The board noted that particular purchase at the subsequent board meeting.

**MR COE:** But how does that comply with the planning and development land acquisition policy framework of June 2014, which states, “agreement by the LDA Board with advice to the Minister for Economic Development”?

**Mr Dawes:** As I said, Mr Coe, it is in my delegation.



**MR COE:** It says here in relation to the acquisition threshold:

below \$5 million—agreement by the LDA Board ...

So it is not actually delegation to the chief executive. It says here, “agreement by the LDA board”.

**Mr Dawes:** That was not a strategic acquisition, Mr Coe. That was a particular project cost—

**MR COE:** Okay.

**Mr Dawes:** which is within my delegation.

**MR COE:** Under this project acquisition framework, which was discussed in December or November of last year, how is that policy notified to the Assembly in accordance with the legislation?

**Mr Dawes:** Because it is a project cost—I might ask Tom Gordon to go through those particular policies—it is the same as when we are developing other estates. If we are doing a greenfield estate or any other urban development we engage a number of consultants to undertake a whole lot of work which becomes a project cost. That particular purchase is a project cost to a project that is going to yield something in the order of \$2 billion over time.

**MR COE:** How many land purchases have been undertaken without the board’s prior approval?

**Mr Dawes:** I would probably have to take that on notice. But there are obviously little snippets of land that we will purchase to sort of round off a particular block of land or whatever the case may be. But there will be a small number.

**MR COE:** Can you tell me how you came to a valuation for the Lands End property in Belconnen?

**Mr Dawes:** Sorry?

**MR COE:** Can you please tell me how you came to the valuation of the Lands End property in Belconnen?

**Mr Gordon:** That process would have been undertaken using a valuer to come up with a value for that land.

**MR COE:** Is a cost of \$2.9 million simply a reflection of the cost of the rural lease or is it reflective of the potential for development on the site down the track?

**Mr Gordon:** It would be representative of the value of the property, which would be the lease and improvements on that land, as it sits at the moment.

**MR COE:** So in contrast, why was it that in 2013 \$9.25 million was paid for the

Glenloch rural lease?

**Mr Dawes:** That was a completely different circumstance. That also had an urban overlay over that particular parcel of land. I could probably provide you with some maps where there was an urban overlay that was part of the Molonglo redevelopment—

**MR COE:** Sure.

**Mr Dawes:** which added value.

**MR COE:** But if the government adds—puts that overlay on themselves, surely it would have been far more strategic for the government not to have put that overlay on to that block and to have acquired it before doing that. In effect, haven't you just driven up the cost of the land that you were going to acquire anyway?

**Mr Dawes:** Not technically, no, because at the end of the day when you go through this, there is quite an extensive process that you go through. The valuations are sought, improvements to the land, and that was probably within the range of that particular property.

**MR COE:** But if you are actually purchasing the lease itself, surely it is up to the government to actually approve a lease variation. If it is up to the lease itself, whether there is an urban overlay or not does not actually change the lease.

**Mr Dawes:** Perhaps you would need to—

**MR COE:** If you are actually compensating for the lease—

**Mr Dawes:** Perhaps you need to ask the former Chief Minister as well who granted 99-year leases on these rural properties without a withdrawal clause.

**MR COE:** And I accept that history, and I realise the discussion about the 10 and 15 year buyback. I accept all that. But that still does not explain why it is that a planning overlay changes the value of a lease if the lease itself does not actually allow such a development.

**Mr Dawes:** If you are referring to the Glenloch one, we had two valuations on that particular property, one from both parties. That was independently reviewed before cabinet made a decision allowing us to purchase that particular property.

**MR COE:** I am just curious about the contrast in prices between \$2.9 million a few kilometres up the road, or thereabouts—\$2.998 million—as opposed to, I think it was, \$9.25 million—

**Mr Dawes:** 9.5.

**MR COE:** for what I gather are vaguely similar sized blocks.

**Mr Dawes:** Actually, I think the other property is more an environmental offset? Is

that correct, Tom?

**Mr Gordon:** Yes. The other property sits on the edge of Kama; so some of the native grass woodland area extends into that and it attaches to the river corridor as well.

**MR COE:** Okay.

**Mr Gordon:** So it has limitations on that land.

**MR COE:** Begs the question why you would buy it, then?

**Mr Gordon:** Not all the land has it, but it has different characteristics across the entire block. The block extends from Drake Brockman Drive right down to the Molonglo River.

**MR COE:** That is right, and there are no plans for development on that site, which is why I am curious as to why you would buy it in the first place.

**Mr Gordon:** I think currently it is zoned as rural land.

**MR COE:** Yes, but why? What is the intention? What is the strategic acquisition? What is strategic about buying that particular block?

**Mr Gordon:** In terms of the ACT planning strategy, that area has been identified as the western edge of areas of future investigation and development growth for the ACT. Within that area, where blocks of land come to us at the rural value, it is prudent for us to have a look at them to see if they are worth while exploring.

**THE CHAIR:** Perhaps a final question—no? Fine. Mr Doszpot has a supplementary, then a new question.

**MR DOSZPOT:** Mr Dawes, further to the question that Mr Coe asked relating to what I believe you called the strategic acquisition of Glebe Park, my understanding is that there is a requirement for a business case to be presented. Was there a business case prepared for Glebe Park?

**Mr Dawes:** As I have already stated, Mr Doszpot, Glebe Park was not a strategic acquisition; it was a project acquisition. They are two different things. We have a project underway where we are doing a whole lot of investigation work, on the city to the lake project. So that actually is a project cost. Strategic acquisition might be a Glenloch or whatever, for a long term.

**MR DOSZPOT:** But a project acquisition would also require a business plan to be prepared?

**Mr Dawes:** In this particular case, that particular land was quite crucial. There are a number of other flow-on benefits as well, and this has all been in the media as well.

**MR DOSZPOT:** I understand that; I am simply asking.

**Mr Dawes:** It adds 6,500 square metres of developable space to Parkes 3.

**MR DOSZPOT:** Right.

**Mr Dawes:** It also adds about 6,000 square metres of developable space and allows for a stadium to occur on the build site. So there is a lot more to it than just a pond.

**MR DOSZPOT:** I understand that, and that is why I am asking. With the business case that should have been prepared for it—was it prepared?

**Mr Dawes:** I am saying to you that we had appropriate valuations for that site. There was an additional valuation that was sought on that particular site, and it was in the range of that particular valuation, which was somewhere between 3.6 and 4.2 million. We paid 3.8 plus GST.

**MR DOSZPOT:** I understand how a valuation would be required to back up a business case, but where was the business case?

**Mr Dawes:** We did not do a business case on that particular purchase.

**MR DOSZPOT:** Why not?

**Mr Dawes:** It was not necessary, because it was a critical project. As I said, you are mixing up the two purchases.

**MR DOSZPOT:** Well—

**MR COE:** What is the threshold when a business case is required and when it is not? Is it a financial—

**MS BURCH:** Chair, we have had 15 minutes, and we have not got to a question.

**MR COE:** Is there a financial threshold as to when a business case is required?

**Mr Dawes:** Mr Coe, if you look at the amount of money that we have spent on other consultants in getting Molonglo ready, it runs into the tens of millions of dollars. When you are doing the environmental assessments and all of that, it becomes a backdoor project cost. The purchase of the Glebe Park land is purely a project cost against future revenue, which will be city to the lake as that is developed over time.

**MR COE:** But if it is so strategic, is there not a business plan?

**THE CHAIR:** This will be the final; then Mr Hinder.

**Mr Dawes:** I cannot be any more explicit than that.

**MR HINDER:** My question will be for Mr Gordon in relation to land releases in Gungahlin. Can you give me a rundown on the time line for land release in Gungahlin over the next 12 months or the outyears?

**Mr Gordon:** I am not sure if you have a copy of the indicative land release program? Not as yet? I think it was only released last week or the week before. It details a forecast for the indicative land program for the next four years. In Gungahlin it will be quite specific about each project—the intended residential releases for each project over the next four years. If you like, in this room I can give you those details—

**MR HINDER:** Yes, okay.

**Mr Gordon:** but I could easily just provide one of these for you.

**MR HINDER:** And the vacant blocks in the town centre? What is happening with those?

**Mr Gordon:** The blocks to the east of the town centre?

**MR HINDER:** Yes.

**Mr Gordon:** Currently there is an estate development plan being prepared for that area. It would cover from Kate Crace Street across to the east to Manning Clark, and from Anthony Rolfe down to Valley Avenue—that area there. Just yesterday that estate development plan went in for circulation to agencies for review before it goes in for a DA process.

**MR HINDER:** In relation to the CSIRO site, have you had any approach at all from the commonwealth government as to what they plan to do—how much, when, and whether they are going to contribute to our road infrastructure?

**Mr Barr:** Those are matters that are the subject of further discussion with the CSIRO. I have written to the Chief Executive outlining that the ACT government, through the Land Development Agency, would not be participating in an expression of interest process. However, we would be seeking to engage with them in relation to the detailed estate planning. There is a question of at what point the land's status will change from national land to territory land. It would be in the interests of that particular development for that change to occur sooner rather than later so as to avoid significant duplication of planning processes.

Undoubtedly there will be a requirement for the developer—whoever that ends up being, in whatever arrangement the commonwealth, through CSIRO, end up wanting to progress the project through—to contribute not only to the infrastructure needs of the estate itself, but also the impact that the estate's establishment will have on surrounding areas. At the very least, you would expect the developers of that estate to contribute to road duplications and flyovers of the Barton Highway, for example, as the population that would come with that estate and the demands on the existing infrastructure would necessitate further augmentation of that infrastructure. All of those costs should be borne by the developer and come out of the profit that will come from that estate. I am aware that the CSIRO have indicated in their consultation with the public that they will aim for a range of important environmental and social outcomes for the estate. I would intend to hold them to account for those commitments.

As I indicated earlier in the week, the ACT government would not have proceeded with change in the land zoning in the way that the commonwealth have. Our suggestion to them was that the area be identified for future urban use and undergo the sorts of planning studies and work that have occurred in other areas of Canberra where urban development of that scale has been undertaken. The processes identified on Monday for the Molonglo Valley, for example, were around eight years worth of work—environmental studies, planning work and the like—in order to accommodate such a significant urban development.

This has all happened very quickly, and the fact that the zoning for the land was changed on the eve of the election, the day of caretaker, reflects a very poor process. I have expressed that to the territories minister. In fact, the press release making this announcement was issued at or around the same time I met with the minister. There is a formal requirement for the minister to consult with the territory government, but in my view the decision was already taken before that consultation took place, which is disappointing. Nevertheless, the decision has been taken. The national capital plan, unless this is disallowed in the Senate, will change, and the territory plan cannot be inconsistent with the national capital plan, so we will need to make the necessary changes.

If you accept that this is a *fait accompli*—which looks likely, barring a disallowance in the Senate; God knows what the Senate will look like after 2 July, but it will be very different from what it looks like now—we would endeavour to engage constructively but hold to account those who will develop this land to meet their obligations around infrastructure in the immediate area and to meet their obligations in relation to what they have said they would do in the estate itself.

Clearly there are implications for the education directorate, community services, health and other areas. This is not a particularly useful way to undertake city development. One would argue that, having given the territory self-government, this sort of arbitrary approach to planning is not the way it should be done. Nonetheless, it is what it is, and we will endeavour to engage constructively as we move into the next stages.

Let us not forget what is driving this: the commonwealth government is not properly funding the CSIRO, and any joint venture partner is being required to provide \$100 million up-front to the CSIRO before it gets any return, so effectively it would be the bank for the CSIRO. That is what is behind this, nothing more and nothing less than propping up the financial position of the CSIRO.

**MR HINDER:** It would not be the first time our roads network had had to deal with an arbitrary decision by the federal government. In terms of our land release estates, what roadworks have we put in place to deal with that increase of population, particularly out in the new suburbs of Gungahlin?

**Mr Barr:** Certainly the LDA has been involved in a number of roads projects to augment the network to support new land release. Mr Gordon, are you in a position—

**Mr Gordon:** In conjunction with Roads ACT, we are doing some work on Horse Park Drive at the moment. The broader west Belconnen project will look at roads directly

associated with that and the improvements on those over the next 20 or 30 years required for doing that.

**MS BURCH:** Can I have a supp on greenfields?

**THE CHAIR:** Yes, Ms Burch, you may have a supp.

**MS BURCH:** Just on the pipeline of land, I can understand Mr Hinder's interest in the north side of the lake. In the absence of that document in front of you, what are your parameters about forecasting and planning for land release? What are some of the planks that you look to? I am aware that LDA has a community discussion on the west side of Tuggeranong town centre as well.

**Mr Dawes:** When we formulate a land release program, there is quite a process that we go through to land on the numbers of what we will put into the land release program. Obviously there are a number of meetings, with industry stakeholders in particular, to assist in that. We also look at the demographics—what is happening to employment and what is happening to population growth. We also take into account household formation. That underpins the land release program. As people are aware, there are just under 18,000 measured for the next four years; 17,810, I think, from memory, is the number of blocks that are on the program. Obviously if you look at what is happening on the north side compared to the south side, there is not a lot of land.

**MS BURCH:** I do, regularly.

**Mr Dawes:** There is not a lot of land zoned on the south side.

**MS BURCH:** Why is that? Is that because it is built already?

**Mr Dawes:** It is pretty well built. There are obviously little pockets of land. We have done Southquay in Tuggeranong; we have done some work there. As you know, there is a territory plan variation being finalised for the eastern side of Lake Tuggeranong, going up to Drakeford Drive. That was part of that consultation. We are in the process of developing an estate development plan for that portion of Tuggeranong.

**MS BURCH:** Is that community consultative process finished?

**Mr Dawes:** No. Once the estate development plan has been developed, we plan to go back.

**MS BURCH:** Okay.

**Mr Dawes:** But in general we are well supported by the Tuggeranong Community Council on Southquay. As people are aware, we have some higher elements there. There are four buildings that are allowed to go to a higher height in Tuggeranong, and that was with the endorsement of the Tuggeranong council. We will go back when that is done. Other than that, we are working with EPD to undertake further consultation on that potential area of development on the other side of the town centre. But there is a long way to go there as we go through and discuss that with the

community.

Going back to the north side, when you look at what we are doing there, we have got Throsby under construction all at once—three civil contractors on that. That will be completed next year, and people will be living there by the back end of next year in Throsby. Moncrieff is virtually finished; we had five civil contractors there to develop that suburb. We are now moving on to Taylor. Taylor really is the last suburb to be developed in Gungahlin. That will be completed in the next three years. There then will be pockets of land that we will take to the market as infill sites as they are freed up.

**Mr Barr:** From that point, the development fronts will continue in the Molonglo Valley, so south of the lake. Then the Riverview project in west Belconnen will be the focus of the new greenfield release, and undoubtedly whoever ends up being the developer of the CSIRO site will then also—

**MS BURCH:** How many properties are they proposing on the CSIRO site?

**Mr Barr:** Up to 7,000—7,500.

**MS BURCH:** How does that compare to, say, Taylor, as the last suburb?

**Mr Dawes:** If you look at Crace, which is a suburb that is quite close to that, that has around 1,800 dwellings, or will have.

**Mr Barr:** It is about 3½ full suburbs worth, so it is a significant development.

**MS BURCH:** Yes.

**Mr Barr:** There is no doubt that adding that many homes into that precinct will put pressure on infrastructure. It is a very clear obligation for those who are developing that land to meet the costs of that infrastructure augmentation. They should be paying for what would be necessary, which includes a flyover of the Barton Highway. That should be paid for by the developers of the CSIRO estate. The ACT government should not have to bear that cost; that cost should be borne by the developers of the CSIRO estate. That is the very strong position that I will be putting—that that and a number of other infrastructure augmentation requirements should be met by developers there. We will look at every possible avenue that we can pursue to ensure that the developers of that estate meet those infrastructure costs.

**Mr Dawes:** To come back to the Riverview proposal that the Chief Minister has alluded to, when we looked at doing that estate—and it has been an exemplar for community consultation, which I will not go into detail there—one of the things we looked at was what the capital works would be downstream for the next 20 to 30 years as that estate is rolled out. We know what capital works have to be done on roads in the immediate area but this was further downstream. That has all been budgeted in that particular joint venture, so that will be completely funded from that joint venture over the next 20 to 30 years.

**MR DOSZPOT:** Mr Dawes, boards have fairly strong responsibilities to adhere to



what they are meant to be overseeing. As such, they require business cases. Who has the power to decide whether or not a business case is going to be presented to the board?

**Mr Dawes:** When we are doing a large greenfield estate, such as a Taylor or a Throsby or whatever, a business case is always prepared. There has been a broad discussion and a business case had been developed for the city to the lake some time ago. Obviously some key infrastructure et cetera needs to go with that. That was probably presented to the board some time ago. But, as I said, I cannot add anything further if you are trying to find out any further information on Glebe Park. I think I have answered that as—

**MR DOSZPOT:** Well, I am asking—

**Mr Dawes:** As I said—

**MR DOSZPOT:** did you overrule the board by not presenting a business case?

**Mr Dawes:** No, I did not overrule the board at all.

**MR DOSZPOT:** How does the board fulfil their responsibilities? The reason they are there is to make sure the territory is protected. If the board is not presented with the information, how are they able to fulfil their duties?

**Mr Dawes:** The board noted my use of the delegation and noted that particular purchase.

**MR DOSZPOT:** So you overruled the board—

**Mr Dawes:** I did not overrule the board. I made the decision to purchase that particular site. I cannot be any more explicit than what I have already said. I took it to the board after the fact, and they noted the fact that I had purchased that land.

**MR DOSZPOT:** How does the board fulfil the responsibility placed on them if they are not given the information that they are required to—

**Mr Dawes:** As I said, Mr Doszpot, I cannot be any clearer in what I have said. This is a project cost and it fell within the bounds of my delegation for a project.

**Mr Barr:** Which the board has approved.

**Mr Dawes:** Has approved.

**MR DOSZPOT:** I fully understand. I am a member of the AICD, as I think Mr Dawes is as well. I am well aware of the responsibility of directors and the members of boards.

**Mr Dawes:** And I followed that, and it was within my delegation.

**MS BURCH:** Supplementary question, when you are finished.

**MR DOSZPOT:** No, excuse me.

**MS BURCH:** When you are finished.

**MR DOSZPOT:** Chief Minister, does it not concern you that a board that you presumably approved has been bypassed in this transaction?

**Mr Barr:** I do not believe that that is a fair characterisation of the situation. The board has oversight over decisions taken by the chief executive. The board has been involved in the city to the lake project for a number of years. The board would be aware of the various issues pertaining to that project, and the board, as far as I am aware, has not expressed any concern in relation to the chief executive's decision.

**MR DOSZPOT:** The board has more than oversight; board members have a responsibility to fulfil their obligations of being board members.

**Mr Barr:** The board has not expressed to me through the chair or through any other member any concern in relation to the actions of the chief executive. You are making a series of assumptions that the board somehow disagreed with the chief executive's decision.

**MR DOSZPOT:** I am trying to understand how the chief executive of the organisation can make the decision to not present the board with all the facts that he has available to him to make his own decision.

**Mr Barr:** Your statement does not reflect the reality of the situation. You are not making an accurate statement in relation to the chief executive's interaction with the board on the city to the lake project.

**MR DOSZPOT:** I am talking about—

**MR COE:** Were the two valuations passed on?

**THE CHAIR:** No, sorry, Mr Coe; Ms Burch has a supp waiting. We will let Mr Doszpot finish, then Ms Burch, then you.

**MR DOSZPOT:** How many land purchases have been undertaken without the board's prior approval?

**Mr Dawes:** I think I already said that I would have to take that on notice, because there are a number of slivers of land that we will purchase to round off some of the estates to improve the block size or square off a site. I would have to take that on notice, as I said earlier. I have already answered that question, Mr Doszpot.

**MR DOSZPOT:** Chief Minister, my last question is to you: do you feel you need to get some word from the board on this issue? Is that part of your responsibility? To ensure the board is acting fully informed?

**Mr Barr:** As I said, I have had no approaches or concerns from the board chair or any

member of the board in relation to this particular issue or, indeed, any other in relation to the performance of the chief executive.

**MS BURCH:** A sup on this, there seems to be from a series of questions and from your response some lack of clarity around delegation. Am I right in assuming that the board approves a series of projects and associated purchases or other activities that are required to achieve that end? Is that a reasonable assumption about what the board would instruct you to do to go about and do your business?

**Mr Dawes:** Yes.

**MS BURCH:** Some of these purchases, you have said a number of times they are within your delegation?

**Mr Dawes:** Correct. My delegation is up to \$10 million, as well as a number of people across the LDA. We have a schedule that goes through our audit and compliance committee, the governance committee, which reviews delegations several times over the course of the year. Each of the executive directors has delegation to carry out certain activities within the organisation. It ranges from \$100,000 to mine at \$10 million. Anything over \$10 million I will take to the board.

**MS BURCH:** The board's responsibility is to review those delegations and to be comfortable with those delegations, and they have never been raised as a question?

**Mr Dawes:** They have not been raised with me at all. As I said, with that particular purchase, I informed the board. I think it is fair to say they knew we were discussing that particular site.

**MS BURCH:** They knew the pond had to move and it had to go somewhere.

**Mr Dawes:** And the same with the other purchases that Mr Coe raised, because that was fairly well discussed in the media, the west side ones.

**MS BURCH:** I have no doubt you will be providing all this information to the auditor.

**Mr Dawes:** Correct, and we have given her our file. As I said, I am looking forward to her conducting her review, and we can move on.

**Mr Barr:** If the auditor makes any recommendation—

**THE CHAIR:** Sorry, Chief Minister, one moment. Before we go to Mr Coe, is it possible to table a copy of the delegations from the LDA down to the officers?

**Mr Dawes:** I think it is even on the website.

**THE CHAIR:** It is on the website.

**Mr Dawes:** Yes. Anyway, no problem at all, we can do that.

**THE CHAIR:** If it is on the website, that is fine, thank you.

**Mr Barr:** The point I would—

**THE CHAIR:** The Chief Minister had something to say, and then Mr Coe.

**Mr Barr:** I will obviously await the outcomes of the auditor's review and take seriously any recommendations the Auditor-General makes in relation to this matter. But it is important to allow the auditor to undertake that work, and the politicisation of an audit in advance of it occurring is regrettable.

**MR COE:** Were the two valuations for the Glebe Park block presented to the board?

**Mr Dawes:** I would have to take that on notice. I know when I informed the board of the decision to purchase it I discussed the valuation, and it was within the range of the Colliers valuation of \$3.2 million to \$4.6 million.

**MR COE:** Why did you not mention the Opteon valuation?

**Mr Dawes:** Valuations, Mr Coe, vary. They range up to 159 per cent if you look at some of the auctions that have been held in the past 12 months. Quite often valuations are different.

**MR COE:** Yes, but I am curious why you did not present the Opteon valuation.

**Mr Dawes:** I will have to go back and have a look at the paper that was presented to the board.

**MR COE:** In terms of the payments that were made for the lakeside acquisitions—the boat hire and the cycle hire—have those payments been declared under the notifiable instruments register?

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

**MR COE:** This might be for—

**Mr Dawes:** The negotiations with those three operators were commercial in confidence.

**MR COE:** The payments are required to be on here, as per the legislation. Certainly one or two of the payments are included on the register, but the legislation requires that all payments over \$25,000 go on the register. What systems are in place at the agency to ensure that all payments over \$25,000 actually go on the register as per the legislation?

**Mr Dawes:** As I said, I have to take it on notice. I thought they had been. But, anyway, I will take that on notice.

**MR COE:** Sure, but the system generally?

**Mr Dawes:** The system is automatic: anything over \$25,000 is put on.

**MR COE:** Were the payments that were made to the businesses or the head lease and sublease lessees paid by the LDA or by another agency?

**Mr Dawes:** The LDA.

**MR COE:** To the best of my reading, there is at least one partial payment which has appeared, but I think there are numerous payments which are missing from the register. I would appreciate if you could check that matter out.

**Mr Dawes:** I will certainly check that out, Mr Coe.

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

**MS BURCH:** Thank you. Looking at budget statement B on 259, I note the asset recycling initiative. I am just curious and want to link this into broad urban renewal, if I may. In relation to urban renewal, if you look at other budget papers it is certainly recognised that there is a significant plank of work that we will undertake. The city is changing. There is urban renewal in Civic, but there is urban renewal going through public housing and a range of other areas. With the asset recycling initiative, is that a key plank to urban renewal or is that a separate functionality?

**Mr Barr:** Certainly as part of the broader urban renewal agenda we took the opportunity to participate in the then scheme of the commonwealth government. They have subsequently closed that scheme to new entrants.

**MS BURCH:** It is closed?

**Mr Barr:** Yes. The former Treasurer indicated that the time frame for proposals from states and territories would be essentially a two-year window—2014 to 2016. The new Treasurer, Scott Morrison, closed that window off a little earlier—not much earlier—than the previous Treasurer, Joe Hockey, had indicated. So the requirement was to put forward proposals in that time frame to complete asset sales by the end of the 2018-19 fiscal year. The way the initiative works is that there are staged payments from the commonwealth at the beginning and end of asset sale processes, because in many instances the final price for an asset sale will not be known until you have completed that transaction.

As part of our initiatives within the ARI we had a mix of assets. The early and high profile one was ACTTAB, but then there were also 17 land-based assets that were part of the program, predominantly in the Northbourne Avenue corridor but not exclusively. Those projects are proceeding according to the schedule. Some sales have occurred and others will continue under the—

**MS BURCH:** There is a timetable as to when they will actually change hands?

**Mr Barr:** Yes. We recognise, and common sense dictates, that you could not put 17 sites to market simultaneously; they would need to be progressively released. This did present an opportunity to pull together a number of priorities for government and for the community in renewal of public housing, in renewal of the CBD, in renewal of the

major transport corridor and also opportunities in other parts of the city to create new development opportunities to meet a growing population—noting that Canberra’s population will reach 400,000 in this calendar year and is projected to grow by another 20,000 or 25,000 over the period of forward estimates covered by this budget. That population growth will need to be accommodated through a mix of greenfield and urban infill sites.

The asset recycling initiative contributes to that, including opportunities for urban renewal to occur. We look to the sites contained within the ARI, but they are not the only urban renewal opportunities that present themselves for the region. The CBD, for example, has other undeveloped land, some of which is in private hands, that will either be adaptively reused or—

**MS BURCH:** These are the blocks on the outskirts down around Edinburgh—

**Mr Barr:** Yes. There is section 63 that was famously purchased for—

**THE CHAIR:** I am surprised you would bring that up.

**Mr Barr:** an extraordinary price about a decade ago.

**Mr Dawes:** 10 December 2007.

**Mr Barr:** There we are; nearly 10 years ago.

**THE CHAIR:** We are still waiting.

**Mr Barr:** Indeed, yes. They are private owners. It is interesting that sometimes private ownership does not necessarily mean a more rapid pace of development. There is undeveloped land that has potential for both residential and mixed-use development that is privately held. There is some that has been sold by the government under the asset recycling initiative and other land that can be progressively released associated with the city to the lake project.

I have made the point to I think this committee and also in the annual report hearings last year that the footprint for city to the lake extends right into the city and that we are, in fact, undertaking a series of projects such as the courts PPP and the request for tender process for the new government accommodation adjacent to the Assembly. You have got the Constitution Avenue project. There are a number of—

**MS BURCH:** We will all cheer when it is finished.

**Mr Barr:** Indeed. There are a number of projects that are underway already as part of city to the lake, and it is a city to the lake project. We have also received works approval from the National Capital Authority for the public park that is the first stage of the West Basin development and construction.

**MS BURCH:** So we have received approval?

**Mr Barr:** It has now been received.

**MS BURCH:** And we will start to see construction?

**Mr Barr:** Construction will commence there at the conclusion of Floriade this year. There will be some major works underway to create a new public park and the first stage of the boardwalk around Lake Burley Griffin. The area where the Menzies Walk ends, just under Commonwealth Avenue bridge effectively, around that first part of the West Basin project that was funded, now has works approval and construction will commence in a few months.

**MS BURCH:** With the asset recycling, has it been determined what the properties will morph into? Was that part of the schedule? Say for an old office block is there a condition about what it will be after that? Is that part of this?

**Mr Barr:** Yes. There is a mix of planning requirements already in place. Many of the sites that are part of the asset recycling initiative have buildings on them currently, or did have buildings that were not built to the full extent of the planning entitlement for those sites. We would anticipate that once the private sector undertakes development on those sites there will be a different physical form of construction to the two and three-storey walk-ups that were the feature of public housing, for example. Some of the other buildings may or may not be retained and adaptively reused. Macarthur House is an example of a site where, depending on the wish of the purchaser of that land, they may seek to adaptively reuse that building or knock down and rebuild.

There is an interesting case on the other side. It is not part of the ARI initiative, but the building on the other side of Macarthur Avenue from Macarthur House has been privately purchased. One part of that will be adaptively reused into a hotel, but I understand they are constructing a range of other buildings around that. I think it is called the midtown precinct. There will be a mix of responses in terms of development outcomes.

The National Capital Authority clearly has an interest in the built form on Northbourne Avenue, as does the territory government. I have no doubt that that next phase will see some architecturally interesting propositions come forward. I think that is a good thing, given that this is the grand boulevard, the entrance to the national capital.

Through the planning portfolio Minister Gentleman put out a paper earlier on the Northbourne and gateway strategy that has provided further fine-grain guidance on the look and feel of that corridor. I think you will see over time—this change will not happen in any one year; it will occur gradually over a period of time—that the look of Northbourne Avenue will change. But we are not suddenly going to wake up one morning and find that it is radically different; it is a process of evolution, as you see in any city. No city is ever finished; it does not stop and then nothing will ever change. Nothing is frozen in time forever. It will be a gradual process of change.

**MS BURCH:** On the same page LDA is mentioned but also the Office of the Coordinator-General, Urban Renewal. What is the interplay between the coordinator-general and LDA? It says that the sale proceeds from the asset will be delivered through LDA. So what is the interplay?

**Mr Barr:** We will get this explained.

**Ms Doran:** In the simplest terms, the LDA is the implementation arm of the process. It is looking at the sales end of the process. The purpose behind the establishment of, one, the government's priority on urban renewal and, two, the establishment of the coordinator-general was a recognition of the fact that this redesign of the corridor and the broader urban landscape stretches across a number of directorates and areas of responsibility. EPD has been mentioned, TAMS with the transport requirements and capital metro with it light rail. In order to facilitate that across government and to keep the focus and the consistency of design and objective in this space, the Office of the Coordinator-General has been established to bring a single point of focus.

It is very much a coordination role. It has no independent authority as such but has a mandate to keep the communications and the information flowing across directorates and ensure that everyone is working in a consistent way to achieve the best outcome in this significant renewal process.

**MS BURCH:** So all of those different directorates would send senior officials to that coordinator-general table and then go to the LDA to actually do the doing?

**Ms Doran:** Yes.

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

**MR COE:** Chief Minister, what reporting do you get from the agency when acquisitions are made?

**Mr Barr:** It would vary relating to the scale of the acquisition. Under the strategic acquisitions framework there are a series of thresholds. Between \$5 million and \$20 million, from memory, there is a requirement for my approval—the approval of the Chief Minister and Treasurer. Beyond \$20 million, that is a cabinet-level decision of government, so there would be a cabinet submission associated with that. Below \$5 million, that sits with the board. I have the opportunity to meet with the board and with the board chair during the course of a fiscal year, so there would be opportunity for any such issues to be raised either by me with the board or by the board with me in that context.

**MR COE:** In terms of general governance, in terms of expenditure, if, for instance, you have your agency spending \$4.2 million on a project acquisition, when do you find out about that?

**Mr Barr:** At that level it would be after the event. I would be aware of and would receive project updates in relation to major projects. Clearly, in the context of both that acquisition and the ones related to West Basin that were the subject of media inquiries at various points, I would have been required to have made comment to the media in relation to those issues and been asked for comment and so would receive briefing material to inform that media comment. That was the case in relation to both of the issues that have been raised. But in the context of the delegations that are there, my formal requirement and sign-off is needed under the strategic acquisition policy



for amounts greater than \$5 million and less than \$20 million, and I would be the sponsoring minister for a cabinet submission in relation to any acquisition above \$20 million.

**MR COE:** So you were informed about the impending acquisition of Glebe Park prior to the purchase?

**Mr Barr:** I certainly was aware of the issues associated with the Parkes Way treatment, how that fitted within the city to the lake project and the necessity for a stormwater solution, and the intention of the chief executive to resolve and seek to find a solution to those issues. If the question is: does the chief executive require my personal sign-off—

**MR COE:** You, of course, have regular meetings with Mr Dawes, so I am asking: did you know that the government was going to be spending \$4.2 million on this block of land before or after it had spent it?

**Mr Barr:** It was after, so I am not sitting in on commercial negotiations or I am not in receipt of valuation reports. That is a matter—

**MR COE:** But in terms of the quantum, did you realise it was going to be a multimillion-dollar purchase beforehand?

**Mr Barr:** That it would have some millions associated with it, broadly, yes. But the exact—

**MR COE:** Sure. I understand.

**Mr Barr:** Almost any land acquisition in the ACT of land of any size is likely to be in the high hundreds of thousands and low millions.

**MR COE:** Sure. When were you first aware that there was a second valuation that was wildly different to the valuation which was accepted?

**Mr Barr:** I would need to check the record in terms of when information was provided in relation to that.

**MR COE:** Please do.

**Mr Barr:** It is certainly not usual for me to be briefed on different valuations and the like. That is a level of operational matter that rightly sits with officials.

**MR COE:** Sure.

**Mr Barr:** In relation to the broader issue of the city to the lake project, the various elements of that project and the decisions that cabinet would need to make in the fullness of time in relation to that project, I maintain a program of briefing and update on the development of the project more broadly, but not at that level of fine detail.

**MR COE:** When did you first discuss with the owners of the casino that this block of

land would be coming into public ownership?

**Mr Barr:** I do not believe I have ever had a discussion with the owners of the casino.

**MR COE:** About a week after the block settled, I think, or contracts were exchanged, one of the last impressions of the grand new casino complex were presented on that very block. I was just wondering how they got the confidence or how were they aware that that block was going to be up for grabs.

**Mr Barr:** They may well have read media reports.

**MR COE:** It was not in the media at that point, I do not think.

**Mr Barr:** You would need to ask them.

**MR COE:** Has the LDA ever informed the casino or has the Chief Minister's directorate ever informed the casino that this block would be coming into public ownership and, therefore, would be available for development?

**Mr Barr:** I will need to check. It is not a discussion I have ever had, but I will need to check.

**MR COE:** Sure. What is the plan for the creation of the stormwater sump in Glebe Park?

**Mr Dawes:** Obviously we have got to go through a design. There has been some indicative work done, but we will have to go through a proper formal design process.

**MR COE:** So that indicative work rests with LDA?

**Mr Dawes:** Yes.

**MR COE:** Can you please provide that to the committee? Thank you. Of course, this must be part of the broader business plan for the city to the lake, because there is a broader business plan which relates to this block of land, as you said. What is the plan for this sump? Where is it actually going to go? How is it going to work from the engineering perspective, and what engineers have provided the advice that this is what can happen?

**Mr Dawes:** There have been a number of consultants engaged. I would have to get that information for you, Mr Coe.

**MR COE:** Sure. Is this the main motivation for the acquisition of the block, or is it the casino?

**Mr Dawes:** Long before the casino actually came on we were looking at dealing with the Coranderrk pond. This has been around since the project was first mooted back in 2012. The casino had not even been sold back then. This has been around for a long time. I am finding it difficult for you to connect the two.

**MR COE:** But it is the same block, though, isn't it?

**Mr Dawes:** Part of it will be the same block, yes, but not all of it, no.

**MR COE:** It is relatively easy to connect the two.

**MS BURCH:** Not when there is five years between—

**MR COE:** 2012.

**THE CHAIR:** So you will provide that information? All right. Ms Lawder, a new question.

**MS LAWDER:** I want to ask about public housing renewal. Table 48 on page 46 of the budget papers deals with public housing renewal program contracts and public housing renewal program delivery. The targets are 362 and 424. How does that relate to land release? Will they be on some of the land in the land release that was mentioned in the paper on Tuesday?

**Mr Barr:** The government has adopted a policy approach of wanting to build public housing into new suburban release. I think it would be fair to observe that there was a period, particularly between 1995 and 2001, where there was not a huge amount of new public housing built in new estates at that time. We have taken the decision to make land available in new suburbs under the broad principle that every suburb in Canberra, particularly new suburbs that we are building, should have some public housing. We have allocated various sites in those new estates and in new suburbs for public housing.

We have an overall criterion of 20 per cent affordable housing in a number of these new suburban estates. Public housing is a component of that affordable housing target. I can provide a list of the range of sites that have been made available for public housing if that would be of interest.

We are also obviously undertaking a process of infill and sites where public housing can be built in existing suburbs. There has been a range of those sites identified. Construction has commenced and been completed in some instances or is underway in others. There is a mixture of new estate, urban infill and acquisition—strategic acquisition—of properties through the expression-of-interest process to renew the 1,288 dwellings that we are renewing.

**Mr Dawes:** Can I add to that, Chief Minister?

**Mr Barr:** Yes.

**Mr Dawes:** It is a very good news story at the present time. Mr Frino, if you wanted finer detail, would be able to go into it. We have in the process close to 550 either under construction or about 100 that have been handed over to public housing already. We are getting close, after 12 months, to nearly halfway there. As the Chief Minister indicates, it is a roof-for-roof replacement. So we have to have properties for people to move into. Housing are handling the movement of tenants. We are working closely

with them.

There is another thing we have seen where some of the smaller scale builders/developers have struggled to get away some of their developments. Through the expressions of interest we have been able to purchase some of those particular properties and projects from them. From an economic stimulus perspective, it has been a great positive as well. The fact that we are building 1,288 new public housing dwellings for the most vulnerable I think is a wonderful thing to be doing.

**MS LAWDER:** I will follow up on something that the Chief Minister said. You referred to about 20 per cent affordable housing in new suburbs of which public housing is a component. Do you mean social housing or public housing specifically?

**Mr Barr:** Yes, under the broad headline of affordable housing, public housing, social housing and affordable private housing. They all fit within—

**MS LAWDER:** So you are putting public housing under the heading of “affordable housing”?

**Mr Barr:** Yes, because it is, indeed, very affordable.

**MS LAWDER:** Yes, I am just making sure I am clear on what you said. Is the public housing renewable program still going to be completed by June 2017 as originally foreshadowed?

**Mr Dawes:** It goes beyond—

**Mr Barr:** I am not sure that that was the original—

**Mr Dawes:** No, if you look at the budget papers—

**MS BURCH:** That is a quick build of 1,200 properties.

**MS LAWDER:** That is what I was—

**MS BURCH:** Yes.

**Mr Barr:** You may be misinformed on that date.

**MS LAWDER:** Some of the blocks, for example in Monash, are apparently for aged care. Will that be by a private provider or as part of public housing?

**Mr Barr:** This is on the land release program?

**MS LAWDER:** Yes.

**Mr Dawes:** That particular land at Monash would probably go out to the market through either an EOI or an option or a restricted option. Those sorts of things are yet to be determined, but that will go to the market. We know there is a need for aged-care accommodation right across Canberra; so we have an inventory now of land

that is available for aged accommodation.

**MS LAWDER:** In relation to the ones at Greenway, there are two separate land releases according to the paper. Some would be off Drakeford Drive and the others off Mortimer Lewis Drive. Are you able to outline whether the 20 per cent affordable housing will apply in those two releases as well?

**Mr Dawes:** I will have to take that on notice as well because when we talk about 20 per cent, it does not always—

**Mr Barr:** It is over a totality of the program; not every single—there would be some areas that might have more than 20 per cent and others that would have less. It would vary, but the policy approach is over the totality of the program.

**MS LAWDER:** Some people have already spoken about this in terms of the save the Murrumbidgee corridor project. None of the land release is expected to be at the proposed new suburb of Thompson?

**Mr Dawes:** This was brought to my attention last night. I think what allhomes have tried to do is establish where—we have been talking to them today, actually, because it was brought to my attention at about 10 o'clock last night; people thought that we were already going to be releasing land in that area.

**MS LAWDER:** I think a bit of scaremongering on some people's part.

**Mr Dawes:** I think it is. But, again, we have not even commenced a territory plan variation process; so how it could even be in a 2016-17 land release program is—

**MS BURCH:** Allhomes has got it out.

**Mr Dawes:** As well; what it is referring to is the land. If you look at the—

**MS LAWDER:** They are referring to the suburb, I think.

**Mr Dawes:** The way they have coloured in the suburb, we have asked them to clarify that, because I think the green extends all the way to the Murrumbidgee River.

**MS LAWDER:** Yes. But you are saying definitively, absolutely, there will be no land release in that proposed—

**Mr Dawes:** No, if you look at the numbers that we referred to, there are two parts in Tuggeranong and Monash. They are the two that I have referred to that turn up.

**MS BURCH:** There is plenty to go in that planning process yet.

**Mr Barr:** Yes, that is right. It is difficult to undertake land release without territory plan variations.

**MS LAWDER:** I am just trying to clear up any confusion that was—

**Mr Barr:** That sometimes does not stop the commonwealth from wanting to do that.

**MS LAWDER:** I do not think that is where the confusion arose from. But it is good to get your definitive comment on that.

**Mr Barr:** Indeed, yes. So any help you can provide, Ms Lawder, in putting to bed that unfortunate rumour, all power to you.

**MS LAWDER:** Always good to hear straight from those in charge.

**THE CHAIR:** Ms Burch had a supplementary.

**MS BURCH:** It goes to some of the questions Ms Lawder had around 20 per cent affordable housing and the make-up of urban renewal. Everyone in this place has heard comments about where housing is going and where different developments are—where they are coming away from and where they are going to. Would it be possible to provide to the committee the details of that and then maybe a sense, suburb by suburb? People always ask, “What percentage of social housing is in my suburb?” That would be useful, again, to balance some of that narrative.

**Mr Barr:** I think that between our program and the data that Housing ACT has, that information can be provided. Yes, there is a common misunderstanding—this is repeated in yet another ill-informed editorial in the daily rag—that the—

**MS BURCH:** You are in their good books, I see, Mr Barr.

**Mr Barr:** Great pleasure in not renewing my subscription today.

**MS BURCH:** I cancelled it years ago.

**THE CHAIR:** Enough of the banter, please.

**Mr Barr:** There is and will remain a significant concentration of public housing in inner city and inner suburban areas. In some inner suburbs a percentage of public housing is in the high 20s, sometimes even 30 per cent of all dwellings in particular suburbs. As part of urban renewal and part of the change, particularly with some of the significant aged multi-unit developments that are being demolished in Braddon and Reid, for example, that percentage will come down. But there will still be a significant proportion of public housing in those suburbs.

The program of housing renewal has also involved the acquisition of new public housing in inner suburbs as well. It has not simply been an exercise of demolishing all inner city public housing and then replacing it with housing on the suburban fringe, as a reader who was not informed of all of the facts might misconstrue from opinion pieces written by certain journalists under the headline of an editorial in said paper. It would be useful for the committee to have that information, and I am very happy to provide it.

**THE CHAIR:** I have a couple of supplementaries on some of the previous questions. Under its strategic acquisitions, has the government only purchased land or has it

purchased businesses as well?

**Mr Dawes:** Obviously, it is mostly land but in the case that we have already discussed with the boats and the bikes, they were businesses. With the Spokes business, that was the land as well.

**THE CHAIR:** So it is only the boats and the bikes?

**Mr Dawes:** Because there were two people involved with the boats; there were two brothers. One had the business and one had the land holding. So we purchased that as well.

**THE CHAIR:** And they are the only two businesses that have been purchased?

**Mr Dawes:** Yes.

**THE CHAIR:** Under the framework—

**Mr Dawes:** I just have to double-check that. I think in our Riverview proposal we ended up—Mr Gordon can clarify that—buying some parts of some of the area there close to the Riverview proposal where there might have been the vet surgery or whatever.

**Mr Gordon:** At west Belconnen on Parkwood Road there are two businesses there that sit right in the middle of the project. There is a veterinary service and a dog kennel in that location that we have acquired.

**THE CHAIR:** How were they valued?

**Mr Gordon:** We had valuations done, valuations of the business.

**THE CHAIR:** By a real estate agent or—

**Mr Gordon:** Yes, by agents and people that have the expertise in that area.

**THE CHAIR:** Did the government receive legal advice when they set up the strategic acquisition framework from the Government Solicitor about how to go about it?

**Mr Dawes:** Yes, we have had some advice, because obviously there is also the compulsory acquisitions and the issue around compulsory acquisitions goes sometimes to the public benefit. Again, you still have to get those businesses valued with appropriate valuations because it is all done on just terms.

**THE CHAIR:** Because it has to be acquired—

**Mr Dawes:** They have certainly had some involvement, yes.

**THE CHAIR:** It has to be acquired for a public purpose, not for onsale for a private purpose.

**Mr Gordon:** If it is a compulsory acquisition, yes.

**THE CHAIR:** Are we able to see the legal advice from the Government Solicitor about the program?

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

**MR COE:** For strategic acquisitions as well as the new project acquisition. What board meeting was that project acquisition policy agreed to?

**Mr Dawes:** I would have to double-check that.

**MR COE:** Because it was last year, was it not—the project acquisition policy; is that right?

**Mr Dawes:** Yes.

**MR COE:** If you could please take on notice the date at which the project acquisition policy was approved by the LDA board—

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

**MR COE:** and what advice, especially from the Government Solicitor's office, but all legal advice that was used to feed into that and whether any purchases were made using the project acquisition policy prior to the LDA endorsing the project acquisition policy?

**MS BURCH:** Or if you had an earlier policy that set your guidance.

**MR COE:** That is right, that was endorsed by the board.

**THE CHAIR:** So all taken on notice?

**Mr Barr:** Noting that legal advice is not freely shared and we will—

**THE CHAIR:** No, that is okay. I did say “where able”. Back on page 258 of budget paper 3 there is a mention of the Kingston Foreshore arts precinct which was brought forward. What is happening with the precinct and what changes have been made to the composition? Is it just becoming another commercial-residential precinct with a couple of arts bits tacked on or is it still a genuine arts precinct?

**Mr Dawes:** I will ask Nicholas Holt to give you a summary of what is happening there, just remembering we are going through a process at the present time.

**THE CHAIR:** There are concerns within the community that there seems to be less and less talk about the arts and more and more talk about commercial and residential. Changes in scope of the project—what has happened? What is included in the 40,000 square metres, Mr Holt?

**Mr Holt:** I am looking after the Kingston arts precinct. Late last year we commenced



a two-stage process for the development of the Kingston arts precinct where we are looking to build around about 7,000 square metres of arts facilities within section 49 down at Kingston Foreshore. Part of the model we were looking at is leveraging the adjacent developable land to fund the development of the arts precinct. The first stage of that process was an expression of interest or request for proposal. We received four submissions as part of that first stage.

Following on from the assessment of that first stage, in responding to the risks that were identified and the proposals that we received, we refined the scope for the stage 2. We had to go from an expression of interest, which is, I suppose, looking for a range of ideas and options for the development of the precinct, to narrow the scope down so that we can get tenders that are actually assessable.

Some of the decisions that were made from there caused concern to one of the short-listed proponents that went through to the second stage, and one has formally withdrawn from the second stage. Two are currently completing the tender process, which is now due for close on 14 July. We will be able to assess proposals after closing.

We have had an interactive bid process during the tender process where we have been talking to the prospective developers about options for the development of the arts precinct. It is well and truly focused on the delivery of the arts facilities but also, importantly, the delivery of car parking, which services not only the arts precinct and the existing uses in the arts precinct but also the broader Kingston Foreshore. There are a lot of issues that we are monitoring through this process.

**THE CHAIR:** The initial call for expressions of interest, how much space was dedicated to the arts, to residential, to commercial and, say, to ancillary uses like car parks and open space?

**Mr Holt:** The request for proposal went out based on the Kingston Foreshore section 49 master plan, which identified around about—well, I should say there were two documents that established the arts facilities. There was the original section 49 master plan, which identified around about 5,000 square metres for arts facilities and the arts feasibility study which followed on from the section 49 master plan identified around about 7,000 square metres for the arts facilities.

The RFP went out to market with a requirement for around about 7,000 square metres for arts facilities. There was also a requirement for provision of 500 publicly available car parks during the week and 800 publicly available car parks on the weekend. The section 49 master plan identified a range of commercial floor area for the arts precinct, between approximately 22,000 and 35,000 square metres of commercial GFA. We required a minimum of the 22,000 plus the 7,000 for the arts precincts.

The section 49 master plan also identified 150 dwellings within one of the sites in Kingston Foreshore. But we did not mandate that as a maximum; we had this as a performance specification where we said that we want the delivery of the arts precinct, also the public car parking and the public realm, but if that they could manage to do that and increase the number of residential dwellings, they could do that because that would be a better financial outcome for the territory.

**THE CHAIR:** When you refined the scope and went back to those who were interested, what were the specifications for those four areas?

**Mr Holt:** We did some further work following the assessment of the first stage of the RFP. Some risks were identified by the proponents in relation to the arts facilities specifically in regards to fit-out requirements and some of the needs of the user groups that were going in there. So we did a fair bit of work to further refine the scope for the arts facilities in there.

We did not change the requirement in regard to parking in the precinct. In response to the submissions we changed the ownership of assets. In the original RFP we had left it open that the developer could retain ownership of the public realm assets surrounding the arts precincts. In the second stage RFT we narrowed the scope that those assets would be handed back to the territory. That was partly in response to the submissions that were received and our assessment of the risks in regards to those submissions.

**THE CHAIR:** In the refined scope, there was still 7,000 square metres of arts space?

**Mr Holt:** Correct. There were some minor changes. There were some discussions with different groups about their requirements. As you can imagine, this is the early stages of the planning so as more discussions have been held with the different groups, their requirements have been refined. A lot of that comes down to how they would share spaces and how they would work functionally together.

**THE CHAIR:** In the refined scope, residential stayed at 150 dwellings?

**Mr Holt:** We did not mandate a number of dwellings. Basically the different proponents came up with different options around the numbers of dwellings.

**THE CHAIR:** What is the spread?

**Mr Holt:** I would have to take that on notice and get back to you. At the interactive bid process there have been some changes from the initial RFP submissions. That was partly in response to the change in regards to ownership of the public realm, because that changes the financial model that they put up.

**THE CHAIR:** And the commercial space?

**Mr Holt:** The commercial space, we retained the requirement for the 22,000. That 22,000 was in achieving activation in the precinct. We have required that the developers with their tenders look to achieve the objective of activation in the precinct.

**MR HINDER:** I have a question, again, about the commonwealth and its propensity for doing whatever it likes. The Constitution Avenue upgrade we hope is about to end. My understanding is that there are at least two commonwealth assets along that road that are going to be sold. Do you have any inkling as to what they might be repurposed for?

**Mr Barr:** My understanding is that the zoning has been changed to allow for

mixed-use development. The principal sites of interest are Anzac Park east and west. The western one was refurbished, from memory, for AFP but then was not big enough. There we go; there was an interesting exercise for the commonwealth there. Anzac Park East—would “mothballed” be the nicest way you could describe it for some—

**Mr Dawes:** 1997.

**Mr Barr:** Yes. I understand that although the building has its charms, it also has its challenges. But given its proximity to the Campbell 5 development, the enhancement of transport infrastructure and obviously future opportunities there, presumably there would be a degree of interest in acquisition of those sites.

I have put to the Prime Minister and some of his colleagues the value uplift that would be obtained from commonwealth support for extending the light rail project along that Constitution Avenue corridor. There is undoubtedly a value uplift, and the Prime Minister, through his parliamentary secretary, Angus Taylor, have talked about value capture, value uplift, and this would be a very clear demonstration project where the beneficiary of the value uplift would, in fact, be the commonwealth itself.

In the context of the city deals the commonwealth are striking around the country under their cities policy—putting all politics aside, there is certainly merit in that approach and that engagement—it would appear should the territory government be re-elected and the Turnbull government be re-elected there would be scope to talk about light rail extension along that corridor, the commonwealth making a contribution and then effectively recouping the value of their contribution through the sale of the assets that they hold in that corridor.

It is an interesting model, one that will be worth pursuing. Of course, that option is only available upon the re-election of both governments. But should that occur, that would be something to be discussed early in the term of the next Assembly.

**THE CHAIR:** Unfortunately the estimates committee will not be sitting on election day, so we all have to wait and see what happens.

Our time for economic development, urban renewal and Land Development Agency has passed. For those who are leaving us, if you have taken questions on notice, five working days is the requirement or the hope of the estimates committee that we could get your answers.

For those who heard Mr Finlay’s earlier comment about his Finlay’s estimates cameo, that cameo has now come to an end. We thank him for his attendance briefly with us today.

**Sitting suspended from 3.16 to 3.30 pm.**

Appearances:

ACT Audit Office

Cooper, Dr Maxine, Auditor-General  
Stanton, Mr Brett, Director, Performance Audits  
Sheville, Mr Bernie, Director, Financial Audits  
Sharma, Mr Ajay, Principal, Professional Services

**THE CHAIR:** Good afternoon, ladies and gentlemen. Welcome back to the afternoon session of the 2016-17 estimates committee. This afternoon we will be looking at the ACT executive and Office of the Legislative Assembly budget, pages 11 to 18, which covers the ACT Auditor-General. Then we will move to the ACT Gambling and Racing Commission.

Could you confirm for the committee that you have read and understood the pink card which contains the privilege statement and that you understand the implications of privilege.

**Dr Cooper:** We do.

**THE CHAIR:** Madam Auditor-General, would you like to make an opening statement?

**Dr Cooper:** Yes, I would. At last year's hearings to consider the ACT audit 2015-16 budget estimates, I advised the committee that the strategic review of the office would be a high priority in 2015-16. The strategic review was recently completed by Mr Des Pearson. I am pleased to advise the committee that Mr Pearson concluded that the Audit Office is generally highly regarded by stakeholders and operating efficiently and effectively in discharging our responsibilities in accordance with the Auditor-General Act 1996.

I would also like to give a summary quote to the committee from Mr Pearson:

It was evident from my review that the ACT Auditor-General and her staff are discharging their responsibilities diligently and conscientiously and have embraced the recommendations of previous reviews. They have also built on these reviews by commissioning complementary, targeted reviews. The cumulative effect is that the ACT Audit Office is, within the resources available, operating efficiently and effectively in delivering on the mandate provided.

Mr Pearson made 20 recommendations. Sixteen of these are for action by me or by me and either the Chief Minister or Head of Service. One recommendation involves a cooperative effort between the Chief Minister and me, and two of them involve the Head of Service's cooperation. Progress on the implementation of recommendations will be monitored by our audit and review committee and reported on in our annual report.

One of the four key priorities listed on page 11 of our budget paper includes addressing the findings of the strategic review. The other three priorities are: developing a planned program of performance audits aimed at meeting the

expectations of the Assembly and the community; completing the planned program of performance and financial audits in accordance with professional auditing requirements and reporting deadlines; and responding to public interest disclosures and representations. These have been and will continue to be a priority for the Audit Office.

The Audit Office's total revenue budget for 2016-17 is \$6.942 million, consisting of financial audit fees of \$4.025 million, which is 58 per cent of the revenue budget and disclosed in the budget papers as "User charges—ACT government", \$3.3 million, and "User charges—non ACT government", \$759,000—and we have an appropriation of \$2.857 million, which is 42 per cent of the revenue budget and disclosed in the budget papers as controlled recurrent payments.

The appropriation of \$2.9 million in 2016-17 and the forward years is less than that that was recommended by the Speaker. The Speaker, after consultation with the public accounts committee and the Audit Office, recommended that the appropriation be increased to fund additional performance audits. The Speaker recommended that an additional \$540,000 be provided in 2016-17 for two additional performance audits—and \$810,000 in 2017-18 to fund three additional performance audits, just over \$1 million in 2018-19 to fund four additional performance audits, and \$1.35 million in 2019-20 to fund an additional five performance audits, which would bring the total performance audits to 12.

As the additional funding recommended by the Speaker has not been provided, the Audit Office plans to complete seven performance audits in each of the years covered by the forward estimates. The Audit Office expects to spend its total revenue budget in 2016 and the forward years. The budget operating statements show that the Audit Office expects its operating deficit to increase from \$11,000 in 2015-16 to \$213,000 in 2016-17. The increased operating deficit mainly reflects the 2016-17 budget assumption that the Audit Office will maintain its budget number of staff in 2016-17 rather than having lower than budgeted staff numbers, as has occurred in 2015-16.

The Audit Office estimates that the small deficit of \$213,000 in 2016-17 will be followed by smaller deficits in each of the following years from 2017-18 to 2019-20. These small deficits can be met from cash reserves which we have.

The Audit Office's budget balance sheet shows that the office has the capacity to meet its obligation and any unforeseen cost pressures that may arise from time to time. The total revenue budget is expected to remain stable over the forward years, with revenue increasing from an estimated \$6.7 million in 2015-16 to \$7.3 million by 2019-20.

The total revenue budget assumes the following: the number of performance audits, currently seven, and other activities as funded by the appropriation; other activities which are funded by appropriation, including handling public interest disclosures, representations, preparation of the report on the financial audit program which is tabled annually in December; provision of briefings and advice to Assembly members; attending internal audit committees; and provision of whole-of-government audit and accounting advice.

The appropriation also contributes to meeting other corporate costs, including the production of our annual report, the learning and development program that we have for staff and other expenses associated with the office, such as accommodation and information technology.

The financial audit fees are estimated to remain pretty stable over the forward years. This is on the budget assumption that the size and complexity of the financial program will not really change materially. Total expenses are also expected to remain stable over the forward years, with expenses increasing from an estimated \$6.7 million in 2015-16 to \$7.4 million by 2018-19.

Thank you for allowing me the opportunity to give that overview.

**THE CHAIR:** If we could go to the review by Mr Pearson, in terms of the new arrangements, with the Auditor-General as an officer of the Assembly and your office now working through the Speaker, effectively, as the agency, how are those arrangements working, say for the procurement of the services of a reviewer? Has that been satisfactory from your end?

**Dr Cooper:** From our perspective it has been very satisfactory. Let me give some principles. We remained at arm's length from the appointment. We had an arrangement in place where we were notified when the reviewer was coming in and we had sufficient time to provide the material that was needed for that reviewer. The reviewer then submitted the report through Madam Speaker, but the whole process for our review was treated as a performance audit. So with all due fairness in terms of us responding back through the Speaker, and all of that, we were given the right to comment, which we appreciated and which we took up the opportunity to do. We were given the opportunity for our response to be included in the tabled report.

**THE CHAIR:** The other side, of course, is that the Speaker's office is the agency that represents you at cabinet negotiations. We were not, again, able to see extra funding for the performance audit side.

**Dr Cooper:** Correct.

**THE CHAIR:** As you point out, it is 58 per cent financial audits and 42 per cent performance audits, as per a split of the funding. The office seems to be getting more and more, for instance, public interest disclosures, referrals from the Assembly, requests from the government. What is the impact of that on your annual performance program?

**Dr Cooper:** The impact of that is that we try and accommodate the high priority issues. For instance, we have currently got an audit in the forward program on the LDA. That has been something that has come through a PID process. There are quite specific issues. We have decided that it would be best in the public interest to have it as a performance audit. We acknowledge the priority that needs to be given to that. But other audits that we might have done actually get pushed out.

One of the things the reviewer said—which I am very mindful of—is the need to always, though we have high priority, try to achieve a spread across all the areas that

you need to hold to account. It was really quite interesting—it was very obvious when he said it to me; he has not written it as bluntly in his report—that he said that although we do systems issues that include education, he thought we needed to do more program issues to look at the outcome in terms of education.

You will see in the forward performance audit program the moment that was brought to our attention. It seems so obvious that we did not pick it up. We have now got one in, and we will now have one in in the years to come. That is the impact: you want to maintain an oversight over all the key areas where the budget is, but then you get these other high priorities. When Mr Pearson said, “You need to keep this balance,” I said to him, “What wouldn’t you have done in the past two years?” His answer was, “I would have done all of them.” So it is a very vexed issue.

**THE CHAIR:** It is a vexed issue that is really only solved by additional funding to enable you—

**Dr Cooper:** It would help enormously. The challenge the ACT has is that we are a small jurisdiction, yes, but we have the same accountabilities right across. For some of our smaller entities—I think I can say groups like Legal Aid, some of those really small ones—when you do audits like we have just done on credit cards or leave, a cross-systems one, they get a lot out of it, because that may be the only audit that they have got on that particular area. It is a very vexed issue as to how to get that balance right.

**THE CHAIR:** Auditors-general in other jurisdictions obviously only look at the state governments.

**Dr Cooper:** That is right.

**THE CHAIR:** Whereas we also have the municipal functions.

**Dr Cooper:** Yes.

**THE CHAIR:** Do the other jurisdictions’ auditors look at the municipal side as well?

**Dr Cooper:** I am not sure they do in the performance audit arena. I think they are doing more towards the financials. But the other thing you have to look at is that in the ACT jurisdiction we have always been a bit of a leader in many ways. If you look at where performance audit will be in 10 years time, I think the trends are shifting quite dramatically. It will certainly be of prominence in audit offices.

**THE CHAIR:** Mr Doszpot.

**MR DOSZPOT:** First of all, congratulations on the performance audit. Obviously that was a fairly thorough investigation of how you do what you do and feedback. Congratulations to you and your colleagues on that.

**Dr Cooper:** Thank you. I will pass it on to my team because it is the staff who do it.

**MR DOSZPOT:** Yes, it is a team. My first question to you relates to public interest

disclosures. How many public interest disclosures were made during 2015-16?

**Dr Cooper:** While I am going to answer that with a numeric response, the really vexed issue with public interest disclosures is that it is not just numbers; it depends upon the particular issues. So far this year we have had four. Last year it was three. We also get what we call “representations” which are not public interest disclosures under the legislation. We call PIDs “PIDs” when it could have an association with the legislation. But before a thing becomes a PID it may be a representation that you have got to do a fair bit of analysis on.

**MS BURCH:** Sorry, Maxine, what were your numbers on that?

**Dr Cooper:** The numbers were four this year and three last year.

**MS BURCH:** On PIDs?

**Dr Cooper:** On PIDs. On representations, 28 this year and 19. This year we have done an investigation and this was very cooperative with the agency. We did an investigation on an education department issue. Having done that, they wanted it done independently so they referred it back to us. So we certainly invested our money in doing that. Then they have gone ahead and addressed the issues.

We have also had one where we referred it to the agency and they have done it. We also did a fair bit of work around one performance audit with an investigation that has now led to the LDA audit. The public interest disclosure legislation allows you, if you are doing an investigation under that legislation, to close that and continue investigating the issue another way. We stopped it because we thought in the public interest it was something that should be brought to the Assembly.

**MR DOSZPOT:** You can make up your own mind as to what you will investigate in that sense?

**Dr Cooper:** No.

**MR DOSZPOT:** No?

**Dr Cooper:** We have to comply with the public interest disclosure process. We are a referral agency, but—it is extremely complicated—if somebody comes to us and says, “I’m Mary Smith and I have this issue with a particular agency,” we say to them, “Okay. On the surface it looks like it could be a PID. Do you mind if your name is given to the agency and the issue and we refer it to the agency and they can then investigate it?” They can refer it to another agency to investigate or they can refer it back to us to investigate. If that person comes in and says, “Under no circumstances do I want the agency to know who I am,” that puts quite a complex issue into place.

**MR DOSZPOT:** Sure.

**Dr Cooper:** If you refer it, can you refer the issue without the name, or does the mere fact of referring the issue mean that person’s identity would become disclosed? They vary.



**MR DOSZPOT:** So any individual can make that referral?

**Dr Cooper:** Absolutely.

**MR DOSZPOT:** It is important to have some recognition of who is doing it so that you can refer—

**Dr Cooper:** I think a very important role of the Commissioner for Public Administration is that if you get a public interest disclosure she keeps a register of who has got what. That is important because you could end up with these being looked at in several areas through different ways.

**MR DOSZPOT:** A single instance is sufficient for you to—

**Dr Cooper:** Absolutely. The really important principle we subscribe to strongly is that it is the protection of that person. That is the intent of the legislation—to be able to raise issues. But not every issue is a public interest disclosure. People will sometimes assume, because they have got an issue, that that equates to a PID. The other thing that happens is that often a person, if their issue is not resolved to their full satisfaction, can become quite upset, and that can become problematic. The other thing is that the person who raises the issue may not necessarily find out all the details. They may actually get a summary that says, “Thank you for raising these issues. They have now been addressed,” and that is it. A lot of people who make a PID, I think, assume that they are going to get every single detail of that issue. A lot of them are very private.

**MR DOSZPOT:** You make that decision as to whether you are going to disclose any information to the originator of it?

**Dr Cooper:** We mostly do not disclose much at all. That is why, if we are dealing with a PID and it has been referred back to us, we will make the call as to whether we should close it and consider the issues that are being raised in the public interest and put it in the performance audit. A really good example was the education one. I will not go into what that was, but it involved a particular person; allegations around their behaviour, what they were supposedly not doing that they should be doing. It was quite specific. We looked into that. They certainly needed to tidy up some things. That issue was quite person-specific. The agency, as far as we are concerned, went and addressed the issues. They are also looking at some systemic issues. The privacy of that person should be maintained as well as the privacy of the person making the PID. So we did that.

With the LDA—it is a good example—the issues around the sites have been in the public domain. We will not reveal the name of the PID; the person can if they want to. Those issues and the purchase of land, you would imagine, would be something that an Assembly would be interested in. That is quite a broader area.

**MR DOSZPOT:** At a certain point you decide whether it is closed, meaning that you are not going to take it any further?

**Dr Cooper:** It is closed when we consider it so or, if we have referred it to an agency, when the agency considers they have investigated it and the investigation has revealed some issues and they are addressing them. We had one a few years ago and we referred it to the agency. They investigated it. We had asked—they do not have to, but they did—for a copy of their findings. We considered that they investigated the wrong thing, so we asked them to investigate what we thought the PID issue was about. So they went and re-did it. They then said, “We think we’ve addressed them.” We looked at it and we thought all practical management approaches and the issue had been addressed. On the allegation of the corrupt behaviour there was no evidence, but there was evidence that their systems needed to be improved.

**MR DOSZPOT:** What happens in the instance where this has been done; the agency has carried out an investigation, you get the results back and you are not satisfied that it has been looked at? What is the next course? What is the next step?

**Dr Cooper:** We leave it to the agency but, for us, as the Audit Office, the next course would be: we are going to look at this systemically. Say it was to do with purchasing something. If it came back and we really thought it needed to be the subject of a performance audit we would broaden the net and I would be considering: that is performance audit territory; we will go and look it at more broadly in that agency.

**MR DOSZPOT:** If you do not hear back from the department how do you—

**Dr Cooper:** They do not have to.

**MR DOSZPOT:** But how do you find out? How do you get the opportunity—

**Dr Cooper:** They have never not been cooperative.

**MR DOSZPOT:** Okay. My final question is: if they do not report back to you—

**Dr Cooper:** The Commissioner for Public Administration has a role in that.

**MR DOSZPOT:** Okay.

**Dr Cooper:** That is her role, really.

**MR DOSZPOT:** So it cannot just disappear without you having some sort of a fallback on that?

**Dr Cooper:** No, it could, but it should not disappear without the commissioner.

**MR DOSZPOT:** Okay.

**Dr Cooper:** When people come to us we feel a bit of an obligation to make sure we see the process through.

**MR DOSZPOT:** Thank you.

**MS BURCH:** In some ways Mr Doszpot stole my thunder; so can I ask a

supplementary and then go to a substantive question? We had the Ombudsman yesterday or the day before. It seems that between you, the public sector commissioner and his office there are three avenues for complaint representation resolutions to occur. Where is the clarity in that? For example, how does Mrs Smith in Brown St know where to go?

**Dr Cooper:** They can choose anywhere. I think that is one of the advantages. But, importantly, that role of the Commissioner for Public Administration—we all have to report to her the subject matter. There have been occasions on which, given the same subject matter, we may say to the person who has contacted us, “You’re already there. Deal with that one.” You are not obliged to take it two or three times; so we do communicate.

**MS BURCH:** I think Mr Doszpot or you may have mentioned this. A process is started, it is investigated. At the end of all of this, if there is no evidence, the resolution may not be the outcome sought. Whatever the outcome is, it may not be the outcome sought, but that is just what it is. But you let people know that it is concluded, either directly or through the commissioner?

**Dr Cooper:** If we are the ones investigating, we let them know directly. If the agency has investigated and the agency says to us, “We have now concluded it,” because that is their decision, we will then write to the person. They will get a letter from us saying, “We are aware the agency has concluded it. Therefore, we will be taking no further action.”

**MS BURCH:** I have a substantive question relating to budget statement A, page 11. I think you touched on it in our opening statement. It relates to the recommendations of the strategic review. You mentioned 20 recommendations, 16 for which you had sole responsibility or shared responsibility. Is there a clear map now? In addition to all the other things you do, you have got a map around responding to these recommendations?

**Dr Cooper:** Absolutely, we have. The first three recommendations are ones of a legislative nature. That is really for the public accounts committee, I think, the Speaker and the Chief Minister. I am not sure who is going to own those ones.

**MS BURCH:** I think somebody is on to that.

**Dr Cooper:** For all the others, we have got a program in place. Some have already been implemented in our forward planning for our performance audits this year. The recommendations about, as I said, education considering some other criteria, we have already implemented. But we should by September-October—Brett, performance audit 1, what is our time on that?

**Mr Stanton:** For the performance audit relevant to recommendations, we have generally identified a time frame of about 30 September 2016 to have considered, reviewed the recommendation and updated our policies and procedures appropriately.

**MS BURCH:** That is quite a quick response.

**Mr Stanton:** There will be the usual process when we have internal audits, other evaluation reviews. Primarily, it will be the audit and review committee, our own audit and review committee, that will have an oversight role in relation to how we are tracking against implementing the recommendations.

**MS BURCH:** Does the implementation of these recommendations have a ripple effect then into the interconnection and the relationships with the agencies that you do performance audits on?

**Dr Cooper:** Yes.

**MS BURCH:** Is there a ripple effect and how are you bringing them on the journey as well?

**Dr Cooper:** Yes, some of them are particularly in terms of communication. There was one very interesting one that Mr Pearson made around putting audits on the forward audit program. Brett, let's find that one.

**MS BURCH:** But you do that currently?

**Dr Cooper:** Yes, we do that, but he then thinks we should be speaking to the agencies during the year in an encouraging way to make sure that they are actually trying in a forward step to already start addressing some of the issues.

**MS BURCH:** So pre-audit preparation? A bit like a quality review process?

**Dr Cooper:** Yes.

**MS BURCH:** Get ready before they turn up?

**Dr Cooper:** That is right. Then maybe in the years to come we might take those off. That is a vexed issue, but we have certainly said that we are going to try to have greater communication with the agencies on that.

**Mr Stanton:** That is recommendation 5, which is dealt with in some detail on the pages leading up to page 27 of Mr Pearson's review. Our response to that particular recommendation is agreed. Specifically, at this point in time—fairly early in our consideration of how practically this might be implemented—we are considering how to actually invite information from directorates and agencies in our development processes for future performance audit programs, how to invite that information from them as to what sort of assurance activities they have got in relation to those performance audit topics and how that will influence our future decision-making on the PA program.

**Dr Cooper:** In a previous review, by Bob Sendt, I think, early in the year, Bob raised the issue of whether or not you should even have the outyears we have got because would an agency get frustrated with us if we put an audit on something and then did not do it? So here we have two reviewers, and we are going to adopt the current one and see how it works.

We will probably in about 18 months, Ms Burch, go back and have a look, having implemented these, do a bit of an assessment ourselves or get somebody in to say whether we should continue or do something different. A very interesting one is the financial one, Ms Burch. That is the December financial report.

**Mr Sheville:** The recommendation 6 is to consider the report we do annually, which is a large report. It summarises the results of the audit program. It is basically a compendium of all of the issues that we have identified. But there is potential within that report to prepare a series of stand-alone reports because the bits do not rely on each other. I am to make a recommendation to the Auditor-General as to whether we do a split. The idea of breaking it and having an acquittal report that comes out earlier is attractive because it gets something published earlier.

**MS BURCH:** And within a financial year.

**Mr Sheville:** Timeliness, yes. Part of Mr Pearson's recommendation—perhaps to do a controls report or a report on other matters after the Christmas period—I am less inclined to go with that because I think it is too long. Whatever report we do, we should try to have the report in and completed by December of each year. But it may be a case of neatly doing it in two or three sections of this larger report. Content would be similar. It would simply be broken down and we would get the material that can be produced and published earlier to the Assembly earlier.

**MS BURCH:** And that could be attractive to you, obviously if you were—

**Dr Cooper:** It would be. But also—

**MS BURCH:** Sorry, Mr Sheville, for cutting you off.

**Dr Cooper:** Sorry, Bernie. Are you right?

**Mr Sheville:** Yes.

**Dr Cooper:** Sorry.

**MS BURCH:** No, it was me; I cut him off.

**Dr Cooper:** I probably joined in. I apologise. I think Mr Pearson's idea on that was that it is a very dense report, the December report. If you are very enthusiastic pre-Christmas, it is great reading. But he felt that it might actually have greater value to separate it at other times of the year and allow the Assembly members and the community to digest it. I think that is a very practical way.

The other interesting thing about Mr Pearson's recommendations is that there are quite a few on communication. There is one where he has suggested—and I have already written to the Head of Service asking to come to the strategy board meeting to brief them on what we are doing. There is a fair bit around that.

One of the other ones I will pass to Mr Sharma. He wants us to have a specific focus for all our staff on how we manage relationships. We thought we did that. We think

we have got a pretty good arrangement, but he thinks no audit office, I think, can ever do enough. You can always do more and more. So we have already got a program in place.

**MS BURCH:** That goes to the quality of the relationship and the purpose and the result of the work, I would imagine.

**Mr Sharma:** I also wanted to add that we had a performance audit seminar. At the seminar we shared some information with the agencies broadly in terms of the recommendations. The one in relation to stakeholder relationship management, as Dr Cooper said, you can never do enough in that space. It is effective communication. I will outline what we have done.

There is a company that does a lot of work with the other audit offices. They do surveys in terms of what stakeholders say about communication and how that can be improved. They get feedback from the various stakeholders. We are going to engage this company to provide us with training in this space. There will be guidance provided to our staff. This company has done research since 1999. There is a lot of information on how this communication can be improved. They will be sharing better practices in this area. The training is scheduled for early July at this stage.

**Dr Cooper:** I think it is really interesting on the performance audits how performance audits that are really very confronting for an agency are not necessarily the ones we have relationship issues over. There is not a correlation between a confronting audit and relationship. Sometimes there is, but I think on both sides that if we handle it as a journey of discovering things that neither of us would know at the beginning, that is something that works much better.

**MS BURCH:** And your recent experience probably feeds into that as well?

**Dr Cooper:** Absolutely, yes. Some audits are far more sensitive just because the topic.

**MR DOSZPOT:** I have got a couple of questions here. I think they are sensitive issues, but I am not quite sure how much you can tell us about them. Have there been any reports, formal or otherwise, of bullying?

**Dr Cooper:** Yes, there have. I can tell you that we do get people coming in with some of those. And we look at that in terms of whether it is a PID or not a PID; who should we refer it to? My view on that is that the Commissioner for Public Administration has a particular role on those kinds of issues. If they would not mind, that is where I say to them, "Would you please go there?"

Sometimes it can be a PID issue; sometimes it may not be. Often in those kinds of cases, from the audit's perspective, if there is a systemic issue and it is really across a whole group of people, I would sit up. If it is a one off, you would then look to see whether they were being performance managed. The HR side like that becomes very challenging.

We might do an audit in a space that does raise issues around bullying-harassment—I will go back a few years—like the hospital's emergency service. You will recall some

bullying-harassment. You might find after you put a report out like that you might get quite a few phone calls from people involved in that area. If they do not mind, I think the correct place to deal with that is the agency or the Commissioner for Public Administration. But sometimes they will say, “We don’t want to go there,” and then we have to go into, “Is it a PID, is it not? What is the background information that we need to consider?”

**MR DOSZPOT:** You cannot really specify where the bullying instances occurred?

**Dr Cooper:** I think that would be inappropriate because—

**MR DOSZPOT:** Yes.

**Dr Cooper:** From—

**MR DOSZPOT:** No, I am not asking you to.

**Dr Cooper:** Okay.

**MR DOSZPOT:** I am not pushing you.

**Dr Cooper:** It is a challenge.

**MR DOSZPOT:** Yes. That is what I said at the outset; it is a sensitive topic.

**MS BURCH:** When you look at that, do you also consider the size of the public service? Without paraphrasing Mr Doszpot, I think what he may be trying to see is whether there is a trend or a misbehaviour that is at a system level. If that were the case, that is when you would go in and have a look?

**Dr Cooper:** Yes. We have just done one—Brett might want to talk to it—on the Calvary hospital where there were allegations around that. But we did not actually look at that. We looked to make sure that the right procedures for raising issues were in place. Then we made those recommendations about what we thought needed to be examined.

**Mr Stanton:** More broadly, through the annual performance audit program planning process, we will go through the representations and PIDs that we have received and see if we can identify any particular trends or systemic issues that that might make it into the program.

**THE CHAIR:** There being no further questions, Auditor-General, thank you for your attendance with your staff today. A transcript will be provided when it is available in case you need to make corrections or give us further information. I do not believe you took any questions on notice; so we will let you off that. We thank you for your attendance today. The committee will now break and resume at 4.30 with the Minister for Racing and Gaming and the Gambling and Racing Commission.

**Sitting suspended from 4.06 to 4.28 pm.**

Appearances:

Gentleman, Mr Mick, Minister for Planning and Land Management, Minister for Racing and Gaming and Minister for Workplace Safety and Industrial Relations

Chief Minister, Treasury and Economic Development Directorate  
Dawes, Mr David, Director-General, Economic Development  
Snowden, Mr David, Chief Operating Officer, Access Canberra

**THE CHAIR:** Good afternoon, ladies and gentlemen, and welcome to the final session of the 2016-17 select committee on estimates hearings for today. We welcome the Minister for Racing and Gaming and his officials.

Please be aware that proceedings today are being recorded and transcribed by Hansard and will be ultimately published by the committee. The proceedings are also being broadcast as well as webstreamed. On the table before you is the pink privilege statement. Could you please confirm for the committee that you have read the privilege card and that you understand the implications of privilege?

**Mr Gentleman:** Thank you, Mr Chairman, yes, we do.

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

**Mr Gentleman:** Thank you very much, Mr Chairman and members. On behalf of the government and as Minister for Racing and Gaming I want to acknowledge the contribution that clubs in the ACT make to the Canberra community and also advise the committee that the government is working with clubs to make sure they can continue to contribute in a sustainable way into the future. In fact, late last year I had a meeting with a representative from the Burns Club in Kambah who wished to meet, given I had directly taken over this portfolio. The club has taken a fantastic initiative in diversifying away from poker machines into child care and also a really good buffet, which is working very well for the club.

The government recognises that the racing industry in the ACT provides economic benefits, entertainment and employment for many Canberrans. The gaming machine trading scheme has been operating for almost a year now and at the moment the number of gaming machines actually in operation in Canberra is 4,647. That is down from 5,022 in August last year. This has been achieved through forfeitures and quarantining under the scheme. Phase one of the scheme has another two years to run, which means that these numbers will go down even further.

The government is also working on implementing the recommendations of the public accounts committee's inquiry into elements impacting on the future of the ACT clubs sector. I know Mr Smyth is particularly interested in those reforms.

The community clubs task force is continuing its good work, and several steps have been taken to reduce the burden of red tape on clubs. In fact, just last month you will remember I signed off on a change to the Gaming Machine Regulation which will allow clubs to conduct ballots in more flexible ways rather than being required to mail



out papers. Clubs can now use electronic communication or even engage a provider to undertake the ballot for them. Last year we made it easier for community groups to hold a raffle since low risk lotteries no longer require approval.

The Gaming and Racing (Red Tape Reduction) Legislation Amendment Bill, which was introduced in the Assembly during the last sitting period, will remove the requirement for signage stating the percentage a gaming machine may pay out. This information can be misleading. You will recall a bit of discussion on the fact that it indicated an amount due to be paid out over the life of the machine but that there was some misreading where players think that they are getting back \$87 for every \$100 they spend a day at the machine. We cannot leave gamblers with the mistaken belief that are definitely going to get some back from a gaming machine when they gamble. That signage is contrary to the other harm minimisation measures that we have in the territory, and that is why we are changing those signage requirements.

It is not a change in relation to the requirement that all machines must be programmed with the minimum payout of 87 per cent, though. Licensees will now be required to display a similar sized sticker and a statement approved by me as Minister for Racing and Gaming on each gaming machine at authorised premises, and the message will be set by a notifiable instrument, which will be ready prior to the August sittings. This reform is good for the community as it will enable a display of consistent harm minimisation messaging, and it also represents less administrative red tape for the clubs, hotels and taverns.

Licensees will now be able to display the same message on all machines, which will save considerable time and effort associated with checking each sticker against the machine's payout rate. You will recall that that was something they raised in the PAC hearings.

The gambling harm screening question recommended by the committee continues to be communicated through the community sector, and we will be working the commonwealth government on managing illegal offshore wagering now that their review has been published.

The establishment of Access Canberra has made life easier for businesses. Joint inspectors for areas like gaming, liquor and health have meant government officials need to go to venues less often and interrupt businesses less as well. The feedback we have had so far has been very positive.

Where we can remove red tape, we will. However, the government is committed to maintaining the integrity and ethical conduct of gaming in the territory. Access Canberra is putting in place a risk-based compliance framework, which means that the resources are directed to where the risks to integrity, community protection or harm minimisation are the greatest. This will be based on considerations of the kinds of harm that might happen to the community, whether the venue has complied in the past, if there are systemic issues and if they are blatantly disregarding the law.

Gambling harm is a problem in our community and the government is committed to reducing and preventing it. The recent survey on gambling health and wellbeing in the ACT showed that a high level of gambling harm or problem gambling fell from

0.5 per cent in 2009 to 0.4 per cent in 2014. That does not sound like much, but it is quite a few people who are no longer seriously being harmed by gambling issues. However, just over five per cent of ACT adults reported some level of harm from gambling, so the government will continue to look at ways of reducing this harm and is committed to maintaining a strong and responsible gaming policy framework for the ACT.

**THE CHAIR:** Minister, in regards to the government's decision to put poker machines into the casino, was the Gambling and Racing Commission consulted before that occurred?

**Mr Gentleman:** There was some work my office did with the commission prior to that.

**THE CHAIR:** What does that mean?

**Mr Gentleman:** Yes, we did some consultation with the commission.

**THE CHAIR:** And what was the commission's view on poker machines in the casino?

**Mr Gentleman:** They gave us some advice on machines in the casino. That was formulated into some cabinet advice.

**THE CHAIR:** Are we allowed to see a copy of that advice?

**Mr Gentleman:** It is still cabinet in confidence at this stage.

**THE CHAIR:** Was a social impact assessment done on the effect of poker machines in the casino?

**Mr Snowden:** A social impact assessment has not been done. The reason is that no machines are in casinos yet. No decision has yet been finalised in relation to that proposal.

**THE CHAIR:** So the government has not made a decision to put 200 machines in the casino?

**Mr Snowden:** The government has made an announcement that if the proposal in relation to the development of the casino goes ahead, then they would allow 200 machines to go into the casino. A social impact assessment has not been made as yet because nothing as yet has been finalised.

**THE CHAIR:** When will the social impact statement be made?

**Mr Snowden:** When the final announcement, if and when that happens, occurs.

**Mr Gentleman:** As the public are aware—

**THE CHAIR:** When you say the "final announcement", the final announcement that

they are going in or the final announcement that the proposal is going ahead?

**Mr Snowden:** No, in relation to the proposal for the development.

**THE CHAIR:** But would you not do an assessment to inform your decision—

**Mr Gentleman:** At the moment, Mr Chairman, this is only a proposal. The government has looked at it in one stage and it is assessing when a response comes back from the casino.

**Mr Dawes:** We have only just received last Friday from the casino the business case. As you are probably aware, the casino have informed the ASX that they have lodged their business case. We will now get underway and do all of the due diligence that is required, because there are a number of elements to their proposal. It is something around some planning and obviously the gaming model. That is when those things will be reviewed. The Gambling and Racing Commission and a number of other directorates across government will be involved in that analysis. I understand that the first meeting across government will be conducted this week, on Thursday; tomorrow.

**MR DOSZPOT:** A supplementary?

**THE CHAIR:** Yes, in a moment. But, minister, would you not do a social impact assessment to see whether or not you would approve this? The Chief Minister has informed the community they can have up to 200 machines.

**Mr Gentleman:** As Mr Snowden has said, there will be a social impact study done and a statement made. However, as we have said, this is simply a proposal at this stage. It may well be that the casino will come back and say, “Well, we’re not going to go ahead,” and therefore there would be no need for a social impact study.

**THE CHAIR:** They lodged the business case last Friday. I assume they are going ahead. Are they going ahead or not, Mr Dawes?

**Mr Dawes:** They have lodged their business case, but up until last Friday we were not sure whether they would accept the implications of reducing the number from their 500 to 200. Now that we have all that information, that is being assessed and then we will make those decisions.

**THE CHAIR:** Have they accepted the 200, and is the business case now for 200 machines?

**Mr Dawes:** Up until last Friday we were not sure if they were going to accept that, but they have. They have re-lodged their business case and they are accepting the 200. We can now get on and do some of that work.

**THE CHAIR:** Now will you do a social impact assessment?

**Mr Gentleman:** That will still be up to the decision from cabinet. If cabinet decides to go ahead with the proposal, certainly, as Mr Snowden has outlined.

**THE CHAIR:** How long will the social impact assessment take?

**Mr Snowden:** I could not put a time figure on that at the minute, Mr Smyth.

**MS BURCH:** And what if the impact assessment says that there should not be 200 machines there?

**Mr Gentleman:** That will be another decision for cabinet to make, I would imagine.

**MR DOSZPOT:** My supplementary cuts across partly what you have just said, Mr Chair. I cannot for the life of me understand why, minister, you as minister would not be seeking a social impact study so that cabinet could be better informed, your government could be better informed, rather than making a decision and then doing a social impact study. It just does not make sense. Would you like to elaborate?

**Mr Gentleman:** I think we have made it fairly clear on the process that we are going down. As Mr Snowden has said, there will be a social impact study done.

**MR DOSZPOT:** Do you not want to be informed of this?

**Mr Gentleman:** Certainly.

**MR DOSZPOT:** It does not make any sense to do a social impact study after the decision is made. What is the use of having a study then: to tell you that you have made the wrong decision?

**Mr Gentleman:** As I said, no decision has been made.

**THE CHAIR:** Perhaps you can outline the process now. Aquis has now given you a new business case, as of last Friday. It is asking for 200 machines. What happens now, and what is the time frame for that?

**Mr Gentleman:** Mr Dawes, would you go through that process.

**Mr Dawes:** Yes; no problems. Obviously, now that we have received that, the stage 2 proposal will be evaluated. There is a regulatory framework to apply to the poker machine operation and other gaming products—the harm minimisation framework that the casino would be expected to adhere to, the taxation community contribution arrangements applying to the casino, the land use and other development matters, the associated investment opportunities, economic tourism and benefits. The criteria that all investment proposals are assessed against include the public interest. The proposal must align with the ACT government's strategic economic and social environmental policy objectives. There is the public value. The list goes on. There is a lot of work to be done over the course of the next few months to evaluate this particular proposal.

**THE CHAIR:** Your expectation is that the evaluation will take how long?

**Mr Dawes:** I would have to come back to you with an exact time frame. As I said, the first meeting is only going to occur tomorrow. That will assess the different elements and the different parts of government that have to do some of the work. It is going to

take a few months.

**Mr Gentleman:** Mr Chairman, it is worthwhile, of course, acknowledging that whilst there have been a number of poker machines that have been described for the process for the casino, this is not an extra number of poker machines for the whole of the ACT. In fact, it is a reduction of poker machines for the ACT. If you look at what occurs in the poker machine exchange system, for each poker machine purchased there have to be some taken off the floor as well. One would imagine that if we are reducing poker machines—and that is the view of the government, that we should be reducing poker machines across the board—more poker machines will be taken out of the group number.

**THE CHAIR:** The press release from the Chief Minister says:

If Aquis wishes to progress to the next phase of the unsolicited bid process, they will have to develop and submit a new proposal based on ... 200 ... machines ...

It seems that the government has taken a policy decision to move away from the community club gaming model. Mr Dawes, you took on notice the process and the time frames?

**Mr Dawes:** Yes.

**THE CHAIR:** Will there be public consultation in that period on this proposal?

**Mr Dawes:** Initially we will make some recommendations to government after the application or the unsolicited proposal, and then it will go back to cabinet for discussion. After that, the cabinet would make some decisions as to whether there would be that community engagement, whether they are going to accept the 200 machines at all or not. Nothing is concrete. The only thing that the Chief Minister was saying, I think, in that press release was that 500 were too many—maximum 200. We were not sure whether the casino—

**THE CHAIR:** And they have to buy them off the little clubs; they would have to surrender.

**Mr Dawes:** Yes, that is right. There are a whole lot of things that they need to do.

**THE CHAIR:** There is an immense amount of detail for something that is not concrete.

**Mr Dawes:** Exactly. They have to secure the machines. And we were not sure whether they would accept that until the proposal came in as late as last Friday night.

**THE CHAIR:** At what stage in the process will there be public consultation on this issue?

**Mr Dawes:** I would not think that we would enter into any of that until we got to a point whereby we could at least go back to cabinet with the assessment of the

proposal. As I outlined, there are a number of things that we need to go through and then go back to cabinet for some clarity. After that, some decisions would be made by cabinet.

**MS BURCH:** Would a social impact statement form part of the cabinet decision-making?

**Mr Snowden:** I would envisage—

**Mr Gentleman:** We would certainly be asking for it for cabinet, yes.

**THE CHAIR:** Minister, will you guarantee that there will be public consultation on this issue before any attempt is made to change the law as it currently stands in regard to poker machines?

**Mr Gentleman:** I am certainly confident we will have public consultation, yes. If we are changing the laws regarding poker machines, most certainly we need some public consultation. We have already had some consultation with the clubs, of course.

**THE CHAIR:** There is a bigger community beyond the clubs.

**Mr Gentleman:** Yes.

**THE CHAIR:** So you will guarantee there is public consultation on this issue before any attempt to change?

**Mr Gentleman:** Yes. I would certainly be pushing for public consultation. The community—

**THE CHAIR:** You are the minister. Will you guarantee that there will be public consultation on this issue before any attempt is made to change the law to allow poker machines into the casino?

**Mr Gentleman:** Mr Smyth, I have given you my view. As I said, I will be pushing for public consultation. There will be a decision by cabinet at some point, of course. But that is what I will be doing.

**THE CHAIR:** Are you aware that the Chief Minister has told groups that he intends to amend the legislation in August?

**Mr Gentleman:** No, I have not heard that yet.

**THE CHAIR:** You are not preparing legislation?

**Mr Dawes:** I could answer that. That would be done at Economic Development, and we have started no work for that at this point in time.

**THE CHAIR:** Why would it be done in Economic Development and not in gambling and racing?

**Mr Dawes:** Economic Development does the big “P” policy, and gambling and racing are there to implement that policy and do the little “p” policy.

**THE CHAIR:** So no drafting instructions have been issued—

**Mr Dawes:** I can honestly say that at this point in time I have instructed none of the staff in Economic Development who do the policy to commence any policy change.

**THE CHAIR:** Will you seek further information or take on notice to make inquiries as to whether any other areas of government have authorised the drafting of legislation?

**Mr Dawes:** If the drafting of the legislation were being done, it would be being done by Economic Development. As I said, we have not commenced any work.

**THE CHAIR:** But you will take it on notice and check that no other area of government—

**Mr Dawes:** I will double-check.

**Mr Snowden:** I can say for the record that the Gambling and Racing Commission is not involved in the drafting of any legislation or giving instructions, Mr Smyth.

**THE CHAIR:** Yes, but the minister was not aware that the Chief Minister had told other groups that he will amend the legislation in August. So somebody is in the loop and somebody is not in the loop on this matter, minister.

**Mr Gentleman:** Mr Smyth, is it to do with legislation that we have introduced already, like red tape reduction?

**THE CHAIR:** No: introduce legislation to allow for poker machines in the casino. You are not aware of that?

**Mr Gentleman:** As you have heard from officials, they have not done any work along those lines.

**THE CHAIR:** And you guarantee there will be public consultation before such legislation—

**Mr Gentleman:** Yes, certainly. As I said, we see this with all major development proposals. We want to see stakeholder consultation during that process.

**MR DOSZPOT:** Minister; I turn to the priorities outlined in BSB, pages 119 and 124. What has been the response to the broader public health strategy being implemented by the commission to deal with harm caused by problem gambling?

**Mr Gentleman:** There is quite a bit of work being done. As we know, dealing with problem gambling has been an issue that this government has been at the forefront of for quite a while. We have involved a number of stakeholder groups. I talked in the opening statement about some studies from ANU and the reduction of gaming overall

but also the reduction in problem gaming. But I might go to directorate officials to give you more detail on that issue.

**Mr Snowden:** The Gambling and Racing Commission has had a long-standing relationship with the Australian National University, for in excess of 15 years. We commissioned the ANU to do a range of studies on our behalf. The most recent study in relation to prevention has been released and details that there is an overall reduction in relation to gambling harm in the territory.

We use those studies to inform our research and education activities so that we can be more targeted in the way that we use information. For instance, out of the prevalence study we recognised that there is a range of socio-economic factors that contribute to gambling harm. We have been able to use that data and design programs to target that particular cohort of individuals. We know that single men of low education, not necessarily engaged in full-time employment, seem to have a higher propensity to be engaged in long-term gambling activity. Our strategies around that are to target that particular group.

**MR DOSZPOT:** What other partner agencies have you got? You are looking at a broader approach? Who will be assisting you—which other government agency?

**Mr Snowden:** In relation to the public health response, we are planning on modelling our activities around the healthier weight initiative. We recognise that is not necessarily the best use of our resources and we are not necessarily going to get the best outcome by just targeting the specific problem gambling cohort. What we need to do is propagate the message more broadly in relation to some of the risk and harm factors that people may not necessarily be aware of.

To that extent we use our colleagues within other government directorates, such as CSD and Health, to get information. We also partner up with community services organisations. We get information from ACTCOSS, but also we have a range of access to information throughout the other regulatory bodies in Australia. There is significant research that goes on across the country that we have access to. We will be using that to inform some of our messages.

**MR DOSZPOT:** What sort of budget have you got for this new approach?

**Mr Snowden:** The Gambling and Racing Commission has a small amount of money in relation to its research activities, but also 0.06 per cent of revenue flows into the problem gambling assistance fund. We use some of that money for those research purposes.

**MR DOSZPOT:** What is the dollar value of that 0.06 per cent?

**Mr Snowden:** I could not put my finger on that at this particular point in time.

**MR DOSZPOT:** Do you know what your last year's 0.06 would have meant?

**Mr Gentleman:** The total contributions to the fund in 2014-15 were \$1.21 million.



**MR DOSZPOT:** Is it likely to be more or less? What are the projections for next year?

**Mr Gentleman:** If we are reducing gaming overall, I would imagine it probably will not go up. It is a percentage of gaming revenue. We see gaming revenue going down.

**MS BURCH:** Gaming revenue or poker machine revenue arising from a reduction in machines?

**Mr Gentleman:** Gaming overall is going down.

**MS BURCH:** I wish to explore more the fact that gaming revenue is going down and also gambling. In respect of online gambling, you cannot watch the footy or the tennis or do anything very much without seeing advertising for gambling. I could be checking my emails or placing a bet during estimates and no-one would be any the wiser—not that I am, be assured. How are you managing that harm minimisation into an area you have no control over, but they are our citizens.

**Mr Gentleman:** It is quite difficult, Ms Burch. The ANU report looked at studies of gaming overall; so it was not just electronic gaming machines. It was studies of gaming overall right across the ACT. It evidenced a reduction in gaming overall. But, you are right, it is quite difficult. We know that for a demographic it is much easier to go online to gamble than it is to go into a venue. It is quite a difficult area to deal with. I will ask Mr Snowden what work they have been doing on that.

**Mr Snowden:** Certainly it has been identified that there is a general propensity now for a shift to use online facilities for gaming. Like any industry that uses technology as a basis, there is a lot of disruption going on in the gaming markets across the world. It is early days in terms of the research findings, but we can see that there is an increased use of online gaming through mobile devices. Of course, we will be working with our colleagues across the country to develop harm minimisation strategies.

One of the pieces of work that is going on at the moment is in relation to illegal offshore wagering. One of the harm minimisation strategies that we are looking at in that piece of work will be the development of a consumer protection framework, which will have harm minimisation at its core.

**MS BURCH:** You mentioned that revenue from gaming is going down. I go back to Mr Smyth's comment about the casino. In their recent promotion, they have spoken about their upgrades, apparently. I have not been there. They have got a 50-seat digital multi-terminal games station. What sort of arrangements are there around licensing or harm minimisation? If you have an electronic game with 50 people continually pressing buttons every hour it is operating, how does that fit with harm minimisation?

**Mr Gentleman:** My understanding of that sort of gaming is that it is similar to the other games they have in a casino, except there is no croupier to operate it; it is all electronic.

**MS BURCH:** So they have got a 50-seat capacity at their digital games now?

**Mr Snowden:** Yes, they are semiautomatic gaming machines. There is still the need for croupier intervention to take the bet or to pay a wager out. In relation to the sic bo, baccarat and roulette activities that are in the casino now, they are actually still manually formulated. There is not the fully automatic sense that what you are describing there, Ms Burch—not in the casino.

**MS BURCH:** It says, “All new ways to play with a new 50-seat digital multi-terminal gaming stadium.” They call it a stadium. It looks big. The traditional divide between clubs and the casinos was that the clubs had the poker machines and the casino had multi-terminal gaming machines. With the introduction of poker machines into the casino, will there be consideration of multi-terminal gaming machines into community clubs?

**Mr Gentleman:** I do not think clubs have put that to us at this point.

**MS BURCH:** They have certainly raised it in other forums.

**Mr Gentleman:** I do not recall any conversations I have had.

**MS BURCH:** Would it be considered if they brought it to you in the community consultative process that you are undertaking about casinos?

**Mr Gentleman:** I would certainly be interested in having a look at it, yes.

**MS BURCH:** Page 121 in BSB shows that staffing went from 31 to 33 to 22. Is that the shift across to Access Canberra?

**Mr Gentleman:** Yes, it is. I will ask Mr Snowden to give you all the details.

**Mr Snowden:** Over the course of the past year since the formation of Access Canberra and the relationship with the Gambling and Racing Commission there has been a reduction. That has occurred as a result of natural attrition and also the shaping of the business lines. We have been able to achieve some savings throughout the commission by being able to align our compliance, our licensing and our administration efforts.

**MS BURCH:** Page 117 deals with your general activities and it goes to gaming machines, the casino and the totalisator. How did the sale and the process of ACTTAB into the new provider of totalising services go? Is that going well?

**Mr Snowden:** From a regulatory standpoint, it is going very smoothly, Ms Burch.

**MS BURCH:** What is “interactive gambling”? Is that the ports—interactive gambling? You can tell I buy my scratchies about once every six months.

**Mr Snowden:** The interactive gambling is the technology-based gambling.

**MS BURCH:** Is that only at the casino?

**Mr Snowden:** No, that is more in general. That is a part of the work that we will be looking at.

**MS BURCH:** What is that and where is that?

**Mr Snowden:** The interactive gambling is a part of the technology and the disruptive elements that the gaming market is using to reach out. What we need to do is understand that process. It moves really quickly. We need to do a body of work not only in relation to casino products but also in relation to products that are accessible to children. General apps that are available globally have a—

**Mr Gentleman:** They entice young people to get involved.

**Mr Snowden:** They necessarily have this nexus towards some gaming. Whether it is actual real dollar values or whether there is some illusory figure, it still has this nexus to gaming. We need to understand that.

**MS BURCH:** You cannot go on a smart device without getting all sorts of prompts and distractions to go somewhere. As far as compliance, fines, penalties and cautions, how has this year fared?

**Mr Snowden:** We have had a high degree of compliance throughout the industry. We have an engage, educate and enforce approach. We consider that having to take strong compliance measures has to be a bit of a failure. We would much rather work with all stakeholders to ensure there is a high level of compliance. It is much more efficacious in terms of a cost approach to government; it is much more cost effective for industry to be compliant. We work very, very hard with our stakeholders to ensure there is a level of compliance.

**MS BURCH:** Finally, before we go to someone else, I am looking at your board. Do you have confidence that you have managed the perceived conflict of interest? I am not saying there is, but I am looking at Rebecca Vassarotti. I am also looking at a Greens website that shows her as a candidate for the 2016 election. I am sure you have put those formal structures and securities in place?

**Mr Snowden:** Yes, Ms Burch. When it was announced that Ms Vassarotti was to be a candidate for the upcoming election we put in governance measures at board level and with the minister's office in relation to Ms Vassarotti. By way of example, the chairman and I vetted all agenda items to ensure there was no actual or perceived conflict of interest. We engaged with Ms Vassarotti in relation to that process. Ms Vassarotti, of course, was very happy to be part of that. I can say that Ms Vassarotti as of, I think, 9 June has now taken leave of absence from the GRC.

**MS BURCH:** Things such as the casino decision and the advice that the commission could have applied, she could have been part of that or not part of that?

**Mr Snowden:** In the early formulation, I think, of the proposal Ms Vassarotti was exposed to some of those details. But during the course of some other issues, discussions, she stepped aside from some of the board discussions.

**MS BURCH:** You have applied a system of protections, obviously?

**Mr Snowden:** Absolutely, yes.

**THE CHAIR:** She would have signed a non-disclosure clause when she signed up to the board.

**Mr Snowden:** Yes, that is right, Mr Smyth.

**MR DOSZPOT:** Can I have a supplementary on that?

**THE CHAIR:** Yes.

**MR DOSZPOT:** How is it that someone whose personal beliefs and values do not have any sympathy for gambling and who is anti-gambling ends up on the board of racing? Is there any logic in that?

**MS BURCH:** It is community protection in many ways.

**MR DOSZPOT:** Is it community protection?

**Mr Gentleman:** I think it is important to have the views of all of the community on these sorts of boards. The government has a strong policy of not only looking for a board of people with a good weighted experience in these matters but who have views from different areas. On many of our boards we have people of different and sometimes conflicting views. That is not a bad thing. If I can reflect on the make-up of our estimates committee, there are people here who have different views, and it is good that they have different views and are able to—

**MS BURCH:** We speak as two by two.

**Mr Gentleman:** Yes. Those members are able to use their skills and the education they have had over many years to keep the government to account. It is the same with those boards.

**THE CHAIR:** We are not a board.

**Mr Gentleman:** I cannot explain—

**THE CHAIR:** We do not have confidential agreements. We do not see government documents.

**MR DOSZPOT:** A board would generally work for the good of the organisation that they are representing.

**MS BURCH:** But if you look at their core functions they are around harm minimisation, community protections and all of that.

**MR DOSZPOT:** They still have a responsibility to the fiscal return—

**MS BURCH:** Every one of those has their eye to that.

**Mr Gentleman:** And, of course, where a board member or the board itself feels there could be some conflict, it is managed appropriately and that member has stepped out of that process during the time.

**THE CHAIR:** I will go back to where I finished: for clarity, the government will not be introducing legislation to amend any act that would allow poker machines in the casino in the last two sitting weeks of this term?

**Mr Gentleman:** I simply have not prepared anything of that nature. There is no decision.

**THE CHAIR:** There are several weeks between now and then.

**Mr Dawes:** I simply said that we have not started any work on that.

**THE CHAIR:** That is right. So, for clarity, I am asking the minister: will the government be introducing legislation in August that will allow poker machines in the casino?

**Mr Gentleman:** As I said, I have not prepared any legislation. My directorate has not either.

**THE CHAIR:** No, that is a different question. I have not asked whether you have prepared any. There are still six weeks between now and August.

**Mr Gentleman:** You cannot do it without preparation, so.

**THE CHAIR:** Well, there are six weeks. It is not hard to draft a bill. Will you guarantee the government will not introduce legislation in the August sitting to allow poker machines into the casino?

**Mr Gentleman:** Yes, I am happy to support that.

**THE CHAIR:** Happy to support it or are you happy to guarantee it?

**Mr Gentleman:** As I said, I have not prepared anything. The directorate has not prepared anything. I cannot see anything that we need to prepare in time for the last August sittings. Indeed, as you know, the time lines would mean we would have to get it in very early. Nothing has been done.

**THE CHAIR:** May be nothing has been done, but will you guarantee that the government will not introduce legislation in the last sitting week that would allow poker machines into the casino?

**Mr Gentleman:** I do not think it is appropriate that I be put on the spot making guarantees for the estimates committee. I think I have given you a pretty clear answer.

**THE CHAIR:** So you have left the door open.

**Mr Gentleman:** As I said, I have given you a very clear answer. We have not made any preparations for that sort of legislation. No decision has been made by cabinet on the in the final matter yet.

**THE CHAIR:** But you are the minister. You would take that proposal to cabinet, would you not, as the gaming and racing minister. Under the AAs, you are responsible for the act—

**Mr Gentleman:** If I were preparing that, yes, I certainly would, Mr Smyth.

**THE CHAIR:** Well, we will see. Has a business impact or regulatory assessment been done, or will that be done as part of the process?

**Mr Dawes:** As I said, we were not sure whether they would accept some of the terms that we put to them. Now that we have that business case, that is part of all of that process. To confirm, again, a question you were asking about community engagement, the minister has given that commitment and that is also part of that process. As you can see, we have eight weeks or whatever it is to the caretaker period, or of that order. There is a lot of work to be done in that particular period of time. There will be that community—

**THE CHAIR:** Under community engagement, how long would community consultation take on a major issue like this?

**Mr Dawes:** As I said, I will come back to you with some time lines, but that will be built into part of the process.

**THE CHAIR:** Minister, you opened by saying that you had met with the Burns Club last year and that you had discussed the new food arrangements they have. How many meetings have you had with ClubsACT since becoming the minister?

**Mr Gentleman:** I would have to recall the total, but I think it is three meetings with ClubsACT at this stage.

**THE CHAIR:** And other individual clubs?

**Mr Gentleman:** Yes, a number of other individual clubs, particularly after the work Ms Burch started when she was minister in supporting clubs across the territory to diversify their incomes. A number of clubs have come to me with ideas for changing their land use to do other things. I gave an example of the Burns Club in regard to a proposal to operate a child-care centre on the site. Other clubs have come to me as well. I will not go into detail because many of them are confidential, as you would imagine.

**THE CHAIR:** Perhaps you would take this on notice: can you give the committee an update on the government's implementation of the recommendations of the public accounts committee inquiry into the future of clubs in the ACT?

**Mr Gentleman:** Yes. I will take it on notice. A lot of the work has been done and is

going forward. I will come back to you with detail on where it is.

**THE CHAIR:** On a different subject, there were some amendments recently to the Gaming Act that allowed lotto-type and lottery-type products into service stations, and I understand something like five locations are now operational. Has there been any assessment on the impact and has there been any need for enforcement on those venues?

**Mr Snowden:** No, Mr Smyth. There has not been any need for any enforcement.

**THE CHAIR:** How are they regulated? How do you know they are complying with the law?

**Mr Snowden:** There are a range of factors in relation to the level of compliance. Before they start our inspectors go out there. They ensure that they understand their obligations under the law. They make sure that from a regulatory standpoint they have all the features that they need to have in place. Once they are satisfied with that, of course, they pay a retrospective visit. Because it is a new piece of law we would consider the risk to be higher, so we will be placing more emphasis on attending those premises more frequently.

**THE CHAIR:** How many inspections have been undertaken?

**Mr Snowden:** I could not tell you the number off the top of my head. I am happy to take that on notice.

**THE CHAIR:** Could you tell us how many inspections of existing lotto agents—for, for instance, the newsagents and the tobacconists—have occurred? How many outlets are there in each class—so newsagents and the tobacconists and the new service stations? How many inspections have been undertaken on both categories? That is kind.

**Mr Snowden:** Yes.

**THE CHAIR:** Do they both operate on a level playing field in terms of regulation?

**Mr Gentleman:** Certainly in terms of regulation I understand they do. They are different businesses, as we have discussed before, but the regulations are certainly in place. Can you think of anything else?

**Mr Snowden:** No, I cannot see why they are not operating on a level playing field.

**THE CHAIR:** For a newsagent to become a lotto outlet, what training do they undertake?

**Mr Snowden:** Nothing specifically. My understanding is they need to do some responsible service of gaming training, but apart from that, nothing specific.

**Mr Gentleman:** Understanding of the regulatory side of providing that sort of service.

**THE CHAIR:** I understand for a newsagent to become a lotto outlet you have to do a week's training with ACT-specific modules, and it also includes time in Sydney. What training do the—

**Mr Snowden:** That would be provided by an RTO, not by the gaming commission.

**MS BURCH:** I think it is linked to small business and responsibilities as well.

**THE CHAIR:** My understanding is it is required by NSW Lotteries.

**Mr Snowden:** I would have to take that on notice, Mr Smyth.

**THE CHAIR:** I understand that to have an outlet in a service station a staff member only has to do something like four hours' training.

**Mr Snowden:** I would have to get back to you on that. In terms of if you are suggesting—

**Mr Gentleman:** Four hours in regard to—

**THE CHAIR:** It is the disparity. Apparently one group has got to do a week's training that involves going to Sydney and another group has to do four hours' training and they do it here, so—

**Mr Gentleman:** And that is simply in regard to the operation of the lotteries side of it?

**THE CHAIR:** Yes.

**Mr Snowden:** I would have to get back to you on in relation to if there is that disparity.

**THE CHAIR:** That is okay. What is the maximum payout a newsagent or a tobacconist can make as opposed to the maximum payout a service station has to make?

**Mr Snowden:** I would have to take that on notice, sorry. I do not have that detail.

**THE CHAIR:** My understanding is that the newsagents have to hold on the premises up to \$1,000. They have to make up to a \$1,000 payout, whereas a service station, I am told, only has to make up to \$100 payout. Is that a level playing field?

**Mr Gentleman:** Is this in regard to the regulations that we set or NSW Lotteries?

**THE CHAIR:** You have allowed them into service stations. It is just that there does not seem to be a level playing field, and the disparity is somewhat large.

**Mr Gentleman:** We will have to take that on notice and come back to you in regard to those payouts.



**THE CHAIR:** Okay. Often service stations offer incentive dockets or systems. Is there any indication that lottery products have been used as part of an incentive docket system in service stations? Have you had any reports of them using lotto products as an incentive?

**Mr Snowden:** Not in the ACT, no, Mr Smyth.

**THE CHAIR:** Would that be legal?

**Mr Snowden:** I do not think under our current law it is legal. But I would have to—

**Mr Gentleman:** It certainly does not sit with our harm minimisation program.

**THE CHAIR:** I have had reports that there was somehow a link between if you bought some petrol there are cheap lottery products or free lottery products.

**Mr Snowden:** No.

**THE CHAIR:** That would not be allowable?

**Mr Snowden:** No, that would not be allowable.

**THE CHAIR:** Have you had any reports of that?

**Mr Snowden:** No.

**THE CHAIR:** Okay. If you could check on those disparities and whether or not we have a level playing field for all players I would be most appreciative.

**Mr Snowden:** Certainly.

**THE CHAIR:** Mr Doszpot.

**MR DOSZPOT:** Minister, this committee had representations from community groups last Friday and one of those community groups was the RSPCA. The CEO of the RSPCA was quite adamant and quite passionate about calling on the ACT government to end funding of the greyhound industry here in Canberra. Apparently she has been trying to talk to you about the fact that roughly \$1 million of funding annually goes to the ACT racing industry from the ACT government. What is your view on that?

**Mr Gentleman:** Thank you, Mr Doszpot. There is funding that goes to all of the three racing clubs: greyhounds, thoroughbreds and trotters. We have a memorandum of understanding with all three clubs. In that memorandum of understanding we look at KPIs that are produced from that funding and every dollar being spent in the ACT from the investment provided to the greyhound club. I had some detail of those dollars spent. Mr Snowden, do you have those with you, the return to the territory for every dollar spent on the clubs?

**Mr Snowden:** It is \$1.42.

**Mr Gentleman:** There we go, yes.

**MR DOSZPOT:** Have you listened to the request by Ms Ven Dange for the ACT government—I think she is talking specifically about greyhound racing—to withdraw funding from them?

**Mr Gentleman:** Certainly, yes. They met with us a little while ago now and put forward the claims that you heard last week. We have not got any evidence of inappropriate operations of greyhounds in the territory. Certainly it is of interest. I do not want to see that sort of thing occur in Canberra. We have some actions that our gambling and racing commission are doing with regard to greyhounds and the other race clubs as well. There are particular inspections that occur. Would you like to go into some detail, Mr Snowden?

**Mr Snowden:** Certainly. As part of the risk and harm profile that we operate under, Mr Doszpot, the greyhound sector is right on our radar. Our inspectors are pretty much going to every meeting. Thus far they have been fully compliant.

**MR DOSZPOT:** Currently you are satisfied that there are no illegal aspects within that industry that cause you some concern?

**Mr Gentleman:** That is the reporting to me of its operation in the ACT, yes. However, the MOU is up next year, I think. We will certainly have a look at all three. All three codes have come to me with a view that they would like to change some of their operations. It might be worth while having a look at those key performance indicators that are set in the MOU and look at that for next year.

**MR DOSZPOT:** Thank you.

**MS BURCH:** That major review-inquiry in New South Wales has just been completed. Has that report been handed down? Is that public yet?

**Mr Snowden:** No, it is not, Ms Burch.

**MS BURCH:** Because that would be useful to look at across everything else.

**Mr Gentleman:** Indeed; thank you.

**THE CHAIR:** Given you used the MOU acronym, you currently have an MOU with ClubsACT which I think expires on 11 September. Will the government honour all clauses in that MOU until 11 September?

**Mr Gentleman:** I think the MOU and the gaming model is a good model for the territory. If there are changes to be made to the gaming model after that then that is something that we need to work through with the community and with Clubs especially and, if the casino is involved at that point, the casino as well.

**THE CHAIR:** Why would the casino be involved before that?

**Mr Gentleman:** I said “if”. Well, at that point in September.

**THE CHAIR:** Will you come to another MOU with ClubsACT in support of the community clubs gaming model?

**Mr Gentleman:** I could not see why not. The work that Clubs has done—and it is evidenced in harm reduction across the territory—is a good result. If we can get the same results in another MOU then that is an appropriate way to go.

**MS BURCH:** Harm minimisation prompted me to think of exclusion. There was a lot of work done on databases. That is bedded down and is working well now?

**Mr Snowden:** Yes, the self-exclusion database is working particularly well, Ms Burch. One of the issues around that that has attracted the attention of the commonwealth is in relation to how it could be used in its consumer protection framework for illegal offshore wagering. Of course, we will be taking our model—

**MS BURCH:** How do they propose to use that for illegal offshore wagering?

**Mr Snowden:** That is yet to be determined, but they are very interested in using exclusion in relation to harm minimisation for offshore wagering. Yes, it is bedded down; it is working quite effectively. There are about 500 entries.

**MS BURCH:** Do we get a sense of how many have self-excluded?

**Mr Snowden:** About 350 individuals have self-excluded that are listed and about 150 from licensees.

**MS BURCH:** They have asked their clients to stay out of premises because of their own risk?

**Mr Snowden:** Yes. That is in total.

**THE CHAIR:** A final question, minister: as the minister for gaming and racing, do you believe that poker machines should go into the casino?

**Mr Gentleman:** I do not think it is for me to have a view on it, Mr Smyth. I represent the community, and in this case I represent the government. The government have a view. They have that MOU, as I said, with Clubs.

**THE CHAIR:** But you must have a view one way or another. Do you believe poker machines should be in the casino?

**Mr Gentleman:** Mr Smyth, as I was saying to you, it is my imprimatur as a representative of the community to share their views. Of course, if that proposal was to go forward—as we have seen, the casino has put forward a proposal for spending more than \$300 million in the territory in revitalising—

**THE CHAIR:** What do the clubs spend annually in the territory?

**Mr Gentleman:** It is obvious they spend quite a bit. It is something to—

**THE CHAIR:** But you will be making your representations in cabinet.

**Mr Gentleman:** Certainly a decision should go to the highest level, and that should be cabinet.

**THE CHAIR:** But you will be making those representations in cabinet. You must have a view on whether or not there should be poker machines in the casino.

**Mr Gentleman:** I think I have given you the answer to that. It is pretty clear. As a representative of the community, you get the community's view—

**THE CHAIR:** For my elucidation, make it clear for me: what is your view?

**Mr Gentleman:** No, I think I have answered that. I am not going to put forward a personal view where a minister makes a statement to the estimates committee that says, "My personal view is so and so."

**THE CHAIR:** No, I did not ask you for a personal view. I asked you: as minister and the person that has responsibility for these acts and the admin arrangements, do you believe that poker machines should go into the casino?

**Mr Gentleman:** I believe a reduction in poker machines across the ACT is appropriate. We are working through that—

**THE CHAIR:** I think we all have that view. Do you believe poker machines should go into the casino?

**Mr Gentleman:** in the harm minimisation process. If poker machines are going to go into the casino I think that they should have to abide by the same principles as the gaming machine model does for clubs in the territory.

**THE CHAIR:** But there is a total—

**MS BURCH:** So that would be limited to cash input limits and all of that? So the high rollers coming into the casino can only put \$20 in?

**Mr Gentleman:** My view is that they should abide by the same principles as the community gaming model.

**THE CHAIR:** But you are talking about community-owned and community-based clubs versus an international corporation. One group keeps the profits in the ACT; the other wants to take those profits out. Do you believe that poker machines should go into the casino?

**Mr Gentleman:** As I said, if they do go into the casino—and there is no decision made at this point—then my view is that they should hold the same principles as the community gaming model.

**MR DOSZPOT:** I have a supplementary on Mr Smyth's question to you. Minister, we are not asking for your personal views. Our questions are to you as a minister of this territory. Have you and will you support the introduction of poker machines into the casino?

**Mr Gentleman:** I think I have answered it pretty clearly.

**MR DOSZPOT:** You have not answered it clearly at all.

**Mr Gentleman:** My position is that if poker machines were to go into the casino then they should abide by the same principles as the community gaming model, the same way that the clubs do.

**MR DOSZPOT:** Mr Gentleman, it will not happen by accident. Poker machines will not automatically just go in there. Your government has to vote for it. You are the minister for gaming. We are asking for a clear statement from you as the minister as to where you stand and where your government stands.

**Mr Gentleman:** The government as cabinet will make the decision. My view is that if they do go into the casino then they should operate by the same principles as the community gaming model.

**MR DOSZPOT:** But your view is that they can go into the casino?

**Mr Gentleman:** I think I have just answered it.

**THE CHAIR:** So you are leaving the door open.

**Mr Gentleman:** It is not my decision; it will be a decision of cabinet.

**MR DOSZPOT:** Well, you are part of cabinet.

**Mr Gentleman:** Yes.

**MR DOSZPOT:** Are you going to fight against it in cabinet?

**Mr Gentleman:** I have just told you that if they were to go into the casino they should be part of the gaming model. The model that we have in the ACT I think is a good one.

**THE CHAIR:** Which is a community-based model.

**Mr Gentleman:** As we have seen, it is reducing harm-related gambling across the territory. If they are to go into the casino, they should abide by the same principles as that model.

**THE CHAIR:** Perhaps we will leave it there. I am sure people will make their own judgement on your answers. Thank you, minister, for your attendance. To all those who have appeared today, thank you for your participation in the estimates program for the 2016-17 budget. Regarding any questions taken on notice, we would appreciate answers within five working days, the first day being tomorrow.

We return at 9.30 tomorrow for day five of estimates. We will be looking at education all day long with Mr Rattenbury and Minister Fitzharris.

The chair's award today for the light-hearted moment of the estimates process goes to committee secretary, Mr Hamish Finlay, when he announced to those who were listening that he was here for his estimates cameo. Mr Finlay, we appreciate your cameo performance in estimates today. There endeth the lesson.

**The committee adjourned at 5.27 pm.**