



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

MONDAY, 27 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

Transport Canberra and City Services Directorate 717, 799

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Amended 20 May 2013

The committee met at 9.32 am.

Appearances:

Fitzharris Ms Meegan, Minister for Higher Education, Training and Research,
Minister for Transport and Municipal Services and Assistant Minister for Health

Transport Canberra and City Services Directorate

Thomas, Ms Emma, Director-General, Capital Metro

Fleming, Mr Andrew, Chief Financial Officer, Capital Metro

Edghill, Mr Duncan, Acting Deputy Director-General, Transport Canberra

Ponton, Mr Ben, Acting Director-General, Territory and Municipal Services

Corrigan, Mr Jim, Acting Deputy Director-General, City Services, Territory and
Municipal Services

Elliott, Mr Gordon, Director, Finance, Territory and Municipal Services

Flanery, Ms Fleur, Director, City Services, Territory and Municipal Services

Trushell, Mr Michael, Director, ACT NOWaste, Territory and Municipal
Services

McHugh, Mr Ben, Acting Director, Capital Works, Territory and Municipal
Services

Crowe, Ms Petra, Acting Director, Libraries ACT, Territory and Municipal
Services

Childs, Mr Daniel, General Manager, Capital Linen Service, Territory and
Municipal Services

Horne, Mr Hamish, CEO, ACT Public Cemeteries Authority, Territory and
Municipal Services

Kargas, Ms Diane AM, Chair, ACT Public Cemeteries Authority Board

Marshall, Mr Ken, Acting Director, Roads ACT, Territory and Municipal
Services

McGlenn, Mr Ian, Acting Director, Public Transport, Territory and Municipal
Services

THE CHAIR: Minister, officials, ladies and gentlemen, good morning and welcome to day 7 of the Select Committee on Estimates 2016-17 public hearings. The committee wishes to acknowledge the traditional custodians of the land we are meeting on, the Ngunnawal people. We wish to acknowledge and respect their continuing culture and the contribution they make to the life of this city and the region.

Members, in the proceedings today we will examine the expenditure proposals and revenue estimates for the Transport Canberra and City Services Directorate as well as the discontinued agency, Capital Metro Agency, in relation to budget statement H.

Please be aware that proceedings today are being recorded and transcribed by Hansard and will be published by the committee. The proceedings are also being broadcast as well as webstreamed. To help with the process, when taking a question on notice it would be useful if witnesses could use the words, "I will take that question on notice." That helps track it in *Hansard* as well as confirming that it has actually been taken. On the table is the privilege statement. Could you please confirm that you have read the privilege card and understand the implications of privilege?

Ms Fitzharris: Yes, thank you, chair.

Mr Ponton: Yes.

THE CHAIR: So acknowledged; thank you very much. Before we proceed to questions, minister, would you like to make an opening statement?

Ms Fitzharris: Thank you, chair, I would. Good morning, chair and committee members. Thank you for the opportunity to appear before you today. As you know, the 2016-17 budget statement is for the new Transport Canberra and City Services Directorate. I am appearing as the Minister for Transport and Municipal Services this morning and my colleague Minister Corbell will be appearing as the minister responsible for capital metro. I would like to take this opportunity to outline briefly the make-up of the new directorate and to inform you of our key priorities as published in the 2016-17 budget.

The establishment of Transport Canberra and City Services Directorate is exciting. The transport Canberra agency itself is the most significant and exciting development in Canberra's public transport landscape. It will deliver an integrated transport network for Canberra, principally integrating our two mass transit transport modes, buses and light rail, as well as integrating our active travel network and innovating across a range of new and exciting transport options.

It connects closely with our roads network and with the city services component of the new directorate. The new directorate will combine these two essential services for our city, delivering integrated transport options and high-quality city services to the Canberra community to ensure that we remain the world's most liveable city.

These administrative arrangements take effect from 1 July 2016, this Friday, to merge also the Capital Metro Agency with most of the functions of Territory and Municipal Services, TAMS, and the Active Travel Office from Environment and Planning Directorate to create the new directorate. The parks and conservation function of TAMS will be transferred to the Environment and Planning Directorate.

TCCS directorate will deliver an effective roads network and integrated public transport system and the cityscape required to support the Canberra community. This includes the planning, building and maintenance of many of Canberra's infrastructure assets such as roads, bridges, cycling and community paths, and the streetlight network.

The directorate has been tasked with improving public transport outcomes and delivering a vision for public transport that is convenient, efficient, affordable, reliable and integrated. I have also asked them to have a refreshed approach to our customers, the people of Canberra, and to be innovative and creative in the ways that the directorate delivers these services.

Our public transport survey will inform further this thinking. I am excited about the opportunities this will deliver for Canberrans. Next week we will see the first new service delivered by transport Canberra, the city loop. I hope Canberrans and visitors

to our great city will get behind this new service and that all members of the Assembly hop on board as well.

The directorate also delivers the services that Canberrans rely on each day, including libraries, waste and recycling services, city amenity, infrastructure maintenance and management of territory assets, including local shopping centres, playground equipment, our suburban green spaces and the presentation of our beautiful city. The directorate is also responsible for Capital Linen Service, ACT NoWaste, Yarralumla Nursery and the ACT Public Cemeteries Authority, which operates Woden, Gungahlin and Hall cemeteries.

Some of the key initiatives in this budget for the directorate are: funding to complete the full duplication of Ashley Drive; funding to complete the duplication of Horse Park Drive; funding to duplicate Aikman Drive, a key piece of infrastructure that will enhance access to Canberra's next public hospital at the University of Canberra; funding to provide traffic signals at the intersection of Hindmarsh Drive with both Launceston Street and Eggleston Crescent as well as safety improvements at the intersection of Hindmarsh Drive and the Tuggeranong Parkway.

It also includes funding over two years to deliver 20 new buses as part of the ongoing fleet replacement program; funding over four years for improvements to public transport services in Weston Creek and Molonglo, including a new all-day direct service called the Weston line; funding for a 12-month trial of three electric buses on ACTION's regular on and off-peak route services; funding for improving the look of our city through more mowing, weed removal, tree maintenance, lake cleaning and graffiti prevention, as well as the cleaning of shopping centres and roadsides.

There is also funding for parks and playgrounds across the territory; funding for improvements at shopping centres; funding to complete the duplication of Cotter Road between the Tuggeranong Parkway and Yarralumla Creek; and funding for a pilot program to roll out green bins for garden waste. The opt-in pilot program will be available to residents in Weston Creek and Kambah from early 2017.

I would like to take this opportunity to expand briefly on a few of the initiatives announced in this budget. The government is providing \$2.16 million for a garden waste collection pilot program covering Kambah and Weston Creek. The funding provides for around 10,000 households to opt into the pilot program. A cost-effective green waste collection and recovery scheme provides households with a more convenient method of disposing of their garden waste at a relatively modest cost to the territory. An opt-in scheme largely addresses cost concerns about a universal service and builds on the government's focus on municipal service and city amenity improvements in recent budgets.

In 2015-16 and 2016-17 the ACT government has provided an additional \$250,000 per year towards graffiti prevention measures. These include targeted removal of graffiti from highly visible locations and providing dedicated resources to implement key strategies to divert graffiti offenders. We have also employed a graffiti coordinator who is continuing to work with the street art community and the broader community to improve coordination and management of new, legal practice sites and mural sites for street art, as well as work with community groups who have indicated

an interest in helping to manage graffiti.

As minister I was also very pleased to focus on some key priorities for me in this budget: to deliver transport and city services to key community and social hubs in our community, playgrounds, shopping centres and schools. If I can make particular mention of the schools focus, as all parents and teachers know drop-off and pick-up times at schools can be difficult. This budget delivers for the first time a schools transport coordinator to be the main point of contact for schools and school communities for all traffic and transport-related issues.

No more will schools be asked to deal with different parts of the ACT government. We will do that work for them. We have also invested in significantly expanding the active streets for schools program to build infrastructure and confidence for parents and kids to walk or cycle to school. We have also funded the Active Travel Office to work across all our active travel initiatives as well. Schools will always have pressure on them around drop-off and pick-up times but if we can have more kids actively getting to and from school, and if we can disperse the issue from the school gate, then we will make real progress on this issue.

The formation of the Transport Canberra and City Services Directorate is just one way the government will ensure that Canberra remains one of the world's most liveable cities. The directorate will provide Canberrans with effective transport options and efficient and higher quality city services to the community.

Before I conclude, I would like to speak briefly about the terrific staff who make up the directorate. Firstly, another big thank you to the former director-general Gary Byles for this dedication and leadership of TAMS over many years. He was, I know, a regular visitor to this committee and many others and well known and regarded throughout Canberra for his service ethos and dedication to delivering services to the Canberra community. He knew how very important these services are to Canberrans and he worked closely with all his staff to deliver them.

To all the staff of the new directorate, I thank them all on behalf of the Canberra community for all the work they do every day. To mention just a few: in our libraries, cleaning our playgrounds and town centres, often before dawn, responding to feedback and suggestions and problems every day across our city. They work very hard. They are very responsive and, like many in front-line service delivery, they often get a brickbat a bit more quickly than a bouquet but they regularly, every day, respond to the community's needs and concerns. They very often go the extra mile and I thank them very much for that. I look forward to working with the new and existing staff of the directorate.

Thank you to Ben Ponton for his leadership over the past few months as both the head of the transition team to the new directorate and the acting director-general and I look forward to welcoming Emma Thomas and her team from capital metro this Friday. I thank members again for the opportunity to appear today and welcome your questions.

THE CHAIR: Thank you, minister. I was tempted to start with a question on flocculation, as Mr Ponton and Mr Corrigan are experts in that. But we might see if that turns up later in the show. You mentioned 1 July a number of times. Given the

size and complexity of both what the old TAMS did and capital metro was doing, what change management methodology has been applied to the merger?

Ms Fitzharris: There has been a transition team in place for some time. That has been supported by both the Chief Minister, Treasury and Economic Development Directorate as well as the staff within TAMS. It has been very extensive and very well thought through. It has sought advice from specialist consultants as well as undertaken extensive consultation and communication with staff in particular. You are right. It is a significant change within the directorate and involves bringing in new staff as well as staff leaving to join the Environment and Planning Directorate. I can hand over to Mr Ponton to give you more detail.

Mr Ponton: In terms of the transition process, we have understood that a critical part is communication with and information for staff but also for the community to understand what the new directorate is about in terms of what it is trying to achieve, what the government is trying to achieve in forming the new directorate. In that respect, we have ensured that we have had a dedicated team—the transition team. That has consisted of me as leader of that team and staff from the Chief Minister, Treasury and Economic Development Directorate.

We have had a dedicated change manager, Joel Madden, who has assisted me particularly in relation to the internal communication aspects of the transition. We have, through Joel, ensured that we have had a series of round tables to understand what was concerning staff in relation to the transition and also what staff were hoping to achieve with the new directorate. Those round tables have been very successful and have been at all levels.

One of the key challenges for an organisation like TCCS, or Transport Canberra and City Services, is the variety in the workforce. We have senior people, we have professionals, we have people repairing potholes in roads, we have people driving buses and we have people who are mowing lawns and the like—looking after cemeteries. It is quite a diverse workforce. So it was very important to us to ensure that we understood and heard from all of those people, which is why we had, over several weeks, very comprehensive round table discussions.

We also have regular communication. My colleague Emma Thomas and I have been sending regular emails to staff. For those staff who do not have access to email, we are also currently exploring other ways to communicate with those team members, for example, videos and the like.

I have also coordinated a transition committee that consists of other parts of government. I have had representatives from organisations such as Environment and Planning in terms of transport policy. I have had relevant people from what was capital metro, TAMS, Chief Minister's and various parts of the Chief Minister's directorate to ensure that we have captured all of the key stakeholders in relation to the transition.

Just to recap, we understood from the outset that communication was going to be key. I have talked more about the internal communications. In terms of external communications, I have also had relevant staff from the various communications

teams. One individual in particular has assisted me directly in relation to branding, for example, and how we communicate in the coming weeks and months the new transport Canberra agency but also Transport Canberra and City Services. So we have been focused not only on internal communications but also external communications.

THE CHAIR: You mentioned a consultant, minister. Who was the firm? What did they suggest and was that followed?

Mr Ponton: We had KPMG undertake some work for us. In relation to the advice that we received from KPMG, to a large extent, yes, we have followed that advice. Of course, consultants are there to provide advice. It is not always the case that you will accept all of that advice. We have also had, in relation to the branding and communications work, a company called ED to assist with the branding and communications aspects. In relation to the advice that we have received from ED, I think it is safe to say that, yes, we have followed the advice that we have received.

THE CHAIR: There are numerous methodologies, though, for change management. Did somebody just draw up a list and say, “Here are all the functions; flip a coin. You get that function, you get that function”? Or was there a more strategic approach to the change to deliver better outcomes for the taxpayers?

Ms Fitzharris: Certainly in terms of the strategic approach, the government indicated its priorities, which were to deliver an integrated transport system and also to deliver high quality city services. The coming together of both those two functions is very aligned in terms of the government’s priorities. So the strategic direction setting has come from the government to deliver those priorities to the Canberra community.

I am very confident that there has been extensive thought put into the change management process in terms of the structure and in terms of the communication both internally—particularly with staff—as well as with the broader Canberra community. Particularly with the start of the new transport Canberra agency next week, the community will be well informed about those changes.

Other changes in terms of city services delivery, the now very popular and well regarded Access Canberra number and also the fix my street portal, will remain. Other ways to get in touch with the directorate—the many, many ways in which they can get in touch with the directorate—will be well communicated to the broader community as well.

THE CHAIR: You have said a number of times already “transport Canberra agency”. It almost seems that the municipal side of things is being subsumed into transport rather than it being city services that has transport as a component. What is the logic—even the logic of the name, “Transport Canberra and City Services” whereas I would have thought city services were the important thing?

Ms Fitzharris: They are equally important. As I have said on a number of occasions this morning, the city services component is equally important. The staff are in both parts of the directorate—Transport Canberra and City Services. It was previously Territory and Municipal Services. There is no hierarchy in the name at all. The services that this directorate provides reach Canberrans no matter where they live, no

matter how old they are, no matter what they do for a job. Every day in Canberra they are interacting with Canberrans on a daily basis.

Bringing them together makes an enormous amount of sense as front-line service delivery staff for the city of Canberra. It makes great sense in that the customer focus that both agencies already bring to their role is very aligned. There are some particular functions which sit right in between, particularly with roads and active travel infrastructure. They sit very much right on the cusp between Transport Canberra and City Services. They are very aligned. This service delivery ethos is very aligned and will continue to be.

THE CHAIR: Just to finish, how much did the KPMG consultancy cost?

Ms Fitzharris: I will take that one on notice.

THE CHAIR: And ED?

Ms Fitzharris: And, likewise, I will take that on notice.

THE CHAIR: Were documents provided as a part of that consultancy?

Ms Fitzharris: Certainly, some cabinet-in-confidence documents have been provided. If there is anything I am able to share with the committee I will take that on notice and do that as well.

THE CHAIR: Just to finish, Mr Ponton, you said that you did not take all of the advice. Which advice did you not take and why?

Mr Ponton: I would need to check the record and refresh my memory in relation to the detail. These reports can be lengthy, but I do recall that it was not a case of every piece of advice being taken. But I will certainly, in looking at the documents that can be released, provide further advice.

Ms Fitzharris: The KPMG advice was an important component of the advice that I took to my colleagues in cabinet to make recommendations to them about the new directorate and the structure of the new directorate. Further information with that will be released over the course of the first weeks and months of the new directorate—principally, of course, firstly to staff. But it very much informed the recommendations I took to cabinet and discussed with colleagues about the formation of the new directorate.

THE CHAIR: So you will take that on notice and see what you used? I have a final question relating to job losses. Are there any job losses as a result of the merger?

Ms Fitzharris: No.

THE CHAIR: No job losses at all?

Ms Fitzharris: No job losses, no. As you will see in budget statement H—the budget statement for the directorate—there are staff movements because of the ins and outs

with staff both coming in from Capital Metro Agency and staff going to the Environmental and Planning Directorate. There were some staff changes at the senior executive level. But as I have indicated, there are no job losses as a result of this. In fact, the budget increases the number of staff in the new directorate over the coming year.

THE CHAIR: The Chief Minister said—I think on Radio 666—that there were no net job losses but jobs would be lost. I think that three executives have lost their jobs, haven't they?

Ms Fitzharris: There were certainly changes in the senior executive make-up. There are a quite a number of changes. For example, previously there were two director-general positions. There is now only one. Previously there were no deputy director-general positions. There are now two. So there has been some organisational restructuring and, as a result, a small number of senior executive staff are no longer with the directorate, but there are no overall job losses.

THE CHAIR: Mr Coe has a supplementary.

MR COE: No job losses! What was told then to the Executive Director, Parks and Territory Services, the Executive Director, Corporate and Business Enterprise, and the Director of Governance? Did you say there were no job losses or, to them, did you say there would be a job loss?

Ms Fitzharris: As I said, there were no overall job losses. There were changes in senior executive positions.

MR COE: Did they lose their job or not?

Ms Fitzharris: They are no longer with the directorate but there were no job losses.

MR COE: Did they lose their job?

Ms Fitzharris: Their contracts were concluded.

MR COE: Were terminated?

Mr Ponton: I will point again to what the minister has said in relation to the number of jobs overall. In terms of the term “job losses” the number of positions within the directorate is the same. In fact, they have slightly increased.

In relation to those three individuals, there was some duplication in relation to the roles, as you would expect when you bring two organisations together. As senior executives we all understand that, in our contract, with machinery-of-government changes there is the possibility that contracts will be concluded or terminated before the expiration. That comes with being a senior executive in the public service. As I said, in these particular circumstances of those three positions, it was a case of duplication of roles and therefore those positions were no longer required.

MR COE: So there were job losses?

Ms Fitzharris: No. There were—

MR COE: Did they lose their job? We just heard they had been terminated. I think it is pretty disingenuous to say that there were no job losses when these three people, with two days notice, were kicked out.

Mr Ponton: I think it is a nuance. In terms of those three individuals, you are correct. They no longer are employed by the ACT public service. However, in relation to the number of FTEs across the organisation, that has not reduced.

MR COE: If you have this changed management process in place and it has been coming for months, why is it that they are told that they have only got two days left in the building?

Mr Ponton: In fact, that is not correct. They were provided with eight weeks notice and they chose to leave early, and that was an option that was provided to them.

MR COE: Are you saying that if they got notice on the Tuesday or Wednesday they were allowed to stay beyond the Friday?

Mr Ponton: They were allowed to stay for eight weeks. In fact, the date as I recall, was 10 July.

MR COE: I understand that they may be getting paid until that date but my understanding is that they were told, “Do not come back after Friday.”

Mr Ponton: That is not correct. I had conversations with the three individuals and I said to them that the option was available for them to leave early if they so wished and use the time they were provided under contract, the eight weeks notice, to look for alternative employment; however they were more than welcome to stay. It was entirely their choice.

MR COE: In light of that, minister, do you want to correct your earlier statement that there would be no job losses?

Ms Fitzharris: No. As I indicated, there would be no job losses overall within the agency. Some individuals changed their employment circumstances but there were no overall job losses.

MR COE: Do you understand how it must feel for the three families when you say there were no job losses, when clearly these three people lost their jobs? What would you tell the spouses of these people? Would you say that there have been no job losses? Or would you say there actually has been a job loss, or two or three?

Ms Fitzharris: As Mr Ponton explained and as is well understood in senior executive ranks, under the contracts, they are no longer with the directorate. The question—

MR COE: So there is a job loss. It just seems absurd to me that you would come in here determined to refuse to say “no job losses”.

Ms Fitzharris: No. There are no losses of jobs. The number of jobs within the directorate remains and in fact has increased. Some three individuals left the directorate and had their contracts ceased.

MR COE: Involuntarily left?

Ms Fitzharris: Ceased.

MR COE: Involuntarily left?

Ms Fitzharris: That is the nature of senior executive employment. There are no overall job losses. The number of jobs remains and has in fact increased with the new directorate.

MR COE: It is pretty amateur to refuse to say there have been no job losses when three people were told to leave.

Ms Fitzharris: I am not refusing to say there are no job losses. It is clear that people—

THE CHAIR: We might leave it there. Mr Hinder has a supplementary.

MR HINDER: Minister, in relation to employment contracts, do not the contracts set out the terms of their employment?

Ms Fitzharris: Yes they do. I am not privy to the details of each senior executive contract. I do not know if you have anything to add to that.

Mr Ponton: I can say—

MR COE: I am not discounting that there can be job losses. I just want you to admit it.

MR HINDER: A substantive question?

THE CHAIR: Yes, a substantive.

MR COE: I have got one more follow-up, if I may?

THE CHAIR: The last supplementary and then a new question.

MR COE: With regards to the Executive Director, Roads and Infrastructure, what were the circumstances regarding that departure?

Ms Fitzharris: I understand that Mr Peters tendered his resignation.

MR COE: How much notice was given?

Ms Fitzharris: Mr Ponton.

Mr Ponton: In accordance with his contract Mr Peters gave eight weeks notice.

MR COE: If notice was given about a week or two ago is Mr Peters going to be here today?

Mr Ponton: No he is not. He is currently on leave.

MR COE: Upon giving notice, when was his last day?

Mr Ponton: The day he gave notice was his last day. However he chose to take leave and the particular type of leave I am not at liberty to explore.

MR COE: Sure. Are you worried about the extreme loss of corporate knowledge which has walked out the door in the last fortnight or month?

Ms Fitzharris: No I am not. It obviously has an impact but I am very confident in the leadership and the management and all the staff in the new directorate to deliver the services that they have been delivering for many years and that they will continue to deliver. I am very confident.

MR COE: Why would you say it is that so many people have contacted my office, current serving public servants in TAMS, to say that the morale in TAMS is toxic at the moment; nobody has an idea what the plan is and it feels like a capital metro takeover?

Ms Fitzharris: I think that is your interpretation and I think that is what you would want to hear.

MR COE: I can tell you for a fact that many, many people have contacted my office. In fact, it has been unprecedented.

Ms Fitzharris: Mr Coe, you—

MR COE: Unprecedented.

THE CHAIR: Let the minister finish, please.

Ms Fitzharris: You have not raised that with me. You could have raised that with me.

MR COE: I have actually, in the Assembly.

Ms Fitzharris: No you have not, not in the last sitting. It was not raised with me, to my recollection. And you may seek to raise it in other forums, as you often do.

MR COE: You do not think I have mentioned the capital metro takeover in the Assembly?

Ms Fitzharris: No. I totally—

MR HINDER: On a point of order.

MR COE: I actually made a statement in the Assembly about it.

Ms Fitzharris: I totally reject that.

THE CHAIR: Let the minister finish, please.

Ms Fitzharris: I totally reject that. It is an argument that suits your own political purposes.

MR COE: Check *Hansard*.

Ms Fitzharris: I totally reject it. It is very clear from my opening statement that this government, this new directorate, has a focus on Transport Canberra and City Services. There is significant investment in city services, indeed, in this budget—in playgrounds, in green waste bins, in more mowing, in more weeding, in significant upgrades to our shopping centres. There is significant investment in this budget in city services.

As the minister I know—and in fact I did Chief Minister's talkback for the second time on Friday morning—how important city services is to this community. I sign off dozens of letters every day to the Canberra community. I take dozens of requests and feedback from the Canberra community every day about city services. I know deeply how important it is.

MR COE: It would be nice if you valued the public servants.

THE CHAIR: Mr Coe! We might finish there. Mr Hinder has a new question and we can come back around to you if you want to follow up.

MR HINDER: My question is about the library services, minister. The table on page 20, table 12, indicates 62 per cent of Canberrans are registered library members. In this day and age of technology is that accurate—62 per cent of Canberrans are members of the library?

Ms Fitzharris: Indeed it is.

MR HINDER: And how is it that you have managed to continue to draw Canberrans into the libraries, given the Google age and generations that we have?

Ms Fitzharris: That is a great question. It would be great if it were even higher and we will strive to do that. The digital collection in the libraries is significant and growing, and people's access to library services is now increasingly not necessarily from walking through the door. But I would encourage all Canberrans to walk through the door of any of our libraries. There are some wonderful facilities that provide access not just to the library's resources in terms of books and collections but also to the staff who work in the libraries, who have extensive knowledge of the mainstream collection, also the heritage collection and, increasingly, the online collection that we hold.

The library staff and the library service are thinking very carefully about what increasing digital collections means for how they deliver their services and provide the ability for people to access e-books and the digital collection in more and more ways. They also provide a hub for community activities which often people would not think about in terms of accessing the library.

I am wondering if the library could come up. Vanessa Little, whom I know the committee knows well, is on leave. Petra Crowe will be able to talk in a little more detail about some of the new ways that the community is accessing library services.

Ms Crowe: We currently have 64 per cent of the population in Canberra, which is around 250,000 library members. We have seen an increase in membership over the past 12 months and we attribute that to people signing up for the e-resources—the BorrowBox and Zinio—where they can download books and magazines.

MR HINDER: I stand corrected, 64 per cent.

Ms Crowe: Yes.

MR HINDER: We all know what libraries used to do. What other programs do you run that get these numbers up to where they are, other than just renting out or lending out books?

Ms Fitzharris: There was the session the weekend before last at the libraries. Could you take us through that?

Ms Crowe: There was actually a session at Gungahlin, Saturday just past, a *Dr Who* trivia session. We had approximately 50 *Dr Who* enthusiasts turn up for that trivia. There were daleks present as well as cyborgs. I am a bit of a fan of *Dr Who*. It was very well received.

There are a number of programs that the library offers across Canberra. We have book clubs, we have knitting programs, we have literacy programs to assist that portion of our community that have low literacy levels, we link in with community programs and support activities that they undertake as well. We have offered 136 digital programs to adults and our seniors.

Giggle & Wiggle remains a very popular program for our community, with Gungahlin and Dickson having the highest attendees in those two locations. For example, as at April of the financial year, we had approximately 30,000 people attend Giggle & Wiggle. Our story time is also very popular, with almost 16,000 people attending that program.

MR HINDER: There is funding here for a new IT system for the libraries. What is that going to do and do you actually hope to improve on the 64 per cent?

Ms Crowe: The government has allocated \$2.2 million over the next two years to replace the library management system and the radio frequency identification equipment. The current systems are unstable and require significant effort for the

library to restore when these services fail, and obviously that impacts the continuity of services that we are able to provide to our customers.

A new library management system will mean that the duplication of effort to create and maintain multiple records will be eliminated. The opportunities for error will be reduced as records will need to be entered only once and changes will automatically be propagated throughout the system. Library staff will also have one system that they will need to access. Also our customers will be able to use these systems and have a better way to keep in touch with where they are with their loans, what books they are borrowing and what e-resources. They will be able to check in and check out those resources.

THE CHAIR: A supplementary, Ms Burch.

MS BURCH: You mentioned that some of the growth from 62 to 64 was around accessing digital resources. Can you tell us what that looks like? Is it coming with the younger users or the older users, and are they replacing the books on CD, so to speak?

Ms Crowe: I will not be able to tell you the split in terms of the ages and gender profiles of who is borrowing what. In fact, I am not even sure I would be able to take that question on notice as I am unsure our systems are able to break it down to that specific level. What I can say is that the increase in our registration we believe is due to members signing up specifically to access the audio and ebooks, and we understand that that is fairly similar across the country with other library services.

THE CHAIR: On funding for library services, on page 22, information services—which has the same definition for what it does as the new library services—the total cost for this year was \$21 million and the controlled payments were \$17 million. For the coming year it appears to be total costs of \$16 million and controlled payments of \$12 million. Why the cut and what services are going?

Ms Fitzharris: Gordon Elliott, the CFO, will be able to answer that question, but it is my understanding it is a result of the changes in the directorate structure. It is the way in which overhead costs have been allocated to the various output classes.

Mr Elliott: Thank you for your question. A new directorate, a new output and a new structure required an updated notional allocation methodology. What I am talking about there is that you have two components to your output budget. The first component is your direct costs, which look after things like salaries and admin costs. But in order to fully cost your output we also include the overhead or corporate cost. In this new model we have based the allocation on staffing. Under the new directorate approximately 60 per cent of staff are involved in transport Canberra and 40 per cent in city services. So this effectively—

THE CHAIR: Sorry, could you say that again? So 60 per cent are now transport Canberra?

Mr Elliott: If you look at the split between transport Canberra—we are talking ACTION—

THE CHAIR: ACTION and capital metro.

Mr Elliott: Yes. And 40 per cent is city services. The change of that mix has effectively reduced the allocation of indirect GPA. As you have said, there is a drop of around about \$4 million. It has not impacted on the direct delivery of services; it is just the notional allocation of those corporate costs.

THE CHAIR: And FTE for library services was how many and will be how many?

Ms Fitzharris: We will take that on notice. There is no material change at all to the services.

THE CHAIR: And there were no job losses, but four chief executives are unemployed. So take that one on notice. How does the depreciation and amortisation in the current year affect it, and is there any in the coming year?

Mr Elliott: In terms of depreciation?

THE CHAIR: On page 22 of BSH it lists \$3.6 million of depreciation. This year it is \$2.9 million. What is the difference, and how are they applied?

Mr Elliott: At a high level most of the library's depreciation is around the library collection. But I will take that on notice to give you some more detail on that topic.

THE CHAIR: Mr Doszpot, a new question.

MR DOSZPOT: Minister, what is the annual spend in basic procurement for purchases less than \$25,000 across the Territory and Municipal Services Directorate?

Ms Fitzharris: Basic spend on?

MR DOSZPOT: Sorry?

Ms Fitzharris: Could you repeat the question?

MR DOSZPOT: What is the annual spend in basic procurement for purchases less than \$25,000 across the Territory and Municipal Services Directorate?

Ms Fitzharris: We will take that on notice, Mr Doszpot.

MR DOSZPOT: What procedures are in place to audit the expenditure in this less-than-\$25,000 category?

Mr Ponton: In terms of the procedures, Mr Doszpot, we have an audit committee that runs its own internal audit program. We have an officer who assists the audit committee and also runs a series of regular reviews in relation to looking at areas where there might be opportunities for any corruption to ensure that the systems that are in place are being adhered to. In relation to that particular question, I am happy to provide you with some more detailed and comprehensive information on notice.

MR DOSZPOT: Who has ownership or sponsorship of basic procurement in TAMS?

Mr Ponton: That would be the chief operating officer.

MR DOSZPOT: Are there any procedures in place to account for the portable and attractive purchases, shall we say, and other high value or sensitive assets?

Mr Elliott: Yes, most of our business units hold their own internal registers for portable and attractives.

MR DOSZPOT: What procedures are in place to ensure that public moneys are expended in accordance with the Government Procurement Act and related policies?

Mr Elliott: In terms of day-to-day expenditure we have delegations in place. That is a framework which limits what people can spend. We have from time to time internal audits as part of our annual audit program, which will also make spot checks. The Auditor-General's office also checks our signing off procedures.

MR DOSZPOT: You are taking some of these on notice. I should imagine we will get some further information on that?

Ms Fitzharris: Yes, those are taken on notice.

MR DOSZPOT: What training is in place to ensure that TAMS employees have suitable skills and knowledge to undertake procurement activities on behalf of the directorate?

Mr Elliott: From time to time there is procurement training for our staff, whether it is capital works or whether it is goods and services. Also, internally the finance team has information sessions which explain to staff their obligations under the Financial Management Act and how our internal delegations work for expenditure rules and what they are. You obviously have to sign off when goods and services are received and then we have a second signing officer to authorise the payment of an account.

MR DOSZPOT: Mr Ponton mentioned you have got an audit committee. How many audits or reviews, internal or external, have been undertaken into procurement at TAMS in the past 10 years? What were the findings, and have the recommendations been implemented?

Mr Ponton: Mr Doszpot, given I have been in this role for just over two months, I will have to take that question on notice.

MR DOSZPOT: I am sure that, as the minister said, you have corporate knowledge to help you get that information together.

Mr Ponton: Indeed. I will be asking Mr Elliott to assist me with that.

MR DOSZPOT: Could you also take on board then what is the status of those recommendations?

Mr Ponton: Of course.

MR COE: I might ask a supplementary on that.

THE CHAIR: A supplementary from Mr Coe and then a new question from Ms Burch.

MR COE: Is this sort of procurement a known vulnerability or known issue within TAMS?

Mr Ponton: Not that I am aware of, Mr Coe.

Ms Fitzharris: Likewise, Mr Coe, not that I am aware of, no. Do you have a—

MR COE: Would it be fair to say that—Mr Elliott might be able to answer this—procurement under \$25,000 would be tens of millions of dollars?

Mr Elliott: Thank you for your question. I could not give you an accurate figure. I would have to take that on notice.

MR COE: But we are not talking \$1 million or \$2 million; we would be talking tens of millions?

Ms Fitzharris: I would not—we will take that on notice, yes. I do not want to give you a misleading figure either way, Mr Coe.

MR COE: Okay; if it is tens of millions of dollars, which I would think it would have to be—

Ms Fitzharris: Why do you think that?

MR COE: Look at total procurement and how much has been published online for over \$25,000.

Ms Fitzharris: Okay.

MR COE: The remainder seems to be pretty high. Therefore, if it is indeed tens of millions of dollars, how could it be that there are not TAMS-wide systems in place to actually monitor this sort of expenditure?

Ms Fitzharris: Like I say, we will get the figure. If that is the case, then we will have another look at that.

MR COE: Are you confident that the combined registers of portable and attractive items are actually going to show the assets that should be held by the agency with regard to these items?

Mr Elliott: Yes.

MR COE: If that is the case, we will, of course, be seeking that information. What

would you say to the notion that people have told us that perhaps millions of dollars of portable and attractive assets have gone missing in recent years, especially items that may not be deemed to be portable and attractive but are small-scale all the same?

Ms Fitzharris: Do you have information to—

MR COE: That is why I am asking the question.

Ms Fitzharris: It seems you are making a fairly serious implication. I hope you are not doing that lightly.

MR COE: So have—

Ms Fitzharris: I am not sure where you have these reports from. That would sound like a fairly serious accusation—

MR COE: Certainly—

Ms Fitzharris: and one I would have thought I would have had raised with me prior to today—

MR COE: Certainly, would—

Ms Fitzharris: and with some—

MR COE: I think it is well known across TAMS. A lot of people call TAMS Bunnings because stuff goes missing.

Ms Fitzharris: On what do you base that allegation, Mr Coe? These are very serious allegations that you are making.

MR COE: Because people have told me.

Ms Fitzharris: You are making very serious allegations about staff members within TAMS. I hope you appreciate the nature of the allegation that you are making, Mr Coe.

MR COE: I certainly hope that you are able to substantiate many millions of dollars worth of small and attractive items—

Ms Fitzharris: Mr Chair, I believe a member of the committee is making serious allegations—

THE CHAIR: No, minister, a member is asking a question about things that have been raised with him.

Ms Fitzharris: No, the member is making allegations which he is unable to—

THE CHAIR: Are you certain that a large number of assets have not gone missing?

Ms Fitzharris: As I have said, we will take that on notice. I would certainly imagine if that was the case it would have been brought to my attention, to the director-general's attention or to the director of finance's attention. I am not sure this is the appropriate place to be making allegations of this nature.

THE CHAIR: No, it is an entirely appropriate place to ask questions.

MR COE: I certainly hope—

THE CHAIR: But we need to wrap it up. Is it a sup?

MR COE: I certainly hope that the registers—

Ms Fitzharris: Mr Chair—

MR COE: show many tens, if not hundreds of millions of dollars—

Ms Fitzharris: Mr Chair, I was speaking with you.

MR COE: of procurement over the last number of years—

THE CHAIR: Mr Coe, will you just wait?

Ms Fitzharris: Mr Chair, I do believe that there is a difference between asking questions and making allegations which Mr Coe cannot back up.

THE CHAIR: No, there is a budget before us. In your financial statements there will be a list—a number of the total assets that the department holds. You are being asked whether you can account for all of those assets.

Ms Fitzharris: And the answer is then yes, and meanwhile—

THE CHAIR: You can account for them all?

Ms Fitzharris: if Mr Coe continues to make allegations, I think we will take that on notice. We have confidence that we can.

THE CHAIR: “Take it on notice” is different to “yes”. So can you confirm that all the assets that are supposed to be there are there?

Ms Fitzharris: As I said, we will take that on notice and I have confidence that they will be.

THE CHAIR: Okay, so you cannot confirm it? Okay.

MR COE: Has this been the subject of any internal or external audit?

THE CHAIR: We need to wrap up.

Ms Fitzharris: Of what—of what being the subject?

MR COE: Small attractive items; has this been the subject of any internal or external audits?

Ms Fitzharris: There are regular audits within TAMS. I will ask Mr Ponton to follow up.

Mr Ponton: Yes, Mr Coe, we do have regular audits. I am also advised that we do have other controls in place which we could provide you with the details of on notice. In relation to purchases that are of a more minor nature, particularly around the areas of city services, for example, we do use Bunnings cards. We can then reconcile purchases against those cards; so we do have controls around that. But I could also ask Fleur Flanery to come to the table to provide some further advice in relation to that.

THE CHAIR: Thank you. We will have the advice from Ms Flanery and then we will move on to a new question from Ms Burch.

Ms Flanery: Sorry, Mr Coe: your question?

MR COE: Have there been any internal or external audits about procurement under \$25,000 or small and attractive items in recent years?

Ms Flanery: Yes, there has. There has been an internal audit into small and attractive items. It is something that has been a matter of long-standing concern when you are managing lots of items and things like that. If we go back to first principles, we try to work out how we procure batteries, blades for mowers, all of those kind of things, and the most cost-efficient and effective way to procure them, whether that is in bulk, whether a Mastercard is needed or a Bunnings card, for example. We ask for quotes. We have a purchase order system in place that you cannot pay an invoice unless you have your three quotes there. It is subject to regular review. We do have a very comprehensive system in place for that.

MR COE: Has the internal audit identified some concerns that some of these assets are going missing?

Ms Flanery: Mr Coe, quite recently I was quite concerned that toilet paper was going missing. So we do regularly audit down to how much is used, how much is bought, how much is consumed both in public toilets and also in all the depots.

MR COE: Sure, but as I said—

THE CHAIR: Last one, Mr Coe.

MR COE: have there been recommendations about—

Ms Flanery: There have been recommendations about these—

MR COE: concerns to do with small and attractive items that have gone missing?

Ms Flanery: Mr Coe, to answer your question, there is—it is always something that we watch for—there was an audit. There were recommendations—

MR COE: It is a simple question. It is a simple question. Have there been concerns about small and attractive items going missing?

Ms Flanery: Not specifically, no. There is certainly a regular process in place to ensure that we pick it up before there is a concern.

MR COE: Thank you.

THE CHAIR: Could we have a copy of the internal audit report?

Ms Fitzharris: I have no problem.

THE CHAIR: Ms Burch, a new question.

MS BURCH: Moving on to a new area—and you made mention of it—shopping centre upgrades, I can see in BP3 at page 126, for example, “improving our suburbs with local shopping centre upgrades”. In the lead-up to the budget there was also an announcement about work at Anketell Street in Tuggeranong. Can you tell us if there is any detail about what this money would be spent on, and how does the agency go about prioritising shopping centre upgrades?

Ms Fitzharris: You are right. Thank you for the question. There are a couple of places in the budget papers where we are investing even more in our shopping centres. There is, as you note, the local shopping centre upgrades package, and that is to upgrade four local shopping centres, to build on the work that has already been underway over many years to upgrade local shopping centres.

There is also in the capital upgrades program a program for group centre shopping upgrades as well. We are nearing the completion of a number of local shopping centre upgrades now around the territory. We will look, with the money in this budget, at models that may enable us to co-invest with local shopping centre owners and tenants.

The feedback that we have received both from the community and from working with shopping centre owners across a number of different shopping centre upgrade projects is that there are both tenants and business owners in shopping centres who would like to co-invest with the government. That could look, for example, like the government installing some landscaping features but the shopping centres themselves taking on the responsibility of maintaining some of those as a co-investment approach to upgrading shopping centres.

The specific Anketell Street proposal is an exciting one. I know you are very keen to see it happen. It comes on the back of the Tuggeranong town centre master plan and is seeking, in particular, to upgrade some of the active travel features of Anketell Street and to improve some of the appearance of particularly the gazebo aspect as it looks down towards the lake. It is a beautiful vista but somewhat, as you know, less than well used at the moment. It could actually be a much greater space if we could improve some of the landscaping and some of the very basic infrastructure around

there, some of the street lights and also some of the rubbish bins, for example.

MS BURCH: I was going to ask: what does that actually look like, and when does it look like happening? I am very tempted to go to Bunnings and hire a gurney just to empty the bins and clean that location up.

Ms Fitzharris: At both Anketell Street and Gartside Street at Erindale we are looking to have designs available for the community to comment on in the next four to six or seven weeks. The community will be able to provide comment on both the design features and the active travel improvements in both locations. Ms Flanery may want to provide further details.

Ms Flanery: The designs are currently being prepared. They will go out for community consultation. There will be a range of improvements in that area.

MS BURCH: We have got designs coming out in a number of weeks. What is the time line for the work?

Ms Flanery: I would have to take that one on notice.

Ms Fitzharris: It would obviously follow that. We would hope to get some of the work underway fairly soon after that.

MS BURCH: The Tuggeranong town centre master plan was completed when?

Ms Fitzharris: I cannot recall. It was some time ago.

THE CHAIR: Many years ago.

Ms Fitzharris: Yes. It was some time ago, and this is—

MS BURCH: What work has happened in Tuggeranong since the master plan was completed?

Ms Fitzharris: The town centre master plan was completed some time ago, and it has taken longer than I would have liked, coming freshly into this portfolio. The funding for the Anketell Street improvements has been part of the active travel component of the budget from last year's budget. We have added to it in this year's budget. We have added another \$100,000 to the Tuggeranong town centre works.

MS BURCH: Some of the money was in last year's budget, and here we are in the last week in this financial year.

Ms Fitzharris: One of the aspects of the master planning process that TAMS has the responsibility to deliver has been to implement some of the broader changes that the master planning process recommends. Obviously the master planning process goes through quite extensive consultation. I have asked TAMS to take on board the consultation though the master planning process as input into the decisions that they make and the designs that they deliver to the community to decrease the amount of time subsequent designs go out for consultation, and that is what will happen with

both Gartside Street and Anketell Street. I do regret the length of time that it has taken to get to this stage.

MS BURCH: Hence you can see why I actually want a time line on this.

Ms Fitzharris: I can.

MS BURCH: Given that we saw it in this year's budget and we are a week out—

Ms Fitzharris: The time line for the design will be in the next four weeks, the community will see it, and we will try to get that work underway as quickly as possible afterwards.

Mr McHugh: Yes.

Ms Fitzharris: Mr McHugh might provide some further detail.

Mr McHugh: The budgets in question for Anketell Street and for Gartside Street were two-year appropriations and, typically, we would program those projects out and spend about 12 months on the design and development of those projects, and the second year would generally be used for the construction activity.

One thing to be aware of particularly with the shopping centre projects is the precincts that we are working in and the levels of activity. We do try and avoid construction works in the busy periods around those locations. We are at the moment considering whether we start work at the Tuggeranong town centre, for example, before the busy Christmas shopping period, depending on what the overall impacts of the construction might be. We do time the construction activities to minimise the impact on the community as well.

MS BURCH: What has been spent so far on Anketell Street out of that two-year budget program?

Mr McHugh: I would have to take that on notice in terms of the detailed spend but the way that projects are profiled, the majority of funds are spent in the second year when construction activity is undertaken.

MS BURCH: And the same—if you could take it on notice—for Gartside Street?

Mr McHugh: Same for Gartside Street.

MS BURCH: Gartside Street was raised with me just last weekend as well.

Mr McHugh: Yes.

MS BURCH: Have you found the delightful sculpture in Hughes yet?

Ms Fitzharris: No.

Mr McHugh: It has gone.

Ms Fitzharris: Not at all to my knowledge. I believe the police are looking into that.

MS BURCH: I have a final question, to give others a chance, on the group centres and the local centres. Where will the details of which centres are getting upgrades be?

Ms Fitzharris: The group centres are detailed in the budget papers.

MS BURCH: Whereabouts?

Ms Fitzharris: In fact, they are in the capital upgrades section of budget paper H, but I can tell you that they are Charnwood group centre, Kambah at Marconi and the Spence shops. There is the additional \$100,000 mentioned for the Tuggeranong town centre—for the town and group centres. It is the four local centres in the budget initiative and within the capital upgrades program the four group and town centres: Tuggeranong, Charnwood, Kambah and Spence.

THE CHAIR: I appreciate that that was a question about infrastructure in Tuggeranong but apparently Mr Hinder wants a question on things in his electorate.

MR HINDER: The excellent upgrades of shops in Tuggeranong are similar to the ones in my electorate, in Evatt. I was there at the mobile office yesterday. I noticed that it is getting along. Have you any idea when the Evatt upgrade will be finished?

Mr McHugh: Evatt is planned to be complete in July at this stage.

Ms Fitzharris: So long as we do not have any more rainy days. I hope it is looking good. Is it looking good?

MR HINDER: It looks fantastic, minister. Compliments.

THE CHAIR: Mr Doszpot has a supplementary.

MR DOSZPOT: Minister, not to be left out of the electorate issues, there are certainly some very tired suburbs in the inner south—Deakin and Narrabundah, in particular, and also Griffith. I know there has been a little bit of work done in Griffith. What are the plans in those three suburbs?

Mr McHugh: At the moment there is a review of the prioritisation for upgrades to the local shopping centres. It is due to be completed within the next four to six weeks. That will reprioritise the order for upgrades across the city. So at this stage I cannot answer that particular question.

MR DOSZPOT: The committee will not be meeting, I guess, by that stage, but can we get a copy of what that prioritisation is?

Mr McHugh: Absolutely, as soon as that work is completed.

Ms Fitzharris: This is a significant program to make sure we make our investments at the right times and at the right locations. Part of the feedback for that process is the

community feedback itself. We can certainly take those three that you mentioned and add that to the mix. TAMS has a pretty good understanding across the territory of where there are requirements for upgrade and the type of upgrade that suits the individual shopping centres as well.

As to the timing for implementing some of these upgrades, I do understand that sometimes it can be lengthy. But the deep consultation that TAMS has undertaken on a few of the more recent ones was with the local traders and the local community. That has actually resulted in some changes to the design. I think the Cook shops would be a really good example. A cafe opened at the Cook shops some time ago and really livened up that shopping centre from what it had been even six months prior to that. That significantly changed the visitation to the shops and the types of activity at the shops. TAMS was able to work with the local community and the traders at the shopping centre to adjust the design that was initially planned so that it could better respond to the booming success of the cafe, which I think took over not only its existing premises but also the one next door because it expanded so much and was attracting people not just from within Cook but other suburbs as well. Although sometimes it can take time, sometimes that time is well spent with added input from the community.

THE CHAIR: Mr Coe, do you have a favourite shopping centre?

MR COE: I do, but I do not need to ask about it right now.

THE CHAIR: All right. In terms of upgrades, the master plan was done for Kambah shops four or five years ago.

Ms Fitzharris: Marconi Crescent?

THE CHAIR: No, not Marconi; the main shops at Kambah. When will that be given the attention it deserves?

Mr McHugh: We have in this financial year undertaken a feasibility study into stage 1 of the recommendations out of the master plan for the Kambah shops. We will be considering that in the priority list moving forward to be further developed and delivered.

THE CHAIR: I am not sure if this is the answer to Mr Doszpot's question, but could you provide the current list as it stands of the priority shopping centres?

Ms Fitzharris: At the moment the work that is underway is on the TAMS website. The next priorities are the ones funded in this year's budget.

THE CHAIR: But you will provide that list to the committee?

Ms Fitzharris: Sure.

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

MR COE: Yes. Would you please tell me, minister, who is the owner of the guns, the

firearms, in TAMS' possession?

Ms Fitzharris: With the transfer of the parks and conservation service to the Environment and Planning Directorate, I suspect it is them.

MR COE: But currently and in the past; is it something for Ms Flanery?

Ms Fitzharris: It may well have been for Mr Iglesias, who was not coming to the committee today.

MR COE: Was he actually the owner of these firearms? I do not think he was, from my understanding.

Ms Fitzharris: We might have to take that on notice, if we can actually—

MR COE: I note Ms Flanery obviously has got something to say here. Would we be able to hear from her?

Ms Fitzharris: Are we able to answer that question now? No. If you like, we can certainly if not this morning but during today's hearings get back to you with the answer to that question.

MR COE: Okay. If you are able to do that behind the scenes, if you can advise who is the current owner and on what date that person took ownership of those weapons as per the licence issued by ACT police.

Ms Fitzharris: Sure. We will find that out for you throughout the course of today.

MR COE: Thank you.

THE CHAIR: If we could go to green waste and how it is being handled in the territory. The main question will be about the proposal for the trial. As to the current services, is all the material collected for recycling and taken to the MRF here in Canberra?

Ms Fitzharris: My understanding is that the existing providers of this service pick up and sort in various ways. Depending on the particular provider they will sort the green waste that they pick up in various ways. They will take it to either of two outlets, one being Canberra Sand and Gravel and the other being Corkhills at Mugga. It is then up to those facilities to deal with the green waste that they are provided from the existing contractors, bearing in mind too that green waste is also brought to—

THE CHAIR: I did not actually say green waste. I said the waste that goes to the MRF.

Ms Fitzharris: The green waste that goes to the MRF?

THE CHAIR: No, all waste. The waste that is caught in the recycling bin gets taken to the MRF.

Ms Fitzharris: Sorry, which recycling bin? The ACT government recycling bin?

THE CHAIR: The ACT government recycling bin. I am not sure what other recycling bin is being dealt with in the estimates.

Ms Fitzharris: So green waste—

THE CHAIR: No. You have used the term “green waste”.

Ms Fitzharris: Okay.

THE CHAIR: We will get to green waste in a minute. Most homes have a recycling bin.

Ms Fitzharris: Yes.

THE CHAIR: That is collected.

Ms Fitzharris: Yes.

THE CHAIR: It is taken to the MRF at Hume and it is sorted. Is all that waste being sorted at the MRF?

Ms Fitzharris: I thought you meant green waste; sorry. Mr Trushell?

Mr Trushell: The material that goes to the MRF becomes the property of the MRF operator, RDT Operations. RDT are then responsible for the marketing and sale of those materials into the various recycling commodity markets within Australia and internationally.

THE CHAIR: We report on the amount of recycling that is done in the ACT. Is all the material that goes to the MRF being sorted on site and recycled or is some of it being shipped straight to Sydney, for instance? It does not go to Woodlawn? Where does it go?

Mr Trushell: All the material that comes in the yellow bin is deposited at the MRF. It is then sorted within that facility into its component parts—glass, paper, cardboard and the different sorts of plastics. They are then assembled into their component parts and the MRF operator will then market and sell those. There is a residual which goes to landfill here within the ACT out of the MRF. Similarly, for example, if they sell the material to the glass operation in Sydney, that glass operation will then process some of that and there will be a waste component out of that. The waste component, for example, of that particular re-manufacture will not get counted in the ACT figures.

THE CHAIR: All right.

Mr Trushell: But that is standard across the country, similarly with plastics, what RDT do with plastics. If they sell those to a company we would count that as recycling, provided it does not go to landfill in the ACT. There is always going to be an element of waste fraction right through the reprocessing of any sort of material.

THE CHAIR: So how much of it is leaving the territory unprocessed?

Mr Trushell: All of it.

THE CHAIR: All of it?

Mr Trushell: By and large, apart from glass—and I will put glass to one side—there are only a limited number of re-processors of this sort of material in the country. It also depends on commodity pricing. What needs to be borne in mind is that these recycling products are competing with virgin products. It is also subject to general global economic circumstances. For example, the glass market at the moment is quite weak. All glass recyclers are struggling right across the world and, similarly, at the moment, with scrap metal; the prices for scrap metal are weak.

Generally, the way the recyclers protect themselves is that they will enter into periodic commodity prices. RDT, for example, have done that with their recycled metal at the moment. So they have been somewhat protected from those international price fluctuations. When their contracts to sell this material into the market expire they have to renegotiate those and they can then be subject to those residues of commodity prices.

THE CHAIR: On page 20 of budget statement H, 2.3, waste and recycling, table 13, it says in indicator c that the percentage of material recovered from the total waste stream is 75 per cent. If none of it is processed in the ACT, how can we know it is 75 per cent?

Mr Trushell: It is the classification of the way it is treated. It is the same right across the country in terms of the way that recycling is measured. What we are doing is looking at—

THE CHAIR: But classification is different from recovery.

Mr Trushell: I am sorry; I do not quite understand the—

THE CHAIR: You said it is the classification of the material.

Mr Trushell: For example, if you have a recycling facility—MRF is considered a recycling facility in the sense that you have got a value chain going on there—the first thing that has to be done is that waste has to be sorted into its component parts.

THE CHAIR: Is the sorting done at the MRF at Hume?

Mr Trushell: Correct, yes.

THE CHAIR: It is sorted into plastics, glass, metals, paper products and whatever else.

Mr Trushell: Correct.

THE CHAIR: All that material is sorted at the MRF?

Mr Trushell: Correct.

THE CHAIR: No unsorted material is leaving the ACT?

Mr Trushell: In terms of the yellow bin, the kerbside bin, five per cent of that material goes to the MRF.

THE CHAIR: You just said it was all sorted, and now you are saying that it is not necessarily all sorted?

Mr Trushell: No, that is not what I intended to say. We have a kerbside—

THE CHAIR: So is it all sorted? The yellow bin is picked up; it is taken to the MRF.

Mr Trushell: Correct.

THE CHAIR: Is it all sorted into its component streams at the MRF at Hume?

Mr Trushell: Yes, it is.

THE CHAIR: So no unsorted material leaves the MRF for other locations like Woodlawn or Sydney?

Ms Fitzharris: Perhaps it might also be the difference between what is recovered through household waste and what else is in the waste stream and can be recycled. Are you referring just to household waste?

THE CHAIR: No, I am referring to c, the percentage of material recovered from the total waste stream, which you claim to be 75 per cent.

Mr Trushell: Sorry, Mr Smyth; that is a broader question around how we estimate that figure.

THE CHAIR: In the interests of time, could we have a written explanation of how that 75 per cent is determined and the statistics to back it up?

Ms Fitzharris: Yes, sure. It might also be a good time to note the waste feasibility study which was funded in last year's budget, which is into a very significant two-year project. I know there will be further discussion around the legislation that has come out of that study through a planning committee inquiry in a couple of weeks. We certainly know that it is time to have another look at how we manage waste in the territory, both household and non-household waste. That study is a significant study to understand better our baseline waste data and what it is that we are recycling and how. We can talk in more detail about that after the morning tea break if you would like, because it is a significant piece of work and will inform significant future policy and legislation around this area.

THE CHAIR: Just to be clear, everything that goes into the MRF is sorted?

Mr Trushell: Yes. And if I can just clarify for you, only about five per cent of the territory's total million tonnes of waste goes to the MRF.

THE CHAIR: That is okay. But everything that goes to the MRF is sorted? It is not going into the MRF and then being trucked elsewhere?

Mr Trushell: No.

THE CHAIR: All right. With the green waste trial, how were Kambah and Weston Creek selected, and why is it only for a year?

Ms Fitzharris: The funding is for a year to understand how we best deliver an opt-in system for green waste recovery from households. Kambah and Weston Creek were decided on, given that they are established areas with established gardens, to give a sense of what the take-up rate, the opt-in rate, would likely be and the best way we can deliver that service to the Canberra community more broadly. The announcement is funded for one year, but is a commitment to roll it out to the whole of the territory once we have a model in place that works best. This is how I understand recycling was also rolled out in its early days of household recycling collections in the ACT as well.

THE CHAIR: What consultation was undertaken with the current local green waste collectors?

Ms Fitzharris: In the lead-up to the decision there was no consultation with the operators, but last week I met with nine or 10 of the operators or people interested in this industry—either operators or the operators of the Canberra Sand & Gravel and Corkhill Bros green waste facilities—to talk with them about the model that we will use to deliver this service and the ways that they can contribute to the design of that and potentially tender for the project themselves.

THE CHAIR: Were the relevant officials in the existing TAMS?

Ms Fitzharris: Sorry?

THE CHAIR: Were the relevant officials in the existing TAMS consulted in the decision-making process that led to the announcement?

Ms Fitzharris: Yes.

THE CHAIR: How was that carried out?

Ms Fitzharris: Through normal government decision-making processes in the lead-in to budget.

THE CHAIR: Did the government decide and then ask the officials to get them a costing or was it put forward as a budget bid?

Ms Fitzharris: That is an iterative process. It followed the normal iterative processes

of working with our directorates to seek advice to formulate options, to decide on the preferred option and to put that into the budget papers.

THE CHAIR: Was it iterative down in that the government decided and then asked the officials to come up with a costing or was it iterative up in that the officials put it forward as a budget bid and it was then agreed to by cabinet?

Ms Fitzharris: Mr Chair you would know that governments are elected to make decisions and work with the directorates, take their advice, distil options and make recommendations. That is exactly the same process that happens with probably every initiative that you will find in the budget.

THE CHAIR: That is okay, and I thank you for that statement, but was it iterative down? Did the government say, “We have decided; give us a costing.” Or was it put forward as a budget bid by the department?

Ms Fitzharris: It was the same process as all the budget initiatives.

THE CHAIR: That is true, and that is not an answer to the question. Was it iterative down or was it an initiative from the department? It is a very easy question.

Ms Fitzharris: I worked with the directorate to propose this option and to have it discussed with my colleagues in budget cabinet and included in the budget papers.

THE CHAIR: So it came from your office, and you then asked?

Ms Fitzharris: I am the minister responsible, and it was the process followed like all other budget initiative processes are followed.

THE CHAIR: Under all other budget processes that are followed, some are initiated from the minister’s office or the government and some are initiated in the department. What was the genesis of this one?

Ms Fitzharris: I am happy to take full responsibility for responding to the community’s call for a green waste service, seeking advice from my directorate, proposing that to my colleagues and having their decision reflected in this year’s budget papers.

THE CHAIR: I am not sure why it is so hard. Did it start in the government, in the Chief Minister’s office or in your office, or did it start in the department?

Ms Fitzharris: It began with me as the minister.

THE CHAIR: It began with you. So it is government down to the department? Thank you.

Ms Fitzharris: I would not characterise it like that all, Mr Chair, but if you wish to.

THE CHAIR: You leave yourself open to the characterisation because you will not answer the question. You are right: governments are there to govern; they are there to

make decisions. Did you make the decision that we would have a green bin trial?

Ms Fitzharris: Yes.

THE CHAIR: And then ask the department to work out how much it would cost? Or did the department put it forward as a budget proposal and then the cabinet agreed to it?

Ms Fitzharris: I asked for options on how to deliver a green waste service.

THE CHAIR: Thank you very much. Mr Hinder has a supplementary.

MR HINDER: Minister, I understand that this conversation in the community about green waste bins has been going on for a number of years. I am surprised at the amount of excitement, in my electorate at least, around the prospect of getting those. If the trial is successful, what do you see the roll-out schedule being across the territory, and when can the great northern beaches expect to get green waste bins?

Ms Fitzharris: Sorry, I missed the last bit.

MR HINDER: When can the great northern beaches, north Canberra, expect to get them?

Ms Fitzharris: I thought I heard “northern beaches”. I was not sure.

THE CHAIR: Like Yerrabi Pond—Yerrabi Pond or Lake Ginninderra.

Ms Fitzharris: The announcement of the pilot certainly comes with a commitment to roll that out to the rest of the city, and we will seek to do that as quickly as possible. We will need to determine the best model for delivering that; whether it will be a regional model or whether it will be a whole-of-city model we are not yet able to say. Certainly the government’s intention is to roll it out as quickly as possible across the whole city.

THE CHAIR: Ms Burch has a supplementary; then Mr Doszpot has a supplementary.

MS BURCH: In response to Mr Smyth’s question, you made mention of a waste strategy?

Ms Fitzharris: Yes.

MS BURCH: But you deferred talking about that. Is there anything that you can inform us about?

Ms Fitzharris: Yes.

MS BURCH: There was also the comment that five per cent of rubbish collected goes to the MRF. Did I hear that?

Mr Trushell: No. What I was saying was that five per cent of the waste that is

generated in the territory each year goes to the MRF—about 50,000 tonnes out of the million tonnes of waste that is generated in the territory. It is collected and dealt with in variety of ways.

MS BURCH: Okay.

Ms Fitzharris: The waste feasibility study was funded in last year's budget. It is a joint project between Territory and Municipal Services and the Environment and Planning Directorate that is informed both by waste policy and also by how we best deliver waste services in the territory. The legislation I introduced in the June sittings is a way to provide a new regulatory framework to manage waste in the territory, in particular to give us a better understanding of the nature of the waste—the volumes of waste collected in the territory—to get a deeper understanding of the waste streams in the territory, and also to look at opportunities for industry with our waste.

What we know around the country is that generation of waste is far outstripping population growth. All jurisdictions are struggling with how best to manage their waste. This is a two-year project but we are not waiting until the full completion of the project to take opportunities to implement new and exciting ways to manage our waste.

One of those in particular that the committee may have been aware of is the mattress recycling initiative that was started in the territory earlier this year. That was an opportunity that came to the government through the waste feasibility study. Previously 18,000 mattresses were sent effectively to landfill in the territory. Very little from any of those 18,000 mattresses was recycled. I did see a pile of, I think, 3,000 mattresses, and that was a very big pile—let alone what 18,000 mattresses look like—going into landfill. A social enterprise called Soft Landing sought to come to Canberra. They have established a facility out at Hume, where they are now in the process of recycling up to 90 per cent of all the mattresses that would otherwise have been sent to landfill in the territory. Not only does that help the recycling rate but it has provided significant employment opportunities for, particularly, a number of men who have been long-term unemployed and have had other challenges facing employment.

That was one opportunity taken. Another is the introduction of the new waste management legislation which the planning, environment, territory and municipal services committee is now inquiring into. Mr McHugh may want to provide some more detail on the study itself.

Mr McHugh: The waste feasibility study is a two-year program. We are just coming to the end of the first year, which was spent primarily getting a detailed understanding of how waste is managed traditionally in the ACT, creating detailed baselines of waste generation. The waste generation was split into in excess of 50 different waste streams, and those waste streams were interrogated right back to the source of the material.

The objective of this work was to provide the feasibility study with a starting point for looking into ways to increase the amount of material that the territory generates and into resource recovery techniques. As Mr Trushell has just mentioned, only a small

percentage of the overall waste that is generated in the territory at the moment goes through the MRF and is sorted, so there is a large opportunity there for the territory to expand the number of those waste streams that are sorted and materials generated that can be recycled and reused.

Year 2 of the project, which we are about to embark on, will detail a range of opportunities for the territory to improve how waste is managed and sorted, particularly in the commercial sectors and the construction sectors, and the opportunities that will be provided. A key element to that is working with the industry sectors and the experts, both nationally and internationally, to look at technology that is available either onshore or offshore and other opportunities to take advantage of what really is a product stream which traditionally has been looked at as waste and something which we just put in a hole. The waste feasibility study has 12 months worth of hard work ahead of it to provide government with opportunities to consider how we improve waste management into the future, and that is taking a long-term view.

THE CHAIR: A supplementary from Mr Doszpot.

MR DOSZPOT: Minister, before deciding to hold the trial, did the government review the outcome of the previous green waste trial held in Chifley in 2000?

Ms Fitzharris: Not specifically, no, but obviously that was some 16 years ago; the city has changed significantly since then and opportunities for green waste have changed significantly since then. I think it is fair to say, as Mr Hinder mentioned in his question, that the feedback from the community was, I found, overwhelming on the announcement of this initiative. It was one of the most frequently requested services of government. The government took the decision to announce this new initiative after significant feedback from the community. I think it has proven to be a good decision given the incredibly positive response that we have had since the announcement.

MR DOSZPOT: Sure, and we all understand that times have changed, but I would have thought there would have been some value in just having a look at the outcome of the previous one.

Ms Fitzharris: That is part of the consideration of designing the initiative now. That work is well underway. I mentioned earlier that I met with current green waste operators last week and indicated to them that there is an intensive design phase for how best to roll out the pilot. That work is underway now. We will look back on learnings from the earlier trial here and also at the way it operates just over the border, in Queanbeyan, down at the coast and in many other municipal jurisdictions across Australia.

MR DOSZPOT: What sorts of trucks will be used to collect the green waste?

Ms Fitzharris: That is one of the aspects of the design that we are currently looking into.

MR DOSZPOT: How is the trial being promoted to households in Weston Creek and

Kambah?

Ms Fitzharris: There has been a flyer developed that has been circulated to households in the region so that they can sign up and register online. And there are various other mechanisms that you would be familiar with: reporting in the *Canberra Times* as well as ACT government social media accounts and, as I understand, significant word of mouth. I am not sure if we have a figure here of the number of registrations. We can get the number of registrations for you. People have had the opportunity since the day of the announcement to register their interest so that we have a rolling understanding of the potential take-up rate.

MR DOSZPOT: Just another question on that. Is the flyer you mentioned similar to the flyer promoting the green waste service distributed to households in Wright in June of this year?

Ms Fitzharris: I would have to see. I can bring you a copy of the flyer after the morning tea break.

MR DOSZPOT: Okay. Could you check into what the Wright one was as well.

Ms Fitzharris: I do not believe we would have circulated one in Wright, that I am aware of.

MR DOSZPOT: I am led to believe you did.

Ms Fitzharris: If you could provide a copy of that or an indication of what they look like, that would be useful.

MR DOSZPOT: All right. And you are going to give us an indication of how many have registered for the trial?

Ms Fitzharris: Yes.

MR DOSZPOT: When will the green bins be rolled out to households who have agreed to participate in the trial?

Ms Fitzharris: We aim to deliver them to households by the end of the year and have the first pick-up in the first quarter of 2017.

THE CHAIR: Members, we might leave it there and have a break. Minister, if it is possible, could all the officials stay until, say, 11.45 for output classes 2.2, 2.4 and 2.5 as well as cemeteries. Then at 12.15 we might go to roads and just have the roads officials remain.

Sitting suspended from 11.02 to 11.19 am.

THE CHAIR: Good morning, ladies and gentleman and minister. We will resume.

In city maintenance and services, domestic animals, have there been any instances concerning Rosie the cat recently and what has been done to constrain this animal?

Ms Fitzharris: My understanding, chair, is that Rosie the cat is contained, but I look to Mr Corrigan for any advice on that.

Mr Corrigan: Yes, Rosie the cat is contained most of the time. She is very good at escaping so I cannot verify that she is contained all the time.

THE CHAIR: That was revenge for flocculation. It was a year coming, but it has arrived. God bless Rosie the cat. Mr Hinder, a new question?

MR HINDER: Was that your substantive question, chair?

THE CHAIR: That is my substantive question.

MR HINDER: Minister, the solar bins trial that you have launched recently, what are they? How do they work and what is going to happen with them?

Ms Fitzharris: They are not just solar bins; they are smart solar bins as well. As you will know, they are installed in three locations—Campbell 5, Kingston Foreshore and Molonglo Valley. These bins will show if we can successfully install other bins like this. They compact the rubbish that goes into them, so they need to be emptied less frequently, but they are also able to send data back to TAMS to indicate whether they need to be picked up. If they are full, they can be picked up; if they are not, we do not need to make a run out there to check.

The bins have many advantages in being able to have more waste put into them in public places and they also prevent unnecessary pick-ups. That means time better spent by staff and also reducing carbon emissions from vehicles travelling around the city picking up rubbish bins that are not yet full. Ms Flanery can provide more detail.

Ms Flanery: This is a trial undertaken by the LDA. It is always good to look at new technologies. It is also part of the waste minimisation strategy. We are gathering data from the three bins that are in public places at the moment to look at how much rubbish and the types of rubbish collected in those areas.

MR HINDER: I heard the Conservation Council describe them as stupid. I understand that is because they do not believe we should accept there should be any waste.

Ms Fitzharris: I do not agree with the Conservation Council on that. The bins are both a city services and an environmental initiative and certainly one we are looking at to see whether they will work for the city. I am surprised the Conservation Council wanted to detract from trying something new. One thing we know is that if they can reliably send data back to the operator to determine whether or not a truck needs to go out for the bin to be emptied, emissions can be saved if they are right for the city and if they work well and can be more extensively rolled out.

I often have requests for more bins in more public places. As I understand it, the difficulty with installing more bins is not necessarily installing the bin itself but the quite significant task in regularly picking up the rubbish from that bin. If it is not done

and rubbish collects around the bin, it brings a whole lot of other problems. Once you install a bin you have to regularly collect from it. Bins around the territory are collected very regularly, depending on where they are located. We will be looking at this trial to see if it works and what benefit it could provide in more locations around the city.

MR HINDER: I understand the solar panel generates the energy for the self-compacting which, if I read correctly, gives three times the capacity of a normal bin?

Ms Flanery: I think it is up to three times. I can check the capacity if you would like.

MR HINDER: And these are three bins you do not have to pay to have installed, I suppose.

Ms Fitzharris: Yes, that is right, and to be regularly emptied as well.

THE CHAIR: With regard to Capital Linen Service, how many contracts do they need to remain variable?

Ms Fitzharris: How many contracts does it need?

THE CHAIR: The value of contracts needed to keep the service viable?

Ms Fitzharris: Mr Childs will be able answer the question.

Mr Childs: Thanks for your question. It is not necessarily about the number of contracts the laundry needs to remain viable. Our contracts range in size; we have quite large contracts for ACT Health down to some of the smaller and larger hotels in Canberra.

THE CHAIR: Is there a point at which the service is not viable? What is the minimum threshold that you need to maintain the staff levels and the assets?

Mr Childs: Generally speaking we get quite a lot of calls on a daily basis looking for a laundry supplier for very small customers—people that may want a few tea towels a week. Those sorts of contracts we do not take up. We generally look for a hotel that is somewhere around \$1,000 dollars a week. That would be where we would start investigating. But it is what is out there. A lot of new hotels have opened up and that has been quite good for Capital Linen Service.

THE CHAIR: In relation to being a government entity and competition, you do not use your size and the fact that you are underwritten by the government to undermine other competition?

Mr Childs: No, not at all. We operate without government funding. We are completely self-funded; I think I have said that before.

THE CHAIR: There are no statements in the budget statement H concerning that that I could see.

Mr Childs: No. Also, we are subject to territory taxes and income taxes as well, so not at all.

THE CHAIR: Is it possible for some financial statements to be provided on the linen service now that it is conglomerated inside the department?

Ms Fitzharris: Yes.

THE CHAIR: Thank you very much.

Ms Fitzharris: Sorry; I should say yes, within its commercial operations.

THE CHAIR: I appreciate its commercial operations, but there needs to be some accountability. It is a government-owned entity.

Ms Fitzharris: Yes, I agree.

THE CHAIR: Icon provides them and others provide them.

Ms Fitzharris: Yes.

MR HINDER: The mattress recycling initiative you announced a few months back, minister, can you tell me is this the kind of initiative that the waste feasibility study is looking to promote and how do you see it assisting with waste challenges in the future?

Ms Fitzharris: Yes, absolutely. As I mentioned earlier the extensive consultation that has been done through the waste feasibility study with industry and the community not just here in the ACT but reaching out nationally as well was one of the reasons that the Soft Landing social enterprise came to our attention. They became aware of the waste feasibility study and knew they had this kind of service operating elsewhere. As a social enterprise they were looking for opportunities to provide employment and to provide revenue for sustained employment, particularly for vulnerable people—people who may have been in the justice system, people who may have other reasons for being unemployed long term unemployed such as mental health issues—and they have established successful operations based out of the Illawarra, I believe, but also operating in other parts of the country.

The extensive consultation has led to both connecting with providers like this but also understanding and becoming aware of a lot of the other opportunities around the country. The fundamental point is that waste is no longer something any jurisdiction can just put into landfill. We know we can recover a whole variety of materials out of many goods that otherwise would go to landfill. We have known for a long time about the recycling components of those but, as I understand it, very often there are new opportunities arising for how to extract even more materials out of some very complex products that otherwise go to landfill. That can then be generated into income-generating opportunities particularly for social enterprises but also for larger enterprises that, as Mr Trushell mentioned before, are literally subject to global commodity trends. There is a lot of opportunity in this; a lot of opportunity to

minimise the amount of our waste going to landfill and also to identify potential new industries.

Soft Landing rip the mattresses apart and are left with the metal shell and all the soft material around the mattress. The metal is compacted. I might be able to get some advice on where the metal goes, but the soft components of the mattresses are ripped apart and then put into other products that Soft Landing sell. They showed me when I was there boxing punching bags into which material from the mattresses is put. They then make the bag and on sell them and make a profit out of that. They are the sorts of opportunities that smart and creative organisations are looking at. Any chance to have more of those opportunities come our way are welcome.

MR HINDER: Do they envisage any of that manufacturing going on here or is it done elsewhere?

Ms Fitzharris: With the boxing bags I am not sure if they are doing it at the Hume site.

Mr Trushell: We will need to take that on notice and get back to you on the explanation about where the material goes. The minister has provided an excellent summary of what they do there. The metal goes to metal recyclers and the timber is another large component. Pretty much everything other than latex can be potentially landfilled at the moment, and they are achieving around about an 80 per cent resource recovery rate within the facility. That is excellent considering they have only been going for a couple of months.

Ms Fitzharris: Certainly, having seen a pile of 3,000 mattresses and to think that 18,000 of those are in our landfill, that is a significant number of mattresses. They are obviously very large and take up a lot of space.

Social enterprises appear to have a significant interest in a lot of these opportunities. We know social enterprises are starting to take off and seek out opportunity where other businesses may not. Any potential to increase that activity here is welcome.

MR HINDER: Has that equated to jobs for people in social inclusion operations?

Ms Fitzharris: The guys I met who were employed there, many of them had been through the justice system over many years. A significant proportion of them were Aboriginal and Torres Strait Islander men. Between them they had had a number of different challenges to full-time employment. Not only did Soft Landing provide full-time employment for some and part-time for others, but it was very important to them to also provide skills training. As I understand it, they will all be undertaking different types of vocational training through CIT that the organisation will be providing. It is a job and it is training as well, so it is a really great outcome.

Mr Trushell: We are saving around about 8,500 to 9,000 cubic metres of landfill space per year as a result of no longer having to take the mattresses to landfill. We are also avoiding the cost of shredding them. Previously we were spending about \$300,000 a year to shred the mattresses so they were safe to go to landfill. The value of that saved space is over \$200,000 a year on an ongoing basis. In so many ways it is

an excellent initiative, and the minister has summarised the benefits excellently.

MR HINDER: So that is a half-million dollar saving?

Mr Trushell: Straight up, yes. The other aspect of it is recycling compared to landfilling. You generally have a job creation ratio of about three jobs in a recycling business to one in a landfill business. The employment multiplier as a result of diverting waste from landfill into recycling is beneficial for the creation of jobs, whether it is a social enterprise or a fully commercial enterprise.

MR HINDER: Good outcome.

Ms Fitzharris: In addition, for the community at large previously you would self-haul a mattress that you no longer needed to a facility, or if you were buying a new mattress wherever you bought it from might remove the old one for you. Soft Landing have added a new service for the community at large where they will pick up the mattress for a fee under \$30. You will know that it is recycled and has all these other benefits, so there are multiple benefits from this quite small operation.

THE CHAIR: Ms Burch, a new question.

MS BURCH: You touched on graffiti. Along with green waste bins, it is probably a much spoken about problem within the community. I am talking about unauthorised graffiti, not the graffiti art that has a place in various murals. This is around graffiti along the public space and the ever-vexed question of private properties that are in the public domain, in a way. As I understand it, they are looking at a graffiti coordinator around targeting hotspots and kits for property owners. Can you tell us how that will work?

Ms Fitzharris: That is absolutely right. The difficulty of the threshold question about removing it from private property is a tricky one for government. We do not see that as a solution to fixing the problem. We see other solutions to fixing the problem rather than changing the threshold. There has been additional investment last year and this year, including the graffiti coordinator, who can work both on the prevention side as well as contacting and being in touch with community groups who have put up their hands and said, "We can help manage this problem. We are willing to come together as a group of volunteers to work on removing some of this graffiti from some private property that might be in the public eye." The graffiti coordinator will be resourced to do that and will provide graffiti kits to the community who want to work. I know there is a group of volunteers in Tuggeranong who have already put up their hand to do that. That is the way they want to contribute their volunteer time.

Ms Flanery: Graffiti management is an ongoing issue. It is a vexed issue across the world, including, obviously, Canberra. Some community members, particularly in the Kambah region, have suggested forming a kind of graffiti busters group where, with the agreement of the landholder or lessee, they go in and paint out the fences in particular areas. So government would contribute to the paint. It would very much be a community-driven project. It is not an area, I think, that the government would want to step into, but certainly we want to support groups that want to support the beautification and ongoing care of their community.

MS BURCH: In case you have not worked it out, I live in Tuggeranong. In Isabella Drive and Johnson Drive there is a lot of graffiti in some very public corners and on the sides of streets. They would put a bit of art over those things to deter graffiti?

Ms Flanery: There are a variety of mechanisms. It might sound a bit odd, but we meet with graffiti artists. We are also looking at programs in schools. That does not deter people from vandalising areas, but in terms of Kambah specifically—and I probably used the term “go in”—where there is a group of people who, in collaboration with each other and the residents, want to paint over or put a mural in that area, government is there to assist. That can be through communication and the supply of paint—those sorts of things. Some community members might be happy with that approach in terms of having their fences painted out. It is a bit tricky because it does not always stop the graffitists coming back, so there are also other measures that we look at, like planting out. We work very closely with the police in that area. As you well know, graffiti management is one of those things that really require ongoing resourcing and focus.

Ms Fitzharris: There is the additional investment over the last two years of \$250,000 a year and the appointment of a coordinator to work across the full spectrum of graffiti activities, from legal right through to illegal, and on the prevention activities as well. Some of the graffiti artists might be able to work with some of the younger members of the community who may have been undertaking graffiti activities that are not just vandalism but might indicate that they are actually interested in art. They might actually pull some of them out of the illegal graffiti space and into more productive uses, and also work with different parts of the community on providing murals to beautify a particular facility. I know that there is one underway at Domestic Animal Services to upgrade a wall there with some graffiti art. They may even be able to bring some potential offenders that they are aware of into a more constructive activity rather than a less constructive one where it is effectively illegal graffiti.

MS BURCH: It would be open to different community groups, shop holders or property owners to say to this coordinator, “Can we create a mural on our space?”

Ms Fitzharris: Yes.

Ms Flanery: Yes. There are a range of measures. The coordinator is a dedicated resource across the whole of the ACT—or the urban parts of it—to facilitate groups and individuals in trying to remove graffiti.

Ms Fitzharris: So if you had a particular shopping centre or group of residents in mind that you wanted the graffiti coordinator to meet with, we could definitely facilitate that.

THE CHAIR: Mr Hinder has a supplementary.

MR HINDER: There are designated graffiti areas, aren't there, where it is okay? I remember the underpass into O'Connor underneath Barry Drive at Black Mountain there.

Ms Flanery: Yerrabi Ponds?

MR HINDER: Yes. How are they administered? What is the difference between vandalism and art and graffiti and—

Ms Flanery: It is a good question. There are legal graffiti sites. So graffiti artists can go in and graffiti to their heart's content, so to speak, at those sites. They are also pretty self-managed by the graffiti community. It would not be thought well of if one graffiti artist painted over another one's work. That said, they seem to self-manage pretty well. I guess the nice thing about graffiti, in some ways, is that it is creative and some of the things they put up there are of interest—and certainly some members of the community enjoy looking at those walls.

MR HINDER: I recall the misguided vandalism of some of the artworks there a few years ago.

MS BURCH: Down south?

MR HINDER: Does that happen sometimes?

Ms Fitzharris: That is right, Mr Hinder. I do not think anyone would be foolish enough to do that again, as a previous MLA once did, apparently.

MR HINDER: Was that a previous MLA?

Ms Fitzharris: Ms Flanery is right. There are many artists around the city who collaborate on murals, particularly in the city. I know that what was previously Canberra CBD Ltd and is now In The City has a strong interest in this in terms of activating the laneways in the city and Braddon. There is a marriage proposal in Dickson, actually. A graffiti artist put up on a wall in Dickson someone proposing to his partner, which is still there for all to see in Dickson.

MR HINDER: Are they allowed to marry? Sorry, that is a different issue.

THE CHAIR: That is because we do not have a bridge to put locks on.

Ms Fitzharris: That is probably right. We have got a lot of walls.

THE CHAIR: Moving along: the ACT cemeteries authority—why is there not a public cemetery in Tuggeranong, minister? I was asked that by a constituent in Monash on the weekend.

Ms Fitzharris: There certainly is a longer term plan, but you will note that there has been an investment in this year's budget to extend the Woden Cemetery. We have Mr Horne and Ms Kargas, the chair of the cemeteries authority board, here to more fully respond to your questions.

THE CHAIR: What is the timetable for the proposed cemetery in Tuggeranong?

Mr Horne: We do not have a set timetable at this point in time. However, in lieu of

that, if you will, we are looking at extending Woden Cemetery to make sure that the community of southern Canberra are fully catered for in the future.

THE CHAIR: I am referring to page 74, budget statement H, members. The extension to Woden is due for completion in 2017-18. Will that mean that Tuggeranong now will not go ahead for another decade?

Mr Horne: Not necessarily.

THE CHAIR: In your master planning process, or your strategic asset management plan, where does Tuggeranong fit?

Ms Fitzharris: The cemeteries board itself has been having a lot of discussions about the future of cemetery spaces across the territory as well and there is some work that it has underway to plan for the future. It is significant, and the lead times are significant as well. In order to make sure that the community is still provided with sufficient spaces within public cemeteries, the extension to Woden has been included in this year's budget. I know that it is very much on the mind of the cemeteries board about how it continues to plan for this. It is under continued active consideration, but Ms Kargas might be able to add to that.

Ms Kargas: The southern memorial park is still in our focus, but clearly the cost of developing that is more than the cemetery authority can afford at this point in time. Clearly it is an issue of cost for government as well. But in saying that, we have looked at what the need is and Woden is the best option. While options are on the table, the best option is to extend Woden. Woden will give, arguably, 20 more years, which is enough time then to start thinking about the southern memorial park again.

THE CHAIR: Apparently you can still be interred at Hall Cemetery. There are plans for an extension, but there are environmental concerns. What are the environmental concerns and what is the suitable site that has been identified? Is it contiguous to the existing site or is it somewhere else?

Mr Horne: Yes, there is a site that is contiguous with the cemetery. In fact, it surrounds it on two sides. There are a number of issues. They are twofold, in fact. One is that the area is a significant remnant woodland box gum grassland part of the ACT. That particular plant community is an excellent example. On top of that there is a rare and threatened orchid which exists inside the current cemetery, which means that we need to be very careful about how we operate and extend the cemetery.

THE CHAIR: When will that work be done? The extension will give how much additional capacity?

Mr Horne: We do not have an extension planned at the moment. We have enough space to, if you like, tick along for the next few years inside the current cemetery space. There is a continuous conversation between ourselves and the environmental people to work out the details about how we might progress.

THE CHAIR: The final question I have: on page 71, table 43, note 2—why has the position of project manager remained unfilled?

Mr Horne: It is principally a matter of funding at the moment. If and when we need a person in that position, we will recruit to it, but at the moment we do not need to.

THE CHAIR: There is a review of the perpetual care trust. Are there enough funds in the trust to cover the requirement into the outyears as a starting point? What will the review look at? I think on page 72 it talks about issues with the financial management of the trust. Can you tell us about that?

Ms Fitzharris: One of the significant issues for the cemetery, and possibly cemeteries everywhere, is a trend away from burials towards cremation, which has a significant impact on the operations of cemeteries, particularly where there are no cremation facilities.

Mr Elliott: There is a review going on of the perpetual care trust—we call it the operating model—and we are hoping that will be completed in about August. In answer to your question, the review is assessing the current position, obviously, of the life of each of the cemeteries and that will then help determine, once those cemeteries are closed, what the annual maintenance cost would be ongoing. I guess the answer is that it is subject to the current review.

THE CHAIR: The net payment of \$1.5 million to some of the reserve accounts—why was that required?

Mr Elliott: That relates to an audit finding from the previous year's financial statements. It was identified that there were some moneys that were transferred to an incorrect trust and that has now been corrected.

THE CHAIR: Thank you. Mr Hinder, a new question? Members, we still have to do roads and infrastructure between now and 12.45, so there are the usual time lines.

MR HINDER: Minister, you recently announced some funding for playgrounds—both new and upgrades. What are those investments for and what will they translate into for the next budget cycle?

Ms Fitzharris: This is a very exciting part of the budget—to make significant investment in our playgrounds. I have a lot of feedback about playgrounds, that they are important meeting places, places for kids to go and enjoy themselves, explore and play with their friends and places for parents perhaps to get a bit of a break sometimes, let the kids run a bit riot around playgrounds.

Within this budget we made a significant investment in playgrounds—\$2.7 million combined over three different components. One is the ongoing playground rehabilitation, which is to make sure that all our playgrounds remain safe. There are 502 playgrounds across the ACT, so it is a significant number of playgrounds. Many of those are older playgrounds, and we want to make sure they remain safe, so there is \$900,000 of funding for the playground rehabilitation program. There is \$900,000 of funding for a mix of upgrades to playgrounds. Principally this \$900,000 is about shade sails for a number of playgrounds across the territory and also some fencing. Then there are four significant playground upgrades—another \$900,000 to a

playground in Gowrie, and one in Evatt, one in Florey and one in the Yerrabi Pond District Park.

It is a really comprehensive playground initiative that looks at safety, at upgrades for shade sails in particular. Parents often ask, and kids often need, particularly over the warmer months, some shade at playgrounds so that on our very many hot days and sunny days they can be a bit protected from the sun. And then there are major upgrades at four particular playgrounds we know are highly used playgrounds in need of a more significant upgrade.

Could I also add that there is the introduction of natural play spaces. I know the committee discussed natural play spaces in its hearings last year. They are a different type of play space. They may include more natural products like logs, sand and different elements in a playground where play can be led by the kids themselves as opposed to the play structures leading the play, and include some of the more sophisticated playgrounds that we have around the city. There are natural play spaces in Telopea Park, O'Connor and Greenway.

In addition to the playground, looking at a different type of play, we also are investing in a dog park in Weston Creek and upgrades to the Tuggeranong skate park. Although playgrounds generally appeal to younger children, the dog park is for dogs and their owners and the skate park is generally for older kids; we know that a lot of older kids really enjoy spending time at the skate parks.

MR HINDER: Children of all ages.

Ms Fitzharris: Including you, Mr Hinder?

MR HINDER: Quite often.

Ms Fitzharris: Yes, anything on two wheels.

MR HINDER: Thank you, chair.

THE CHAIR: Even the minister takes the micky out of him. Ms Burch, a new question?

MS BURCH: We are on roads?

THE CHAIR: We are on roads and infrastructure. In fact, we might say that only the officials for roads and infrastructure need to stay. Ms Burch, your question?

MS BURCH: In budget statement H, on page 13 there is a percentage of territory roads in good condition. It seems that you are stretching your targets each and every year. On page 16 there is an output that concentrates on paths, bridges, traffic signals, car parks and the like. I want to go to two things. When you have adverse weather events, no doubt you have potholes that need immediate response—an unplanned response. What percentage is planned road upgrades and maintenance as opposed to things that just happen and you have to get in and fix them?

Ms Fitzharris: I think the recent rains have taken a bit of a toll. Mr Marshall is here. Would you answer that specific question if you can.

Mr Marshall: In broad terms. Yes, you are correct to characterise the maintenance task as being divided into reactive and planned and also between corrective and preventative maintenance. That matrix is not very simple to describe; there are overlaps and interactions between those various types of maintenance activities. It is probably indicative to say that by far the biggest of the planned programs is the road resurfacing program; it represents perhaps in the order of 25 per cent of the total road maintenance budget. Broadly speaking, it would be reasonable to characterise the split between preventative and planned as, very roughly, half-half.

MS BURCH: I am looking at output 2.1 where it covers more than roads. It is all associated assets. Would that be a similar type of split?

Mr Marshall: Yes, that is correct. When I refer to the roads budget, I am including all of those activities, which include some that I would characterise as operational rather than maintenance. For example, there is the operation of water quality infrastructure, gross pollutant traps. There is the streetlight network; a large component of that cost is electricity. There is a range of road and road-associated assets that are managed and there is a range of activities between operations and maintenance, both planned and unplanned, and preventative and corrective.

MS BURCH: Would you consider a handrail to be a road-associated asset?

Mr Marshall: In some circumstances it may be.

MS BURCH: If one is damaged and then repaired, what would you consider a completion of that work to be? I ask because there is a handrail in one of the suburbs; I was advised it has been repaired but it cannot be painted for many months to come. I was just wondering about the rationale behind that.

Mr Marshall: I guess my answer to the question would have been, "When it is restored to serviceable condition". In some circumstances I guess that may well mean that a repair would be given higher priority. To have the rail back in service, fulfilling its primary function, might be a higher priority than a protective treatment like painting.

MS BURCH: Why would you wait 18 months to paint it?

Mr Marshall: I have no knowledge of the specific circumstance, of course, but it may well be that that work has been left to be included in a larger program, for efficiency.

MS BURCH: Okay.

Ms Fitzharris: My understanding is that in relation to the one that you are talking about that I am aware of, that is the case. It may be difficult to get a paint job out for one small particular job, though I know important, rather than to have painters come in and do a more significant job.

MS BURCH: How do you batch them up? I am just curious. How do you batch up your repair, that sort of work? Is it by region? Is it what comes onto your books at certain times? What is it?

Mr Marshall: Generally speaking, we will maintain registers of work that is in demand in response to public inquiries and in response to our own inspections. Generally speaking, those programs are cyclic. There will be an established process throughout the year whereby gradually the work is built up and retained on a register. Then, with an appropriate lead time, often to the right time of year to do certain types of work, programs will be put together out of those lists in priority order in terms of the demand. It is prioritising safety first but also taking into account available efficiencies. Obviously in some circumstances geographic groupings can offer us efficiencies, and in those circumstances we will attempt to do that.

MS BURCH: Wanniasa park and ride—when is the work starting on that?

Ms Fitzharris: Very soon I believe that the work will be underway. Mr McHugh will have the specific details, but I am very pleased to have this. I understand the general response to this has been really strong, because it is a perfect location for people to better use the red rapid service.

Mr McHugh: The Wanniasa park and ride site is due to start construction later this calendar year. We obviously have to go through the tendering process and award a contract to a suitable contractor. The designs were completed in the current financial year so we are in a good position to progress that.

MS BURCH: What is the construction time on it? When are people parking and riding there?

Mr McHugh: From experience, with a facility such as that—this site also includes a new signalised pedestrian crossing across Athllon Drive to service the bus stops—I would imagine about six months worth of construction activities.

MS BURCH: So the middle of next year, about this time next year?

Ms Fitzharris: Middle of 2017.

Mr McHugh: At the latest.

THE CHAIR: Done on roads? Mr Gill is not here again?

Ms Fitzharris: No; Mr Gill is on leave, having a holiday.

THE CHAIR: This is becoming a disturbing and regular feature. He had the World Cup to go to in Brazil last year. Where is he this year?

Mr Corrigan: It is his mother's 80th birthday, Mr Smyth.

THE CHAIR: Well, that was planned a long time ago, wasn't it? Good luck to Mrs Gill on her 80th birthday. I also have a roads question, on Ashley Drive. Why

didn't the government commit last year to a full duplication of Ashley Drive? At 300 metres, it just seems ridiculous to not do the whole job.

Ms Fitzharris: I cannot comment on that; I was not the minister at the time. I can tell you that the budget does commit to do that in this budget, as you know. What is also important about that is that it is going to be included in the existing tender, so the Tuggeranong community, who I know view this as a very important project for them, will see it as one duplication of the remaining part of Ashley Drive in one project. The work is underway.

THE CHAIR: Does that include any work on the roundabout at the intersection of Ashley and Johnson?

Ms Fitzharris: It will. Mr McHugh can give you the specifics.

THE CHAIR: What is the scope of that, Mr McHugh?

Mr McHugh: At the moment the current design includes the provision of a left turn slip lane from Johnson Drive into Ashley Drive, and that is pretty much the extent of work. If you can imagine turning either right or left from Johnson Drive into Ashley Drive, you will have your own lane to turn into, which will obviously provide efficiencies at the intersection.

THE CHAIR: The long-term future therefore of Johnson Drive; what are the traffic numbers like on it?

Mr McHugh: I would have to take the question on notice for an exact figure but, as you can imagine, as you go further south on the arterial road network the average daily traffic volumes tend to decrease. Hence the southern end of Ashley Drive does get down to around 15,000 vehicles at the 2021 forecast at this point in time. A large portion of that could be coming from Johnson Drive, but I would have to get those figures for you specifically.

THE CHAIR: A road like Johnson Drive would be built for how many traffic movements a day?

Mr McHugh: In a single lane?

THE CHAIR: Yes.

Mr McHugh: In the vicinity of 15,000 vehicles a day. It does depend on the peak periods. Obviously some have a higher peak loading than others, but when you get up around that figure a duplication is generally triggered in our planning system.

THE CHAIR: There was discussion in estimates last year about access and egress from Lanyon valley. Has any work been done to determine whether an additional access or egress route is needed? A couple of weekends ago one road was closed and we all ended up on Woodcock trying to get in and out of the valley, which also had roadworks on it, which was perhaps a bad—

Ms Fitzharris: That was for the resealing of a roundabout.

THE CHAIR: Yes. Perhaps it was a bit of bad timing to do resealing of both key roads at one time. But has any further work been done? It comes up periodically with the Tuggeranong Community Council.

Mr Corrigan: Transport planning in EPD, looking at the modelling of the city, maintain the traffic model and those sorts of things. We could talk to EPD for you or you may want to direct the question to them.

THE CHAIR: We can do it with EPD. Do you do the counts or do they do the counts?

Mr Corrigan: The counts are collected by TAMS and Roads ACT. That information is shared with EPD to update their model. Their model is a forecast, so they do not just use existing counts for their predictions; they have obviously got population growth and other generators.

THE CHAIR: Could you take on notice, perhaps, if you have not got them, what are the counts on Woodcock and what are the counts on Tharwa Drive every day?

Mr Corrigan: We can take those.

THE CHAIR: Thanks for that. I have some quick questions on previous budgets. In the 2014-15 budget the government committed \$20 million over two years for Gungahlin to the city upgrades. How much of that money has been spent? What was it spent on?

Ms Fitzharris: We are getting that detail. A number of those projects have been completed. I believe that the figure so far is \$7,050,000.

THE CHAIR: \$7 million?

Ms Fitzharris: \$7 million, yes. So \$1.6 million in 2014-15, \$7 million in 2015-16 and the remaining \$11.3 million to be spent in the 2016-17 financial year. Some of those projects are finishing as soon as December 2016, September 2016 and July 2016 as well. For example, the Gungahlin Drive augmentation, as part of that funding, actually was completed two weeks ago.

THE CHAIR: Yes.

Ms Fitzharris: Yes, it was.

THE CHAIR: Could you perhaps give us a reconciliation in relation to the \$20 million: what is underway, expected costs and what has not been allocated?

Ms Fitzharris: Sure, yes. It has all been allocated and all been allocated to projects that have all been approved and are underway.

Mr Corrigan: Absolutely.

Ms Fitzharris: But we can provide you that specific detail.

THE CHAIR: Do you have an update on what is happening with Nudurr Drive?

Ms Fitzharris: As you know, there was an update recently provided to the community about the investigation into the previous asbestos fill site there, which reassured the community that there was no risk on that particular section. But are you specifically asking about the plans to build Nudurr Drive?

THE CHAIR: It is more the plans. When is it likely to occur and how much?

Ms Fitzharris: It is in our five to 10-year planning cycle for extension to Gungahlin Drive.

THE CHAIR: Right. And likely cost?

Ms Fitzharris: But no specific time frame yet.

THE CHAIR: Likely cost?

Ms Fitzharris: Likely cost; it is hard to say at this point, depending on which year it would be. But I will see if I can provide something.

THE CHAIR: Ballpark figure. And Constitution Avenue, when will it be completed? Actually, when was it initially due to be completed?

Ms Fitzharris: Yes, I believe initially it was in December 2015 but it has been—I am expecting it to be fully completed by August but you will have noticed that there are various stages at which different components of it open. We have now switched over to both sides of the road operating. Some of the extension of the completion time frame was because we extended the works to include up to Vernon Circle, which I think will be of considerable benefit. That has extended the full completion of works.

But I understand—I think it is probably a good time to say this—that the patience of the Canberra community is very much welcomed. I know it has been stretched with this particular piece of roadwork. Significant wet weather over the past few weeks has had an impact. But we talk about it at every meeting that I have with TAMS. I am confident that they are pushing the contractors as hard as possible to have the road completed by August.

THE CHAIR: Because it does have an impact on the Convention Centre.

Ms Fitzharris: It does, I know. At numerous events there it does have an impact. You might have noticed just recently that the footpath along there has been opened up. It is going to be beautiful. It is going to be a magnificent road once it is all completed. You get a glimpse of that each time a new part of it opens up. The new footpath on that southern side of the road has opened up. I know, certainly for more recent events at the Convention Centre, that was used by many people.

THE CHAIR: London Circuit to Coranderrk Street at least will be finished by August?

Ms Fitzharris: London Circuit to—the whole project will be finished by August, yes.

Mr McHugh: Yes, the ultimate traffic arrangements will be opened up in July. There will be some minor verge works to be completed. Paving and detailed planting—soft planting around the trees and the like—will continue into the first part of August. But you can expect to see the road opened in its full configuration in July. I hate to put the “weather permitting” caveat on that. There is nice sunshine today, but it is the first time I have seen sunshine in a couple of weeks.

THE CHAIR: Can you define “sunshine”?

Ms Fitzharris: Not rain.

THE CHAIR: I see distinct shades of grey from where I am sitting. The Assembly car park to Vernon Circle section, when is that due for completion?

Mr McHugh: That is included in that at the moment.

THE CHAIR: So by the end of July?

Mr McHugh: That is right.

THE CHAIR: That will be a left in, left out?

Mr McHugh: Signalised intersection.

THE CHAIR: It will be signalised?

Mr McHugh: Yes.

Ms Fitzharris: It is important to know that that will be highly sequenced with the signals on Northbourne and London Circuit as well.

THE CHAIR: Let us see how it works. A supplementary question from Mr Hinder.

MR HINDER: Minister, you mentioned that Nudurr Drive was in your five to 10 year plan. How far in advance does the government plan major road projects? How do you determine priority when you do that?

Ms Fitzharris: Significantly in advance, and knowing where; it is a combination of our land planning, transport and roads planning. You will see, as I know you know, particularly around the newer suburbs in Gungahlin and also Molonglo Valley, that there is significant road reserve on roads that we know in future will need duplication, but they may not need them early on in the life of a new suburb.

Some need them more quickly than was originally anticipated and some we have the capacity to build early on. In respect of significant planning, I have underway at the

moment a significant project on a five-year plan to talk to the Canberra community about the roadworks and the major road upgrades that we will need to make over the next five years in particular so that there is certainty in the community and also for industry as well, who consistently talk to us about having a significant pipeline of infrastructure projects that they can be a part of and deliver on behalf of the ACT government.

MR HINDER: Everybody I speak to seems to be sure that every road around their place should have been done years ago. How do you deal with that? I am sure that there is a limited budget for these sorts of things.

Ms Fitzharris: Yes.

MR HINDER: The other thing that seems to create frustration perhaps and a lack of understanding is what appears to be piecemeal parts of the same road being done at different times. How does that come about?

Ms Fitzharris: In many cases there is commentary around the planning for road duplication in particular, if we are talking about some of the major roads. I make the point that the planning has always been there, because you see the road reserve there. You will see that on Gundaroo Drive, Horse Park Drive, Gungahlin Drive, Cotter Road, for example. There is road reserve in place and there is road reserve put in that may last us decades. But in each budget a government can only commit to so many projects. Governments cannot commit to all the projects they want to do in any given year, because there is not the funding available in every given year. If the government were to do that, it would spend beyond its means. It would blow its credit rating and that would not benefit the community as a whole.

There is also the issue of capacity in the construction industry, which is very high. But we do want to make sure we have the right balance of providing an infrastructure pipeline without having such a significant program that the construction industry locally is not able to work with us on that, which potentially can push up the prices of the projects as well.

But there is significant planning underway on our road projects. One of the focuses that I have had as minister is to make sure that the road projects that are undertaken by TAMS and the road projects that are undertaken for land release purposes are as seamless and integrated from the community's point of view as they possibly can be.

THE CHAIR: I have a final question. Where is the signalisation on the Barton Highway at?

Ms Fitzharris: It is progressing well. The signals will go in in August. The project itself should be completed probably ahead of schedule. It was originally scheduled for November; we are hoping for it to be completed in October.

Mr McHugh: Correct.

THE CHAIR: Mr Hinder, a new question and then Mr Doszpot.

MR HINDER: There seems to be a lot in the media about the cost of light rail impacting on the government's ability to deliver road projects. Is that the case or is this just—

Ms Fitzharris: No, I think this budget would certainly show a significant investment in roads. As I noted in my opening statement, there are duplications of Aikman Drive, Cotter Road, Ashley Drive and a significant upgrade—a \$57 million upgrade—to Horse Park Drive. The government has consistently said that investment in infrastructure is not an either/or proposition. We have to invest in many things to make moving around this city as seamless and integrated for people as possible. So in this budget we are seeing significant investment in roads. There is a significant intersection upgrade in the Woden Valley as well with Hindmarsh Drive signalisation at two important intersections there.

There is also continued investment in public transport infrastructure. Any government needs to make a number of decisions on what it funds. This budget I think shows very well that we believe in maintaining a strong AAA credit rating. We are one of only three jurisdictions to do so. We are doing this while delivering a \$200 million improvement in the budget bottom line, getting us back to surplus in the outyears. We have been able to invest significantly in roads, in public transport, in active travel and in the light rail.

The light rail, I note, has been in our budget since 2013. So the government's continued delivery of services to the Canberra community has not been impacted by the investment in light rail, which has been foreshadowed in the budget for a number of years. It has seen us this year even improve our budget position, in addition to all the investments we have made.

MR HINDER: All the stories I read in the print media are about lack of funding for roads. Surely—

Ms Fitzharris: No.

MR HINDER: Surely the government's spend—

Ms Fitzharris: I do not know where you would have read that.

MR HINDER: Has it gone up or down, minister?

Ms Fitzharris: It has gone up, gone considerably up; \$100 million last year and over \$100 million of investment this year. It is a considerable investment in our road network. Our road network is important. It is integrated with our public transport network but getting the balance right is the hard part. We are very much up to the challenge of getting that balance right with light rail, with buses and with our road network.

MR HINDER: Thanks, chair.

THE CHAIR: Mr Doszpot, a new question.

MR DOSZPOT: Minister, in regard to the accountability indicators in budget statement H, page 19, how did the directorate manage to meet their resurfacing targets this year?

Ms Fitzharris: With the roads to recovery funding from the commonwealth, which I know is very welcome, we were able to boost that and actually undertake significant resealing across the territory. Mr McHugh, do you want to add anything?

Mr McHugh: I might pass it on to Mr Marshall.

Ms Fitzharris: Yes.

Mr Marshall: The question is: how is it that we met the targets?

MR DOSZPOT: Yes.

Mr Marshall: A large part of the answer is obviously resourcing. You will also presumably be aware, given previous discussions on this, that the resurfacing program is quite weather dependent. There is a relatively short window of opportunity each year where weather conditions best suit resurfacing applications. They are essentially bitumen based. Ambient temperatures are important. There is that short period in the warmer months which is best suited to this type of work, which leaves the program somewhat exposed to disruption during that period. Adverse weather conditions during that period, other calls on our resources, other calls on our available funding during that window of opportunity can adversely affect our capacity to deliver the full, planned program.

In combination with having additional resources this year, there were relatively few of those types of disruptions. We managed to get through a very demanding planned program within that window of opportunity.

MR DOSZPOT: And have you got a priority list for where these resurfacing areas will be targeted at various times?

Mr Marshall: Certainly. It is an ongoing strategic planning process which involves detailed assessments of the condition of all of the network's surfaces. Every piece of road surface is inspected in detail at least once every three years. That data is processed by quite sophisticated engineering modelling systems that predict the life of each of those segments, each of those components of the network, and it is from that predictive model that each year's program is prioritised and put together.

MR DOSZPOT: Can we have a listing of the prioritised areas?

Mr Marshall: At any given time there is the following year's program which is in development. At this stage of the year the team will be putting together obviously the coming year's, the coming summer's, program. As soon as that program is available, absolutely.

MR DOSZPOT: I have a question on the ageing infrastructure in terms of roads. With Novar Street in Yarralumla in particular, it seems a lot of the time when there is

a heavy downpour the sewerage system cannot handle the water, and the water has actually bubbled through the middle of Novar Street on a number of occasions. Obviously these are old streets. Is resurfacing the solution, or is there a more serious sort of refurbishment, if that is the correct word to use, on the road that needs to be done?

Mr Marshall: Are you describing water discharging from the stormwater network, pushing up the lids, the covers of the stormwater bits, or through the road itself?

MR DOSZPOT: No. I am talking about the water coming up in the middle of the street itself. There is no stormwater cupboard. Water is just bursting through there.

Mr Marshall: I am again not specifically familiar with the problem in that street, although my team almost certainly would be. It sounds to me as though it may be a problem that has its roots in the underground drainage system. That is not completely uncommon. The drainage system of the old suburbs in particular was designed for the type of development that existed or was envisaged at the time.

Progressively over time the nature of the development, particularly in those older suburbs, has changed. There is a much greater proportion of hard surfaces, which means that in storm events the runoff is much faster and the peaks are higher. In many cases the originally designed storm water systems are not capable of draining those flows as efficiently as they would have when they were originally installed and that, along with the age of the stormwater network, can sometimes result in flow escaping from the pipe network, if you like, from pressure developed in the base material under the road.

That sounds like that could be the mechanism. If that is the case, probably the solution is a combination of reconstruction of the pavement and possible augmentation of the drainage system.

MR DOSZPOT: When you say the pavement, pavement of the road or pavement as in footpaths?

Mr Marshall: No, pavement as in the foundation, if you like, of the road, the structural foundation of the road.

MR DOSZPOT: I happened to be there in a particular downpour and a fair bit of damage could have been caused to homes. There was a lot of damage caused anyway but a few of us actually started doing things about it. We were able to bring emergency services out more quickly than I guess normally would have happened. My question is in regard to overall planning. By the sounds of it, you have not got this old infrastructure on your radar. Is that something you need to be doing?

Mr Marshall: No, it certainly is on the radar.

MR DOSZPOT: Is it?

Mr Marshall: It certainly is. I guess the lifecycle of an asset involves a large investment in preventative maintenance, which I touched on earlier. The resurfacing

program is about preventing damage. But we also very much recognise that, no matter how effective that preventative maintenance regime is, assets will reach their end of life. They will reach a situation where they have either naturally lost condition to the point of no longer being serviceable or the circumstances around their use have changed, as I just described, resulting in those assets becoming less serviceable.

There certainly are programs of rehabilitation. Essentially the capital upgrades program's intention is to upgrade those assets to extend their life to the extent possible. But, ultimately, there also is, of course, long-term planning within Roads ACT for the replacement of assets when they do reach end of life.

MR DOSZPOT: And is there work that you need to do on the sewerage system as well in those areas?

Mr Marshall: It is a technicality perhaps, but the sewerage system is the waste water system and is not managed by TAMS. The drainage system, the stormwater system, certainly is managed by TAMS. Yes, like any of the other infrastructure networks, it requires ongoing maintenance, rehabilitation and ultimately in some circumstances renewal.

Ms Fitzharris: I do not know if Icon has been before the committee yet but they would be able to—

MR DOSZPOT: Yes they have.

Ms Fitzharris: They would be able to answer those questions.

MR DOSZPOT: I was talking more stormwater, not sewerage.

Ms Fitzharris: Sorry. Certainly I see, as Mr Marshall said, significant understanding amongst TAMS staff, in this case Roads ACT, of roads across the city, exceptional understanding of where roads are and their condition. But we can certainly take Novar Street in particular and have a look at that and get back to you on Novar Street.

MR DOSZPOT: Novar Street is not the only problem. There are a lot of old streets in north Ainslie and areas like that where the amount of traffic is heavy. Novar Street has quite a heavy traffic flow. I am just trying to make sure that I understand fully that you do plan to have a look at some of these older streets and I would like to know if we can get an indication of your prioritisation of these streets. You must get some feedback on the number of times you have had to attend these issues that I have described?

Mr McHugh: Yes. There was mention earlier of Roads ACT's forward program. There are short and long-term programs of works. And they are informed not just by capacity issues and not just by the need for augmentation, duplication augmentation, by also by the need for renewal of ageing assets. Those assets that have been identified as approaching or reaching end of life are included in those same programs as the augmentation projects.

Ms Fitzharris: Could I add that there is a new type of asphalt being tried currently in

Nicholls, a low carbon asphalt which has significantly less emission than the asphalt, I understand, we have used in the past. The project actually won an award at the Master Builders Association annual awards this year as well, and that could be something that we could look at using more often in the future. Is there any update on the project itself?

Mr McHugh: No. There is no further evaluation at this point. It will be now a question of watching the performance of that work over a period of time.

Ms Fitzharris: Over a period of time, yes.

THE CHAIR: Mr Hinder has a supplementary to the original question, and then a new question from Ms Burch.

MR HINDER: In relation to the densification of the RZ1 classification for streets, blocks and sections around shopping centres, some of that is fairly old infrastructure. Terracotta pipes were used in the older parts of Canberra. How much planning goes into this, or what coordination is there between your directorate and perhaps ACTPLA when each of those developments is approved? Is there a charge to a developer about the upgrade of infrastructure? And how do you then go about implementing that expenditure in some of the older suburbs to avoid some of the things that Mr Doszpot alluded to in his last question?

Ms Fitzharris: A lot of interaction. Mr Corrigan is very well placed to talk about that.

Mr Corrigan: Previously I had been in EPD for the past 3½ years as well. Yes there is a lot of interaction. With any future planning work, any proposals by the directorate implementing government policy about densification and things like that, there is consultation to undertake with a number of agencies, particularly TAMS, obviously, and Icon Water. Any augmentation is through things like that. That is taken into account.

Mr Marshall has been explaining that Roads ACT particularly have quite a sophisticated asset management strategic program. They need to because they have 3,000 kilometres of roads and there is probably a similar length, probably a bit more, of stormwater and things like that. When the EPD is looking at those sorts of issues and what goes on, they come to TAMS, TAMS looks at that, provides input back to them and assists with their forward planning and what proposals they make.

Then linked to that, of course, is the fact that when proponents take advantage of those policies—densification, you mentioned, around local centres and those sorts of things—depending on what they are proposing to build, that is where lease variation charges come in. If they are adding numbers of units, which usually they are, they may just change their purpose clause which triggers the lease variation charge. But there is also a fee for adding numbers of units as well. They pay that charge. That comes into the government and assists with a range of things. But that is then used then also to supplement funding that comes into TAMS to do the maintenance and upgrades as well. That is a pretty light-on explanation. There is lot more that goes on behind it obviously.

THE CHAIR: Ms Burch, a new question?

MS BURCH: My question could be a supplementary to the questions from both Mr Doszpot and Mr Hinder. You mentioned gross pollutant traps, upgrades to infrastructure and things that have been there for a number of years. My concern—I have raised this before—is the process of stormwater cleaning. I refer to the fact that it is put into drying pads across our city. When that process was started a number of decades ago there probably was not the built-up city that we have now. What is TAMS's thinking about changing the process of cleaning out stormwater drains, putting it on a drying pad in the middle of suburbia, and then disposing of it to the tip?

Mr Marshall: That particular process is not a simple thing to avoid. I suppose the alternative concerns to those to which you allude are the concerns about transportation of liquid waste. There are, of course, controls on the transportation and handling of liquid waste. That material, as it initially comes out of the GPT, would trigger those controls. Then the management of that waste offsite is quite complex, expensive and difficult.

It is important to note that the objective of a gross pollutant trap is to remove pollutants from the waterway. Any material that re-enters the waterway, I guess in simple terms, came from there in the first place. The net result of that activity can never be negative in terms of pollutants removed from the watercourse and pollutants prevented from reaching the receiving bodies of water. So the net outcome of that process, while sometimes it might not look terribly pretty, is always that pollutants are removed.

MS BURCH: I understand. You clean out gross pollutant traps, you clean out stormwater drains. The question is: are you rethinking having drying pads within 100 metres of where people live?

Mr Marshall: We are certainly thinking about where they are and how they are managed. We do not, at this stage, have a viable alternative to that process.

MS BURCH: To me it just looks like a flat piece of land. Have you not considered it being at Mugga Lane or the tip on the north side?

Mr Marshall: We are not actively considering that. The issue with a proposal like that would be the transportation of liquid waste through the road network.

MS BURCH: But to the drying pads—to get there, they are transported.

Mr Marshall: Generally not. Generally the drying pads are located at the GPTs.

MS BURCH: Then I beg to question why I see trucks at one particular site regularly dumping out stormwater waste. That has clearly got there by road. So perhaps we could explore that question on notice.

Mr Marshall: Actually it is; I guess generally speaking the drying pads are located at the GPTs. Our stormwater contractor also has vacuum trucks which are used to remove blockages from the pipe network. The material that comes from that operation

is generally—

MS BURCH: Is put onto the drying pads?

Mr Marshall: taken to the drying pads at GPT sites.

MS BURCH: I think that is the question. Given that these were probably established decades ago, I question why we are not rethinking doing that when they are now within meters of residents?

Ms Fitzharris: Certainly, in terms of shifting the whole operation for the particular one in Tuggeranong and perhaps looking at ways to manage the look of it, particularly for residents who are now living nearby, or perhaps provide a way to provide a better barrier on the site from where residents are so they are not as exposed to the look of it when it is—

THE CHAIR: I am assuming this is Isabella Drive?

Ms Fitzharris: Yes.

THE CHAIR: And Isabella pond?

Ms Fitzharris: Yes.

THE CHAIR: But the material is not transported out of Tuggeranong to the pad at Isabella Drive, is it? It would be all local?

Mr Marshall: The primary purpose of the drying pad at Isabella Drive is to de-water material that comes from the GPT immediately adjacent.

THE CHAIR: Behind it.

Mr Marshall: It may also be used to de-water material that has been taken from the pipe network upstream.

MS BURCH: How many do we have? It is a question and I will leave it there.

THE CHAIR: It is a question. That is very accurate.

Mr Marshall: How many?

MS BURCH: How many drying pads do we have and is it, in a modern city, I think—

Mr Marshall: I do not—

MS BURCH: We had good practices but over time good practices need to be thought about.

Mr Marshall: I do not specifically know the number of drying pads but I know that we have of the order of 150 GPTs. Not all of them will have drying pads, but many of

them would; so it would a number of the order of 100, I would expect, of various sizes. Very few of them of them would be of the sort of scale of Isabella. I would also note that there is a program within the capital upgrades program within this budget that looks specifically at issues around trying to improve the way key GPTs are managed and operated so as to both maximise their effectiveness but also minimise their impact on surrounding developments and surrounding residences.

THE CHAIR: I have a supplementary that goes to this. I do not know whether yours was a substantive question or whether it was subsumed—

MS BURCH: No, you can go.

THE CHAIR: Just on Isabella Pond, there was a project a couple of years back to upgrade the dam wall. Has that been implemented? It is in EDP?

Ms Fitzharris: Economic Development Directorate.

THE CHAIR: Alright.

MS BURCH: I think you will find there is another budget there. Can I ask a supplementary to yours on Isabella Pond? Part of the Tuggeranong Lake clean-up is to do some wetland development, I think around Isabella Pond. Again, what does that look like and how does that incorporate or not something such as—you can tell I do not like the drying pad. How do you have that amenity that one seeks through upgrades to wetlands and then your contractors coming in and dumping stormwater rubbish right on it?

Mr Marshall: I am aware of a project that forms part of the basin priority project. I do not have a great deal of detail so—

MS BURCH: That would be EPD?

Mr Corrigan: Yes, EPD; it is linked to the basin priority project. I understand that there are a number of sites around through the stormwater system that are in the design phase right now, including doing that. None of us has specific details but that is the goal of the project, yes.

MS BURCH: I will ask EPD.

THE CHAIR: In the few minutes left we can all have a quick question if it only takes a minute. Can you give us an update on the duplication of Gundaroo Drive? Has there been a delay in doing the duplication? What is the estimated time frame for the duplication of Gundaroo Drive up to Barton Highway?

Ms Fitzharris: Gundaroo Drive duplication—the current duplication does not go to Barton Highway.

THE CHAIR: When will the duplication—

Ms Fitzharris: So current project—

THE CHAIR: Okay, on the current project and then when will it get to—

Ms Fitzharris: This is a project I am very keen to see underway and completed, as you know.

THE CHAIR: So an announcement in the next hundred odd days, minister?

Ms Fitzharris: Sorry, do you mean the completion of Barton Highway?

THE CHAIR: Yes.

Ms Fitzharris: Do you mean Gundaroo Drive from Gungahlin to Barton? That has not been determined yet.

THE CHAIR: Right, and the current project?

Mr McHugh: Current project—

Ms Fitzharris: There is a delay largely to do with shifting the gas utilities under the road but there is work underway. The site is very clearly a construction site. I do not know if we have a more recent update on it.

Mr McHugh: We do. The contractor has been given access to start construction on the duplicated bridge near Gungahlin Drive. That work started to ramp up last week and has required the temporary detour of some of the local footpaths and shared paths around the place. But the completion date for the project is mid-2017. That has not changed from when the contract started.

The contract did include the investigation of the existing high pressure gas maintenance services to Gungahlin. That work needed to be undertaken by the asset manager, Jemena. That work has just recently been completed and the major road works will begin in earnest.

MR HINDER: Back to stormwater; I attended a water security conference last Friday. There are massive amounts of federal money—I think \$80 million—going into rehabilitation of some of our stormwater assets. That conference seemed to indicate that, given the theories that went into the original design of some of these things, massive amounts of money still need to be spent in rethinking some of the stormwater infrastructure. They had a view that we are spending something like one per cent of our rates money on stormwater and that it needed to be something more like three per cent. What is the long-term plan for stormwater infrastructure? Do you see some sort of ageing of the infrastructure now that is perhaps not being accounted for? How do you see that going forward?

Ms Fitzharris: Sorry, who is “they”? You said that “they” had a view?

MR HINDER: The water council of Australia was the conference. I know it is a national thing in terms of the Murray-Darling Basin Authority integrated works but we have our own obligations, I suppose, to water users downstream from us in terms

of how we deal with our own water. People always talk about what the wetlands need to do at the end of the stormwater drain. It appears to me that if a lot more work goes into what happens to the water before it gets to the wetlands, the wetlands have very little to do. But the nature of ageing infrastructure means that the design theories, back when they were designed, seem to be different from what wiser-than-I water folk would have us do now.

Ms Fitzharris: The funding that you refer to, I assume, is the basin priority project funding that was allocated to the ACT. There was recently an announcement from Minister Corbell and Mr Gentleman about this allocation. There is also funding for TAMS to maintain some of those assets or some of those projects once they are actually completed as well. I do not know if you want to add any further comments?

Mr Corrigan: Yes, so the basin priority project, as you would appreciate, is fairly critical. The whole goal of it is to ensure that the quality of the water that is going to the Murrumbidgee after it passes through the ACT is maintained or improved. Yes, it is quite complex. We are working with our colleagues in EPD on this who are leading on the policy around all of it. But they are looking at, yes, the sources of water, the pollutant sources, and things like that; how best to control that before the problems occur.

Then there is the obvious link to TAMS. For example, our teams clean the roads. Things like leaf litter have quite a significant impact on water quality and those sorts of things. I am not sure of the status of all the projects. There are a number in design phase that would be looking for a bit of co-funding. But a significant part of the \$85 million is for design and improvement of stormwater infrastructure through the territory so that the ultimate water quality is improved or is maintained. Then, as the minister mentioned, some of that is also ongoing maintenance.

We work pretty closely together. We need to. You can appreciate the complexities of the system to do that. Going back to some of the work that Mr Marshall was explaining, our asset management team for the roads and the stormwater team are looking at these things and noting where pressure points are, so to speak, and then how these projects can assist to ensure the water quality.

Ms Fitzharris: In the budget there is \$2.3 million for water quality improvement—maintaining those basin priority projects. You will see that the profile of that really starts to ramp up over time as those assets are delivered and TAMS needs to maintain them. In the capital upgrade program there is \$2.7 million of funding in this year's budget; \$1.4 is for stormwater improvement; \$300,000, as Mr Marshall mentioned, is for gross pollutant traps; and also \$1 million for one particular pond in Coombs to make sure that that is upgraded to meet safety requirements around the dam there. There is always significant work underway to make sure that this whole significant infrastructure asset is maintained and improved. There is nearly \$5 million of funding in this year's budget for that.

MR HINDER: Yes, I understand it is not a very sexy aspect in anybody's contemplation but it is one of those—

Ms Fitzharris: It is critical.

MR HINDER: global warming-type things that sneaks up on you and if you are not on top of it—

Ms Fitzharris: This year I had the opportunity to go to CIT to talk to the plumbing apprentices on world plumbing day. It is not an understatement to say that in countries that do not have access to clean water and proper sewerage arrangements in particular—that is probably one of the most significant inventions of our time—people catch serious diseases. They die much younger than they would otherwise. It is a significant piece of our infrastructure.

THE CHAIR: That is right. Watch *Kenny* again if you need a reminder. Members, we have now reached the end of our time for the first half of today. We will resume at 2.15 with Transport Canberra and City Services output class 1, Transport Canberra ACTION. Later on in the afternoon we will look at the rest of output class 1, which covers the capital metro project.

Sitting suspended from 12.47 until 2.18 pm.

THE CHAIR: Welcome, minister and officials, to this afternoon's session of estimates, looking at the expenditure for Transport Canberra and City Services, output class 1; then 1.1, ACTION; and then, later on, output class 1.1 again and the discontinued agency capital metro.

When taking a question on notice, could you indicate that it has been taken on notice. Please be aware that the proceedings are being recorded and transcribed by Hansard, will be published and are currently being broadcast as well as webstreamed.

Minister, I am assuming you covered all of this in your opening statement this morning?

Ms Fitzharris: I have no further opening statements to make, but thank you for the opportunity.

THE CHAIR: I noticed that Mr Corbell is appearing as the Minister for Capital Metro later this afternoon. Does he continue in that role after 1 July or is that you?

Ms Fitzharris: No, it comes to the minister for transport.

THE CHAIR: So you are capital metro as of 1 July?

Ms Fitzharris: Yes, that is right.

THE CHAIR: Why, then, is Mr Corbell appearing, if you are the minister and this is the forward estimates for the 2016-17 budget, for which you will be responsible?

Ms Fitzharris: That is a good question, and one that was discussed. I am happy to take some of those questions, of course, but Mr Corbell is currently the Minister for Capital Metro. These changes do not come into effect until 1 July; therefore he will be appearing this afternoon as the current Minister for Capital Metro.

THE CHAIR: But it is the forward estimates for the 2016-17 budget, for which you will be responsible?

Ms Fitzharris: That is right.

THE CHAIR: But Mr Corbell is answering questions?

Ms Fitzharris: That is right; he is currently the Minister for Capital Metro.

THE CHAIR: But this is not about who is currently the minister.

Ms Fitzharris: I know, but, as you know, many of the questions also range across developments to date and questions that current ministers are responsible for. The committee will have their questions fully answered on the capital metro project, most likely by Minister Corbell this afternoon, immediately after me, so the committee will not be let down in any way.

THE CHAIR: On page 4, table 1 shows that the 2015-16 budget had 1,791 combined FTE and the 2015-16 outcome is only 1,749.

Ms Fitzharris: Yes.

THE CHAIR: What has happened there, given that we were told there were no job losses?

Ms Fitzharris: If you read the footnotes, this is because there is a range of movements both in and out of the current directorate as a result of the parks and conservation service moving to the Environment and Planning Directorate and Capital Metro Agency moving into the new directorate. You will see in footnote 2 there that it gives a full explanation of those movements.

THE CHAIR: When did the arboretum transfer?

Ms Fitzharris: The arboretum transferred under the administrative arrangements in January when I became minister. Those staff have already transferred out.

THE CHAIR: And the other transfers are therefore effective on 1 July?

Ms Fitzharris: That is right.

THE CHAIR: Could we have a reconciliation that breaks down each of those agencies so that we get the final total?

Ms Fitzharris: In addition to what is there? They are all listed there, but I can provide them in a different format if you would like.

THE CHAIR: It is listed, but it would be handy to have the comings and goings.

Ms Fitzharris: Sure; we can do that. We will take that.

THE CHAIR: That is kind. On page 20, what is the reason for ACTION failing to reach their patronage targets?

Ms Fitzharris: On page 20? It is not on page 20.

THE CHAIR: I do apologise; I put the wrong number down.

Ms Fitzharris: Page 18?

THE CHAIR: Yes, page 18.

Ms Fitzharris: In general terms, as you will be aware, there were new services announced late last year which we anticipated would increase the boardings on ACTION buses, given that it was introducing new services. Unfortunately, those have been delayed, but we are confident that we will be able to have those services implemented in addition to the new services funded in this year's budget by late August. Obviously, increasing passenger boardings on ACTION will be a key priority of the Transport Canberra and City Services Directorate.

THE CHAIR: So that was late introduction of various routes?

Ms Fitzharris: That is right.

THE CHAIR: It accounted for 300,000 boardings?

Ms Fitzharris: It accounted for some of them.

THE CHAIR: Again, could we have a breakdown?

Ms Fitzharris: It is hard to record what has not been implemented, but—

THE CHAIR: But you just said that late implementation only accounted for some of it, so obviously there are others.

Ms Fitzharris: For some of them, that is right, yes.

THE CHAIR: Could we have a record—unless someone here knows.

Ms Fitzharris: I do not think I can further comment. We can provide a further breakdown for you.

THE CHAIR: All right. The operating cost per network kilometre—on page 8—is going down, but the figure has been rising above the target for the past couple of years. How did you come up with the five per cent reduction target listed? And how will you guarantee that you will meet it?

Ms Fitzharris: As you know, and I believe it was discussed last year, there was a significant review of ACTION operations through the MRCagney review, which reported midway through last year. The government's response to that followed. Then,

following that, the public transport improvement plan foreshadowed the establishment of the transport Canberra agency, which will come into effect on 1 July as a part of the new directorate. That and the government's response to the Auditor-General's report on the frequent network indicate that transport Canberra will have a key focus on implementing these recommendations on increasing patronage and will establish very robust governance arrangements to make sure that those targets are reached. We will be able to provide further advice following the establishment of the new directorate later this week.

THE CHAIR: On page 9, the government subsidy for bus passenger boarding: is there a dollar value for that?

Ms Fitzharris: Yes, there is. If I cannot find it immediately, we will look for it and take it on notice.

THE CHAIR: The target for the next year is the same as the estimated outcome for this year, but then it drops a per cent each in the following three years. How will you achieve that?

Ms Fitzharris: We had a discussion about this in the lead-up to the budget statement and around setting targets with a new agency, and decided that we would maintain the existing targets until the agency has been able to be established to embed its new organisational and government structure and performance structure and then revisit these targets. My expectation would be that we will aim to be meeting and exceeding these targets and we will have a refreshed look at these indicators in the lead-in to next year's budget, whoever might be the minister responsible.

THE CHAIR: As you have put it in the budget, I would hope that you would have the expectation it would be met. But how exactly will it be met?

Ms Fitzharris: Through increasing the services that we currently offer. There are new services in the budget to Molonglo Valley and to Weston Creek and there is the new city loop bus that will start next Monday. We are looking to significantly increase boardings in the city for residents, workers and visitors to the city on the new city loop. That will be operating 12 hours a day, Monday to Friday, every 15 minutes, with a short loop around the city, moving people around the city from east to west to connect Braddon, ANU, New Acton and the city centre itself and also to connect to our fairly significant parliamentary triangle services.

The public transport survey that I know the committee is aware we have undertaken is now closed and we are looking at analysing the input that the community provided for us. I think nearly 3,000 people filled in a survey, 2,000 people were called and a number of people did on-board surveys. We will get a considerable amount of data from that, which will inform further how we increase contact services and the customer experience of passengers on ACTION.

We think that the transport Canberra agency will have a real focus on the customer experience, and we are looking at a number of initiatives to improve that. One has been rolling out wi-fi. It is on a small number of buses at the moment, but we will look to assess that trial to see if it made a difference to people's experiences and

decision-making around catching ACTION. We know that all light rail vehicles will have wi-fi on them. There is feedback from transport systems from around the world that having an additional experience on public transport such as wi-fi can increase patronage on public transport.

THE CHAIR: Table 10, page 18—one bus trial will be undertaken. On what routes will the electric bus trial be undertaken?

Ms Fitzharris: We have not determined that yet, but we do know that there will be three buses as part of the electric bus trial. We will seek to get a real variety of locations to trial if an electric bus would work well in Canberra and over what distances and what sort of geography. Mr Edghill or Mr McGlinn might have more information.

Mr Edghill: We are going through the procurement process for the three electric buses at the moment and we are working through the physical characteristics of those buses—the type of charging technology which is used and so forth. Once we have worked through the types of buses that will be utilised and, having regard to the charging frequency of those buses, the number of passengers that those passengers can carry fully loaded, and any other potential operational constraints around those buses, that will feed into our decision-making about which routes those buses are used for.

THE CHAIR: When will the procurement finish?

Mr Edghill: We are going through that procurement process now. My understanding is that it would be complete in the next few months. There will be a one-month period where we become familiar with the buses before they are then actually put onto the road.

THE CHAIR: All right.

MR COE: A supplementary? What procurement method are those electric buses coming from?

Mr Edghill: We approached two providers directly in those proposals.

MR COE: Why was that done through a request like that as opposed to an open tender, given that there are many operators in this space?

Mr McGlinn: Mr Coe, we did some market research on the people who are currently based in Australia or have representation in Australia. We had some requirements we set out—that the buses must be able to do between 400 and 500 kilometres a day. There were only two people that were able to meet that on one charge. I am not sure that I am privy to the contractors. Are we aware of the contractors' names at this time? No. Two tenders were received to provide fleet. One of them could provide one vehicle for the majority of the money we had available; the other operator could provide three. We had actually seen that bus being tested and doing a very long non-stop run between two capital cities.

MR COE: Who were the two tenderers, given that that information is usually published on the contracts register?

Mr McGlinn: The contracts are yet to be signed.

MR COE: But who were the two tenderers?

Mr McGlinn: The two tenderers? One was Bustech; the other one was a company called AVA.

MR COE: Where are the buses going to be manufactured?

Mr McGlinn: In Melbourne.

MR COE: Assembled in Melbourne?

Mr McGlinn: Assembled in Melbourne, yes.

MR COE: Did you have a particular request for the actual motor, as to where it would be manufactured?

Mr McGlinn: I would have to take that one on notice, Mr Coe.

MR COE: Sure.

THE CHAIR: Mr Hinder, a new question.

MR HINDER: Minister, prior to this year's budget there was an announcement about a schools transport coordinator. Can you tell me what that position is designed to do and how benefits will flow from that expenditure?

Ms Fitzharris: This position is the first time—to my understanding; correct me if I am wrong—there has been a position like this. One of the things that I know about having children in primary school, in particular, and one thing all schools and teachers know, is how much congestion there can be around schools at pick-up and drop-off time and how much tension that can generate for schools, teachers, parents and school communities.

A number of different initiatives came together in the budget, indicating to me the need for a coordinating presence within government that was the single face for school communities within the ACT government to contact around issues to do with congestion around schools, traffic flows around schools, parking requirements in and around schools, and opportunities to resolve those issues. Quite often schools would need to deal with a number of different parts of government. As I said in my opening statement, the creation of this position is a serious effort to provide for schools a single point of contact that can then do the work behind the scenes with the relevant directorates. For example, largely the issues come back to TAMS around traffic flows, monitoring of traffic and any improvements that might be needed around the school to make it safer to pick up kids or to make it safer to walk or cycle to school. There are also questions around school bus routes. There is a lot of contact between ACTION,

in particular, and the public transport teams, with schools individually, with collective peak bodies for schools and with parents' peak bodies in schools to discuss how bus routes find their way to all schools across Canberra.

This position is bringing together all of those queries for school communities so they have a single point of contact. It also aligns very much with the increased focus on the ride and walk to school program, which is funded through the healthy weight initiative, which we will talk about later in the week, as well as the new and very successful active streets for schools program. The ride and walk to school program has been in schools for a number of years, delivered by the Physical Activity Foundation. It gives kids—so far largely in primary schools, but it is reaching into a few high schools now—the skills to safely walk and ride to school. It provides road safety advice, training on learning to ride a bike and how to do routine maintenance on a bike, and some personal safety training for kids.

The active streets for schools program, which has been trialled in four primary schools in the Belconnen region, goes in and works very closely with the schools around where their pressure points are in terms of drop-off and pick-up. It also looks at alternative drop-off and pick-up points around the school and implements small infrastructure improvements as simple as a signpost that says, "Latham primary is a 400-metre walk away", and then literally paints a line on the road to mark the safest route to school. If there is a small improvement that can be done, like a pedestrian island when kids are crossing a street, the program will allow for that to happen.

The early indications from the schools in Belconnen are that there has been a real increase in kids particularly cycling to school, we understand, but also walking to school. It provides parents alternative drop-off and pick-up points. It really takes the congestion away from the school grounds. It also contributes to kids feeling like they can safely walk and ride to school and, even more importantly, it gives parents confidence that there is a clear and safe route; a route that is safe from cars and one that ensures kids' personal safety. There is literally safety in numbers because kids find themselves grouping together and spontaneously forming a walking school bus.

One of the challenges that schools indicate is that other programs like a lollipop person program or a walking school bus program rely very heavily on well-organised volunteer labour, which is very difficult to manage. It is not something that teachers, who spend years of training and have highly specialised skills, need to add to the huge range of things that we ask them to do in schools. So this is a way of allowing it to happen more spontaneously but, importantly, making sure it is safe.

Through a variety of budget initiatives, not just in the TAMS portfolio but in the Health portfolio and the healthy weight initiative, a really good package, a \$2 million package, of investment has come together, making it easier and safer for kids to walk and cycle to school. It also includes funding for the active travel office, which has also moved across to Transport Canberra and City Services.

MR HINDER: The program that the Physical Activity Foundation runs is a very good one.

Ms Fitzharris: It is a very good one, yes.

MR HINDER: Active travel is broader than just schools, though, isn't it—the active travel initiative? This coordinator would coordinate into that larger program on behalf of the schools' communities?

Ms Fitzharris: Within the funding in the budget there is a schools transport coordinator position. The active travel office, as it was known, particularly amongst the very engaged active travel community and walking and cycling groups, has moved to the new directorate. The transport planning and active travel policy planning functions remain in Environment and Planning Directorate. Much of the work that is to be done now that the policy settings are in place is on implementing active travel infrastructure, so walking and cycling infrastructure. That is now funded within the new directorate. That will be in the same area and will also have a focus on innovation. So active travel, schools transport and innovation will be a focus of this new part of the directorate.

MS BURCH: Just a supplementary on that. The trials in Belconnen, and then the growing areas of Gungahlin, Weston Creek and others, can you say how they are working?

Ms Fitzharris: Within the schools in the Belconnen region we are doing specific feedback. Mr McHugh might give some more details. He has had some more direct interaction with the school communities. There is some anecdotal feedback already about increases in the number of kids walking and cycling to school, as well as a specific evaluation of the program.

One thing I did want to note is that the funding in this year's budget extends it to 25 more schools. In the Gungahlin region, for example, there are collocated government schools with Catholic primary schools, as there are in Aranda. I think there is one in Curtin as well. We are keen to implement this program around school communities, whether it is a government or a non-government school, where there are two schools together. For example, at Amaroo there are 600 children at Good Shepherd and 1,800 at Amaroo School. They share a campus. There are nearly 2,500 kids at the school. If we are going to implement the program we get even more bang for our buck by having it where there are collocated schools.

MS BURCH: Do we know which 25 schools those are? You have got a preferred list?

Ms Fitzharris: Yes, we certainly do.

MS BURCH: Is that in the budget papers or could you provide that to the committee?

Ms Fitzharris: It was certainly in the media release that went out. I can read it out to you shortly after Mr McHugh gives you an update on the Belconnen schools.

MS BURCH: That is all right. I will refer to the media release. I just wanted to know your thinking behind it.

THE CHAIR: Perhaps for the committee you could just table a copy of the release at your convenience?

Ms Fitzharris: We can table a copy; that is fine. I should say that they are all around the city. TAMS have been in touch with many schools over many years about where pressures were building, so the list is based on that.

Mr McHugh: Just an update on the active streets pilot project that we are running on the four schools out in Belconnen: the objective of the project, obviously, is to increase participation in walking and riding to school. When that particular objective was investigated further a lot of the inhibitors sit around decision making that parents make in the home and the impacts of the busy lifestyles that we all lead. A number of the interventions and opportunities in the program were looking at how to address the either real or perceived safety issues around schools that parents tend to make their decisions upon. In that sense, some of the interventions were road safety related and others were about encouragement. There are some enforcement elements in there too around some of those safety issues.

We have been collecting data at the four pilot schools for just over six months now. We had, obviously, a pre-trial data set and we have had another two sets of data collected since. The trends in the data at the moment—although they would be seasonally impacted as we move through the 12 months—are showing between a 10 and 15 per cent increase in patronage.

We have also, obviously, taken data around the interventions. At two of the schools we are trialling a 30 kilometre per hour school zone. The other two schools were trialling other treatments to reinforce the school 40 kilometre speed limits. The trends in that data set are that the 30 kilometre an hour speed zones are having an impact on the travel speeds of vehicles. At the moment the alternative treatments, which we refer to as the dragon's teeth, have not had a significant impact on travel speeds of vehicles. To date there is a lot of promise in some of the measures that we have trialled.

Ms Fitzharris: There is also a lot of interest in the engaged communities of cycling and walking groups around how we do a range of things to increase kids' walking and cycling to school. We will also be looking to hold a forum with those groups, probably in the next couple of months, on collectively pooling all our thoughts, ideas and resources into what can work best and what more we can do.

THE CHAIR: I have a supplementary and then I think it is a new question from Ms Burch. What is the annual cost of the active travel office?

Ms Fitzharris: The funding for the active travel office is the funding in this year's budget for the one FTE, but that is only one indication of the range of activities that the active travel office are engaged in. Like I say, the active travel policy and planning function remains in Environment and Planning. Health have a significant component of their work related to active travel, particularly through the ride and walk to school program and through a number of the other elements that they manage through the healthy weight initiative.

THE CHAIR: I am assuming you are the lead agency on the initiative?

Ms Fitzharris: That is right.

THE CHAIR: Is it possible to collate the total expenditure across government on active travel?

Ms Fitzharris: We can certainly give that a good go. You might note that for the first time in the budget papers where there is funding for major roads projects there is also a specific allocation in there for the active travel components. We can take that on notice.

THE CHAIR: If you could take that on notice? Just on the funding: on page 15, output class 1 and output class 1.1, which have the same numbers, what is the split between ACTION, capital metro and the rest—if there is a rest? What are the components of transport Canberra and what is the allocation to each of them?

Ms Fitzharris: Mr Elliott can answer that specifically right away.

Mr Elliott: Looking at the controlled recurrent payments, \$93.8 million is the payment to ACTION—

THE CHAIR: Sorry, say that again?

Mr Elliott: I will round it to \$94 million for ACTION. Then we have the public transport unit at \$9.2 million. The balance is the notional corporate costs allocation, which is around \$23 million.

THE CHAIR: What is the funding then in all of that for capital metro? Is that the 9.2, public transport—

Mr Elliott: The recurrent costs are included in that corporate allocation.

THE CHAIR: They are in corporate. Can we have a split between genuine corporate and capital metro, please?

Mr Elliott: Sorry, just to clarify that question—

Ms Fitzharris: What was the question, I am sorry, Mr Smyth?

THE CHAIR: Corporate overheads are normally the costs to run something. Why do you split ACTION out at \$94 million and leave capital metro in corporate?

Ms Fitzharris: We will give you a breakdown.

THE CHAIR: That would be a question. Then if we could have a breakdown, that would be kind.

Ms Fitzharris: ACTION is a PTE, but we can provide the breakdown to the other component in there, as well as the community transport.

THE CHAIR: Does ACTION remain as a PTE inside—

Mr Elliott: Yes.

THE CHAIR: Okay. You will give us the breakdown on the two?

Ms Fitzharris: Yes, we can do that. There is also the community transport coordination centre and, again, funding has increased in this year's budget. The driver costs are in ACTION, but the coordination centre itself is within the public transport unit. We can provide that in the breakdown. I would note for the committee's interest that a couple of months ago we had a workshop with the community sector around community transport in the ACT. There is significant capacity in regional community service organisations, as well as within the directorate, of community transport vehicles. There is good demand for our flexible bus service, but also more capacity that we can deliver. There is a lot of work underway with the community sector as a whole. The workshop was organised by ACTCOSS and attended by many community sector organisations that are involved in delivering community transport.

Obviously, with the NDIS, there have been some complications in how some of that funding has found its way into transport, but those are being resolved. For the committee's interest, what is known as the special needs transport unit that has been in the Education Directorate is now transferring to Transport Canberra and City Services on 1 July. So that really does bring in all transport modes within government into the new directorate.

THE CHAIR: You will provide a breakdown of all those units?

Ms Fitzharris: Sure.

THE CHAIR: Ms Burch, your question.

MS BURCH: I was going to ask about providing increased transport options. I can ask that as a supplementary and then I want to move to the bus fleet as a substantive. On page 2 it says that one of your priorities is increased transport options for those in the community who are unable to use regular ACTION services. I am assuming that is linked to the budget bid of \$600,000 around coordination but also now those flexible bus services operating in Gungahlin.

Ms Fitzharris: That is right. This continues the funding for the community transport coordination centre, expands that service to Gungahlin as well, bringing coverage to all of the ACT except the inner north. But it is important to note that the regional community service organisations still provide quite significant community transport options. The flexible bus service is available to eligible passengers to catch between the hours of 9.30 and 1.30 for trips to pick up from home and trips to shopping centres and to medical appointments as well. It just recently celebrated its 20,000th passenger boarding.

The workshop that we held some months ago gave us a whole lot more input from the community service organisations themselves about their clients and the communities that they deal with. There is a specific Aboriginal and Torres Strait Islander bus service as well. The workshop was also exploring opportunities to extend the service to new and different groups and opportunities to use technology better to actually

provide that coordination function.

Mr McGlenn: On Saturday I attended the Canberra Blind Society luncheon and gave some promotions around the flexible bus service, and they were extremely grateful to learn of it. I handed out brochures, explained that the service is now going to go out to Gungahlin and you can also use it for the first and last mile of your travel so that you can actually link into the normal network as well. That is an important factor.

Ms Fitzharris: I, in my Health portfolio, attended a seniors health workshop recently where there were a lot of engaged people in the seniors network. Surprisingly many of them had not actually heard of the service. We think we have got a real opportunity to promote it quite extensively to already pretty well-informed groups who are not aware of the service that we deliver. The new directorate will certainly be taking a real interest in doing that.

THE CHAIR: Just to finish on that previous line, why was the decision taken not to itemise capital metro separately from ACTION and corporate? It seems an odd thing to put a train service, a rail service, into corporate.

Mr Elliott: I guess the main answer there is that the light rail staff or capital metro staff coming in are all now in the corporate group. There is no, I guess, direct recurrent moneys in the output. The funding is in the actual capital project for light rail.

THE CHAIR: But corporate is normally HR and finance and those sorts of things. You would hardly say that the capital metro staff are HR and finance?

Ms Fitzharris: Effectively they are managing a contract.

MS BURCH: I am looking at page two. There are two dot points there around developing a comprehensive asset management strategy including the bus fleet and then updating the bus fleet with efficient and comfortable buses. Could you give an update on how you are growing the bus fleet? I refer then to table 10 on page 18. There is percentage of in-service fleet Euro 3 or better emissions standard compliance. There is a mix around accessibility and also how you have energy efficient and smart buses in the fleet.

Ms Fitzharris: The focus on the fleet strategy is important for the new directorate. It was also one of the recommendations from the MRCagney report and it will be one of the priority items that the new directorate will have from Friday. I believe work is already well underway. The accessibility of the fleet is improving every year and our target this year we expect to exceed. The target was 70 per cent DDA compliant and we expect to make it to 74 per cent. With the existing Scania contract for the purchase of new buses, we were able to add the 20 new buses funded in this year's budget to that procurement. They will be delivered in this next coming financial year. Mr Edghill might have more to say.

Mr Edghill: Certainly. The further refinement and development of our fleet strategy is a key priority for the upcoming year. We know a few things. We know with the introduction of light rail we need to provide an integrated public transport network.

There are a number of strategic elements that tie in with that, one of which is our fleet strategy. At present we have a fleet of over 400 buses which comprise a number of different fleet types which have been acquired over decades by ACTION. One of the key areas of focus for us would be to ensure that we are maintaining a fleet which, first and foremost, is safe and meets customer needs but which is also efficient from the perspective of having appropriately skilled workshop staff and drivers to operate those buses and which also ties in with the spares and other elements of operating ACTION efficiently. Certainly the fleet strategy is something which is a very high priority.

MS BURCH: How often do you change a bus over? Did I hear 500,000 kilometres or something in answer to the electric buses? There seemed to be an enormous number of kilometres mentioned earlier about the life of a bus.

Mr Edghill: The buses do travel an enormous number of kilometres but of course we do not purchase them and then do nothing to the buses. We have a major overhaul unit, for example, and our ongoing workshop activities to appropriately maximise the economic use and life of the buses. As to the buses themselves, in our fleet we have buses from brand new through to around the 20 to 25-year mark. With appropriate upkeep, the life of a bus can be properly maximised.

MR COE: As a supplementary on that, will buses be rebranded as part of transport Canberra?

Ms Fitzharris: The city loop buses will be rebranded—the seven buses that will be used on that route—but as to branding as a whole there will not be a significant overhaul of the branding. As they come up for repair or as new buses are brought in they will have the new transport Canberra branding.

MR COE: Did you say the seven buses for the city loop?

Ms Fitzharris: That is right.

MR COE: What is the total cost of that?

Ms Fitzharris: The total cost of the city loop is \$765,000.

MR COE: Is that recurrent expenses for this year or is some of that in capital regarding ACTION buses; not new buses but in terms of upgrades to the existing buses?

Mr Edghill: Most, if not all of that, is recurrent funding from existing ACTION sources. Part of that will relate to driver costs, part of that will relate to fuel and other operating costs.

MR COE: As buses are replaced either as part of the formal bus replacement program or just an addition of new buses to the fleet, will they take on the existing green, orange and white branding?

Ms Fitzharris: No. The new buses will have new branding.

MR COE: If we can have buses for 25 years, there is no plan to actually fit out the existing 400 buses with new branding?

Ms Fitzharris: It will be progressive. As opportunity allows, there will be a rollout of new branding to the existing bus fleet. Our priorities will be in service delivery of the new system under the new directorate, not in rebranding old buses. You will know very well, Mr Coe, that there is a variety of different buses around, some of different colours. We do not think that it is the highest priority expenditure for the new directorate. We have a focus on delivering more services and less on the rebranding of the existing bus fleet.

Customers and the broader community will see a change in the branding. That will be most prominent on the city loop buses and on some of the signage, as well as the ACTION information centre in the Civic interchange, as well as a couple of other features of the network and the customer experience as a whole.

THE CHAIR: As a supplementary, does that mean “ACTION” disappears?

Ms Fitzharris: No. The “ACTION” will remain.

THE CHAIR: As “ACTION”? And named “ACTION”?

Ms Fitzharris: Yes, but it will be part of transport Canberra.

MR COE: The name “ACTION” remains?

Ms Fitzharris: The name “ACTION”, that is right.

THE CHAIR: Mr Hinder has a supplementary and then Mr Coe has a new question.

MR HINDER: They would be co-branded then?

Ms Fitzharris: Yes, effectively.

MR HINDER: That will make sense for a number years, I suppose.

Ms Fitzharris: You will see a transport Canberra agency that will have a number of different modes. The three key ones will be buses, ACTION; light rail; and active travel. Active travel is principally walking and cycling but it could also be Segways, for example. That is one that comes to mind as well.

MR HINDER: I understand the territory benefits from advertising that goes on some of these buses. You would want to have as many of those covered in advertising, returning a dollar to the territory, I suppose?

Ms Fitzharris: That is right.

MR HINDER: Maybe they will be re-liveried with the co-branding once they return from whatever campaign might be on them?

Mr Edghill: Potentially. There is no immediate program to roll out re-branding across the fleet but there is nothing to stop the government making a decision around the time line in future.

Ms Fitzharris: The re-branding will be very exciting. The city loop services will be very prominent and people will certainly know that is a new service that is being provided by the government to move them around the city. I think you will find it very appealing and it will quickly become well known across the community.

MR COE: I have a supplementary on Mr Hinder's question. If you are going to allow advertising, are you going to allow advertising on these seven buses that are doing the city loop?

Ms Fitzharris: There will be some limited advertising options on the city loop, yes.

MR COE: Right but not the full bus?

Ms Fitzharris: Not the full bus, no.

Mr Edghill: No.

Ms Fitzharris: Inside the bus there will be some opportunities.

Mr Edghill: And potentially on the back of the bus.

Ms Fitzharris: On the back of the bus. The initial first weeks and months of operating will be to make sure that the community understands the route. There will be some information about the route itself on the back of the bus.

THE CHAIR: That brings us to a new question from you, Mr Coe.

MR COE: I have a question about a couple of these services, and one is about the city loop. What is the projected patronage for the city loop service?

Ms Fitzharris: We do not have specific figures but we know it is operating from 7 am to 7 pm. We have had a lot of feedback from the community and organisations representing business and also from the ANU about the desire to have a service like this to move people around the city.

Mr Edghill: As part of the trial we are looking to periodically assess the success or otherwise of the trial and to consider how we may better optimise the trial over time. One of the key considerations for this will be patronage, particularly in the three months. That is something we will be looking at.

Ms Fitzharris: It was based in part on a patronage of the centenary loop, which we have some figures from, too.

MR COE: Yes. However, what about the last city loop, which was probably some years ago. What lessons were learnt? What did you study in regards to that service,

because there was a reason it was cancelled?

Ms Fitzharris: That was some time ago and was not a major factor in introducing the city loop in 2016.

MR COE: Is the city loop free?

Ms Fitzharris: Yes.

MR COE: Will people still need to swipe the MyWay card?

Ms Fitzharris: No, but we will be collecting the data on how many passengers there are.

MR COE: So it will up to drivers to use a clicker?

Ms Fitzharris: Yes.

Mr McGlenn: They use e-terminal, Mr Coe, to record the boarding.

MR COE: How did you come to determine that route? It is a one way route, is it not, anti-clockwise?

Ms Fitzharris: Yes.

MR COE: What is the rationale for that route?

Mr Edghill: We had regard to a number of factors. We had regard to the overall length of time the route would take. We were mindful of not wanting to establish a loop that travels in that anti-clockwise direction that would be inordinately long for a person travelling from point A to point B. We had regard to the existing bus stop infrastructure within the city and where it is located. We had regard to the points of interest along the route, so linking areas such as ANU and New Acton, the Barton precinct, the Canberra Centre. We had regard to where people may want to move in the city.

In terms of some of the precise locations where buses may turn left or right, we had regard to any operational factors that might prevent the efficient running of the buses in those areas. We took a number of different factors into account in determining the route layout.

MR COE: In terms of the ANU you are covering, you are not using the blue rapid infrastructure, is that right?

Mr Edghill: The primary ANU stop is the one out the front of the ANU exchange.

MR COE: Yes, so that is already very well serviced by the blue rapid. Why are you not going down Daley Road?

Mr Edghill: One of the factors we will look at as part of the trial is whether we have

the alignment right. If it turns out that we think there is opportunity for improvement to the route, that is something we will certainly consider over the course of the trial.

MR COE: What is the frequency of the new Weston line?

Mr McGlinn: Every thirty minutes.

MR COE: Every thirty minutes?

Mr McGlinn: Yes.

MR COE: Is that notionally being called a rapid service or not?

Mr McGlinn: It is in line with the transport for Canberra 2031 to become a rapid.

MR COE: So it is not a rapid now?

Mr McGlinn: It is not a rapid now. Fifteen minutes or better is a rapid qualification.

MR COE: What about funding beyond this coming financial year?

Ms Fitzharris: That will be a decision taken in the next budget, but I would very much expect it will continue to be funded.

MR COE: The changes to the 83 and the 783 in Weston Creek have just lengthened the route to go to Coombs, is that correct?

Mr McGlinn: That is right, Mr Coe.

MR COE: What considerations were there to create an Xpresso from Molonglo in and of itself rather than lengthening the current Xpresso?

Mr McGlinn: There is now also the option of the Weston line, Mr Coe. I did not want to put the Weston line down into Coombs; it was easier just to extend the 83 or the 783 to get a little bit more coverage and then make use of John Gorton Drive, which is set up for a rapid route. The Weston line itself will go up near Denman Prospect, in the interim. As Denman Prospect is developed over the next twelve months, perhaps during the next iterations of timetable adjustments we can go a little closer into Denman Prospect to give those people as they move in an all-day bus service connecting them to Woden and the city.

MR COE: With regard to the city loop and the drivers' recording of the patronage, do you do any auditing or checking to see how easy that is for the drivers and whether it is adhered to?

Mr Edghill: My understanding is that it is easy to do. One of the factors of the trial will be that there will be more drivers than buses on the loop. Given the operating hours are longer than the longest shift you could reasonably request somebody to undertake. We will be collecting patronage data from multiple drivers, so if we see any anomalies that we might not expect between the information recorded by different

drivers, that will give us the opportunity to more closely investigate why that may be the case.

MR COE: Sure.

Ms Fitzharris: I do not know if the CCTV cameras can provide another quality assurance as well to the process.

MR COE: When will the delayed timetable from last year actually be implemented?

Ms Fitzharris: As you know, there is a stop work meeting tomorrow, and I am optimistic the drivers will agree to the new timetable. If that is the case a six-week notice period needs to be provided to the schools in particular for their routes. We would expect to see it in late August. That will include the new services funded in the budget as well as those delayed from last year.

MR COE: Tomorrow's meeting, will that simply be a simple majority that is required? What is the authorisation you need from the TWU to make these changes?

Ms Fitzharris: It is from the drivers themselves.

Mr McGlenn: On the conversations I have had with Mr Pinkus, it will be a majority-rule vote.

MR COE: Who is chairing the meeting tomorrow? When you say it is the drivers, do you mean all drivers or TWU members?

Mr McGlenn: All drivers are invited to attend the meeting. The meeting is chaired by the TWU, as they have a majority; I think it is about a 90 per cent membership rate in our ranks. They will be asking the members to consider a change to the way driver breaks are applied, as handed down by the Fair Work Commission. We believed this was the best way of getting to all our drivers in one meeting.

We have had some very productive meetings leading up to this. We have given them a set of shifts to look at, Mr Coe. I was out there last week, a couple of early mornings, at Tuggeranong and Belconnen to talk to the drivers and ask them if they had any questions. They will go the meeting tomorrow. Mr Pinkus will put to them that it is a change to what they had won in the enterprise bargaining agreement, and I am fairly confident they will accept the way the breaks will now be applied.

MR COE: Have you offered additional compensation to the drivers if this goes ahead?

Ms Fitzharris: Not for the current arrangements.

MR COE: Going back to the vote of the drivers, is it a single vote or a single endorsement you are looking for, or is it going to be, in effect, voted on and you will accept partial endorsement on each initiative?

Mr McGlenn: My understanding is it is a single yes or no vote.

MR COE: Will ACTION be presenting at this meeting or will it simply be the union officials?

Mr McGlinn: It will just be Klaus Pinkus and the TWU delegates.

MR COE: “Your speakers”, did you say?

Mr McGlinn: Mr Pinkus and his four TWU delegates.

Ms Fitzharris: I also plan to take the opportunity to briefly attend, if I can manage the time, given that all drivers are on location. I have had the opportunity to meet drivers on a number of occasions but did not want to pass up the opportunity where they were perhaps all together to briefly address them tomorrow as well.

MR COE: What time is the meeting taking place?

Ms Fitzharris: The stop work is between 10.30 and 2.30.

MR COE: What time is the actual meeting taking place?

Ms Fitzharris: I do not know the precise details. Within that time frame.

MR COE: When do you expect to get a result?

Ms Fitzharris: By 2.30 tomorrow.

MR COE: You will be notified there and then.

Ms Fitzharris: Yes, I believe so.

MR COE: Finally, what is the voting arrangement? Is it secret ballot or is it a show of hands?

Mr McGlinn: At the current time, they will be sitting in either the eastern or western stand, depending on which way the wind is blowing. It will be a show of hands, Mr Coe, I believe.

MR COE: People get paid for being there?

Mr McGlinn: Only the drivers on shift.

MR COE: So the others do not?

Mr McGlinn: That is right.

THE CHAIR: The new ticketing system, will it be introduced before the introduction of light rail?

Ms Fitzharris: Absolutely, yes. It will be a new system for the integrated transport

network which will cover both the light rail and buses. It will be able to be used by customers seamlessly across both modes and also potentially for other purposes as well. We hope we have the possibility within this procurement of a new system to have some improvements to the existing MyWay system before light rail begins operating in late 2018, early 2019.

THE CHAIR: Will it be an off-the-shelf system?

Ms Fitzharris: We will look for the system which is best value for money for the territory and provides the best experience for the customer.

THE CHAIR: You mentioned other purposes? Are we having a ferry system?

Ms Fitzharris: No. For example, park and rides, bike and rides, bike cages. Potentially the technology sitting in behind new ticketing systems could enable a number of other functions. There are a lot of developments and the directorate is spending quite some time talking to other jurisdictions about what is working well and what is not.

Sitting suspended from 3.16 to 3.33 pm.

Appearances:

Corbell, Mr Simon, Deputy Chief Minister, Attorney-General, Minister for Capital Metro, Minister for Health, Minister for Police and Emergency Services and Minister for the Environment and Climate Change

Transport Canberra and City Services Directorate

Thomas, Ms Emma, Director-General, Capital Metro

Fleming, Mr Andrew, Chief Financial Officer, Capital Metro

Edghill, Mr Duncan, Acting Deputy Director-General, Transport Canberra

THE CHAIR: Welcome to the afternoon of the seventh day of the public hearings of the Select Committee on Estimates 2016-2017. The proceedings this afternoon will look at Transport Canberra and City Services output class 1, Transport Canberra and discontinued agency the Capital Metro Agency.

Please be aware that proceedings today are being recorded and will be transcribed by Hansard and published by the committee. The proceedings are being broadcast and webstreamed live. When you take a question on notice, it would be great if you could just indicate you have done that with words like, "I will take that question on notice." For those who come to the table, in front of you is the pink privilege statement. Could you please confirm for the committee that you have read and understood the implications of privilege?

Mr Corbell: Yes. Thank you, Mr Chairman.

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

Mr Corbell: Thank you very much, Mr Chair. I thank you and the committee for the opportunity to appear before you this afternoon. Today I am here along with my officials to answer questions in relation to capital metro's appropriation and key performance indicators moving forward into the Transport Canberra and City Services Directorate for the year 2016-17. This gives me the opportunity to reflect on a number of the achievements of the Capital Metro Agency. Indeed, this Friday marks three years since its establishment. In those years, the government has achieved what many thought was impossible regarding the development of light rail for our city.

The capital metro team has managed all aspects of the procurement, planning and design of stage 1 of a light rail network for our city. The agency is now delivering on the construction of this important election commitment to establish light rail in Canberra, which will lead to an integrated public transport system for our city.

The government is pleased that we have delivered on the procurement phase of this project, the largest ever undertaken by an ACT government, and that we have delivered it below projected cost estimates and within the schedule committed to the people of Canberra at the last election. I am confident that the project will continue to be managed with professionalism, integrity and rigour as CMA merges into Transport Canberra and City Services from 1 July this year.

The government has set the foundation for an improved public transport system for

Canberra. As I have said before, big things are not easy things to do. Important things take work, determination and a willingness to stay the course. I have been delighted throughout that the Capital Metro Agency has stayed focused on the tasks the government has given it.

With change, it is easy to be short-sighted, to knock a transformational idea for an alternative that will not stand the test of time. With infrastructure projects, robust planning and a visionary outlook are needed to ensure that we get our decision-making right. We are delivering this important project. We are moving into its delivery phase. Construction is about to commence, with utility works and other enabling works occurring next month.

During last year's budget estimates, the capital metro project had just released its request for proposals documentation to the short-listed bidders. There were matters at that time that could not be discussed due to commercial confidentiality. On 4 September last year, the government received two world-class bids from the short list of bidders to deliver the first stage of light rail for our city. These bids detailed each bidder's plans for the design, construction, financing and operation of the project. For four months, these bids were subject to a rigorous evaluation process, evaluating the details of each bid following stringent guidelines and protocols. The independent chair of the capital metro agency board, Mr John Fitzgerald, who has had extensive experience in working with infrastructure public-private partnerships across Australia, identified that the project practices implemented in this project were amongst the best he had experienced.

The evaluation process ultimately determined that the Canberra Metro consortium represented the best overall value for money and proven experience for the design, construction and operation of Canberra's first light rail line. I was pleased to be joined by the Chief Minister on 1 February this year to announce Canberra Metro as the successful bidder.

The project tempo since that time has rapidly increased, with contract terms being negotiated over the course of February to May this year. As members would be aware, in May this year I announced that contracts for the project had been signed and, subsequent to that, financial close was achieved on 24 May this year.

A topic of Assembly business for some time has been the project's business case. The business case has always been seen as a conservative assessment of the costs and benefits of the project. The CMA commercial team has been diligent in its preparation, conducting a thorough analysis to ensure that the government received realistic, trusted estimates and forecasts. I am pleased to say to the committee that that diligence has paid off, and the conservative nature of the business case has now been fully demonstrated.

At financial close, the capital cost of the project was identified as \$707 million, including a government contingency. This final contract cost is nearly 10 per cent less than the government's own estimates, and it now includes additional enhancements not forecast in the business case, such as the upgraded Alinga Street terminal and the new Civic plaza concept. Achieving such an outcome should not be underestimated or undervalued. It is a remarkable outcome for Canberra, and it is down to the

professionalism, capability and commitment of all of those who have been engaged in the delivery of this project.

Scoping and procuring a transformational infrastructure project is one thing, but making it fit for purpose to suit the commuting needs of future generations and yet also affordable to safeguard the ACT budget against global and local economic fluctuations is another.

I am aware that critics continue to claim the project is unaffordable, but the reality is that the project represents less than one per cent of the territory's annual budget over the term of the 20-year contract. The annual service payments are manageable and, more importantly, linked to service key performance indicators. These KPIs provide the government, and in turn the community, with the reassurance that the Canberra Metro consortium will be accountable to deliver a functional, reliable and valued light rail system well into the future. By linking the service payments to the KPIs, the government can ensure that the community continues to achieve value for money beyond the construction stage. For example, if a light rail vehicle or stop is not clean and in good running order, the territory may abate payments to Canberra Metro. This is a significant driver to ensure that Canberra Metro works hand in hand with the government to provide a high quality customer experience for passengers.

Moving forward, this year's budget recognises the merger of the Capital Metro Agency with the Territory and Municipal Services Directorate into the new Transport Canberra and City Services Directorate. This is a significant point for me and the project as a whole, as it means it now passes to the responsibility of Minister Fitzharris to progress the greater vision of an integrated public transport system for our city.

Light rail will make life better for Canberrans. As stage 1 of the light rail network is rolled out, we and future generations will be able to use light rail to travel to work, to go to school or to go to university. We will be able to use it to go shopping, to go out for dinner, to enjoy Canberra's night life and to visit our many local attractions and events.

By ensuring its integration with ACTION buses, passengers will receive a world-class public transport experience. With a single ticketing system and fare structure, coordinated timetabling and modern services such as wi-fi, passengers will be able to use their time better than sitting in long traffic delays or having the increased burden of petrol, parking and other vehicle costs. Light rail will also support some of Canberra's most vulnerable, providing users with a safe, accessible and reliable transport system for many decades to come.

It is worth highlighting that in the current budget before this committee the new directorate will also be delivering an active travel for schools and shopping centres capital initiative. This program is an extension of the inter-directorate ride or walk to school initiative to encourage more children to bicycle or walk to school. This initiative will reinforce an educational campaign on the benefits of active travel in and around schools and shopping centres.

This is what projects like light rail construction do and will continue to do. They

create new ways of thinking, new interests, new directions and opportunities across different sectors. We have already seen this, for example, with the decision by the University of New South Wales ADFA to open its civil engineering course to civilian students for the first time and their commitment to working with the winning consortium to provide training opportunities for those students on the Canberra metro project.

We are seeing new opportunities for investment and development, with many developers, real estate agents and investors attracted to the Northbourne Avenue corridor. We have first homebuyers and mum and dad investors looking at purchasing along the corridor. We are seeing international interest in local business, universities and tourism. Matched with international flights, light rail supports long and short stay visitors by providing them with a convenient and reliable means of transport without the need to simply use a car.

This is a project where the benefits extend beyond simply getting someone from A to B in an efficient manner. It is a project which will lower greenhouse gas emissions, support smarter land use, make it easier to connect and use local businesses, and increase connections between individuals in our community.

THE CHAIR: Minister, is—

Mr Corbell: In closing, Mr Chairman.

THE CHAIR: That is very good, minister. It is not brief.

Mr Corbell: I reiterate that the government will continue to focus on its 2012 election commitment to deliver light rail to the community. We have reached a significant milestone in the signing of contracts and commencing construction since the last budget estimates. I and my officials would be very happy to try to answer your questions.

THE CHAIR: Thank you for that. I will get you a dictionary which explains the meaning of “brief”. On page 18, table 10—

Mr Corbell: I thought that was pretty brief, Mr Chairman.

THE CHAIR: It was about 12 minutes. It is about one-tenth of the time the committee has for questions.

Mr Corbell: It is a big project, Mr Chairman.

THE CHAIR: Brief is brief, minister. There are three accountability indicators for light rail: that track laying has commenced; construction of stops has commenced; and light rail vehicles have been ordered. When will the laying of the track commence?

Mr Corbell: I will ask Ms Thomas to answer your question, Mr Smyth.

Ms Thomas: Thanks for your question. The laying of track is part of our permanent works activity, and before we get to permanent works we have a number of activities

that we need to go through for the development of the project.

The first is quite a detailed design process, which we are embarked on at the moment. We need to work through a number of stages of design. Those designs then need to go through review by both the Capital Metro Agency and other directorates within the ACT government, and also be referred to our independent certifier to make sure that they are correct. On completion, and as we go through those stages, we need to apply for various stages of planning approvals for each element of the works.

So the enabling works will happen first. Those enabling works will start to look at utilities along the corridor, start to look at marking out boundaries, start to move or protect those utilities. They will be the initial works that will happen. Then works will start on the actual permanent works, which will involve the laying of the track slab amongst a number of other activities such as landscape design and everything else. We expect those permanent works will be happening towards the later part of this year in some locations. They will not happen all at once across the whole corridor; they will be done in a staged fashion via precincts along the corridor for the delivery of various phases. So you will not see laying of tracks occurring all at once along the whole corridor.

THE CHAIR: Is there a specific month? September, October, November, December?

Ms Thomas: I think it will be close towards the end of the year. I do not have a specific month for you. At this stage we are still working through the final delivery of the construction program from the consortium. They have a number of days to produce that to us. Until we get that program, we will not be able to give you a specific time.

THE CHAIR: So the fourth quarter rather than the third quarter of this year?

Ms Thomas: Fourth quarter; that is correct.

THE CHAIR: Construction of light rail stops: when will that commence?

Ms Thomas: Construction of light rail stops is again part of the permanent works that will happen. Again, whilst I do not have the exact dates because we are still waiting for the delivery of the very distinct and discrete construction program, that will start towards the latter part of the year.

THE CHAIR: When will you get the detailed time frame of the permanent works? When is it due?

Ms Thomas: I am informed that it will be the middle of July when we receive that detailed program.

THE CHAIR: Will it be made public when it is received?

Mr Corbell: That is a matter I would have to seek some advice on.

THE CHAIR: Are you running this project or is Ms Fitzharris running this project?

Mr Corbell: Ms Fitzharris becomes responsible for this project on 1 July.

THE CHAIR: If it was available in mid-July, would it be available to the committee to inform our deliberations?

Mr Corbell: I would be happy to take the question on notice.

THE CHAIR: Indicator c is that light rail vehicles have been ordered. When are they expected to be ordered?

Ms Thomas: The light rail vehicle orders—my understanding is that they went on pretty much as soon as we signed our head contract. The vehicles have already been ordered.

THE CHAIR: The output class is unclear—and I think, Ms Thomas, you were here earlier—as to how much of the \$129 million in output 1.1 is dedicated to capital metro. Do you have an updated figure, or do you have a figure?

Ms Thomas: It is part of the budget statements. I refer you to table 24 on page 27 of the budget statements. I am just looking for the exact numbers. There is a transfer, CMA to TCCS. You will see the numbers there: \$5,213,000 for 2016-17, \$4,638,000 and \$4,483,000. They are the numbers that are transferred for recurrent budget. If you remember from our budget hearings last year, the project, as it moved into its delivery phase and once it was approved by government, had some of its costs capitalised and other costs remained in recurrent budget. That explains the recurrent budget and its portion to TCCS. There is also a capital budget that goes with that for the agency. That has again been moved to TCCS. Does that answer your question for the part of the portion of \$129 million?

THE CHAIR: Yes. That is what is transferred. Is there any additional?

Ms Thomas: No, there is no additional for the recurrent budget.

THE CHAIR: And when it is operational how many employees will there be in capital metro?

Ms Thomas: It is probably too early for us to consider that but Capital Metro Agency itself will not really exist as a separate agency unless it is decided by the government of the day that it will be delivering future projects or some form of procurement. Our forecast in terms of the actual operational side will happen as we get closer to the time of being operational and what people we need in place. But with transport Canberra bringing together light rail and buses I can forecast that both of those groups will be managing contracts across both light rail and bus at the time.

THE CHAIR: On Friday how many staff will work on capital metro inside the new Transport Canberra and City Services Directorate?

Ms Thomas: I just want to check my understanding of your question. Are you asking how many people are working in Capital Metro Agency as a whole right now or just

the people who are working with—

THE CHAIR: How many as of today are in capital metro and how many on Friday, 1 July, will be working in TCCS on the delivery of capital metro?

Ms Thomas: If I can answer the latter part of that question first, the budget for 2016-17 that has been transferred to TCCS is for 52½ FTE. That is made up of 26 FTEs in the corporate areas of governance, communications and finance, and 26 ½ FTEs working directly on the light rail project. As we have always stated in our budget statements in the past, just because we budget and apply for those FTEs, some positions may actually be taken by contractors rather than government FTEs. It is not an exact number.

I will also add, and this is an important point, that our FTEs that we are migrating across into the new agency from the corporate areas of communications, governance and finance become part of a larger TCCS and people will not necessarily be able to be badged with one or the other. We will have a proportion of people doing work for our light rail project but they will not be an exact number.

In terms of the number of FTEs currently I might need to take that on notice so that I can find the answer and get back to you before the end of the session.

MR HINDER: Minister, in your concise opening statement you mentioned that there were penalties for lack of cleanliness and those sorts of things in the operational phase. How will the performance of Canberra Metro, the contractor, be monitored or assessed by your agency and are there other penalties for underperformance? And if so, what are they?

Mr Corbell: If you like, there is an abatement regime for a broad range of matters. That involves the performance of the consortium in the delivery, both of the service and the infrastructure for light rail. I will ask Mr Edghill to elaborate on those matters.

Mr Edghill: Certainly. Within the contract there are a number of KPIs which Canberra Metro will need to meet during the operating phase. They relate to service quality indicators—everything from the cleanliness of the stops, the cleanliness of the alignment itself, the cleanliness of the light rail vehicles. There are also measures around availability and on-time running. Depending upon which of those indicators we are looking at will determine how they are monitored—and that goes to the previous questions about the need for some ACT government staff during the operating phase—because we need to make sure that we are appropriately managing the contract, to ensure that those service quality standards are being met and to give effect to the payment mechanism under the contract and any abatements which may occur.

In the case of availability and on-time running there will be automatic measuring points along the route which can tell us whether the light rail vehicles turned up; not only whether they turned up but whether they left early or late. There are penalties under the contract for leaving both too early and too late.

With regards to service quality standards, the contract goes into some detail about the

amount of litter that is tolerable before you step into greater abatement of the amounts that we pay them. Part of that will be the territory making its own observations on the service quality of the system once it is operational.

There will be other KPIs which are driven by amounts of fare evasion that the territory finds in the system. There are also transport surveys which need to be undertaken during the contract. There are a number of different and detailed indicators which we will monitor, and the way that we monitor depends upon which of the KPIs we are looking at.

Mr Corbell: These are all important matters for the government, particularly around obviously the reliability of the system, the timeliness of the service that is provided, and there is a strong financial incentive for the consortium to deliver those services in a timely way.

Equally, though, there are other considerations that are often not factored into the costs of other large infrastructure projects like this, for example, landscape maintenance. Often it is the case with the delivery of a large piece of infrastructure that you get a great landscape outcome initially but then over time the landscape quality deteriorates because there is no provision for ongoing maintenance of that extra asset. A good example of where these problems arise is the overpass that was constructed by the NCA for Kings Avenue at Russell, the Kings Avenue parkway overpass, where the landscape quality there, I regret to say, is not as it was when it was first delivered because there has not been any ongoing maintenance of it.

In contrast, this project will require the consortium to deliver and maintain the landscape outcome at the required level throughout the contract term and if they do not, they do not get payment for that. These are important measures, I think, to provide reassurance to the community that there is an ongoing capacity to protect the landscape outcome in particular and make sure that it is maintained at the level expected which will be present there on day 1 when it is brand new and shiny.

MR HINDER: I saw reference in some documents to something called a meadow, which appears to take up the land not used by the station itself and which is also useful for directing the ingress of passengers, by the look of it. Is that the sort of landscaping you are talking about?

Mr Corbell: That is right. The urban meadow treatment, the landscape planting in the median, in the area immediately proximate to the right of way itself and the stations—that is going to be a beautiful treatment of the avenue but it does require a level of maintenance to keep it at an appropriate standard befitting of that very important avenue. It is a requirement of the consortium that they maintain it and keep it well maintained and well presented throughout the contract term, and an abatement regime will apply if they fail to keep it at that standard.

MR HINDER: I assume these parts of contracts are intended also to result in perhaps a higher quality incentive for the operator to install infrastructure and plants et cetera that are of good quality to reduce their future maintenance expenses on such things.

Mr Corbell: I think that is a fair observation. Obviously the consortium makes a

judgement as to what the cost will be over the full term and what is the most efficient way of maintaining the asset, therefore ameliorating any potential abatement regime that may be applied to them. Obviously they make that trade-off in terms of their assessment, but what we have also seen as a result of the territory being very clear about the need to maintain that asset at a particular standard is that the consortium has engaged local landscapers, for example, with good experience of how our climate needs to be taken into account to provide a high quality landscape outcome. That is a positive sign on the part of the consortium that they are treating this matter seriously.

THE CHAIR: Ms Burch, a new question.

MS BURCH: By the end of this week capital metro will move into TCCS. There has been a lot of investment in getting the PP up, doing the business-case work and all of that, and you are effectively soon moving into—I think you have described it as—contract management. Will all that skill be able to move into the new experience now of TCCS managing for the first time a large PPP in contract management?

Mr Corbell: I will ask Ms Thomas to answer your question.

Ms Thomas: Thank you for your question. I am really proud of the team that we have developed as part of the Capital Metro Agency and over the past few months we have certainly added to that team. We have some people with us today, such as Scott Lyall, who is to my left, and members of his team who have been working through the delivery of a PPP and have delivered PPPs in the past.

On top of that, the people who are delivering and looking at the actual delivery of the contract will remain as a unit within transport Canberra, and one of the good things about the continuity of both Mr Edghill, who is in the acting deputy director role, and me is that we have obviously had quite a lot of experience in the procurement part of the contract. We are aware of the risks that exist with the project, and we can manage and monitor them carefully throughout.

As we then transfer through to the actual operational stage, we will see another change in the way that we deliver things, and that is the change I was referring to earlier as we get into that delivery and operations phase of the contract. But at the moment our team is made up of very experienced people—people from throughout the industry, people from around the world—who are very competent and highly engaged in the delivery of the capital metro project.

MS BURCH: In budget paper 3 on page 122, there is reference to better public transport engineering support for light rail. That goes to that increased capacity within your unit to go through purchasing, business case or contract management?

Mr Corbell: That funding is going to TCCS proper, not to Capital Metro Agency per se. TCCS will have an important role around its assessment of infrastructure for asset acceptance purposes and a need for additional capability to do that work, because there will be a very high volume of detailed engineering plans coming through that require sign-off on the part of TCCS, as is the case for any other infrastructure acceptance role it performs for other projects across the territory. This gives the directorate the capability to perform those functions.

MS BURCH: So it is around engineering infrastructure across the agency, not necessarily just for light rail?

Mr Corbell: Certainly light rail is a consideration in our assessment, but obviously there is a range of projects that come through the directorate that have that requirement placed on the directorate.

THE CHAIR: Mr Coe, a new question.

MR COE: The documents that were tabled in the contracts register a few weeks ago—was that the project agreement or the full contract?

Ms Thomas: Thank you for the question, Mr Coe. It was the full contract. The contract is made up of the project agreement and a number of attachments to that project agreement. All of those materials were placed on the website. I understand that the STRs, the specification requirements—it was a very large document—took a while to upload through the procurement process, but they are all up there, and they were all up there on that day.

MR COE: There are separate design and construct contracts and there are operate and maintain contracts. They are separate contracts, aren't they?

Ms Thomas: No, that is not true.

Mr Edghill: There is one contract, which is the project agreement, which is the master of everything. Part of what we do as the territory is to make sure that we have a line of sight through to subcontracts within Canberra Metro's realm. One of the reasons for that is as a security measure for the territory. If, for example, there was a contract partner within Canberra Metro which was to suffer problems, or if there was an issue with the SBB company itself at the top of the Canberra Metro tree, we have O&M and D&C direct deeds which give the territory the ability, if it so chooses, to step in. It is purely a security measure, the security documents, for the territory. When you see the O&M and the deeds, they are direct deeds as attachments to the project agreement.

MR COE: Who actually signs the D&C and the O&M contract? Is the ACT government a signatory to all those contracts or not?

Mr Edghill: The territory just enters into the project agreement. The actual agreements for design and construction of the system are a downstream arrangement between the Canberra Metro head entity and the head D&C joint venture. They, of course, will have their own subcontracts underneath that, and likewise with the O&M agreements. The territory's contract is with Canberra Metro through the project agreement.

MR COE: Will the D&C and the O&M contracts be published?

Mr Corbell: No, because the territory is not party to those contracts.

MR COE: Right. In terms of the deed that you said the territory has with Canberra Metro, what actual powers does that give the territory in the scenarios that you mentioned—if one of the partners goes into financial difficulty or cannot fulfil? What actual powers do you have in the deed and can you actually inspect the downstream contracts as well?

Mr Edghill: Certainly we have sighted those contracts. That was part of our due diligence process in signing the project agreement in the first instance. Depending upon the nature of what may be occurring, financiers have a right of cure, so it ties in with the default regime under the contract. Typically, it is in everybody's interests that the financiers have first dibs at fixing whatever the problem is because they have a very strong financial incentive to make sure that the project is delivered on time and appropriately. But once you go through a series of events, even if notwithstanding the financiers have failed to cure a default, then there is the option for the territory to step in, if it so desires, to either novate that contract to another party or come up with some other arrangement or to directly contract with the D&C party. But that is just part of the security arrangements which are built into the project agreement.

MR COE: When were the D&C and O&M contracts signed?

Mr Edghill: As part of the close process. They were signed, from memory, the day before we signed our contracts. There was a very big signing process involved. We had senior representatives from each of the key Canberra Metro partners, effectively, all in a room together with all of the lawyers where they signed first. The last party to sign was the territory. As I said, part of our due diligence process was ensuring that they had signed everything that they were meant to sign first before we committed the territory to the agreement.

MR COE: Where did that signing physically take place?

Mr Edghill: The signing of the project agreement occurred in Clayton Utz's—our legal advisers—offices here in Canberra.

MR COE: Minister, on the day of the signing of the contract, did you or any other representative of the government go to Sydney?

Mr Corbell: On the day of the signing? No.

MR COE: No-one from the Capital Metro Agency went to Sydney for any events there?

Mr Corbell: Not on the day.

Ms Thomas: Events? No.

Mr Corbell: No.

THE CHAIR: If we go back to page 27 of budget statement H, the line below the transfer from capital metro to TCCS shows service payments of \$40 million in 2018-19 and \$46 million in 2019-20. When do you expect the service to commence?

Mr Corbell: Late 2018, early 2019.

THE CHAIR: So there is not a fixed date—1 November, 1 December?

Mr Corbell: The contract that was published specifies 31 August 2018.

THE CHAIR: So are you saying that has slipped?

Mr Corbell: Services commence when the rolling stock has been tested and it is ready for public operation.

THE CHAIR: So when is the first passenger able to ride?

Mr Corbell: As of the end of August is the contractual term.

THE CHAIR: The end of August. Yes, that would be about right. Can you compare those numbers to the numbers that occur on page 352 of budget paper 3? They are both entitled “service payments”, but the numbers are quite different.

Mr Edghill: Without having it in front of me, the table on page 27 relates to the recurrent component. On page 27, that is not the entirety of the service payment. There is also a capital component to the service payments. Having quickly done the maths, I think if you add the recurrent component to the capital component you should be getting close to the number which is on page 352.

THE CHAIR: The capital contribution is \$375 million.

Ms Thomas: On page 31 of budget statement H are the technical adjustments. You will see the capital costs of the light rail project associated with those payments there. The PPP service payments at the bottom of page 31—if you add them to the other payments then you get the total service payments, if you like. The accounting treatment requires that we separate capital and operational costs, so they are reported separately in the budget statements.

THE CHAIR: If we add the \$271 million to \$104 million, that is \$375 million. Why is it shown differently in the statement on page 352 given the capital contributions are pulled out?

Mr Edghill: May I clarify which numbers we are looking at here?

THE CHAIR: We are on BP3, page 352. There is the line “capital contribution” of \$375 million. We normally separate recurrent from capital. Why would you show on page 352 the technical adjustment on page 31 as combined capital and recurrent? You have already got a capital contributions line.

Mr Corbell: Page 31 of which document, Mr Smyth?

THE CHAIR: Your page 31 of H, Mr Corbell.

Mr Corbell: I am just seeking clarification, Mr Chairman.

Mr Edghill: My understanding is that on page 352 we are looking at the entirety of the service payment, but on page 27 we are just looking at the recurrent component. That recurrent-capital split is that you have got the recurrent component shown on page 27 and then if we go over to pages 31 and 32 we can see a capital component—if that is the capital section that I am looking at.

THE CHAIR: On page 31 it is called a PPP service payment. On page 32 it is called “capital contribution”. If it is capital, why is it not identified as capital?

Mr Edghill: The capital contribution of \$375 million is shown as capital because it is in the capital section. I think on page 352 it is also identified as being a capital contribution.

THE CHAIR: No, but on page 31, the 271 and the 8.7 million—why are they not identified as capital?

Ms Thomas: It is on the next page, on the top of page 32.

THE CHAIR: On page 32 it says “capital contribution”.

Ms Thomas: Yes.

THE CHAIR: On page 31 it says “service payments”.

Mr Edghill: Yes. My understanding, though, is that it should be read in conjunction with the heading at the top of page 29, which is relating to capital injections.

THE CHAIR: Which takes you back to page 352. If you separate out the 375 million as a capital contribution, why do you not separate out the 271,000 and the 8.7 million as a capital contribution or a capital payment?

Mr Corbell: Where are you referring to?

THE CHAIR: If accounting treatment says in budget statement H that you have to separate the two, why does the same accounting treatment not exist on page 352?

Mr Corbell: I think your question is a little unclear, Mr Smyth. Where are you referring to the 271 figure? Could you clarify that, please?

THE CHAIR: On page 31 of budget statement H.

Mr Corbell: Yes.

THE CHAIR: The reason in budget statement H that payments are split, we were told, is that the accounting treatment demands it; yet in budget paper 3 it would appear the accounting treatment does not demand it.

Mr Edghill: The 375 in its entirety is treated as a capital pay down.

THE CHAIR: I am happy with that. It is the 271 and the 8.7 that are combined as a service payment. You said that in budget statement H they are on two different pages because that was the accounting treatment. Surely the accounting treatment applies across the entirety of the budget papers, and they should be separated.

Mr Corbell: I will ask the CFO to assist you, Mr Smyth.

Mr Fleming: The 271 and the 8.753 are the portion of the service payment that relates to the repayment of the loans outstanding as part of the overall PPP arrangement. The 375 million is the territory contribution before the service payments were actually worked out.

THE CHAIR: No, I understand that. If they are split in budget statement H, because we were told it was the accounting treatment—recurrent and capital—why is that not the same in budget paper 3?

Mr Fleming: That is just showing the total service payment that is actually made. It is including the capital portion and the operating portion—the capital portion being the repayment of the loan and the operating portion being the operating expenditure—and the other expenses as part of the availability payment in total.

MR COE: Mr Smyth is asking why are they grouped together there when they are not grouped together elsewhere?

Mr Fleming: One thing that you can see is the effect of it in the lease liability number. I think the move from 325 to 316 should equate to approximately the 8.7, which is shown in 31. That is how it comes through.

THE CHAIR: No, the addition is fine.

Mr Corbell: I think, Mr Smyth, what I would say to you is that if you have further questions about the presentation in table C1 on page 352 of budget paper 3—which would appear to be your concern—this element of the budget is prepared by the Treasury in terms of the presentation, PPP, at a whole-of-government level. Given that your questions relate to presentational issues within that table, I would suggest to you that my officials are not able to give you any further advice on that. You may wish to place a question on notice to the Treasury.

THE CHAIR: All right.

MR COE: If you are going to take a question on notice, the easiest way to resolve this, aside from the actual presentation, would be: are you able to provide the projected availability payments, service payments and the breakdown of those, which is the operational and maintenance, finance and capital—those three streams?

Mr Corbell: What I would first of all say to you, Mr Coe, is that the availability payment regime is disclosed in the contract summary that the government published.

MR COE: Only as an average.

Mr Corbell: It is disclosed on a year-by-year basis.

MR COE: If I am not mistaken, is that in nominal or is that in present value?

Mr Corbell: It is in nominal terms. Further, you can see the split of what those components of the total payments overall are in the table on the following page, again in the contract summary.

MR COE: What I am actually looking for is whether that information in table 6 at page 14—for instance, the \$54 million in 2020—is broken down into capital finance, and operational and maintenance?

Mr Edghill: In the contract summary it is not specifically broken down, but if you look at table 7, where we split out the NPC, that will give you a sense over the entirety of the term as to which component relates to D&C and which is operating.

MR COE: That is right. It does give a net cost, but I am after the nominal cost for each of those years. You have got the availability payment at table 6, page 14, of the contract summary.

MR HINDER: Chairman, I do not have these documents. Is it possible to get a copy of what Mr Coe is talking about?

MR COE: Yes, it is online.

MR HINDER: But it is the inquiry that we are trying to value-add to here.

MR COE: Yes, fortunately the minister has a copy. I am after the breakdown of those 22 payments or thereabouts. Can you provide that?

Mr Corbell: I will take your question on notice, Mr Coe.

MR COE: Thank you.

THE CHAIR: Is it possible, therefore, to provide—are the total interest payments year by year also included in the contract?

Mr Corbell: I beg your pardon?

THE CHAIR: The total interest payments, the interest payment per year; is this included?

MR COE: That is one of the components in those availability payments. Hopefully, if we get the answer to the previous question, we should get that as well.

THE CHAIR: So that will come as well.

Mr Corbell: Sorry, to clarify your question, are you adding a supplementary effectively to Mr Coe's?

THE CHAIR: Yes, included in that will be the interest payment.

Mr Corbell: Including the interest component?

THE CHAIR: We will get service costs, the interest and the capital?

Mr Corbell: Yes.

THE CHAIR: Yes.

Mr Fleming: In budget paper 3, appendix C, it is split down for the two years in the budget.

THE CHAIR: Yes, we have got the first two years, but you can provide the rest, yes? What is the implied interest rate in the contract?

Mr Corbell: I am advised that that figure is sensitive to the consortium because it could reveal the nature of their commercial arrangements with their financiers and others.

THE CHAIR: But it is—

Mr Corbell: So it is not disclosed in the documentation.

THE CHAIR: That is correct, but it is a payment we are making and we will appropriate money to cover it. So why can we not know what the number is?

Mr Corbell: Because it is commercial in confidence.

MR COE: Why do you discount it at 7.52 per cent?

Mr Edghill: That is the PPP discount rate that was calculated in accordance with the methodology set out in volume 5 of the Australian government's national PPP guidelines. It includes a risk-free component as well as a systematic risk premium.

MR COE: That is useful for the overall project and especially for comparing it against other projects. But I am curious as to why for budgeting terms the \$939 million figure would come out at a discounted rate of 7.52. Does that \$939 million include the \$375 million capital contribution made in 2019?

Mr Edghill: Yes.

MR COE: The headline figure of \$939 million?

Mr Edghill: Correct.

MR COE: If I go back to table 7 of the contract summary, which I think you have probably still got open there, the territory contribution is that \$305 million—in that

table?

Mr Edghill: In net present cost terms, correct.

MR COE: That is right, \$305 million. How would you get a net present cost of \$375 million in 2019 to \$305 million as of 1 January 2016?

Mr Edghill: That is just mathematics. If you take 375 at the date where we are to pay it, which is a short period after services have become operational—so at the back end of 2018—if that is discounted at a 7.52 per cent rate to a measurement date of 1 January 2016, then the mathematical outcome is 305.

MR COE: Why would you use the 7.52 per cent discount rate for the next 2½ years when we know for a fact that the cost of finance, especially for the budget, is not going to be 7.52 per cent? Why would you not actually use either an inflation rate or an RBA rate and therefore get to a present value of 355 perhaps rather than 305?

Mr Edghill: The application of the 7.52 per cent discount rate applies to all of the cash flows over the approximately 23-year term of the contract. It is a nominal discount rate. If one were to simply strip out inflation from the cash flows, you would need to apply a real discount rate to the cash flows and you would end up with the exact same number. So if you use a real discount rate on real dollars and a nominal discount rate on nominal dollars, you will arrive at the same amount.

It is calculated in accordance with the national PPP guidelines, which make reference to the capital asset pricing model. When you are looking at the CAPM model, the discount rate to be using is a long-term risk-free rate and then a systematic risk premium is applied. That is how we, in conjunction with analysis undertaken by EY, arrived at a 7.52 per cent discount rate.

It is not correct to say that you simply take out inflation to arrive at a net present cost figure. If I could use a simple example, imagine that the risk-free rate is the long-term average of commonwealth government bonds and just say that is providing a yield of five per cent and at the same time inflation is two per cent. What you are doing with the CAPM model is trying to get to a point where you are comparing like for like and where, in simple terms, on day one a rational investor is indifferent between the amount on day one or some sort of future amount.

If I were to use those figures as a hypothetical, if an investor had the choice between taking \$100 today or \$102 in a year's time, which is just inflated at inflation, the rational investor will always take the \$100 today because they know that they can invest that money risk free at the risk-free rate. That is telling you that by simply taking out inflation, you are not getting back to a like-for-like net present cost comparison.

MR COE: In effect, there is a—

THE CHAIR: We will have to wrap up, Mr Coe. This last one and then another supplementary.

MR COE: Yes, in effect, there is a forgone opportunity cost in that situation, in the example you are talking about, because of the opportunity cost of having the \$100 today. In that sense, why is there no opportunity cost included for the \$375 million nominal figure as of 2019? That is \$375 million of capital that will not be available for the subsequent 21 years of the contract. So why is an opportunity cost not factored into that \$375 million either?

Mr Edghill: The \$375 million is discounted at 7.52—

MR COE: For two years.

Mr Edghill: It is just a function of the timing of that payment. Underneath the table, for completeness, we also show you what the NPC would like look at a different discount rate applied just to the territory contribution, which is the 6.52 per cent. That is the mathematical answer to it. What we have done is wholly consistent with—

MR COE: But there is still an opportunity cost for spending that \$375 million in 2019.

Mr Edghill: The other way to look at it is that those funds have been effectively guaranteed through the commonwealth's asset recycling scheme; so we do not look at it the other way either and say that we have got the benefit of those amounts today. What we have done is correct in the context of the PPP guidelines.

THE CHAIR: We will leave it there. You can follow up later. Mr Hinder has a supplementary.

MR HINDER: Minister, I am a little confused. I hear figures of \$3 billion and I hear figures of \$700 million-plus. What exactly is the construction cost of the contract for the project?

Mr Corbell: The construction cost of the contract is—the total cost is estimated at \$707 million.

MR HINDER: So the lower end of that range I gave, I would suggest.

Mr Corbell: Yes. It is significantly under the cost assessment released by the government in the business case. It is significantly lower than the figure initially projected previously. The previous business case estimate was \$783 million. The outcome cost in the contract is \$707 million. The difference is just under 10 per cent—9.7 per cent—better or \$76 million better than that estimated in the business case.

MR COE: Is that a nominal cost or a present day cost?

MR HINDER: I am still asking questions.

Mr Corbell: It is a nominal cost.

MR HINDER: What—

MR COE: As of what year?

MR HINDER: And then what are the availability payments exactly?

Mr Corbell: For each year or what is an availability payment?

MR HINDER: Yes, can you inform me what they do and how much are they as far forward as you have got numbers for?

Mr Corbell: The availability payment regime extends out to 2039. It will be the period in which the territory makes an annual payment effectively to the chosen consortium for the delivery of the project and its ongoing operations. This includes both the capital cost of the construction of the light rail line and the purchase of the associated rolling stock and other materials and then also a regular payment for operation or costs associated with the operation and delivery of the service over the contract term.

MR HINDER: You have got the construction; you have the operations over the 20 years and the financing. What is all that going to cost?

Mr Corbell: The total cost is \$939 million.

MR HINDER: \$939 million.

Mr Corbell: In present cost terms.

THE CHAIR: That was a supplementary. You have a new question.

MR HINDER: New question: how is it that the Capital Metro Agency has been communicating and engaging with all of the stakeholders?

Mr Corbell: Thank you, Mr Hinder. The Capital Metro Agency has been extensively engaged in talking with stakeholders throughout the development and delivery of this project to date. In the most recent year the focus has been on, particularly in the past six months, identifying issues around the works approvals that are required for the delivery of the project from the National Capital Authority and also the development approvals required under the ACT planning regime.

Capital Metro Agency has been closely engaged in working with stakeholders along the route, particularly where we know there are potential impacts during the construction stage. That has involved, in addition to the series of public notifications that are required under the relevant planning legislation, a range of other outreach activities with the community designed to answer questions but also to get feedback on issues of concern.

A couple are worth highlighting. The first is in relation to the Magistrates Court car park compound and the proposal to use elements of the Magistrates Court car park on the corner of London Circuit and Northbourne Avenue-Vernon Circle for a construction compound. Initially it was identified that there would be a requirement to use part of that car park as a construction compound during construction period of the

project. Capital Metro Agency worked closely with stakeholders in the surrounding area. I am particularly grateful for the work of our place managers who have been out talking to people face to face for an extended period of time, both in the city but also in Gungahlin.

They have worked closely with property owners, and business owners in particular, in that area around the Melbourne Building-University Avenue area in, first of all, ameliorating the impact of a possible compound on that site. We were able to significantly reduce the amount of space required for a possible compound on that site as we worked through those issues with stakeholders.

Ultimately, of course, it was determined that we did not actually require that site at all for a construction compound, which obviously was welcomed by the traders and property owners in the area. But I think it points to the extensive work that our place managers, and more broadly the community engagement team in CMA, have put in to make sure that we are talking with people potentially affected at all times through this project.

Another good example is the work that has been undertaken up near Swindon Street in Downer adjacent to the Northbourne Avenue-Antill Street intersection. A number of bed and breakfast operators along that strip are concerned about changed egress and exit arrangements for traffic in the side road, the side lane that abuts on to Northbourne Avenue between Swindon Street and Antill Street. Again, CMA place managers have worked closely with the business operators there. Those business operators also approached me. I had a constructive meeting with a number of representatives there.

As a result, we have worked through the issues that were raised by stakeholders in relation to access and egress and have made a number of modifications to the design proposals, which have subsequently been approved by the National Capital Authority, to make sure that access and egress is to a satisfactory standard for those business operators and their paying guests.

I think that is, again, another good example of public consultation and engagement that CMA undertakes and will continue to undertake as we work through the project, recognising that the Canberra Metro consortium itself will take over a significant part of the public engagement consultation work because they will be the party actually physically delivering the works.

They have, again, significant obligations on them under the contract to both inform and work with the territory when it comes to public consultation notification requirements for physical works but also they will need to engage directly with the community as the project delivery arm of this project in working with the community about the specifics of the construction timetable and associated works and diversions and redirections that may occur from time to time as part of the project.

MR HINDER: Your officers have engaged with the business community to minimise negative impacts to the local businesses and workers. What other opportunities does this project bring for local companies and workers?

Mr Corbell: Thanks, Mr Hinder. The government is also working very closely with the Canberra Business Chamber. The Canberra Business Chamber are being supported by the government to run their light rail business link program. This is an initiative the chamber put forward to the government as a proposal that it wanted to see put in place. The government was pleased to agree with the chamber to provide them with support to do that.

The business link program is encouraging local Canberra businesses to be engaged with the consortium. For example, earlier this month there was the second of what are quarterly forums hosted by the Canberra Business Chamber to address local Canberra businesses with their questions, comments and interests on the project.

Over 100 local Canberra businesses were represented at the second quarterly forum. The CEO of Canberra Metro, Martin Pugh, and the D&C manager, Kevin Brady, both addressed that meeting and spoke about what upcoming work packages were going to go to the market. They reiterated their commitment to sourcing skills and equipment locally to the greatest degree possible.

To that end, the Canberra Business Chamber is also developing a suppliers list and is encouraging local businesses to make sure that they get their names on that suppliers list so that they are known to the consortium. That gives them a greater opportunity to win business as part of this project.

I think that really highlights that the government and the consortium itself are very committed to engaging local labour and local businesses to the greatest extent possible to deliver this project. That reaffirms the government's commitments around our local business contributions that we expect as part of the contract.

THE CHAIR: Ms Burch, a new question.

MS BURCH: A supp on that?

THE CHAIR: A supplementary. Mr Coe has just indicated he has a supp; then Ms Burch with a new question.

MS BURCH: It would be promoted and advertised how different businesses of all sizes and types could be involved in getting on the list for services in construction?

Mr Corbell: Yes. The Canberra Business Chamber have been engaged to do the outreach directly to local business, recognising that they have a very strong network of connections into the local Canberra business community. We are really utilising their expertise and their skills to act as a gateway and a promoter of the opportunities that exist for local business. In addition to that, Canberra Metro themselves will be engaged in promotion and advertisement of business opportunities as part of their own direct tender processes.

MS BURCH: It was raised in this committee last week—I think unfairly, in a negative sense—that capital metro would be employing directly a significant number of workers in the construction industry. It gives them secure employment under good conditions, I would imagine. Was that part of the purchasing arrangements, or is that

just something the provider came to?

Mr Corbell: That is a matter for Canberra Metro to determine—their employment arrangements.

THE CHAIR: A supplementary from Mr Coe; then back to the substantive question from Ms Burch.

MR COE: Minister, you mentioned that the Magistrates Court car park had been revised and that that was an example of community consultation. What specific consultation mechanisms did you use to liaise with businesses about that issue?

Mr Corbell: It was largely face-to-face doorknocking of the businesses concerned.

MR COE: Was a committee or a reference group used for that?

Mr Corbell: There is a reference group in place for the city precinct, as well as there being reference groups, for example, in relation to the Gungahlin precinct and, I think, the Dickson precinct. Those are consultative and advisory. When it comes to direct impacts on businesses, CMA's preferred approach has been direct contact with those businesses, which has involved face-to-face doorknocking of those businesses.

MR COE: Could you please provide to the committee, as a question taken on notice, the dates that those reference groups have met?

Mr Corbell: Yes, I am happy to do that.

MR COE: My other supp is this. You mentioned the Business Council. How much is the contract worth for the light rail component of the Business Chamber's promotion—the contract with the government?

Mr Corbell: The light rail business link is entirely their function. They have been engaged by the government to act as a business link literally with local businesses. The total cost I am happy to take on notice.

MR COE: I think there is another contractor that the Business Chamber has at the same time for business promotion with the territory. I think it was awarded at about the same time.

Mr Corbell: That does not involve Capital Metro Agency.

MR COE: It is totally separate?

Mr Corbell: It does not involve Capital Metro Agency.

MR COE: You have nothing further to add?

Mr Corbell: Nothing further to add.

THE CHAIR: Ms Burch, a new question.

MS BURCH: On page 156 of budget paper 3, it talks around the integrated bus and light rail ticketing system. How is that progressing? From my read there, you are going out and doing a test proof of concept and then going out to market. Is that how it will work? How does capital metro, in the transfer into TCCS, take the skills and expertise you have built up over your time thinking about this? This was part of the early thinking—that it would be an integrated system.

Mr Corbell: It is worth observing that obviously this is a matter that affects not just the Canberra Metro project but also the ongoing operations of the bus network. It is of benefit to both but clearly it is relevant to the light rail project, because is it a requirement that there be an integrated ticketing system for light rail so that people can move between light rail and buses using the same ticket. I will ask Mr Edghill to elaborate and answer the specifics of your question.

Mr Edghill: The first component of the work is something of a market study to ensure that the territory understands the different ticketing technologies which exist and which are emerging. There are some quite exciting technologies beginning to emerge in different transport networks around the world, everything from using your pay wave credit card instead of a MyWay ticket to different phone apps that can make the ticketing experience something which is simple and user-friendly.

The first part of the work is to understand what exactly is out there. Then we will turn our minds to what is appropriate in a Canberra context. Once we have determined that, the second component contemplated on page 156 will be to move to actually test and install ticketing machines in our network, firstly to determine whether they work and warrant a larger investment, but secondly to finetune the ultimate ticketing system and arrangements that we may make an investment in in the future.

MS BURCH: Given that it is an integrated system and we have heard various people saying, “Wouldn’t it be great just to have one, whether it is your phone or a card, and do your parking, bus and light rail all together”—is that still what you are aiming at, the long-term aim? Will the start date be when we have light rail or will you get that system in place just for the buses and parking, as a test run, perhaps?

Mr Edghill: As soon as is reasonably appropriate, but, in any event, prior to the commencement of light rail operations. Operationally, what we are looking to do is ensure that we are not beginning a new form of public transport in Canberra at the same time as trying to have our customers familiarise themselves with a new ticketing system. It will be as early in advance as we can appropriately do that. That is our approach.

MS BURCH: From what you have said, and looking at the budget papers, this financial year you are looking to do the design work, the thinking work, and then you are looking to procure it and test it in 2017-18 in readiness for 2019?

Mr Edghill: Precisely. Some prototype testing this year and then ramping up the actual procurement and development of the selected ticketing system during the 2017-18 year.

MS BURCH: The element around being smart with the parking meters—is that outside TCCS or is that within TCCS?

Ms Thomas: At the moment that is outside of TCCS. But as we start to look at the systems and the technology and what is possible, I think we will see that there are a lot of different integration points. The whole idea of bringing those things together is to make things as simple as possible for people, but also not to exclude anyone who does not have access to technology. We will be looking at all the ways that we can use that. For instance, the car share program told me the other day that they are looking at whether they can integrate car share ticketing into public transport ticketing. Technology is moving so quickly it gives us an opportunity to integrate many things, but we also need to understand where that might not be so good for people who might not have access to that technology.

MS BURCH: With an integrated system, will concessions, senior concessions, apply across? There will not only be a flat ticketing system in how you manage your ticket fares but the fares will be consistent across both modes?

Ms Thomas: The government's policy is to keep all of those fares consistent and to make sure that the change between modes is seamless.

THE CHAIR: On that, I want to go back to page 156. \$3 million is just the proof of concept; then you expect it to cost more in 2017-18?

Mr Edghill: No; I think the component that looks at what is available in the market and undertakes those feasibility studies is a reasonably small component of the \$3 million. From memory, it is around the \$126,000 mark. The remainder of the \$3 million is for the more substantive design of a potential future ticketing system, running and finalising a procurement process and physically installing and prototype-testing the selected technology approach.

THE CHAIR: Why does 2017-18 say, "Not for publication"? Is there an expectation that further costs will be involved?

Mr Edghill: My understanding there is that it is potentially not in the directorate's best interest at this stage to flag to potential ticketing providers what we may be willing to pay for a system.

THE CHAIR: How many units will we get for testing out of the \$3 million?

Mr Edghill: It very much depends upon what the initial feasibility works tell us and the type of technology that we end up moving forward with.

THE CHAIR: So the line in the first paragraph, "procure and install the required infrastructure"—that is for the proof of concept?

Ms Thomas: Yes. And proof of concept is a fairly broad term there, because what we are aiming to do is put in ticketing equipment at bus interchanges. That will be similar, in essence, to light rail, where customers have indicated to us a great will to want to upload their cards and get better interaction with the ticketing system in a self-help

sort of fashion. It not only provides a proof of concept but also meets customer needs of the day in providing that equipment. But, as Mr Edghill said, until we know what is the system and technology that would be our preferred way to go, and present that to the government, it is too early to tell how much infrastructure will exactly be.

THE CHAIR: That is included in the \$345 million over four years as a capital provision?

Ms Thomas: I do not know—

THE CHAIR: And that money then falls within the provision, the investment provision?

Ms Thomas: Yes. I think it is probably a question for Treasury, but my understanding is that the remainder of the capital expenditure—

THE CHAIR: Your note says, “Refer to chapter 5.1.”

MR HINDER: That would be page 189, would it?

THE CHAIR: No, page 191, BP3.

Mr Corbell: Sorry, is there a question there?

THE CHAIR: Yes. The provision which you note as NFP on page 158—that is included in the \$345 million over four years?

Mr Corbell: I am advised it probably is a question best asked of Treasury.

MS BURCH: Can I have a point of clarity. On that, I think you may have answered the question, because on 189 it says “integrated public electronic ticketing system at bus interchanges”, so that is part of that early work?

Ms Thomas: That is correct.

MS BURCH: Yes. So we can get MyWay-added or credited?

Ms Thomas: Yes.

THE CHAIR: Mr Coe, a new question.

MR COE: Minister, if the light rail contract is terminated or if notice to terminate the contract in late October using the terminate-for-convenience clauses is enacted, what would be the cancellation cost?

Mr Corbell: Very significant.

MR COE: What would it be?

Mr Corbell: I have sought advice on this question, and I am able to provide a range.

Excluding other costs, such as the potential loss of \$67 million from the asset recycling initiative, legal costs and other associated costs, which would be several million, the range would be somewhere, in terms of the payment to the Canberra Metro consortium, of between \$220 million and \$280 million.

MR COE: How is the \$220 million to \$280 million derived? Surely nowhere near that would have been expended over the next three or four months. What commitments will the territory go into over the next four months, and what expenditure will have occurred?

Mr Corbell: The expenditure will be incurred by the Canberra Metro Agency to meet its obligations under the contract to deliver the project in accordance with the time frame the territory and the consortium have agreed. And it is derived from the formula set out in the contract

MR COE: Who provided that advice?

Mr Corbell: Treasury.

MR COE: Did they consult with the consortium?

Mr Corbell: They consulted with the Capital Metro Agency in determining the figure.

MR COE: Sure, but given it is in the hands of the consortium as to how much has been expended and what their actual expenditure schedule is, how would the Capital Metro Agency or Treasury know what expenditure has occurred to date?

Mr Corbell: It is determined based on our assessment of the expenditure to be incurred by the Canberra Metro consortium between now and that hypothetical termination point based on the information provided to the Capital Metro Agency to date.

MR COE: So are you saying that Canberra Metro has told you exactly how much expenditure would have occurred by October, November, December?

Mr Corbell: No, that is not what I said. It is based on our assessment of what their expenditure will be. As you would appreciate, the reckless and lunatic move to terminate the contract would involve a dispute effectively between the territory and Canberra Metro. The territory, therefore, is not going to go and ask Canberra Metro explicitly what their costs would be because, potentially, in the event that you would be so mad as to terminate the contract, they would be in dispute with the territory. We are not going to go and ask them what claim they are going to put on the territory. We are aware, of course, that this is a matter of significant public interest given the opposition's stated position to tear up the contract: a term that has been described by your federal counterparts as economic lunacy. I think the figure of \$220 million to \$280 million payment to the consortium is a confirmation of the lunacy of your position.

MR COE: But what is it actually based on? Tell us what are the actual assumptions.

Mr Corbell: It is based on the formula set out in the contract.

MR COE: But what expenditure? How do you get to \$220 million to \$280 million? What expenditure—and you must have this if you have got that figure—do you think will have been expended by October?

Mr Corbell: I will ask Mr Edghill to provide you with some further detail.

Mr Edghill: We know that even before the contracts were signed we had two consortia during the bidding phase undertaking actual design work associated with the system. So work in actually developing a light rail contract has effectively been underway since the EOI was released and ramped up. We made a short list of the two consortia. Once we announced the preferred respondent at the end of January of this year, they again increased their design and preparatory efforts even before we signed the contract, knowing that, because of the nature of the PPP, it is essential that they actually deliver the system on time to us. Once we reached financial close—that is when equity and debt, the first flow of money, occurred—so we know that there was a substantial flow of money within the consortium on that particular date.

Then if you look at the maths of what is already in the public domain, we know that August 2018 is when operations are meant to commence. Ahead of that time, there is a testing and commissioning phase, which is less burdensome on the D&C cost demands. If you simply take the D&C cost amount that is already in the public domain and divide it by the number of months between signing the contract and—it is not a straight linear spend, but Canberra Metro are ramping up. Even though you may not see the yellow iron on site at the moment, there is a massive amount of design and other work happening in the background. When you are looking at it, they are spending in the region of \$20 million or \$30 million per month. I think there is five months between contract close and the date that you mentioned. When you add that sort of run rate to the funds which flowed at financial close, it is very easy to get to the numbers that the minister mentioned.

Those numbers comprise in the main project debt which is being drawn down by the consortium up to that period of time, but it also takes into account other elements of the market standard termination provision in the project agreement. So there is an element in there for the fair value of equity amounts which have been placed into the deal. Then there are also other costs which would really depend upon market conditions at the time, one of the most significant probably being costs associated with breaking the swap arrangements within the financing component of the transaction. That could move favourably for us and reduce the amount; it could move unfavourably for us and add to the amounts. That is one of the things driving the range which has been stated.

Mr Corbell: Let me be very clear: the cost potentially to the taxpayer is somewhere in the order of \$220 million to \$280 million plus the potential loss of the asset recycling initiative funding from the commonwealth, which is another \$67 million. In total, that potentially places the total cost to the territory well above \$300 million. That is the bill you are prepared to write to cancel this contract in such a reckless way to get absolutely nothing in return.

MR COE: That is an ACT government assessment?

Mr Corbell: That is the ACT government assessment.

MR COE: When does the consortium expect to order the trams?

Mr Corbell: They have already been ordered.

MR COE: What are the terms under which they are being delivered and being paid for?

Mr Corbell: I think you need to be more specific in your question, Mr Coe.

MR COE: What is the deposit? What is the payment schedule? What are the progress points in the contract?

Mr Corbell: Those are matters between the CPB and their supplier.

MR COE: Sure thing. You do not know them?

Mr Corbell: We do not have that information to hand, no.

MR COE: But do you know that information, or is that purely commercial-in-confidence amongst the consortium and not even known to the government?

Mr Corbell: I am advised that the information available to the territory is commercial-in-confidence.

MR COE: Your figure of \$220 million to \$280 million—how much of that will be in effect payment for design work?

Mr Corbell: We cannot provide an exact figure, but what we can advise you, Mr Coe, is that clearly most of the work that has occurred to date, as Mr Edghill indicated in his previous answer—the past six to eight months of work that has been taken by the now successful bidder—has been in the design stage. And as Mr Edghill said, that is currently accruing at the rate of around \$20 million a month.

MR COE: Thank you.

THE CHAIR: Supplementary from Mr Hinder.

MR HINDER: Minister, as you know, I was previously a contract and commercial lawyer. I, too, was alarmed at the reckless discussions around ripping up contracts. I have never seen a provision in any contract that has contemplated a contract being ripped up.

MR COE: Is there a terminate-for-convenience clause in it?

MR HINDER: What do you think the effect would be on business confidence if this

were to happen, assuming we would have heads of damages around reliance damages, liquidated damages, loss of profit? And if we go to loss of profit, there is \$939 million, I would suggest, at risk here. What do you think that would do to the territory's credit rating and the credibility of the ACT government to enter into any future contract?

Mr Corbell: I will not enter into speculation on the credit rating; that is a matter for the Treasurer. What I would say is that what is very clear is that threatening to tear up a contract will erode investor confidence in the ACT. This is the largest contract ever entered into by the territory; it is a very significant infrastructure contract; and it is, of course, the most significant transport infrastructure project that the territory has entered into.

There will be those who say, "Business will always want to come and do business with the ACT government. They have a AAA credit rating and they are a good government to do business with." That may be true to an extent, but what I can say is that future bidders will factor in the financial cost of the risk of the territory again threatening to terminate a contract. They will simply factor it into their financing costs. That means more cost for future infrastructure projects, regardless of what they may be, into the future. They will see the ACT as a place that will potentially put a penalty on them for taking the risk of bidding, so they will put a cost on that potential penalty.

That is a very significant issue. If in the future we want to invest in a new convention centre or if we want to invest in other transport infrastructure, and we want the private sector to provide some of the finance, at least, say, through a PPP model, they are going to add a risk premium into their dealings with us. There is no doubt about that. That is the key issue. We can see now, and all can see now, that we are not talking about tens of millions of dollars; we are talking about hundreds and hundreds of millions of dollars—potentially well over \$300 million or, at a very optimistic end, at least \$220 million to \$280 million. This is a very significant cost that the territory will wear in the short term and in the longer term in terms of how much we will have to pay for other infrastructure projects in the future because of the risk premium that the private sector will attach to its dealings with the ACT government in the future.

MR HINDER: I have two final quick questions. Your legal advice is that this could cost the territory \$350 million plus, and for that, the territory will get absolutely nothing?

Mr Corbell: The territory will get absolutely nothing for terminating the contract; that is right. And the territory will pay at least, on our estimate, between \$220 and \$280 million.

MR HINDER: Plus the fee.

Mr Corbell: It will also potentially forgo the asset recycling initiative payment of \$67 million. And there will also be other costs to the territory around legal advice and so on, which will sum into the millions of dollars.

This is no cheap exit clause. This is a very costly clause to exercise. It is not an unusual clause. There is nothing special or different about this clause compared to infrastructure clauses generally used in Australia. We have not done anything unusual

or different in relation to this clause; it is a standard clause. I think that has been well accepted, because we have disclosed it publicly.

It is worth highlighting that the impact, obviously, is also going to be on local business—local Canberra-based businesses like SMEC, DSB landscaping, businesses along the corridor and new developments like the Midtown development that were announced in the past couple of weeks. These are all projects that are going to suffer as a result of the cancellation of the project. That really does highlight the risk that is a very true one—a real and present risk to business, to the community and to the ACT budget if the opposition have their way.

MR COE: Actually, if the people of Canberra have their way, not us.

THE CHAIR: That will come down to what happens in 110 days. Minister, what is the cost of the extension to Russell hill?

Mr Corbell: The government is not proceeding with the extension of light rail to Russell at this time.

THE CHAIR: Was it cancelled because of the cost?

Mr Corbell: No.

THE CHAIR: What was the proposed cost for the extension?

Mr Corbell: It is not for me to disclose that figure.

THE CHAIR: Why not?

Mr Corbell: Because we are not proceeding with it.

THE CHAIR: But the work was done. You have a cost. What is the harm in releasing that cost?

Mr Corbell: Because the government have indicated that we are going to look further at an expansion of light rail, a stage 2 of light rail, which goes beyond the possibility of an expansion to Russell. The Chief Minister has made clear that we will make an announcement as to the Labor government's preferred stage 2 for light rail before the next election, just as we did at the last election, so that everyone is very clear about what we propose to do in relation to stage 2 of light rail, how it would be funded and where it would be built if we are re-elected in October. That will be our approach. The government is not contemplating a stand-alone extension to Russell. Instead, we are looking at a broader extension. It may include service to Russell as part of, for example, an extension to points beyond Russell, but those are matters yet to be determined by the government.

THE CHAIR: What is the expenditure on capital metro to date?

Mr Corbell: Since its establishment?

THE CHAIR: Yes.

Mr Corbell: I would be happy to take the question on notice.

THE CHAIR: All right. And the total expenditure, beyond simply capital metro—the supporting works?

Mr Corbell: Again, I am happy to take the question on notice. The government has provided various iterations of this cost throughout the last three financial years, but—

THE CHAIR: It is just that you raised your election promise.

Mr Corbell: I am happy to provide a consolidated figure to the committee on those.

THE CHAIR: Have any costings been done in relation to taking capital metro over the Kings Avenue or Commonwealth Avenue bridges?

Mr Corbell: The government, through its light rail master planning work, is undertaking evaluation of a range of different route extensions. Those matters are the responsibility of my colleague the minister for planning.

THE CHAIR: But you are not aware of what they are?

Mr Corbell: Those matters are the responsibility of my colleague the minister for planning.

THE CHAIR: The preliminary costings for the light rail network plan—the entire plan?

Mr Corbell: The light rail network master plan is the responsibility of my colleague the minister for planning.

THE CHAIR: Is the light rail network plan as presented last October achievable?

Mr Corbell: What was presented last October was a draft for consultation. The responsibility for that project is the responsibility of my colleague the minister for planning.

THE CHAIR: Will other routes also be completed through a PPP?

Mr Corbell: These are matters that will be determined by the government in due course.

THE CHAIR: Mr Hinder has a new question?

MR COE: I have a supplementary. Has Ms Burch a supplementary as well?

MS BURCH: I have a substantive question.

MR COE: Has the government established what a BCR is for various different routes

around Canberra?

Mr Corbell: The government has indicated publicly that its decision in relation to a preferred extension of light rail beyond stage 1 will be contingent on the development of a business case which will involve obviously the determination of a BCR.

MR COE: Sure, but have you determined the BCR for multiple options, multiple routes?

Mr Corbell: Not at this time, no.

MR COE: Is all the land from the top of Constitution Avenue through to Russell in the hands of the territory or are there any land acquisition issues that would need to be addressed?

Mr Corbell: Not all of the land along that corridor is in the control of the territory, either from the planning sense or from a custodianship sense, and would require negotiation with the commonwealth for its finalisation.

MR COE: Was that the case with stage 1 of light rail?

Mr Corbell: In relation to stage 1 of light rail, yes, it was the case when it came to planning approvals for the corridor.

MR COE: Sure, but in terms of custodianship?

Mr Corbell: Custodianship is almost exclusively in the hands of the territory for stage 1.

MR COE: Was it exclusively or almost exclusively.

Mr Corbell: Almost exclusively.

MR COE: So there was some commonwealth land along the route that the—

Mr Corbell: No, not commonwealth land.

MR COE: So the only land acquisition, I am guessing, is private land at Commonwealth Avenue, Flemington Road and the Federal Highway; is that correct—in addition to Dickson?

Mr Edghill: Yes, and I think there may be a need to acquire a very small parcel of land at the Yowani Golf Club-Netball ACT entrance so that we can effect a signal that needs to be installed there, but otherwise it is territory-owned land.

MR COE: Minister, can you take it on notice what land acquisitions are expected?

Mr Corbell: Yes, we are talking tens of square metres. They are very modest.

MR COE: Yes, I know. I appreciate that.

Mr Corbell: Yes.

THE CHAIR: Mr Hinder, a new question, then Ms Burch.

MR HINDER: Minister, in your introductory address you spoke about the cost of light rail to the territory being less than one per cent of our ongoing budget. Can you put that into perspective for us in relation to the spend on things like health, education and roads as a proportion?

THE CHAIR: We can break it down by cups of coffee and bottles of sparkling water at the same time. They are the standard measures, aren't they?

MR HINDER: I am not chasing a huge amount of detail; just in terms of—

THE CHAIR: That is all right; a huge amount of detail is not normally forthcoming.

Mr Corbell: Look, it is the case, Mr Hinder, that it is very modest to the overall expenditure of the ACT government budget over that period. Those who claim that the cost of light rail will destroy the budget simply do not take into account how much the budget will grow over the 20-year period. It is estimated that the annual ACT government budget at the time of the conclusion of the contract term will be in the order of \$16 billion per annum, just based on a very conservative growth estimate over that time. When you look at that \$16 billion per annum in the year 2039, it is a very modest level of expenditure.

Further, it is worth highlighting that we will spend over the same period around 34 times more in the health system than we will spend on light rail. We will spend 20 times more on education over the same period than we will spend on light rail. These are the types of figures that are often lost in the public debate but worth reiterating because they highlight that whilst this is a big investment in terms of infrastructure, it is modest in terms of the overall cost to the territory over that time and that this is long-lived infrastructure.

Light rail, urban rail systems, tends to last up to 100 years. They are very significant pieces of infrastructure investment that have a very long payback to the communities that are prepared to make that judgement to invest in them. They deliver benefits well beyond the period of the contract term. It is worth highlighting that and worth reiterating the affordability of this project in the context of the overall budget.

Indeed, in this year's budget we have demonstrated how we have fully met the cost of light rail, how we have returned the budget to surplus over the period of the forward estimates and at the same time we have kept and maintained the ACT's AAA credit rating. This is a very good outcome that delivers us long-lived infrastructure that will help our city grow more sustainably into the future and help address the transport and congestion problems that our city will face as it grows.

MR HINDER: You also indicated that that one per cent expenditure would deliver enhancements such as the Civic Plaza precinct that will add to the renewal of the city area. Can you advise what additional features or enhancements will be delivered as

part of that capital metro project?

Mr Corbell: Yes, thanks, Mr Hinder. There are a number of enhancements that have been agreed as part of the contractual terms with Canberra Metro. The first of those is a dynamic LED lighting option which will be exercised for the stops along the route. Dynamic LED lighting is increasingly being used on major infrastructure projects like Canberra Metro. Indeed, you can see a modest example of that on the lighting for the new Malcolm Fraser Bridge that crosses the Molonglo River as part of the Majura Parkway project.

Dynamic LED lighting allows us to highlight the architecture of the stops and brings activity and attention to the infrastructure throughout the day and night. It can be varied to celebrate particular things and occasions—Floriade, for example, New Year's Eve or Australia Day come to mind or, indeed, ANZAC Day.

It is worth highlighting too that the contractual terms provide for an enhanced Alinga Street stop. The Alinga Street terminus will be an important part of the project because it will be the terminus of stage 1. In any event, in the event of an extension, it would be an important station as part of a broader network. So the government is making provision for an enhanced Alinga Street outcome that provides for improved architectural treatment of that stop. Opportunities for concessions at the stop to be run potentially by third parties, for example, is one option as well as different design treatments that highlight the significance of the stop as the terminus in the city as part of stage 1.

Associated with that is, of course, the area of the median strip between Alinga Street and London Circuit in Northbourne Avenue between the Sydney and Melbourne Buildings. This is a particularly important part of the project because the opportunity here with light rail is a significant pedestrian activation of this area, including between the Sydney and Melbourne Buildings. There will be a lot of people moving to and from the stop, the existing bus station on Alinga Street and East Row and also points to the west heading towards the university and that western side of the city.

There is a great opportunity to activate this public space between the Sydney and Melbourne Buildings, provide for an improved architectural landscape outcome and actually have it used by people rather than simply being a very sort of fancy traffic island, which is what we have really got there at the moment.

At the same time, by making that investment in the median and undertaking works to provide for more people to move easily between the Alinga Street stop and that part of the median between the Sydney and Melbourne Buildings, we create an incentive for the private owners of the Sydney and Melbourne Buildings, particularly those owners of property that faces on to Northbourne Avenue, to undertake some enhancement and rejuvenation of those buildings. They are two beautiful and very significant heritage buildings that speak to the history of our city, that speak to the beginning of the city centre in particular and that deserve better than the way they present at the moment.

The government believes that the activation of the new Civic Plaza between the Sydney and Melbourne Buildings is a prime opportunity to drive revitalisation of those buildings overall, particularly the frontages on to Northbourne Avenue. We will

be working with those property owners, explaining to them what is going to be happening in the Civic Plaza and encouraging them to think about what that means for their investment and the potential activation of those shopfront spaces that face on to Northbourne Avenue so that it becomes a place for people rather than just a very busy traffic thoroughfare that is pretty alien for people wanting to spend time on the street. Those are the sorts of opportunities that we believe were presented by the enhancements the government has secured through the contract negotiation.

MR HINDER: Thank you.

THE CHAIR: Ms Burch with what will probably be the last question.

MS BURCH: I am happy to do a sup and leave the substantive. In respect of the enhancement that you have in the contracts with capital metro, you have made mention earlier this afternoon of the partnerships and projects with Canberra businesses and other stakeholders. At risk, if there is a contract torn up, is that long-term investment: investors who may be looking at these projects such as the Sydney and Melbourne buildings and other property owners along the way. In the discussion, because you have been very out and public about promoting this, without committing the property owners of Canberra, what are the sorts of things that you are hearing will be generated, in addition to the public role enhancement that the contract will bring by the fact of having Northbourne revamped?

Mr Corbell: Thank you, Ms Burch. It is the case. It is worth highlighting, of course, that when you tear up the contract with Canberra Metro, as the Liberal opposition propose to do, you also are effectively tearing up the contracts with all the Canberra companies that have contracts with Canberra Metro. So you are not tearing up just one. You are tearing up a lot of different contracts and affecting a lot of different businesses along the way, including many Canberra businesses. But it is also the case that developments along the corridor are already responding to the fact that this project is proceeding.

We have seen, for example, comments from a number of property investors and developers who have talked about the changes they have made to their development proposals for sites along the corridor because light rail is going to be present. In particular, they are identifying opportunities not just for residential, which is important, but also for much more mixed use activity including professional services activity which is going to be easily accessible by good—indeed, great—public transport.

The Midtown development I mentioned earlier and there are developments being contemplated by developers further to the north around Dickson and the related precincts. It will be very interesting to see what emerges as a result of this decision. But it is very, very clear that light rail allows us to move beyond business as usual and light rail allows us to see a more sustainable pattern of development, a strategic intensification if you like, of development in the city serviced by world class public transport.

THE CHAIR: Perhaps we will leave it there. The committee hearing for today is now adjourned. On behalf of the committee, I would like to thank the Minister for Capital

Metro and the Minister for Transport and Municipal Services, in addition to all the witnesses and officials who appeared today. If witnesses have taken any questions on notice, could they please get those answers to the committee secretariat with five working days and say one is tomorrow.

The secretary will provide you with a copy of the proof transcript of today's hearing when it is available. The chair's award today: Tony Gill was in line for having arranged his mother's 80th birthday in Dublin so he could avoid estimates two years in a row. I am not sure what he is thinking up for next year. I thought Hamish Horne had it when he said that things were ticking along in the Hall Cemetery and that they had it surrounded on two sides. But I think today's chair's award goes to Rosie the cat for her cameo appearance. There endeth the afternoon.

The committee adjourned at 5.29 pm.