



LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

STANDING COMMITTEE ON PUBLIC ACCOUNTS

(Reference: [Annual and financial reports 2012-2013](#))

Members:

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

TRANSCRIPT OF EVIDENCE

CANBERRA

THURSDAY, 19 DECEMBER 2013

Secretary to the committee:
Dr A Cullen (Ph: 620 50142)

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.

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Amended 20 May 2013

The committee met at 1.59 pm.

Appearances:

Barr, Mr Andrew, Deputy Chief Minister, Treasurer, Minister for Economic Development, Minister for Sport and Recreation, Minister for Tourism and Events and Minister for Community Services

Economic Development Directorate

Dawes, Mr David, Director-General

O’Leary, Mr Shane, Executive Director, Tourism, Events and Sport

Hill, Mr Ian, Director, Visit Canberra

Clarke, Ms Liz, General Manager, Exhibition Park Corporation

Gilding, Ms Louise, Acting Deputy Director-General, Economic Development, Policy and Governance Division

Hargreaves, Ms Anita, Director, Workforce and Governance

Walsh, Mr Dermot, Director, Strategic Finance

Hassett, Mr Glen, Senior Manager, Business Programs

Hartley, Ms Laura, Senior Manager, Migration and Information Services

Horsburgh, Mr Chris, Senior Manager, InvestCanberra

James, Mr Ross, Senior Manager, Business Development

THE CHAIR: Welcome, everybody, to apparently the last formal hearing of a committee of the ACT Assembly in the year 2013. Good afternoon and welcome, and thanks for coming to the Standing Committee on Public Accounts—like you had any choice. On behalf of the committee, minister and officials, thank you for attending today. We will look at the Economic Development Directorate, including Australian Capital Tourism, followed by Exhibition Park in Canberra. The proceedings will then move to an examination of the 2013 report on economic development as it relates to output classes 1.1 and 1.2.

Can I remind witnesses of the protections and obligations afforded by parliamentary privilege and draw your attention to the card in front of you and ask that you indicate whether you understand privilege?

Mr Barr: Yes.

THE CHAIR: All have so indicated, fantastic. I would also remind witnesses that proceedings are being recorded, webstreamed and broadcast live all at the same time. Before we proceed to questions, minister, would you like to make an opening statement?

Mr Barr: No. In the interests of time, I am happy to move straight into questions.

THE CHAIR: Minister, let us go straight to the brand. Can you provide a breakdown of the \$2.8 million cost for the branding Canberra campaign and what will happen with the brand now that we have got it?

Mr Barr: Certainly. There are two components: there is the development phase and then there is an activation phase. As to the costs to date, I will get Mr O’Leary to

provide that detail. It is a bit less than \$500,000 as a starting point, and then there is the activation phase.

Mr O’Leary: To date, there has been approximately 460,000 operational dollars spent on the project. Those dollars have been spent in financial years: \$42,000 or thereabouts in 2011-12, \$316,000 in 2012-13 and \$82,000 to date this year.

In answer to your question regarding what has that money been spent on, without giving precise allocations, which I could take on notice, I am able to inform the committee that it has been on work such as research, consultations, analysis and strategy development, brand logo, implementation planning, insight and research briefing, questionnaire design, survey billed, data collection and analysis which supports the consultation that has taken place with this project, reporting by the consultants, project management, creative development, communications planning, activation planning, raising awareness for the brand. There have been some travel and incidental costs associated with this undertaken by the consultant contractors and also work on the current work packages, completion of the logo work, strategic communication, consultant consultation, website design and development and some work around the review of the brand logo several weeks ago.

THE CHAIR: The development process of the brand for the city rather than a tourism campaign is a slightly different concept. Was the expertise required to develop place identity or brand identity looked at, and what expertise did the firm that you used have in that field?

Mr O’Leary: I would be happy to answer that, minister.

Mr Barr: Yes.

Mr O’Leary: At all times, we ran our procurement processes in accordance with the requirements that are stipulated for us to follow. The companies that we made our selections from were prequalified under the panel system that is in place. Effectively, these companies had demonstrated their bona fides and then entered a competitive process upon which a selection was made, recommended to a delegate and approval taken place.

To extend on that, I do not think that there would be any doubt that the companies that have been involved—and there have been a number of companies; there have been two lead contractors involved in this who have each had support from organisations, companies, with specific expertise to support those areas where they do not have, I suppose, the required expertise—and that we have dealt with have provided very thorough work as part of this project.

THE CHAIR: Can you nominate campaigns that they have developed for other jurisdictions in terms of brand?

Mr O’Leary: I would have to take that on notice but, anecdotally, certainly Generation Alliance have undertaken work for both Parramatta and Penrith in Sydney. I am aware of that. There are others, and I will take that on notice.

THE CHAIR: If you plug “CBR” into the old Google search, given we have made the effort to develop a logo, it does not necessarily bring up the brand Canberra website. What will you do to optimise on search engines the recognition that CBR equals Canberra?

Mr O’Leary: Certainly everything that we possibly can do as part of the period that we are now in, the post review, aims towards the full implementation of the brand, bringing it entirely to life in March next year.

THE CHAIR: Minister, you launched the tourism strategy last week. It does not have the CBR logo on it. Is there a reason for that?

Mr Barr: It has got the Visit Canberra logo on it.

THE CHAIR: But if we have got a brand and we want people to associate that brand with Canberra, surely tourism is one of those areas that you would use. Yes, I am very much aware it has got Visit Canberra on it, but why does it not have the CBR brand on it?

Mr Barr: The consumer facing products do. That is not a consumer document. But I do not think it matters. It would not take much to put a third logo on the front cover. But that is not a consumer document. The consumer facing documents, the materials that go into the marketplace, have the new logo, for example, the 2014 visitors guide.

THE CHAIR: Ms Porter.

MS PORTER: Mr Dawes, my first question is to you. It refers to page 171 under the heading “Canberra and Region Visitors Centre”. And I note that the centre is particularly focused on increasing the length of stay of visitors to Canberra. To that end, I also see that there is a table of accommodation packages around two exhibitions. Can you give us some detail of the flow-on effect of these initiatives for tourism in Canberra, and how is the economic benefit actually measured? I am interested to know how you do that.

Mr Barr: I will ask Mr Hill to answer that question.

Mr Hill: The Canberra and Region Visitors Centre on Northbourne Avenue services about 160,000 consumers a year, generally the drive traffic that comes through from Sydney. There are about eight staff and about 70 volunteers who contribute a magnificent effort and their time and knowledge to encourage dispersal for the gateway. People come to Canberra, stay, go to exhibitions. We have had three blockbuster exhibitions at the National Gallery, for example, this year. So we are very active in partnering with our national institutions and making sure that our volunteer staff go on famils, understand when *Turner to Tate* is on and what it is all about. It is the same with the *Incas* exhibition that is on at the moment. We really encourage people to come through and see more of Canberra.

The requests that come from consumers can range from looking for accommodation options to what is on, to food and wine, to family-friendly activities. So they play a really important role in terms of referral of key tourism experiences. We also partner

very closely with probably about 100 industry operators who have a physical presence there through advertising and display material about their businesses and what they have to offer to the consumer. That drive market remains an important part of driving visitation to Canberra.

The latest national visitor survey statistics show that we attracted almost 2.1 million domestic overnight visitors to the ACT for the September year ended. Average length of stay, I think, was up from 2.8 to 2.9, which is a relatively small incremental growth but, nonetheless, important. And the growth of the value of tourism was up to about \$1.6 billion and 16,000 Canberrans full-time equivalents are employed. So the role of the visitors centre is really about dispersal and sharing knowledge of what there is to see and do when people are in destination.

MS PORTER: You did mention the measuring, the numbers. How do you measure the actual economic benefit from the numbers that you gather? How do you connect the actual numbers that come through the centre and the accommodation et cetera with particular things that are happening and then translate that into economic benefit?

Mr Hill: There are a range of metrics that we use. We have a door counter for the actual number of people that go through the visitors centre. We run a program called book easy, which is for accommodation booking, so that when you book through the visitors centre you can track that electronically or over the phone calls. We run surveys of visitors coming through the centre, and that is why you will see a satisfaction level there of about 95 per cent. So we physically survey a number of people that come through the centre each year.

The economic value is really derived from the national visitors survey, which is independently collected by Tourism Research Australia, which is a federally funded department. They measure the economic value of tourism in every jurisdiction in this country as well as domestic and international visitor arrivals.

THE CHAIR: Dr Bourke.

DR BOURKE: Minister, can you tell us how the human brochure campaign worked and whether it was successful?

Mr Barr: Mr Hill.

Mr Hill: The human brochure campaign is a world first. It is the first time any destination that I am aware of globally has had the courage to invite 500 social media savvy humans to their destination to share their experiences whilst they were in that destination. We ran two short breaks, one in October last year and one in February this year, where we encouraged 500 humans who had entered a competition to be a part of the human brochure activity to come on a weekend to Canberra and we would match them with experiences that they had essentially chosen to be part of. We had four sectors: arts and culture, family fun, nature based and food and wine. And we had essentially a tailored, short-break holiday for those experiences to these consumers.

We had 60 tourism operators actively involved in the human brochure, which, again,

for us, is fantastic—some absolute leadership from our industry in being part of a cooperative campaign. The amount of content generated through the human brochure is something that we are particularly proud of. I think there are about 5,000 images that we collected through Instagram. We had about 2,000 tweets going on. We had fairly significant increases in traffic to Visit Canberra in particular. I think if you look at our report, we anticipated around 800,000 visits to our website. We managed to get about 1.4 million this year, which has certainly exceeded our expectations.

To give you an example of how it worked, we had one lady in particular who was a really strong Instagrammer. She has 300,000 followers on Instagram. She came to the National Gallery as part of the arts and culture stream, took some amazing pictures in the sculpture garden, loaded them up through her social media networks and within two hours we had 20,000 likes around some of those images, which is Canberra content.

We were also able to have a human sign-off on release forms around those images. So we now have a much bigger image library than we had before we started this project. It has also won some awards, which is nice for us. That is not what it is about, but it has been great to win an AHA award for the industry here. It was recently awarded a marketing award at the Australian Capital Tourism regional tourism awards. We picked up some ADMA, which is the national advertising body, awards, a silver and a bronze there, for ambient marketing, which I think is great when we were up against brands like the Commonwealth Bank, Telstra, some of those really big players. So I think that is hats off to our industry for participating in a really brave move around the human brochure.

In terms of some legacy, we have got social media playbooks that we have developed. Our industry is far more comfortable now using social media channels to promote the great experiences here in Canberra, and we will shortly be making some announcements early in the new year around the evolution of the human brochure.

DR BOURKE: Perhaps you could tell us a bit more about those awards you mentioned. Was that the full scope of them? There were four or five there?

Mr Hill: We were nominated in the Cannes award as well by the agency that helped put it together. We got some “Highly recommended” in those things overseas, which is nice. But to win the two local ones here and to win the best marketing campaign award mean that we go into the national tourism awards, which will be announced on 7 February in Sydney. Hopefully we can give those a bit of a shake too.

DR BOURKE: You mentioned a food and wine focus. Could you tell us a bit more about that? It is a subject close to at least my heart if not everyone’s.

Mr Hill: You are not alone there. From a national perspective, for an outsider looking in, food and wine is probably a bit of an untold story and an asset for Canberra. There are people like Tim Kirk, who has recently won the Australian winemaker of the year award and who is the absolute founder for shiraz viognier in this region, a flagship wine that is helping to put the district on the map.

We had a stream around food and wine. If you have ever been out with food and wine

bloggers, instagrammers or people who are big in social media, you will know that the first thing they do when they go to a restaurant is take a photograph of their food. And they share it. These guys from the human brochure were no exception; they were happy to get the chef out from behind. We took them to a range of really good restaurants. I think that was probably one of the most popular groups to be part of. They got to experience the best that this region has for food and wine. It was from restaurants to wineries and the gumboot tour out at Mount Majura. I think that probably without fail everybody on that leg of the trip spoke very highly of our food and wine offering, and were happy to share that—and share it and share it some more—through their social media.

It is an angle when people travel on holiday. There is an expectation that a good food and wine experience will be part of it. We are competing with Margaret River, the Barossa, Tasmania and the Hunter Valley. It is a great for our humans, who come from all over the country, from every state and territory, to speak so highly and share their content about the food and wine experience here in Canberra.

DR BOURKE: Was the poachers trail part of it as well?

Mr Hill: Yes, it was; the poachers trail was part of it. They were great. We did a number of things around food and wine in location as well. We did things at the arboretum; we did some things at Old Parliament House. A number of the good restaurants got involved too—and some of the precincts, places like Braddon, which are really important for us in providing a sense of vibrancy around the food and wine scene in the ACT.

DR BOURKE: Minister, this is an event that has been described as courageous. Now that it has been judged to be a great success and is award winning, can you say how big a leap of faith or how nerve-racking it was for you?

Mr Barr: I have great faith in the creative talents of the marketing team—in fact, the entire Visit Canberra team. But all jokes aside, the challenge for us will always be the need to innovate and to approach what is a very competitive market with an eye to doing something different. We will never have a budget equivalent to New South Wales or Victoria. We will never be able to buy more pages in newspapers or magazines or buy more television ads. We will simply never have that fiscal capability.

What we need to do is be incredibly strategic in how we focus our campaigns and be prepared to utilise new technologies. Without a doubt, the human brochure and what is to come will continue that innovative approach. Will everything work? No, it probably will not. But you can say exactly the same about every tourism marketing campaign in the history of tourism marketing campaigns. Not everything works, but I am prepared to back these guys on being innovative and on stretching the capability of our budget to its maximum extent. They have done an outstanding job.

DR BOURKE: Thank you.

THE CHAIR: Ms Lawder.

MS LAWDER: Minister, can you give us an update on where the government is with attracting international flights to the ACT?

Mr Barr: Certainly. We continue our work in this area with a number of airlines. Most recently, whilst I was in Singapore, together with Stephen Byron from the Capital Airport Group, I took the opportunity to meet with senior executives and network planners from Singapore Airlines. This is building on work that has already been undertaken over the last 12 to 18 months with Singapore. We are also in discussions, again in partnership with the airport, with a number of other airlines, including but not limited to Qantas, Virgin, Jetstar and Emirates. There are a number of potential partners.

We have put in place a cooperative marketing fund that will be available to assist whichever airline takes up the opportunity in promoting and developing the route. The airport, to its credit, is aggressively pursuing the airlines and the opportunities that are there. I have got to say that it has been terrific to be able to work this closely with Steven Byron on a project that is a great passion for him and the team at the airport and to be able to sell what is a fantastic investment in our city's transport infrastructure. It is a \$480 million transformation of the airport. It fundamentally changes the game for us, and we will continue to plug away on this.

Ultimately, it is a commercial decision for the airlines, but it certainly will not lack interest or collegiate working. Ultimately, I am confident that we will be successful, but as to the timing, that will again be a decision that the airlines will take in due course.

MS LAWDER: What has been the territory's commercial proposition?

Mr Barr: As you have seen in the budget, we have put \$500,000 on the table this fiscal year and have commitments into the forward years that we will budget for should an airline take up the opportunity. We have also, through Mr Hill's team at Visit Canberra, explored a range of other opportunities in terms of leveraging our existing resources; and, in the context of our discussions with the airport and with other players in the tourism sector, we have been able to bring together a variety of financial and in-kind supports to put together a package for the airlines.

MS LAWDER: Are you able to give us an outline of some of the hurdles that you think there may be?

Mr Barr: The challenges really are around the total capacity in the aviation market into Australia. There are questions around whether the airlines are flying to the right ports within the country at the moment, and clearly there are some well-documented challenges confronting Qantas that have had a fairly significant level of public discussion.

You would also have to say that the question of the variety of different owners and interests, and some of the restrictions that apply in other parts of Australia or internationally in terms of access to particular countries, has an impacting factor on decisions to fly here. Airlines are making big decisions around where to strategically locate significant capital investments. Large aircraft are not cheap, so they have to

maximise their return. But there are also a range of regulatory restrictions that impact on their capacity to fly particular routes. All of that is in the mix when you are talking to an international network planner who has more than just the interests of one particular destination at heart.

MS LAWDER: Finally, on page 172 of the annual report, in “Future directions”, it says, at dot point 4, that in the coming year, the one we are already in, you will “work on implementing an Airline Access Development Program to develop and attract international air services to Canberra”. How is that different from or how does it add to the work that you are already doing?

Mr Barr: That is the same. That is the process that we are undertaking. I would broaden the focus, though, to include any new routes and any new entrants into the marketplace in Canberra. In working with the airport, and from a tourism perspective, the more direct flights we can get into Canberra, from whichever port, the better.

MS LAWDER: Thanks.

THE CHAIR: Ms Porter; then Dr Bourke has a supplementary to Ms Lawder’s question.

MS PORTER: Minister, you mentioned quite a long list of different airlines and places flights might come to Canberra from. You did not mention Air New Zealand. Is that in the mix at all?

Mr Barr: Yes. We have had discussions with Virgin Australia and Air New Zealand, who have an alliance relationship in terms of the trans-Tasman routes, and we continue those discussions. The difference between the New Zealand routes and the Singapore one is that the New Zealand routes can utilise narrow-body aircraft—737s or equivalents that have 150 passengers or thereabouts in a two-class arrangement or in a single economy class arrangement, depending on the configuration of the aircraft. It is a different proposition and a lower cost proposition for an aircraft with that capacity versus the medium-haul requirements of getting to Singapore. This is the difference between a three-hour or 3½-hour flight and a seven to eight-hour flight. You need a wider bodied aircraft to do the Canberra-Singapore leg, which means more seats. That is a bigger challenge from an airline perspective—having confidence that they will have sufficient loading, both outbound and inbound, to justify a route.

With New Zealand, it is particularly Auckland—Canberra-Auckland—and then also Canberra-Wellington. We have developed the business case in partnership with the airport and the tourism sector, and put that proposition. Again, it is a question of the airlines having to deploy a plane on that route.

I can sum it all up by saying that we are not going to die wondering on this. We will keep on posing the question and keep on putting forward the proposition. I think there is an inevitability that this will occur. I cannot predict which airline, and we are largely agnostic on that question. Our approach has been to secure the route. The first airline that takes up the option will be the beneficiary of the marketing campaign and the access fund that we have established.

MS PORTER: Thank you.

THE CHAIR: Minister, at the tourism awards last year you announced that you had set up a task force to look at the effectiveness of the centenary and the long-term benefits. Has that task force been set up? Who is on it? What are their terms of reference? And when will they report?

Mr Barr: I think you are slightly paraphrasing what I said, but I understand the intent of the question. Yes, there will be an evaluation process in relation to the centenary. That has been coordinated within CMTD, but there will be input. Clearly we have data and metrics on the particular relevance of the centenary program that was either delivered by Events ACT or predominantly supported through Visit Canberra or through sports. We undertook specific research in relation to, for example, the one-day cricket, the rugby league test and the netball. We will coordinate all of that and provide that input into the whole-of-government analysis.

I will take on notice the report dates and the like, as I am not directly overseeing that element of the project. But suffice it to say that during the course of the year, in addition to the usual array of data collection that goes with tourism numbers and the like, we will do some additional research and evaluation. I will be publicly releasing that as it becomes available, and we will continue to do that into 2014 as the tail end of this year's events is evaluated.

THE CHAIR: In regard to the new brand that is specific to tourism, what have you set in place to measure the impact of having the brand on tourism?

Mr Barr: We will have some benchmark data from this year, from when we previously refreshed our tourism branding. That has occurred on a couple of occasions in the time I have been minister, and obviously it occurs periodically. So we can look at some of the benchmark data in relation to the key tourism indicators, going back over the extent to which we have that data, which goes back into the last century now, it would be fair to say.

THE CHAIR: Such a long time ago!

Mr Barr: Such a long time ago, but it gives you a couple of decades worth of data, so we can certainly measure changes in perceptions, in awareness and the like over that period. Putting in place that starting point benchmark and then being able to evaluate what difference previous branding or refreshing of campaigns have generated will give us some starting points to make that analysis.

The other observation I would make, though, is that this is for the long term. I do not expect that within a quarter or a year of rolling out this particular branding campaign we are going to get dramatic change. But I want to see incremental growth aligned with the outcomes that we have put forward in the 2020 strategy and the targets that we have set in terms of growing the economic contribution of tourism to \$2½ billion over the rest of this decade. Business as usual would see a certain level of growth, but we have set a target beyond that, and I expect the brand and the marketing efforts to contribute to that. But they are not going to be the only thing that will contribute to that. Further investment in transport infrastructure, and land release associated with

some of the supply-side constraints that the sector faces moving ahead, will be part of it, as well as seeking new investment through Invest Canberra in a number of attractions and other areas of tourism infrastructure that would be attractive to the private sector.

THE CHAIR: Dr Bourke, anything more for tourism?

DR BOURKE: Thank you. Minister, how much crossover is there between tourism and visitors coming here for major sporting events in Canberra with visiting teams referred to on page 20, such as the British Lions, the English cricket team or the regular AFL, rugby and NRL competitions?

Mr Barr: I think the short answer to that is that some sports, in particular, have very strong and fanatical fan bases who will follow their teams around the world and around the country. When the British and Irish Lions tour once every 12 years, it is quite a cultural phenomenon and there is quite an extraordinary number of people. I think every city that was on that tour experienced the joys of hosting tens of thousands of obsessive rugby fans. Let us face it: the only provincial team to beat the Lions was our Brumbies. It was a great night, a big crowd in June, in what was another of the highlights of the centenary.

With cricket, the barmy army are, again, legendary and do follow the English cricket team around, although they have not had much to cheer about this summer. We are all very disappointed about that, I am sure! The research certainly shows that with AFL, in particular, the followers of quite a few of the clubs who have played in Canberra against the Giants are very passionate about their teams and will follow them around. I think the strategic sponsorship of the Giants by Virgin and the fact that Virgin are also the airline partner for the AFL and that they have made significant investments in their facilities within the Canberra Airport, combined with the facility upgrades at Manuka Oval and the capacity now to host more major events—all of that comes together to enhance the capability of our city to host these events, and particularly in sports where, for the last couple of decades, we have really been starved of quality content. I think we saw that in the one-day international. Crowds for 50-over cricket have been pretty disappointing elsewhere in Australia, but the best atmosphere of any match in the one-day and the pyjama cricket variety in the last summer was the match here at Manuka Oval.

We hope it is not long, and not another 100 years, before we have the Australian cricket team playing in Canberra again. I will take the opportunity when I meet with Cricket New South Wales and Cricket Australia early in the new year to continue to push our case for more cricket content. That certainly helps to generate tourism activity and economic activity around the Manuka precinct. The Manuka traders, for example, are very pleased when there is an event on at Manuka. One of the great benefits of having the venue where it is is that there is spillover economic activity. Manuka is not a venue that thousands of people drive to five minutes before the game and then leave five minutes after. It is a place that people come to before or stay after and linger because there are things to do and other opportunities for economic activity. That is, I think, critical to the success of the venue longer term and to the surrounding businesses.

DR BOURKE: Do you have any data on that generated economic activity?

Mr Barr: Yes. Certainly, as part of our partnership with the Giants, we are reporting on that, and we are evaluating the impacts of the major cricket events as well. With the cooperation of some of the surrounding tourism partners, hotels and the like have been quite good at providing data on the impacts of those events in terms of their own accommodation levels and the like.

DR BOURKE: What is that, in a nutshell perhaps?

Mr O’Leary: In terms of how we are capturing information and the benefits of the territory’s investments in the national league teams, such as the Brumbies, the Raiders and GWS Giants, we are now using a standard methodology through a company that is known throughout Australia and the world for providing such services. This not only gives us a clearer picture of the direct economic impact—visitation, quality of experience that people enjoy when they come to Canberra for these events—but also it is guiding us as to how we can best leverage, through signage placement and the like, in a way that we previously have not, to get the absolute best bang for the territory’s buck in our support of these clubs. We are working very closely with those clubs on this. They welcome it. They are obligated to provide this information as part of the contract arrangements in place with the territory. So having it in a standard format really assists us.

Going back to the original question, I would submit, minister, that having tourism events and sport in the Economic Development Directorate, previously spread over different areas of government, coming together, really has seen an enhancement of our relationships and we are better able to understand and actually work together effectively in working with the national league teams to bring about visitation benefits and the like.

DR BOURKE: Is there any data around whether people, after having come for a major sporting event, come back again to do the things that they could not do when they were here last time?

Mr O’Leary: Yes is the answer. The great thing about the information that we capture around the one-off events as well as the ongoing relationships that we have with the national league teams is to actually tailor the capture of information. For example, when the one-day international was held here in February—as the minister said, it was a tremendous success and a great night—we were able to include, as part of that survey, a question: “Should there be more international content in Canberra? Would you support it?” That was then segmented into information captured from local residents and visitors that we can then present back to Cricket Australia as part of the case that the minister will put forward seeking future content. So it is self-fulfilling in that sense.

MS PORTER: That methodology that you talked about before, Mr O’Leary, is that with regard to the sporting area or is it across all the different events that—

Mr O’Leary: The NGA, for example, used that as part of its blockbuster exhibitions earlier this year. It is part of a push that we are seeking to standardise the

methodology and the information that we capture around all events. This similar methodology was used for the first time this year for Floriade. So in answer to your question, Ms Porter, yes.

THE CHAIR: Given we have lots to get through for the day, if there are further questions on tourism, we might put those on notice and move on to EPIC. Because it is Christmas and I am feeling generous, we can all have one question each on EPIC. Minister, on page 14 of the annual report for EPIC in the future priorities it talks about finalising EPIC's master plan. When is that likely to happen?

Mr Barr: I will just wait for Ms Clarke to arrive.

THE CHAIR: The Assembly has probably asked this question for about seven years in a row.

Mr Barr: Yes. Fire away, Liz.

THE CHAIR: Welcome, Ms Clarke.

Ms Clarke: The board determined that whilst the review of the proposed relocation of the three codes, which also includes the venue, is being undertaken, it was a more sensible approach to wait until the outcome of that, so that we do not spend money that we really should not have to spend at that stage.

THE CHAIR: What input have you guys had in regard to the co-location of all the racing codes? Is it, minister, the government's intention that EPIC follow to the new site, if it so went ahead?

Ms Clarke: Yes, the corporation has had involvement in the proposed relocation. It has been discussing our footprint. It is very early days, of course, for us, but certainly there has been involvement.

Mr Barr: We will await the outcomes of that work, obviously, before reaching a final decision.

THE CHAIR: Who is responsible for that work?

Mr Barr: Minister Burch is leading the co-location work. But in relation to the broader questions around land use, that also has implications in relation to the capital metro project. The cabinet subcommittee that is working on that also has input in this area. Through the other parts of Economic Development and as Treasurer, clearly, I have an interest in some of the outcomes of all of that work. So we will seek input from the various areas of government that I have ministerial responsibility for, feeding into the whole-of-government process. Once all of that is complete, we will make some decisions.

THE CHAIR: When is the tri-code racing facility report due?

Mr Dawes: That is actually in the process of occurring, as we reported, I think, in previous committee meetings. The discussion between the three codes has

commenced and we are working with them. On the broader study of the land use policy, we are in the process of engaging a consultant to undertake that particular piece of work to inform whether we co-locate on to one of the sites that is there, or whether we go to a greenfield site. Those sorts of decisions have not been made. We are in the process of gathering that data and that information and we will be reporting back to government early in the new year.

Mr Barr: The financial year.

THE CHAIR: So by 30 June?

Mr Dawes: We will certainly have a better steer by 30 June, and being able to report back to government to seek further guidance and direction as well.

THE CHAIR: Ms Porter.

MS PORTER: Just a comment on the larger outcome. It will be quite a while before we get to that point?

Mr Barr: Yes. There will not be dramatic change in the next 12 to 18 months. There is a process to go through.

MS PORTER: Minister, on page 110, I note the significant capital works that were completed this year, including refurbishment of the conference centre. How have these works added to the capacity of EPIC as a multipurpose venue?

Ms Clarke: It certainly has made us more competitive in the marketplace. The conference centre and the Parkes Room are now more accessible for people to come to the building. We changed the shopfront, the front of the building, to ensure that it is wheelchair accessible. We are now acquiring a lot more events, a lot more bookings, into the future. We have also received some very positive feedback from our current clients.

MS PORTER: Thank you.

THE CHAIR: Dr Bourke.

DR BOURKE: Thank you, chair. There was some work around the development of low cost accommodation at EPIC. How has that proceeded?

Ms Clarke: We have a preferred tenderer, FreeSpirit. We are working closely with them to finalise documentation in readiness of them preparing their DA. They are hopeful that they will be able to commence operations in early 2015.

DR BOURKE: What is the nature of the infrastructure that will be associated with this? This is basically a caravan park, cabin-type camping accommodation?

Mr Barr: Plus, plus.

Ms Clarke: Yes. It also has dormitory-style accommodation, which is specifically

targeting visiting school and sporting groups coming to the ACT. I think it is accommodating around 400 children, as well as about 200 cabins and caravan sites.

DR BOURKE: How will that articulate with the proposed Capital Metro developments affecting that site?

Mr Barr: This block is at the—what would you call it?—the north-eastern—

DR BOURKE: The Goulburn side?

Mr Barr: Yes, it is further up the Federal Highway, isn't it?

Ms Clarke: Yes.

Mr Dawes: It is up towards Bimberi.

Mr Barr: Yes. So it is a long way from Flemington Road.

DR BOURKE: Yes.

MS PORTER: Mr Dawes, did you have something you wanted to add?

Mr Dawes: I just think that the good news about this development is that we have finally got our environmental clearances through the commonwealth, the EPBC. It has taken several years. I think I have been reporting it has been caught up in that whole Gungahlin assessment through the EPBC. It means that we are not constrained; we can actually get cracking. We have lodged DAs to do the infrastructure that is required now that we have those clearances. We are actually running those in tandem and working with FreeSpirit so that we can undertake some of the capital works that are required as they develop their site as well. So it will all be finished together.

Ms Clarke: If I could also add that the third stage is a hotel-motel, which will also meet the demand of more visitors coming to Canberra. It certainly will assist.

Mr Barr: And add to the supply side capacity.

MS LAWDER: In terms of schools and sporting groups coming to Canberra, what sorts of numbers are we talking about per annum? Do you know?

Mr Barr: 160,000.

MS LAWDER: In your planning for this, have you assessed the impact on other providers, private, that the government entering this space might have?

Mr Barr: Yes. In fact, the industry have come together and demanded the government release more land. They are absolutely at capacity. We could continue to grow this market if we had more low cost accommodation. Garry Watson, who heads the national capital education tourism project, has worked diligently with the tour operators, the national attractions and all of the key players in this sector. They have come together with a unanimous position that what is needed is more supply.

I think where there might be a misunderstanding is that the government will not be operating the facility. We are just simply facilitating a land release for a private sector partner, the FreeSpirit group, who run a number of these sorts of facilities, to enter into the marketplace here. That was a competitive process to win the rights to deliver the accommodation.

Ms Clarke: One of the benefits is that they have been able to work very closely with Mr Watson and that sector. The design of the development will really accommodate that style of group and the coaches. It has been very fortuitous, I suppose.

THE CHAIR: A new question?

MS LAWDER: Yes. EPIC have a number of priorities, one of which is continuous improvement in environmentally sustainable measures. Can you give us any ideas of what you have improved in the past year?

Ms Clarke: We have installed a rainwater tank farm. That has a capacity of 4.3 megalitres of non-potable water which we have been able to use to irrigate the grounds around the venue. We are also working closely with Environment on recycling components and encouraging event organisers to be more proactive in recycling at their particular events. I would say that about more than half have embraced the concept, but sometimes they need a little bit more encouragement. Certainly, they are working towards that. Probably the non-potable water project has been the most significant for us. Obviously, having over 70 hectares of grounds, water is a huge cost for us and using as much non-potable water as possible is certainly helpful.

DR BOURKE: If it is rainwater, why is it non-potable?

Ms Clarke: Sorry?

DR BOURKE: If it is rainwater, why is it non-potable? Undrinkable?

Mr Barr: Presumably there is some risk of contamination, Chris. It is terminology.

Ms Clarke: Yes. It might be just the way that I say that. Instead of saying “town water”—

THE CHAIR: It is not town water.

Ms Clarke: It is not town water. Tank water.

Mr Barr: That is right.

DR BOURKE: “Non-potable” is a particular classification of a water supply which indicates that you cannot drink it.

MS PORTER: Apparently you are not supposed to drink rainwater in the ACT—that is my understanding—out of a tank.

Ms Clarke: They do have different coloured pipes. I do know that.

Mr Barr: Excellent. Indeed, we are all forewarned. Do not drink the rainwater that has come through the chook yard at EPIC.

THE CHAIR: This is not the health committee. We might move on. As there are no last questions for EPIC, we might finish with EPIC. Thank you, Ms Clarke. We will move on to economic development. Minister, on page 152 of the report under output class 1.1 it highlights a couple of research papers that were done—one on employment and the other on industry sectors. What are the outcomes of those reports?

Mr Barr: Well, a well-advised minister.

THE CHAIR: Good answer.

Mr Barr: And a well-informed cabinet.

THE CHAIR: Are those reports both public?

Mr Barr: Have we put them on the website?

Ms Gilding: We have put one on the website.

Mr Barr: We have put one on the website.

THE CHAIR: What is the reason for the other not being on the website?

Ms Gilding: We did two research papers as part of our accountability indicators. The first one was about employment in the ACT. It looked at our key sectors. But we actually felt we could go further than that, so we did a second research paper around economic diversification in the ACT, which covered off on a lot of that information in the first paper. That one is actually published and is on our website. I guess there is just that extra layer of administration in terms of getting a paper ready for publication and actually up on a website.

THE CHAIR: So why the second and not the first?

Ms Gilding: Sorry?

THE CHAIR: Why is the second published but not the first?

Ms Gilding: The second built on the first. The second paper built on the first paper and covers much of the detail in the first paper. It was felt it was really only worth while publishing the second one.

THE CHAIR: Okay. Is it possible for the committee to have a copy of the first paper?

Ms Gilding: I do not have a problem with that.

Mr Barr: You can read the second paper and you get the first paper.

THE CHAIR: Two for one. What was the cost of both of the research papers?

Ms Gilding: They were done in-house, so, essentially, that came out of our outputs. It was, I think, the time of a SOGC and a SOGA staff member.

THE CHAIR: And, as a consequence, have you changed your performance indicators?

Ms Gilding: In terms of our accountability indicators within the budget papers?

THE CHAIR: Yes.

Ms Gilding: No.

Mr Barr: The intent was not to—

THE CHAIR: I thought you said at the start it was done to inform your accountability indicators.

Ms Gilding: Yes. If you have a look on page 131 you will see that we had the preparation of a policy paper providing an overview of ACT employment by industry over the past 20 years. So essentially—

THE CHAIR: This is the two for two. But, as a consequence of that, from what you have learnt from the papers, have you used that to inform accountabilities or strategic indicators?

Ms Gilding: Flowing into the next year?

THE CHAIR: Yes.

Ms Gilding: Not in terms of our policy deliverables, no.

THE CHAIR: Okay.

Ms Gilding: But certainly it feeds into the broader policy thinking and looking at our sectors and our sector analysis and will be used to inform broadly, I think, our program development environment.

THE CHAIR: If we go to page 195—“A.10 Triple Bottom Line Reporting”—you lost eight staff in the period. What areas did they come from?

Ms Hargreaves: Could you please repeat the question, chair?

THE CHAIR: On page 195, the top line, the number of staff employed went from 225 down to 217. Where did those eight staff members come from?

Ms Hargreaves: During the financial year we had administrative arrangements where four staff members were transferred from the Economic Development Directorate to the Commerce and Works Directorate. They were part of the government accommodation strategy. The other staff members are just in relation to vacancies.

THE CHAIR: Total expenditure went from \$101 million to \$155 million. What are the ins and outs on that?

Mr Barr: I suspect that will be a part financial year impact, will it not, because of the—

Mr Dawes: Dermot will be able to give you that detail.

Mr Walsh: In terms of the major element of that increase, it was actually asset transfers to other directorates. There were capital works undertaken on behalf of TAMS—ACTEW—where we built the infrastructure and then transferred. That was \$44 million of the increase between the two years. The others would be a range of ups and downs in administrative costs and initiatives coming off between the two years, which I am happy to provide on notice.

THE CHAIR: All right. What were the major projects? The \$44 million is?

Mr Walsh: Watson stormwater; Forde intersection; Fyshwick intersection; Harrison, Wells Station infrastructure; Canberra street lighting; city west infrastructure stage 3; Casey-Clarrie Hermes Drive; and government accommodation fit-out works we undertook on behalf of a range of government agencies for offices.

THE CHAIR: Two lines down there is a 58 per cent increase in the net cost of services. Is that the reason for that?

Mr Walsh: Yes.

THE CHAIR: Same, same?

Mr Walsh: That would be the major driver, yes.

THE CHAIR: Ms Porter.

MS PORTER: Can I ask questions on 1.2?

THE CHAIR: Go for your life.

MS PORTER: On page 28, under “Trade mission program”, it mentions a number of things, but with regard to trade missions I am interested about the two outbound ministerial-led delegations of ACT companies delivered in 2012-13. Who bears the costs of these delegations? That is my first question in this area. The other one is the reverse. That may be attracting businesses coming to Canberra. I also want to know how we support exporters.

Mr Barr: The first question is around costs.

MS PORTER: Yes, of the delegations.

Mr Barr: There is a budget within the business development area to support the trade missions, but businesses also buy in. That will vary according to the nature of the delegation and the destination; there is a degree of variability about that. No one trade mission is the same; they will vary in size and focus, depending on which minister is leading them, the range of companies and the particular priorities that the Exporters Network will have, combined with various priorities of government.

For example, in recent times there has been an emphasis on Singapore, for the aviation connections and the investment connections, but then clearly there has been business interest in using Singapore as a launching pad into South-East Asia. With the Jakarta mission, the Indonesian one that occurred earlier this year, my time was in both Jakarta and Singapore. I took the opportunity of them being an hour apart to undertake activities in both areas. Other trade missions have just been to one country or to one particular location. In previous years, that has involved China, the United States and various South-East Asian destinations—Malaysia, I think.

MS PORTER: How else do we support exporters?

Mr Barr: We also provide support to the Exporters Network, and there are the Chief Minister's export awards and a range of grants that are operated through the global connect program. Did I miss anything, Glen?

Mr Hassett: No; that is right. On trade missions, what generally tends to happen in terms of supporting companies is that we engage a service provider to provide in-market support services for companies participating on trade missions. That is generally Austrade. The trade mission budget is used to subsidise that cost for companies, and then companies that are participating on the mission that satisfy the criteria of the trade connect guidelines can also access an amount of funding to support them with their travel and related costs. Generally that is capped, but it is delivered on a dollar-for-dollar basis, so it is an equal contribution from both the participating company and the trade connect program. More broadly, trade connect is a program that is available for companies to progress their market development activities based on the export planning that they have done previously. Through trade connect, they can access grants, which are also provided on a dollar-for-dollar basis, to undertake activities that directly relate to the planning work that they have done.

MS PORTER: Minister, could you give us an example of a company that has been able to access an overseas market as a result of the trade missions?

Mr Barr: Aspen Medical are one. They have been tremendously successful in winning national export awards and growing their business into tens of millions—hundreds of millions, I think it would be fair to say. They have perhaps been the highest profile and the most successful. Another example of a business that has had recent media exposure is Seeing Machines, an IT firm selling particular technology into the mining industry, amongst others, but transport more generally, to provide early warning of operator fatigue with heavy machinery, quite a critical safety element.

They now have operations in a number of different countries. On our most recent mission in the US, in Silicon Valley, there was a gathering of Canberra expats and folk who are off doing that hard yakka in the biggest of markets in the world. There was a representative from Seeing Machines there. Not only does it confirm access to the supports here in Australia, but also they can tap into our networks, supported by Austrade, obviously with a good level of support from our embassies, consulates and the like, depending on the particular destination.

MS PORTER: Is it reasonable to say that our export market and the diversification of the ACT's economy have grown exponentially through this sector?

Mr Barr: Yes. The stat that jumped out at me in recent times was the ACT's share of national exports growing to 2½ per cent. That is above our population share. It has been growing faster than the rest of the economy and faster than many other state and territory export bases. It would be fair to observe also that we are coming off a smaller base, but nonetheless the growth is there.

The pretty frank economic reality for businesses wanting to grow out of the ACT is that a market of 400,000 or 450,000 in the immediate region is not going to be big enough to support longer term business growth. Frankly, nor is the Australian market of 23 million. We are two per cent of the Australian economy, and Australia is two per cent of the world economy.

Clearly, the opportunities for growth are in export markets. We are keenly taking advantage of the various free trade agreements that successive federal governments have secured with our major trading partners, and that has opened up opportunities for a range of firms in a variety of different industries. It is predominantly service based. The Mint is our largest manufacturer, providing coin and currency to a variety of South Pacific countries, amongst others. But the services sector, particularly for services to government, has grown very strongly. What we are starting to see particularly is some of the larger multinationals either opening up or expanding their operations in Canberra. The Chief Minister opened the new Microsoft facility only in the last week; Lockheed Martin and others are coming to the marketplace. Selling services to the Australian government is of great value to a whole range of firms in Canberra, but the market for services to the US government is bigger than the entire Australian economy. It is a trillion-dollar market. Some of the firms that have now secured contracts with the Pentagon, NASA and a variety of other US government agencies have a growth potential that is significant.

To sum up, it is predominantly in the services sector. That will be our advantage—commercialising research. The story we tell in relation to the development of wi-fi in this city is a very good story, and we are able to point to some very practical examples of commercialisation of technology. The revenue streams coming back into the CSIRO from securing the patent and the commercial return on that are in the hundreds of millions of dollars.

MS PORTER: Thank you very much.

THE CHAIR: Just to follow up on Ms Porter's initial question about support for trade delegations, I see on page 134 that trade connect was to give out 12 grants but

gave out 39 in the course of the year. How much was the original budget for the 12 grants supposed to be, and how much was spent on the 39 grants?

Mr Hassett: The trade connect budget allocation per annum is \$200,000. I think committed funds for that year were up to \$203,000, but what is committed generally has to be acquitted against receipts received so we do not expect to go over that allocation.

THE CHAIR: So the 39 grants equal \$203,000?

Mr Hassett: That is right.

THE CHAIR: If you only expected 12—about \$5,000 a grant—why would you not allocate \$60,000 instead of \$200,000?

Mr Hassett: Sorry; I did not understand that question.

THE CHAIR: You have given out approximately 40 grants at the value of \$200,000. That is \$5,000, on average, per grant.

Mr Hassett: Yes.

THE CHAIR: Did you expect to give out \$20,000 for the 12 and have you under-allocated—

Mr Hassett: No. The reason for the higher number for that particular financial year was the support of companies through the trade mission activity. We had a number of companies that were participating in the Indonesia trade mission. We also had a film industry mission. Those grants, as I stated before, were to a much smaller maximum amount of \$3,000. That is the reason why.

THE CHAIR: But the question stands. You have said the amount was expected to be \$3,000 and you only had 12. That is \$36,000. Why would you allocate \$200,000?

Mr Barr: The 12 figure is errant.

THE CHAIR: It is your budget.

Mr Barr: We will take it on notice.

THE CHAIR: Take it on notice and give us some logic.

Mr Barr: We will take on notice why the number 12 was ever there. Certainly my understanding of the program has been—

THE CHAIR: Much bigger?

Mr Barr: Yes, or a greater number of smaller grants.

THE CHAIR: All right; if you can take it on notice and give us a reconciliation of the

logic, that would be kind. Were any of the funds used to supplement the costs for the government attending these missions? Was any of that funding used to assist in getting the minister or staff overseas?

Mr Barr: No. I have a separate travel budget that is reported on every six months. That covers any travel I undertake, domestic or international. That is reported to the Assembly, as you know, and every time it is released there is a tally of all of that. You would have experienced that in your time as a minister.

THE CHAIR: Interesting time, yes.

Mr Barr: A long time ago, but we will not go into that.

THE CHAIR: Were any of the grants used for non-trade mission activities?

Mr Hassett: For trade connect?

THE CHAIR: For trade connect.

Mr Hassett: Yes. Companies can access trade connect grants to do their individual market development activities, which might be to do trade shows overseas, bring in prospective buyers or do their own market development activities based on their trade plans or their export plans.

THE CHAIR: Can you give us a breakdown on the percentage?

Mr Barr: Between mission related and not mission related?

THE CHAIR: Yes.

Mr Barr: Yes.

THE CHAIR: Minister, has accommodation and travel expense funding always been a component of the trade connect program?

Mr Hassett: The answer to that is that the program was reviewed through 2012 to make the program more accessible. In the past, no, accommodation and travel were not part of grants to be applied. But through consultation with the market and with stakeholders, it was so evident that the major cost for some of these small companies to undertake market development activities overseas was, in fact, the travel and accommodation component. Through that review, the program was opened up to make it more accessible, particularly to SMEs, by making travel and accommodation costs—

THE CHAIR: When did that start?

Mr Hassett: It would have been that financial year, 2012-13.

THE CHAIR: Minister, you approved that change?

Mr Barr: Yes, we would have. It would have come through as a brief.

THE CHAIR: “Yes, we would have,” or, “Yes, we did”?

Mr Barr: It did come through as a brief, yes, in relation to program, future trade missions et cetera.

THE CHAIR: We will go to Dr Bourke.

DR BOURKE: Minister, in the business development strategy talked about on page 4, the outlook is about fostering jobs growth and diversification. You have already talked quite a bit about your plans around developing export markets for ACT businesses. What else is in that business development strategy that is going to drive that jobs growth and diversification?

MS PORTER: It is on page 31.

DR BOURKE: Page 31.

Mr Barr: There are a number of different elements within the business development strategy that go to enhance economic development and growth of the local economy. They include but are not limited to taxation reform, work in relation to red tape reduction, opportunities to pursue digital and IT capability. The government is a procurer of goods and services. So there has been a change in relation to our procurement policies to put a weighting on local content and local partners, local firms, in delivering particular outcomes for government through the procurement process.

We have also had an emphasis on deregulation in a number of areas and a desire to step up engagement with the business community in relation to obstacles to further jobs growth, further economic growth. And we have been working through a range of those issues and concerns methodically. Not everything can be fixed immediately, and not everything is clear cut. There are often reasons for regulation or for particular policy settings.

We have a planning framework in the city. If we were to completely deregulate everything and no longer have any planning rules, then, arguably, that would foster some new level of economic development but it would come at a social and environmental cost. So assessments of the costs of certain regulations are a part of that work. Some research has been undertaken in the policy area around informing where we are now and what sorts of policy changes would be necessary to deliver particular outcomes. They have also been part of the business development strategy.

We will continue to seek to facilitate new investment in the territory. That would be the focus recently with the launch of invest Canberra, but we have resourced an investment facilitation capability for the territory that we have not previously had at that capacity. And I think there is a renewed vigour around public-private partnerships, particularly with the launch today of the new PPP framework.

DR BOURKE: Can you tell us more about the PPP framework?

Mr Barr: The territory is entering into public-private partnerships for the first time in its history. We have not had projects that have been of the scale or the type that would really have interested the PPP market, the national and international infrastructure community, until this point. Minister Corbell announced today the first such project, the Supreme Court. We are also actively investigating this procurement methodology for other projects, including the University of Canberra public hospital, capital metro, city to the lake project and the elements within, convention facilities, stadium infrastructure and the other elements of city to the lake. They are but some examples of the sorts of projects that can be delivered through this procurement methodology.

In short, there are really two types of PPPs. The first, the social ones, involve an availability payment from government. They are not income generating. There is not revenue associated with the activity but the delivery thereof would require a payment from government. And that payment, under a traditional procurement method, would be an up-front capital amount and then an ongoing operating subsidy, the way we have traditionally procured schools or the like in times past. This new methodology would allow for the integration of the design, the construction, the operation and the maintenance of such infrastructure. Schools, hospitals, courts, those sorts of things, fit that stream of PPPs.

There is then an economic stream, projects that have revenue associated with them, things like car parks, toll roads and the like. That is where there has been some controversy and challenges with PPPs in Australia in other cities, particularly around estimations of revenue streams and the like and that going badly wrong. There have been some classic examples of that in Sydney, Brisbane and elsewhere in recent times.

To sum up, you can make savings if the risks are appropriately apportioned to the different parties within the contract. On average, they have been around 11 per cent in terms of project costs and ongoing operation of infrastructure across Australia in recent times. But there are more significant up-front costs in terms of time and expenditure before you go to procurement. That is the difference. It can take longer at the starting point to get to the market approach under a PPP model, and you do have to invest in the appropriate capability on the government side lest you enter into contracts that are disadvantageous to the jurisdiction. And there have been a few of those in the history of Australian PPPs with other governments.

Our framework draws upon the experiences of other governments, and we have started off deliberately with the Supreme Court project. Similar court-style projects have been successfully delivered as PPPs elsewhere in Australia in recent times. So it is a relatively low-risk project to open our approach to the market.

It is important for us that it is delivered successfully, because there are reputational issues associated with the ACT as the public partner of that public-private partnership. So we need to do it well. We need to invest in the capability in government and in the appropriate strategic advisers through both the finance and contracting stages of these projects in order to ensure that we are getting the benefits of this procurement methodology. And that is particularly about putting the right incentives in front of the different partners.

In the availability payment model, for example, the private sector does not get paid until the infrastructure is delivered and operational. That gives a real incentive to your constructor and your operator to work closely together and to deliver projects on time and under budget.

DR BOURKE: You also mentioned digital and IT capability. In my electorate the recent commonwealth announcements around the NBN have certainly put a kick into that in east Belconnen. What have you been hearing about that?

Mr Barr: Clearly, what we were anticipating in terms of rollout of fibre to the premise connectivity around Canberra has been scaled back. So the question of to what extent existing contracts are being honoured is still somewhat open. We await some further advice and clarification on the exact status of different elements of the rollout, but we certainly have a situation now where there are some parts of the city that are benefitting from the high-quality NBN rollout. I have not seen anything to the contrary to date in media reports.

The take-up of the NBN is highest in Canberra than anywhere in the country. And it was good that the initial stages were in Gungahlin, an area that was the most poorly served in terms of broadband access. But there is still quite a gulf in different parts of the city. And we will certainly be looking for early and positive indications of continuity of the program.

However, I think it remains to be seen what alternative technologies might be able to deliver in terms of broadband speeds, but again, from what I have read in the media, particularly the more recent update was a backing away now from the commitment even of 25 megabytes per second by 2016. That appears to certainly not be achievable on the national level according to the new management of NBN Co. Whether that will apply in the ACT, we will see in due course.

We are certainly concerned on equity grounds and also because the value of investment in this technology and what it will bring in terms of economic development opportunities and then social and cultural development opportunities are pretty well universally recognised. The more broadband that can be rolled out faster in Canberra, the better.

DR BOURKE: Right in the middle of that area you have got the University of Canberra, CIT, Calvary, a new public hospital, AIS, plus the new suburb of Lawson all going.

Mr Barr: There is, I imagine, considerable demand for the services. And if the take-up rate that we have seen in Gungahlin is replicated across the rest of the city or even built upon, then I think there is pretty clear evidence of the demand for that capability in the ACT. So I think we have got a strong case to put, and we will continue to lobby federally. I think our federal members are also actively interested and actively pursuing that attempt.

DR BOURKE: So you think there might be some recalibration of federal policy?

Mr Barr: I—

THE CHAIR: He is not responsible for federal policy.

Mr Barr: I cannot speculate on that. We can only go on the information that has been provided. But I guess the question that really remains is about the extent the alternative technologies will be able to deliver the sorts of speeds, outcomes and bandwidth that we see being taken up. There are a variety of different views as to what extent the old copper network or various—

DR BOURKE: Two cans and a piece of string.

Mr Barr: other technologies can deliver that outcome.

THE CHAIR: We might move on. Ms Lawder.

MS LAWDER: On page 153 of the annual report, it talks about the my red tape feedback mechanism and the website launched in January, earlier this year. Can you give us a brief snapshot of some of the red tape items that have been identified through that website?

Mr Barr: Certainly. There have been a number of issues that have been brought forward specifically through the website and also through the industry consultation. The membership of the red tape reduction panel includes the Business Council, the chamber of commerce and the council of small business associations. Recently, ClubsACT have joined in relation to issues specific to their sector. The Hotels Association will be joining in 2014 to deal with issues specific to that sector.

The issues raised have been as diverse as licence periods for various industry sectors through to the motor vehicle registration labels that have been a feature of the early work. There is outdoor dining and the various approvals processes associated with that, as well as discussion of more online capability for businesses and community organisations to be able to submit information to government once and in an online form.

There has been discussion in relation to the duplication of requirements across agencies around, for example, signage. There are certain requirements under fire safety and the like to have signage around the number of patrons allowed in a particular property. There are various food safety signage requirements. We have been looking at the opportunity to, as much as possible, consolidate signage requirements so that businesses are not faced with the prospect of having to have a wall of signs displaying every possible licence and the like that they have.

I have described this in *Lord of the Rings* terms as the “one sign to rule them all”, and I am optimistic that even if we cannot get it down to one sign, we certainly can dramatically reduce the display requirements so that shop windows are not entirely dominated by government-required signs. There are some, clearly, that do need to be displayed and provide guidance, but there are others that perhaps should be available behind the counter and available upon request and the like. So we are looking at all of those sorts of options.

Ms Gilding: We have done substantial work with the clubs and hospitality industry.

Mr Barr: Yes, in relation to various requirements under the Gaming Machine Act. There has been a project specific to Garema Place, too, in relation to the outdoor dining areas and allocation of space to particular tenancies. What we have seen over time is that, when one tenant leaves and vacates a space, others want to grab that tenant's outdoor area. There is an interesting question about whether that space should forever be reserved for one particular property, even if it sits vacant, or whether other operators in the precinct should have the right to extend their outdoor area.

That raises a range of interesting questions, and we are working through that. We are trying to have a pre-approval process in place so that when you lease the building, you also get those outdoor space rights and you do not have to go through onerous processes if we have already approved the use of that outdoor space. That is a particular pilot project related to Garema Place, but I think the principles of that can then be extended to other precincts. It has been useful to engage with the industry associations, represented at the peak level by their CEOs, as well as walking around Garema Place and talking with the particular operators there or the landlords and having a bit of a think about how that process can be streamlined.

Hawkers licences, food trucks and those sorts of issues come up—how you protect the rights of existing traders who rent space and pay a whole range of fees to be able to operate and then to what extent we can grant rights to temporary traders, hawkers and the like, to come and set up shop right in front of them. What are the appropriate fee and approval structures? So, as is always the case with regulation, you try and strike a balance to protect the economic interests of people who are doing the right thing, whilst also wanting to ensure adequate capability for innovation and vibrancy.

I have been pleased with the progress of work. I am very conscious that stakeholders, the business community, the media, the opposition—everyone—want to see concrete results. There has been legislation. It has already been introduced to remove red tape in certain areas. I have committed to an annual process where a range of smaller issues that may not warrant a bill in their own right can be consolidated into an omnibus red tape reduction bill and drawing on work in other agencies as well—work for the community sector, too. A number of community sector organisations are represented through the chamber and Business Council, for example, as they are large employers, as you would know. Some of their issues have also been raised. So it has been comprehensive, wide ranging and right down to the nitty-gritty detail, as well as some of those bigger picture questions about the sort of environment you want to establish that supports innovation and enterprise.

MS LAWDER: With some of it—moving it online, for example—is more about modernisation than removing red tape.

Mr Barr: Certainly, I accept in some instances that would be right. But you can also streamline a process and remove a whole series of steps and requirements as a result of going online. It certainly facilitates information sharing and accessibility across various areas of government. So rather than filling in the form in triplicate, as was the case back in the last century in particular—a carbon copy and that sort of stuff—that used to be a feature of public service delivery and regulation, you can now access and

deliver in an online capability.

To wrap up my comments on this, I would say there are economic development opportunities for Canberra businesses to deliver applications and software for the ACT government that assist in these municipal tasks, and then possibly sell them to other councils and governments. We are prepared to innovate and to trial a few things and support young entrepreneurs. There are plenty examples of that, and I will give just one—Qhopper, a service that allows you to order your food and beverages from your seat at Canberra Stadium and then you get a message when it is ready. You can go and collect it; it saves a whole bunch of queuing. These guys have developed this app and they can sell this technology. It is something that is useful in stadia around the world.

THE CHAIR: Perhaps we could go to some of the procurement data on pages 278, 279 and 280 of the annual report. I am curious that a firm called Relocations-Made-Easy got two contracts in the reporting period. Why do we have two contracts with Relocations-Made-Easy? It is on page 278, the fifth and sixth lines.

Mr Barr: One for \$21,725 and one for \$9,952.

THE CHAIR: Correct.

Mr Barr: Good question.

Ms Hartley: The reason we have two contracts there is that we changed the service delivery model for Relocations-Made-Easy. Relocations-Made-Easy is an online discovery system for skilled migrants to punch in their family details. It gives them the best suburb for their family that may be conducive to their relocating to Australia. The reason that the first contract was for \$21,000 and the second one was for \$9,952 is because we moved to a month-by-month basis with Relocations-Made-Easy from April.

THE CHAIR: They are the only firm that provides that sort of service?

Ms Hartley: Yes, that is my understanding. They are the only firm that provides that sort of service.

THE CHAIR: This is the first time that the government has had a contract with them?

Ms Hartley: Relocations-Made-Easy?

THE CHAIR: Yes.

Ms Hartley: No, we have had a contract with them in the past.

THE CHAIR: How did the government find out about Relocations-Made-Easy?

Ms Hartley: I will have to take that on notice. It was before my time in the position.

THE CHAIR: That is okay. I am just interested. We have got this one firm that gets two contracts and they are the only ones that provide it. In the next line, KPMG got a single-select for specialist knowledge on an ACT skilled and business migration program review. Why was that one conducted as a single-select?

Ms Hartley: Why was the review conducted or why did they get the contract?

THE CHAIR: No, why was it awarded as a single-select? Surely, four or five would all have units that do this?

Ms Hartley: KPMG have been responsible historically for doing the skills audit. That forms part of our state migration plan. So they have a very good and in-depth knowledge of the skilled migration program. Under single-select arrangements, we utilise their services to undertake the review of the skilled migration program, purely because on a yearly basis they have provided that occupation listing methodology for us and that skills audit for us.

THE CHAIR: On page 279, the Oneworld contract—again, single-select. Are they the only firm that provides export services to government?

Mr Hassett: That contract was for advice and mentoring services provided by Stewart Rendall to the exporting government solutions program. That was over a period of 12 months and included his face-to-face work with the companies that were involved in the pilot program before the Centre for Exporting Government Solutions was established and for a series of capability development modules that were developed for selling to the US public sector market where Mr Rendall has significant expertise and knowledge.

THE CHAIR: But is “significant” enough to say that he is the only one that can do that and go to single-select? Ten out of the 20 procurements, minister, have all been single-select. The next one, GDP Global, is development and delivery of an investment promotion agency strategy. Again, it is single-select. Are there no other firms in the ACT that deliver that, or in Australia?

Mr Horsburgh: I believe the question relates to procurement by the ACT government through GDP Global?

THE CHAIR: Yes.

Mr Horsburgh: GDP Global are an investment promotion advisory firm. They work globally and have provided to organisations such as Austrade and other state government investment agencies in Australia over a number of years repeated consulting services. Based on interactions with the principals of the business, they have provided training programs such as winning investment for Australia over many years and had an in-depth understanding of the sorts of investment issues that the ACT was seeking to address in commencing proactive investment attraction. On that basis we sought approval to engage them on a single-select basis.

THE CHAIR: There were other firms that could have done the job.

Mr Horsburgh: We were not able to determine that there were other firms with the credentials that GDP Global were able to provide on that basis. The research required in-depth connections to seven other city investment promotion agencies that operated in similar markets to the ACT with respect to investment attraction on the basis that Canberra is a government town-city. On that basis, we sought approval for single-select procurement.

THE CHAIR: All right. But if you do not go to tender, how can you know that there are not other firms that could provide a service equally as good, if not better?

Mr Dawes: If I could just answer that. I think the important thing here is that obviously when we are doing our procurement we follow the government procurement regulations as well. Based on the best advice—and I was the one who signed off on the single-select, because it is delegated to me as well—I was satisfied with the information, the report and the feedback that we have had from both the commonwealth and the other state jurisdictions that this was the only organisation that would best carry out this particular process and, hence, I signed off on the single-select.

So I was well and truly satisfied. It is something that I take very seriously. Always the question is which local firms can win this particular work, because obviously we have got to look after the locals where possible. Obviously, when we were looking at this specialised work that was undertaken and the fact that this particular organisation had done some extensive work for Austrade in the past, they were highly recommended. When you look at the general weight of fees for service and the work that they actually undertook, I believe that we got good value for money.

THE CHAIR: All right. The next one, Projects Assured—project management consultancy for website development: why would you go to single-select for that?

Mr Dawes: Some of these also come off a panel. Depending on the price range of some of these contracts as well—as you would be aware, the basic purchasing for some of these things can be up to \$25,000.

THE CHAIR: But if they come off a panel it is listed as a procurement pre-qualified panel as in across the page on dialogue information.

Mr Dawes: I will just have to double-check on that particular one. My understanding was that they were off the panel.

THE CHAIR: All right. The next one—SGS Economics: are they the only firm that could prepare an economic paper on investment opportunities in the ACT?

Mr Horsburgh: Can I comment on that? The SGS procurement was not a single-select.

THE CHAIR: It was or it was not?

Mr Horsburgh: It was not a single-select. There were three tenders for that piece of work.

THE CHAIR: Well, you need to correct the annual report because it is listed as a single-select. So that is not correct?

Mr Horsburgh: There were three tenders for that piece of work.

THE CHAIR: Okay. That is not what it says, so you might want to correct your annual report.

Mr Dawes: We can confirm that.

THE CHAIR: Minister, is it reasonable that half of the procurements are done by single-select, and did the department seek any guidance from Shared Services Procurement about that level of single-select tenders?

Mr Barr: We will answer the second question.

Mr Dawes: I think it is fair to say the minister is not involved in any of the selection of tenderers. That is completely left to the department. We work proactively with Procurement Solutions on many of the procurements as well. As I said earlier, we do follow their guidelines. We do seek their guidance as well on a number of the tenders that we procure.

Mr Barr: In relation to the first part of the question, the procurement guidelines have been recently reviewed and updated. My expectation is that that policy statement and that policy direction will be adhered to by all ACT government directorates. If it was a pattern consistent every year, yes, it would be concerning, but I do not believe it is a pattern consistent every year.

THE CHAIR: You know that, or you do not believe it?

Mr Barr: I do not believe it to be the case. It is certainly not something that has been brought to my attention as a major issue. The guidelines that outline a process and different thresholds for the various procurement types I think are appropriate. My expectation of all of the directorates headed by directors-general is that they will adhere to those requirements and those guidelines.

THE CHAIR: All right. In that case, on the single-select procurements, were any of the contracts awarded to ex-ACT government staff and, in particular, former staff from business ACT?

Mr Dawes: I do not believe so. This is one thing where I would always say that I would like to double-check but, to my knowledge, certainly not.

THE CHAIR: So are you going to double-check?

Mr Dawes: I will double-check.

THE CHAIR: You will take that on notice; thank you. Ms Porter.

MS PORTER: Minister, on page 28, down the bottom, it refers to the skilled migration program. I note the government nominated 695 skilled workers to migrate to Australia and live in Canberra. What are the particular skill sets the government is trying to acquire through that skilled migration program, and what are the benefits of attracting skilled migrants to Canberra?

Ms Hartley: As to the skill sets that we are attracting, I can just run through our top five skill shortages. Predominantly in the ICT area it is ICT business analyst and support engineer software programmers. We also have a critical shortage in construction managers, civil engineers, architects and quality controllers. They are our top five. What sits just under that are retail managers, which is coming in quite high, and customer support managers, like call centre managers. They are our top five.

As to the economic benefits of skilled migration to Canberra, which I think was the second part of your question, just last year they brought in approximately \$1.02 million, and that was just in their financial assets. We say potentially they bring in that because that is what they have to declare on their migration application for sponsorship. It is potentially in that area. The economic benefits are there. They are filling skills gaps for us that we cannot fill with the local market.

MS PORTER: Minister, are you working with your fellow cabinet members on looking at how we can increase the number of skilled workers in this area overall in the ACT?

Mr Barr: Certainly there are areas where there are skills shortages. I have made the observation that our labour market might well adjust quite dramatically in 2014 and 2015, so we will keep a close eye on trends there. We will focus on changing circumstances in terms of what, if any, further effort we might put into this area. It remains my view that there will continue to be skills shortages in certain areas that will not be able to be accommodated within the existing labour pool in the ACT. So there will still be an ongoing need for skilled migration. The question of the extent of that is probably reflected upon economic conditions and having the demand for it. People will not want to come if there are not jobs in the economy.

Mr Dawes: Obviously engineering is of crucial importance to the territory when you look at the amount of civil works and construction work that is still going on in the territory and within the region. That is very, very important. If you look at the average age of the engineering firms, they are all well into their 60s. They are all coming out of retirement, which is good. You can never retire if you an engineer.

I just wanted to clarify one point. Laura answered a question and mentioned \$1.02 million. It is \$102.4 million. I think that is a difference between \$1 million and \$102 million.

Ms Hartley: Sorry; correct.

THE CHAIR: All right. We are coming to an end.

Ms Hartley: We are doing a significant amount of work with Education. In the past, historically, we have outsourced, as I mentioned before, the skills audit process. That

methodology has been developed within the education directorate, now called “the forecasting industry needs analysis”. That piece of work forecasts what our labour market is doing and what our skills shortages are at any point in time. That is just going through a certification process and then we will be using that. At the moment we do that bi-annually, but we will be moving to a quarterly process once we have that methodology in-house.

MS PORTER: And higher education as well?

Ms Hartley: Yes, it is two-pronged. It is being developed. We can use it from a skilled migration point of view, but they will be using it to address skills needs.

MS PORTER: Thank you.

THE CHAIR: Dr Bourke, a final.

DR BOURKE: Thank you, chair. Minister, what is happening in the Indigenous business development area?

Mr Barr: Louise will provide you with an update.

Ms Gilding: I will just find my notes on this one.

Mr James: Mr Bourke, you asked about Indigenous business development. As you may be aware, within the business development strategy we have incorporated an action plan that refers to Indigenous business development. Our objective there is to work with the elected body to develop a series of initiatives around Indigenous business development. We have actually committed some EDD funds to Indigenous business development. For example, during 2013 we have worked with the elected body.

We have provided \$2,500 worth of sponsorship to support an Aboriginal and Torres Strait Islander Elected Body economic round table. That was held on 23 November. We have committed to a second round table, which will be held in February 2014. We have also provided \$5,000 in sponsorship for the 2013 NAIDOC ACT awards business of the year. That was won by Bandu Catering, which is an Indigenous business enterprise.

We have also worked very closely with Indigenous Business Australia, which is the federal government body. We have had two business workshops which have developed Indigenous businesses from the ACT region, and they have been working with various Indigenous business advisers that are provided through the federal government.

Finally, we have been working with Supply Nation, which is an organisation which is set up to assist the procurement of Indigenous businesses. The ACT government has committed to pay \$15,000 for our membership of Supply Nation. That will allow companies to identify, through the government procurement processes, their capabilities and their responsibilities in terms of procurement. We hope that that will accelerate the Indigenous business procurement through government contracts. These

are some of the initiatives that we have undertaken during the last 12 months.

DR BOURKE: Thank you.

THE CHAIR: Mr James, I will have to cut you off there and say thank you very much for that answer. Members, I have to say I applaud your zeal in taking us right out to four o'clock on this last hearing of the year before Christmas. Minister, we will finish there. I would like to thank all members and the minister for attending today. Any questions taken on notice we would appreciate answers to no later than Friday, 31 January and, members, any supplementary questions, three days after receiving the *Hansard*. We will forward any other questions that we have, again, for answers no later than Friday, 31 January. A proof transcript will be forwarded to witnesses to provide an opportunity to check and suggest any corrections. With that, a merry Christmas to all. Thank you very much. I formally declare the public hearing closed.

The committee adjourned at 3.58 pm.