



**LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL
TERRITORY**

**STANDING COMMITTEE ON PLANNING, TRANSPORT
AND CITY SERVICES**

(Reference: [Inquiry into ACT Budget 2021-22](#))

Members:

**MS J CLAY (Chair)
MS S ORR (Deputy Chair)
MR M PARTON**

PROOF TRANSCRIPT OF EVIDENCE

CANBERRA

FRIDAY, 15 OCTOBER 2021

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**Secretary to the committee:
Ms A Jongsma (Ph: 620 51253)**

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 11.31 am.

HEMSLEY, MR RYAN, Interim spokesperson, Molonglo Valley Community Forum

ELFORD, MR PETER, President, Gungahlin Community Council

CARRICK, MS FIONA, President, Woden Valley Community Council

THE CHAIR: Welcome, everybody. Thank you for coming to our estimates hearings for the Standing Committee on Planning, Transport and City Services. We are on Zoom only, so I ask everyone to make sure they are on mute unless they are speaking. MLAs, when you are asking a question, feel free to name the person you are asking the question of, unless you are addressing it to the whole panel. Please try and make sure we have one person speaking at a time.

I acknowledge that we are meeting on the lands of the Ngunnawal people. I pay respect to their elders, past, present and emerging, and note that these lands were stolen and sovereignty was never ceded.

I remind guests and MLAs that we are operating in a privileged environment. When guests speak for the first time, could they state that they have read the privilege statement and understand the requirements in the privilege statement.

We have some visiting MLAs today. We have Mrs Jones and Mr Cain here, and we may have more. We will be throwing to guest questions if we have time, but time is going to be extremely limited, so you are most welcome to put questions on notice if that is necessary.

I will start with the first question. I thank Fiona, Peter and Ryan for coming along. I would like to have a chat with each of you about your experience of the community consultation that your organisations have been providing over the last 12 years, what sorts of processes you have been feeding into government with your community members, and how you feel that is being resourced. Perhaps you would like to start, Fiona?

Ms Carrick: Thank you for inviting me along today. Frankly, as far as consultation goes, I feel that our public meetings are basically used to tick the box so that the government and developers can come along and say that they have consulted with the community.

I think the whole thing stems from the ambition for our areas. There is a major focus on Dickson to the lake. In one of the measures here, you can even see \$7.7 million to consolidate ACT government public servants in Dickson offices, the new offices in Dickson, and in the city. That goes against the whole flexi-hub thing. There is a big lack of ambition for our town centres as the focus stays on consolidating in the centre and agglomerating in the centre.

Given that there is an agenda, the consultation with us and our cries for better urban design, public spaces and community facilities, frankly, falls on deaf ears because there is no ambition for our area to be more than the urban infill policy and a transit

hub to get people to the city.

THE CHAIR: Ryan, how do you feel you have been performing your consultation role and do you feel you have been adequately resourced for it?

Mr Hemsley: I acknowledge the privilege statement. At this stage, with the forum having been a relatively recently formed entity, it is quite difficult for us to properly evaluate whether the funding that we have been provided with is sufficient for us to successfully undertake the expectations of government in terms of being the forum for community consultation.

To date, we have operated largely on funding sourced from volunteers. That has been quite a successful operation so far. But at this stage, in the very early stages of being a community council, it is very difficult to determine the extent to which our forum's activities will feed into some of those consultation activities.

THE CHAIR: Have you fed into quite a lot of government consultation activities in your early stages?

Mr Hemsley: Certainly we have tried quite hard to get the interest of the community. There have been some significant projects undertaken to date, such as the Coombs and Wright village framework. I would say that our involvement in getting people involved in that process and the product of that process has been quite successful.

We sincerely hope that, going forward, we can maintain momentum and make sure that with future projects, such as the Molonglo commercial centre, we are able to leverage our local knowledge in order to get people's views incorporated into the various plans prior to them becoming law in the Territory Plan.

THE CHAIR: Peter, I would love to hear your take on that question, too, and hear about how your resourcing and community consultation are feeding into government and where you think the gaps have been, as outlined by Fiona and Ryan.

Mr Elford: I acknowledge the privilege statement. I have been involved with the community councils for 10 years now, which roughly covers the 12-year period you have described. If I had to compress it in a sentence, I would say that the community engagement over that period between the community and the ACT government has been pitiful.

Obviously, the community councils are part of the process of engaging with community, but we are all volunteers, and most of the recent activities of the government have made it harder to be a community council—for example, requiring us to negotiate our own public liability insurance rather than doing a joint arrangement for all the councils. And \$13,000 a year barely covers room hire and printing costs.

More importantly, there is no mechanism for the community councils to engage with government on a spatial level. There is no representative of government responsible for Gungahlin, Tuggeranong or Woden Valley. The task verges on herculean. That is the first comment I would make.

My second comment is that community consultation has been incredibly fragmented. Every single agency and directorate appears to be undertaking its own mechanisms and processes for engagement, and often they overlap. Even within the same directorate you will get consultations that are overlapping and of very similar styles, and in many cases the data that is collected in consultations is lost.

The third point I would like to make is that the quality of consultations is widely disparate. They range from nothing but an online “have your say” survey, poorly advertised, through to the Gold Creek homestead consultation, where a community panel was formed, that panel was well educated on the issues at hand over a period of two or three weekends, and then the output of the consultation directly influenced the selection of the tenderer for the site. That was absolutely exemplary. There are examples of the good, but if you look at the difference between the good and the bad, the majority of the consultations are in the bad.

I was not expecting an open-ended question, but overall the fundamental problem—and it relates to Fiona’s comment—is that the government do not have a spatial view of Canberra. They run TCCS and they run the Parks and Conservation Service. There is not a place-based activity other than something like the City Renewal Authority. They get \$9 million a year, yet every other district is managing on \$13,000 a year through a volunteer community council.

I am not directly comparing the functions and roles, but in terms of the number of people, the amount of money spent on trying to take a place-based view of how government operates—you could replace the word “citizen-centred” or “residents’ viewpoint” view of how government operates—the districts are very poorly served.

THE CHAIR: Thank you. That was very helpful and very comprehensive.

MRS JONES: I wondered if the three community council chairs would mind commenting on consultation for this budget, given that this is the estimates process for this appropriation bill. How were you consulted, and were any of the things that you asked for included in the budget?

Ms Carrick: Most years I put in a budget submission. This year, I was aware I could do it; I could do it through YourSay, I think. But nobody spoke to me about it at all. In fact, I did not put one in this year. In previous years I have put them in; we have raised our voices with what we hear from the community. I just did not put one in this year.

MRS JONES: What would you have liked it to look like? What would you have liked to have happen? You would like to be contacted?

Ms Carrick: Yes, it would be nice. It comes back to having that spatial plan, having a plan about where our public spaces, community facilities, transport and developments are. We are not anti-development. Sure, have the developments, but how is this whole balance working? And then it is chipping away at the delivery of it. Until you have a plan, everything is just piecemeal.

You need that plan so that you can just chip away at it. We do not expect everything to be built in the first 12 months. There is a pipeline of projects, and some things have to wait till later, but let us work out what the plan is and what the priorities are, and start chipping away on building assets that have long-term benefits for the community.

Mr Elford: For the community.

Ms Carrick: We talk about stimulus. There is the screwdriver-ready stuff. There is the short-term stuff. We could have put some more of that stuff in; we could have put that in. There is the big stuff like the tram and the hospital. They take a long time to plan and deliver. Where is the medium-term stuff like the \$20 million indoor sports stadium that will have ongoing, lasting benefits to the community? That is the sort of stuff we want to plan for, and we need to chip away at its delivery.

MS ORR: I was quite taken by some of the comments that Fiona, Peter and Ryan made. I liked all of them. In talking about the resourcing for the committees, I was not quite clear where it was going. What would you like to do that you cannot do now? Where do you see the committee going? You were talking about doing consultation, but I was not clear on the outcome you are trying to get to.

Mr Elford: The combined community councils put out a position statement leading to—the last election, I think it was. One of the asks was that the government identify a single point of contact that pulls together all the activities in a district and provides a single interface. That could be one person or it could be an entity that services multiple districts.

The effort of trying to engage across all agencies would then be greatly reduced, and that would increase the effectiveness of the community councils. It would also enable the government agencies to find someone who has a spatial big picture view of a district and maybe they could avoid treading on themselves, which often happens, unfortunately.

MS ORR: So, Mr Elford, you are saying that it is not necessarily changing what the councils do or do not do now; it is having a point of contact to better facilitate what they do?

Mr Elford: Yes.

MS ORR: Fiona and Ryan, is that what you were going to when you were talking?

Mr Hemsley: I think it would help a lot. In Molonglo, we are in the position where we largely consist of 3½ suburbs at the moment. All three of those are under the development of the Suburban Land Agency, so we currently have a position where most of the stuff that is happening is being run by one entity, in the form of the Suburban Land Agency.

I would incline to agree with Peter about having that single point of contact for broader district-level projects. The disconnect between strategic planning and the delivery of projects in Molonglo is readily apparent when you talk to the disparate people involved. Having that single person with that overarching vision who can

potentially join the various bits of government would be significantly helpful and would cut a lot of effort in trying to reach out and engage with people on our part.

Ms Carrick: I can give some examples of a joined-up presentation to the community. For example, the hospital is done by ACT Health on that footprint. There is no discussion about what opportunities 10 hectares across the road could bring to better health outcomes. The light rail bus interchange at Woden is done in isolation by Transport Canberra, but there is no look at land use. Whatever happened to integrated transport and land use? There is nothing. It is just done in isolation. Each directorate does its thing in isolation. We are missing so many opportunities.

MR PARTON: What consultation has the ACT government done with you guys regarding the proposed southern memorial park development?

Ms Carrick: We had a presentation from them, but I would have to check the date. It was a couple of years ago.

MR PARTON: Was it a couple of years ago? It was not more recently?

Mr Elford: To be honest, most of that engagement, as I understand it—certainly in more recent times, now the sites are more specific—has been with the Tuggeranong Community Council.

MR PARTON: So it has not been wider, with you guys?

Mr Elford: No. Cemeteries ACT, or whatever their official name is, have spoken to the Gungahlin Community Council, but that is about developments in Gungahlin.

MR PARTON: Yes.

Mr Elford: Which is entirely appropriate.

Ms Carrick: We have been involved, Mark. They originally wanted to expand the Woden cemetery, and we were very unhappy about that. Luckily enough, that stopped. Then the southern memorial, which has been on the radar for a long time, came back. I think that was a couple of years ago; as I said, I would have to check the date. So there was some action around the southern memorial, and they did come to our community council. But since then we have had the private one close to Hindmarsh Drive. That is the current one; this other memorial seems to have dropped away and we have not heard anything about it.

Mr Elford: We had some notes from the Tuggeranong Community Council. The point I would like to quickly make is that it feels as though it is a bit of a classic ACT government “propose and defend” model, where a whole bunch of work has been done ahead of time and now the community feel as though they have to tear down something to make their points of view heard. There are considerations around the impact of smoke and exhaust fumes, which have been common issues down in the Hume area. They were not factored in, it seems, early on. A good rule of thumb is that if you are thinking of engaging early, you are not engaging early enough. Engage earlier.

MR PARTON: Nicole, I am happy to pass the baton to you.

MS LAWDER: Thanks. Is that all right, Chair?

THE CHAIR: I suggest instead, it being 11.48, that we allow an extra couple of minutes for the community councils to state anything they do not think they have had a chance to tell us, and you can lodge your question. Is that okay?

MS LAWDER: You are the Chair.

THE CHAIR: We only have two minutes left. Ryan, Fiona and Peter, I would love to invite you to let us know anything that you think we need to have a think about.

Mr Hemsley: Thank you. One of the critical things in the context of Molonglo has been the formulation of the indicative land release program. This is a document which essentially sits in a black box for 11 and a bit months of a year and then pops up with the budget. It is not done as part of the community briefing ahead of time. Peter and I had to prise it out of EPSDD. They were very happy to provide it, but it was not readily available.

This document impacts greenfield districts especially, to a large degree. It is greatly important for us, because we want to make sure that capital works funding and various other investments are aligned to residential development. One of the difficulties we have had is finding out about that document. As we have noticed, things get delayed and we do not find out until the day of the budget. The consultation on that piece of work is non-existent from the community councils' perspective.

That is not necessarily saying that we have to influence it, but a bit of a heads-up and just being involved in the development of that piece of work would be beneficial for us in future budgets.

THE CHAIR: Thank you, Ryan. Fiona, any last words?

Ms Carrick: Yes, on the land release program. It is taking some of our best blocks of land that are left in central Woden. It is starting on the light rail corridor. It is taking the big car park south of the Hellenic Club; it is taking Athllon Drive. Without a plan for where our cultural and recreational facilities will be, we are at risk of long-term damage to Woden because we will no longer have central sites left for the community. It is all commercial. It is all for the developers.

THE CHAIR: Peter?

Mr Elford: I will not reiterate the positions the community council has made. Consistent with what Fiona has just said, they are well documented in many inquiries. But we are also frustrated with the failure to capitalise on the value of major sites.

The closing comment I would like to make is that I think it is time that a very serious effort is made to develop a district view of Canberra so that the community is better connected. I do not think it is working now with the communities the size they are, the

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districts the size they are—80,000, 90,000, 100,000 people. I am not proposing that the community councils get grown up into local councils, but something better needs to be done so that what we have now is consistent with the single point of contact model, which is kind of a minimalist approach. At the moment, we just have not got the evolution and development. We understand that there is change over time. We have not got that right. It is just not clear how, for example, all the resources that need to go into Gungahlin are going to fit in Gungahlin. There is no one entity that pulls the plan together. I think the government really needs to look hard at that.

THE CHAIR: Thank you all. I am afraid that is all our time for today. I am really sorry that the time was so constrained, but I thank you for your time and your contributions through the community councils.

CIRSON, MS ADINA, Australian Capital Territory Executive Director, ACT Property Council

THE CHAIR: Thank you for coming along to our community day. We do not have much time and I really regret the constrained format. It is quite difficult. I trust you have seen and you can acknowledge the privilege statement?

Ms Cirson: Yes, I do.

THE CHAIR: Great. That is excellent. Today we have committee members Mark Parton and Suzanne Orr. We also have a visiting MLA, Mr Cain. We do not have a lot of time, so we might jump straight into questions, unless you have a very short opening statement that you would like to make?

Ms Cirson: I would just open by saying that we welcomed in the budget a recommitment to the creation of 250,000 jobs by 2025. One of the asks we had in our budget submission was around a certain infrastructure pipeline. The money which has been allocated to that in the budget is exactly what is needed right now, but we have some significant concerns around housing and land supply.

The population projections brought home to me the interrelated nature of all these issues. The population figures, particularly with the net interstate migration figure being in the negative for the next two to three years, really are going to put a lot of pressure on the construction sector and its ability to build the houses we need for Canberrans. That has brought home to me, very strongly, the need for a very aggressive campaign to get people to come to Canberra. And 25 per cent of the construction workers—

THE CHAIR: You have just dropped out. Can you go back and repeat what you just said?

Ms Cirson: We have lost 25 per cent of the construction sector to places like Sydney and Melbourne. We need to address the labour skills shortages. They are not just labouring, construction and building jobs; they are professional services jobs as well. We made this point to Treasury when we met with them. There are the architects. It is very difficult to attract people to Canberra. We need to work out a way to do that well. Part of the way we do that is to get the housing and land supply challenges right and get some more affordability measures but also be very deliberate about how we market our city.

THE CHAIR: Thank you. I am going to throw the first question to Mr Parton, who got a bit cut off last time. Mark, do you want to take the first question?

MR PARTON: Thanks, Chair. Adina, in your September quarter industry sentiment survey for the ACT you expressed a number of concerns. Let me go to a direct quote from you, Adina:

Our members however did record the most significant concerns in the country around the current impact of one of the hardest lockdowns in the country, which

included a complete shutdown of the construction industry.

You have raised a lot of concerns. To some extent, when you first read them, they are pretty damning observations. What are your views on the potential for further hurt in the property sector as it struggles with this year's lockdown, following last year's impacts? You have already highlighted the skills shortage. I do not think that can be underplayed, because it is massive. But what else do you see as the challenges for your sector, moving forward?

Ms Cirson: Yes, absolutely. We recently surveyed our members. There is not a lot of confidence in the market. It is not as bad as it was last year, but we have to understand that the construction sector is coming off an already bad year. Construction actually had slowed significantly.

This is a national problem. The price of products and the slowing availability of products are a real drag on the construction industry at the moment. Add to that the skills shortages and a three-week lockdown of the whole of construction. The confidence levels in our sector in Canberra are as low as in Victoria, which says something, because Victoria, as you know, has been locked down forever.

For us to have gone over 12 months without being significantly impacted does not mean that we have not been impacted. That would be my point, Mark.

MR PARTON: I know you have indicated in your response that there is no extra support for business beyond the 2021-22 financial year. Are you concerned that businesses under your umbrella will struggle to recover from this economic speed hump?

Ms Cirson: Yes, absolutely. Interestingly, we have had an engagement with the government this week, which has been fixed. But just because construction was reopened does not mean that those businesses have not suffered a loss. You only need look to two weeks ago, when we had five construction sites all sent into quarantine for two weeks. Hundreds and hundreds of workers and their families were deemed close contacts. Obviously, we were engaging with Health and talking to them, though that is a whole other issue. But the impacts of this are not going away just because we are unlocking today. There is definitely going to be a need for greater support for businesses impacted, and that will include the construction sector, absolutely.

There is also the regional travel thing. As you know, the MBA has been quite hot to trot on this one as well. Regional travel across the border for our big workforces that we usually draw from is confusing and not helping at the moment.

MR PARTON: Has there been any clarification on that in the last 48 hours or is it still not quite clear?

Ms Cirson: Things are moving very quickly. I am hopeful that by the 29th we will have some clarity around when we are going to be opening up to Sydney and to the other postcodes that have been excluded from the current arrangements.

MS ORR: In your statement—I will not quote you word for word, because I cannot

quite remember—you mentioned something along the lines that confidence is better than it was in 2020 but not necessarily as good as you would like to see it. What sorts of things could government do to support the confidence to get that sector back up and going?

Ms Cirson: Things like having an announced infrastructure pipeline are very helpful. When people know that there is a pipeline of work coming, they feel more confident in recruiting. In the last confidence survey, we saw a dipping of people feeling confident enough to employ staff, having the ability to find staff. But it is helpful to have a pipeline of projects that businesses can see, whether they are private projects or, particularly for my members, who rely very heavily on the government investing in infrastructure, government projects.

It is also that it is not back-ended. It has to be brought forward. The construction industry has the ability to lead this recovery, but we need the construction work to be happening now. It cannot just be small things like footpaths and playgrounds. There need to be more substantial infrastructure projects as well. We are very glad to see those things outlined in the budget. It will just be a matter of when we can get them delivered, due to the other pressures.

THE CHAIR: We hear a lot about a need for modernisation and innovation in the way we are building and planning. The two pretty much overlap. And a lot of things are happening in other places. We are getting more micro-shopfronts and fewer large shopfronts. There is increasing pressure on congestion. We want to use less of our municipal land on car parking or have fewer car parks, underground car parks. There are quite a lot of those things. We want to modernise our building standards and make sure that we are building in a climate-friendly, climate-adaptive way.

It is difficult from where I am sitting to see where the levers are. It is difficult to see whether the problems are in our planning system, whether we need to educate the industry more, or whether it is the clients we need to educate. What do you think are the biggest barriers to building a city in a more modern, densely populated but environmentally friendly way, and how would you address them?

Ms Cirson: Wow, that is a big question.

THE CHAIR: It is, yes.

Ms Cirson: I will talk briefly about the commercial office market. We have some really positive signs in the A and B grades, the newer stock which is often built to very high standards, which is environmentally friendly, with high green star ratings and things like that. Our challenge is that those vacancy rates are at 7.7 per cent, which is the lowest in 12 years. There is a lot of demand in the market for good office space, and I think market demand drives those outcomes in a natural market way.

The second thing I would say in terms of housing and urban infill and densification is that there is a big problem here with planning. This is why we are going through the planning review and the reform. Those principles can be built into the planning system.

If people have certainty around what is required and what policy outcomes we are trying to achieve, if what is required is clearly outlined and defined and if people have certainty to go and build those things—and, I might add, if the community is educated that a developer or a builder is permitted to build in that way—then that flexibility is inherent. It is about understanding, education and some certainty around what the rules are and that those goalposts will not change. There is a big discussion that we could have around ACAT processes and a few things that have been quite recently brought to light. But, ultimately, if there is demand there and people can build it, they will.

THE CHAIR: Do you think the government's major infrastructure projects that have been announced are resourced properly, with the right sorts of people supervising those projects and the right amount of resources put into them to build them in that sort of modern, climate-friendly, sustainable way?

Ms Cirson: The government is a client, just like anybody else. The budget will dictate the outcomes that you get. That is always going to be the case. What I would say is that we have been very engaged with Major Projects Canberra. We had a positive engagement from industry back to last year around the importance of getting projects going and keeping the construction sector going. Even yesterday we had a conversation about what the government could do to open up panels to give local contractors another opportunity to be selected for government work and those sorts of things. There are lots of positive things happening.

I would add a note of caution when there is so much money being diverted to the health response. Governments have a tendency to be a bit nervous about investing in large-scale infrastructure. I note the Chief Minister's comments that the COVID response means that we will not get a city stadium, when we would have liked to. They are the sorts of transformational projects that can change the scope of a city and also lead an economic recovery.

The other thing I would say is that I welcome the \$100 million for public housing. There is a great opportunity to invest more in social and community housing, because there is a big need there. But that can also be used as an economic stimulus, partnering with the private sector, the community housing sector and government, to try and solve some of these housing problems. These are wicked problems. There is no single answer that is going to fix any of them. But we need to get together and make sure that with government projects like the hospital there can be joint ventures. The government has supplied the land. It can be a stakeholder in this and we can achieve some of those policy outcomes together more quickly.

THE CHAIR: So more social and community infrastructure projects could be done in a way for recovery that would create the difference?

Ms Cirson: Yes. There is a really good example. There is already an LVC remission that has been around a while for community housing providers to build community housing. If they wanted to partner with a developer, they would not get access to that remission. There needs to be a better look at what incentives can be put in place to drive partnerships like that.

In other states, the private sector, community housing providers and government get together all the time and do these projects. It is not left to one part of industry or government to build these things on their own. If we are going to do something about housing affordability and supply, and diversity of supply in the inner suburbs, then we need to have a better crack at it.

MR PARTON: I know the Property Council have been pushing build-to-rent models. You must be pleased that there is a genuine commitment to build to rent. Have build-to-rent projects in other jurisdictions led to affordable outcomes? And what level of incentivisation would be required for that to happen here? My understanding is that in other jurisdictions it has not been about being affordable but about something different.

Ms Cirson: Build-to-rent is not a solution to affordable housing in its own right, no. Build-to-rent is a separate asset class. It provides long-term secure tenure. There can be different price points. There can be elements of affordability below market rent as a component of the build-to-rent project. In Queensland, for example, the government chipped in a subsidy of 25 per cent of the market rent. It allowed a certain percentage within that development to be affordable.

From a supply point of view, when we have the lowest vacancy rates in the country and some of the highest median rents, it is definitely going to improve the situation. Supply and demand, as simple as that is, will be assisted. We are really pleased to see the release of these two sites. We have been talking to government for a long time. It was first flagged in the housing strategy back in 2019, I think. But it is not the time for a pilot. We just need to get on and do this.

We know that there are people knocking down the door to come and do build-to-rent in Canberra. Being a city-state, it should have been the easiest place to get it done. But there is something stopping it, and that is that there has not really been a firm commitment around incentives or what subsidies might be available to make it financially stack up here in Canberra.

The government is engaged with us on this, so I am not saying that it is all too late, but we need to get that sorted out pretty quickly, because then it will just happen. Putting out an expression of interest for some pilot sites without any real financial commitments around that from the government makes it difficult for us to sell this as an asset class in Canberra.

MR CAIN: You have made mention of the trades career area and lack of focus on training. Has the budget delivered enough for skills training, and what challenges will a lack of skills present to the industry, going forward?

Ms Cirson: When I was doing some media around the budget, 2CC, I think it was, said to me, “You are saying we should go out and get people to move to Canberra, but what are we doing to grow our own workforce?” It made me ponder. We do a lot of work at the Property Council to expose girls in high school to the property sector and career paths, through our Girls in Property Program. The MBA, I am sure, will talk ad nauseam about the money that is needed for apprentices.

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We need to do more. We absolutely do. We need to provide incentives to take a trade or go and get qualifications. That has to be done around year 9 or year 10. We need to be explaining the career opportunities in the property sector. We have a very exciting property sector here, and we are investing money and creating incentives for people to put on apprentices, but there is also that educational piece around trying to direct our students into the paths of critical skill shortages that we can see in the pipeline.

This week the Property Council has been talking about starting to do some research about the gaps in the labour skill shortages. Then it is a matter of how we holistically try and solve that and what is asked of government in that space.

THE CHAIR: Thank you very much, Adina. We are out of time, but thank you for coming.

HOPKINS, MR MICHAEL, Chief Executive Officer, Master Builders Association

THE CHAIR: Thank you for coming to estimates hearings for the planning, transport and city services committee. I am sorry that we are on a Zoom remote call. We have a very compressed amount of time, so we will not have a lot of time for questions.

I will check first that you have received and read the privilege statement, and that you understand that statement.

Mr Hopkins: Yes; I have read and understand the statement.

THE CHAIR: Great. We have present Mark Parton and Suzanne Orr, who are on the committee. Elizabeth Lee and Peter Cain are visiting MLAs. I will start by asking you to make a very brief opening statement. Then we will go to questions.

Mr Hopkins: Thank you. I do not have an opening statement, but I could highlight some areas that you might like to ask me questions about. Our focus is the infrastructure plan that was announced. There is funding for skills. Some current issues would include the level of COVID support for our industry. If it interests the committee, I am happy to give a report on the current state of the industry.

THE CHAIR: Thank you very much. I will go to one of those areas. We are quite interested in skills in the sector. We are particularly interested in gender diversity, getting women into the sector, and older apprenticeships. It is partly the training path and helping the large number of very small operators that we have to get more of those people in. It is also how we help those people once they are in the workforce, particularly women. When women are in a male-dominated workforce, it is often not a particularly comfortable place for them. We are finding that retention is as great a challenge as attraction in the first place. What are you doing to help people do that a bit better?

Mr Hopkins: I am happy to talk specifically to the areas of gender and mature age that you mention, but can I start by saying that this is in a context where our industry has a chronic undersupply of skills in any area, not only in the areas of gender and mature age. We have seen the ACT construction industry decline from a high of approximately 20,000 workers in May 2020 to the latest figures, which only came out a couple of days ago, which showed that we are now at a high 14,000 number. That is the biggest drop in an industry that has occurred in any state or territory. It is a five per cent decline over the last 12 months and a 12.8 per cent decline from the start of the pandemic to the latest report, which was in September. Our industry needs more people for it to grow, to be productive and to add more to the ACT economy.

In terms of the areas that you identified, they are also areas that we have identified, which are opportunities. Gender, in particular, is a focus for the construction industry at the moment. All states and territories have a dominance of males over females in the construction industry, and it is an area we need to focus on, in trade apprenticeships in particular. Less than two per cent of people in trade careers in the construction industry are females. The ACT, compared to other states and territories, is a poor performer in this area. Mature age is also an area that you have appropriately

identified that is a focus for us.

The ACT government has been funding programs to attract more women into the construction industry. We understand that that funding will continue into this budget. We have run a number of programs—including one called Women in Trades and one called Women in Civil Construction—where we try and attract females into the construction industry and hope that the outcome is that either they start an apprenticeship or they find permanent employment. Both programs have been extremely successful. They could not have been run as successfully without the support we received from the ACT government. But I guess the point is that, even with all that effort from the ACT government, we are not doing enough to grow those particular segments or grow our industry overall.

THE CHAIR: I would agree with that, with women as half the population and mature age unemployed being the fastest growing group of unemployed people. It is definitely where we need to be working.

MS ORR: Mr Hopkins, what you were saying about supports to get more females into the sector, particularly, and supports for older people, was really interesting. Once they are in the sector, though, what are we doing to support their continued participation?

Mr Hopkins: I should explain that the MBA, as well as being an industry association, is a training provider. We train people in carpentry apprenticeships. We find that once we are able to attract someone to start an apprenticeship, our completion rates are extremely high. We provide support through their training in a range of different ways to make sure that they are supported and that they complete their apprenticeship and then start a career.

Once people are in employment, our industry has higher than average rates for full-time employment and higher than average salary levels. Once we attract people to the industry, we find people generally remain. Our real focus at the moment is trying to attract people to the industry in the first place.

MS ORR: Do you have any oversight of the women who have been attracted, knowing that it is a heavily male-dominated industry? Have you seen what their experience is once they are through their training and into the workforce? And, if there is any oversight, do you know what the drop-off rate, if any, might be?

Mr Hopkins: I cannot quote any figures to you in terms of drop-off rates. We know that the industry needs to keep on improving its culture to attract not just females but people from a range of diverse backgrounds. That is a focus of ours. As a number of us have described already, we are a very male-dominated industry. We hope that our culture improves and we become a more diverse industry into the future. That is why it is so important that the government continue to fund the programs that it is.

MS ORR: Is there anything looking at helping with that cultural change across the sector or is the focus really on getting more people in and hoping the culture changes with that?

Mr Hopkins: No. Groups like the MBA have a direct role in trying to improve the culture as well. We do that by engaging directly with our members who are business owners. We have a large focus on supporting them in the policies and practices that they have in their businesses to make sure they are improving that culture. There are no particular government programs or industry-run programs dealing with culture that are supported by government, but there are in dealing with attracting more females to the industry.

MS LEE: What is the level of investment or subsidies that apprentices receive in the ACT, and how does that compare to the rest of the nation?

Mr Hopkins: The National Skills Commission have prepared a report that has looked into this. They surveyed the 10 most common VET training courses in the country. In the construction industry, that included cert III in carpentry and cert III in plumbing. For both of those courses, the ACT ranked the lowest of the eight states and territories.

We have not seen an increase in that level of funding in this budget. In fact, we have not seen an increase in funding for a number of years. At the same time, the compliance requirements on training organisations have increased and the number of units that we have to deliver has increased. The overall expectation of quality and compliance has increased, but the level of funding has not.

In both of those cases, and probably, generally speaking, with construction training, as a training organisation I can say that it is very expensive. It is not like, say, a business administration course which could be conducted in a classroom with a computer. We need to invest heavily in workshops, and in tools and equipment, and the level of funding provided for that is simply insufficient.

MS LEE: How is that going to impact on your industry's ability to deliver on the infrastructure plan that has been announced?

Mr Hopkins: It has a number of impacts. It will directly impact the number of people attracted to our industry. That, in turn, will make it more difficult to deliver the infrastructure plan. It will mean that we are more reliant on importing workers and importing businesses from other parts of Australia, or even from overseas when we can do so.

But over the long term, underfunding training organisations gradually decreases the quality of training, and that, in turn, will decrease the quality of builders and subcontractors and the range of other building practitioners. We all know that the ACT has a priority for improving building quality and safety in our industry. That can be directly related to investment in training when people are starting their careers. These issues are all highly connected and linked. Underfunding of training has both short-term and long-term impacts for the ACT.

THE CHAIR: We have time for one question from Mr Parton and one from Ms Orr.

MR PARTON: We have a big infrastructure spend in this budget, but it would appear that much of the money is going to go to large companies based outside Canberra. What should the government be doing, in your view, to ensure that as much as

possible of that infrastructure spend goes to local companies and local workers?

Mr Hopkins: There are two parts to that question. First of all, you are correct to identify that the budget is proposing to significantly increase the expenditure. According to budget paper 3, there is a 28 per cent increase in the budget compared to what has historically been delivered.

We would like to point out that the benefit for the community and for our industry is not what is promised but what is actually delivered. There is often a big difference between what is promised and what is delivered. In 2019-20, there was around \$600 million delivered. That increased last year. But the forward estimates are for a significant increase, and historically its performance as an indicator is unlikely to be actually delivered.

In terms of how that can benefit locals, though—and the government do have a policy which says that they will support local industry first—we encourage them to keep on engaging with industry to make sure that as many of those contracts as possible are awarded to local contractors. We should point out that it is not just the head contractor that should be local; they should be looking for local content throughout the whole project. That includes designers, suppliers and subcontractors.

In some cases, it might require changes to the procurement model or the size of the infrastructure project. We know that very large projects, such as the Canberra Hospital or the light rail project, are probably going to be out of reach for a local head contractor, but we still encourage the government to try and encourage local content through the subcontractors, suppliers and designers on those major projects.

MR PARTON: If I heard you correctly in the first part of your answer, you do not believe that the promise in infrastructure will actually be delivered. That is what you are telling me?

Mr Hopkins: Historically, that is correct. Historically, there is a significant amount of the annual budget which is rolled forward into the next year. According to the budget papers, there is \$710 million in the next year and \$2.3 billion over five years which is works in progress. We understand that the COVID lockdown is going to have impacted projects. But even if we look at the years before COVID was an impact, the general trend was that the actual expenditure fell far short of the budgeted expenditure.

MS ORR: If I have understood correctly, you are saying that, given the trying times we have found ourselves in, you would like to see more diligence than usual to make sure that the infrastructure pipeline, which I am taking you to be quite supportive of, is rolled out as quickly as possible and with as much local participation as possible?

Mr Hopkins: Correct.

MS ORR: I would like to ask about the pipeline. We have had a focus on the delivery of it. Ms Cirson said that she wanted the big projects, not the little projects. I think your members might have a slightly different and a slightly agreeing view at the same time. Can you tell us how important that pipeline is, and in particular how important it is to keep variety in that pipeline?

Mr Hopkins: Again, I think there are two parts to that question. In terms of benefit for the local industry, what would help local contractors most of all would be a range of sizes of projects. Locally we have some large contractors and some smaller contractors. It would be useful if the sizes of the infrastructure packages were varied to try and suit all of the industry.

In terms of the large major projects and whether they should be included, I think that is a question that goes beyond just the construction industry. These projects—the stadium and the light rail—are going to benefit the ACT community for years to come. Yes, they will provide short-term benefit to the construction industry, but they are really city building projects which will provide the foundation of infrastructure for the ACT’s growth into the future. Whether a stadium, an arts centre or light rail should be funded is a question of not only how it would benefit the construction industry but how it would benefit the city more broadly.

MS ORR: Thank you.

Mr Hopkins: Can I just say on that that that is why it is so important to have a long-term infrastructure plan, so that there can be a plan for these major projects. We do have a 10-year infrastructure plan in the ACT. It has been in place now for around two years. We would encourage government to continually review that plan and ideally extend it to a 25 or even 30-year plan—and make sure that it is covering not just the physical infrastructure but also social community infrastructure and infrastructure which might be delivered from other utility providers, not just the ACT government.

MS ORR: You mentioned social community infrastructure. That term gets thrown around a lot but has quite a few different meanings. Can you just, for clarity, say what you mean by it?

Mr Hopkins: We mean infrastructure in its broadest possible definition. That would include community facilities, sporting grounds and recreational areas—not only water, sewer pipes and roads but all types of infrastructure which the community is going to need into the future.

THE CHAIR: We have heard from the Property Council that one way to recover from COVID would be by building more social housing—more public housing, but in particular more social housing—and perhaps building that in more innovative ways and through partnership models. Is that something that the MBA has thought about too?

Mr Hopkins: Certainly. We made a submission to the federal and ACT governments after we were recovering from the 2020 pandemic where we put forward a range of suggestions as to how the construction industry could help in recovery. Building more public housing and social housing, and supporting community housing providers, was included in our recommendations last year. That would continue into this year.

More broadly, the whole construction industry, not only the building of public housing, is a great opportunity to lead the ACT’s economic recovery because of the

large multiplier impact our industry has. For every one dollar the government, or anyone, invests in construction, there will be a three-dollar multiplier throughout the economy. That is a large part of the reason why our economy recovered so quickly last year. Our industry can be used in the same way this year as well.

THE CHAIR: Do you think we have invested enough in that social and public housing, given the need that is out there at the moment?

Mr Hopkins: I think it is one of those areas where there is probably never enough that can be invested towards those sorts of areas of the budget.

MS LEE: Mr Hopkins, you have been talking about the importance of the pipeline of work and the combination of big and small projects. What is the impact of the business support grant and the fact that the building and construction industry is now going to be deprived of the extension? How is that going to impact the sector?

Mr Hopkins: It is going to put our members, and our businesses and our industry, under a whole lot more financial strain which other sectors are not going to be equally subjected to. We were shocked and surprised to find out that the government had withdrawn support for the top-up and extension payments from the construction industry without telling anybody. This was only discovered when two of our members applied for these grants and received a letter saying, “Your application has been declined.”

It beggars belief that the government has made this decision to withdraw funding from the construction industry when parts of our industry are still completely shut, all of our industry are still working under far reduced productivity levels, and we are just at the start of the economic recovery phase. In short, I think reducing financial support this quickly will mean that more businesses will go broke. That will mean that more subcontractors are impacted. And more clients who are waiting for projects, waiting for homes, will be impacted even more than they should be. It is important that this issue be highlighted. Our simple request to the government is to make the construction industry eligible for these payments once again—as we were when the program was first launched.

THE CHAIR: We have reached the end of our time. Thank you very much for coming in and talking to us today.

The committee adjourned at 12.32 pm.