Minister for Business and Better Regulation
Question Time Briefs
22-24 June 2021

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CM2021/1271

Portfolio/s: Business and Better Regulation

ISSUE: How will the *Amp it Up!* Fund help live music venues recover from the impacts of COVID-19?

Communications, media and engagement implications

- Media reporting of the program has been positive.
- https://www.canberratimes.com.au/story/7217809/amped-up-government-fund-to-support-canberras-live-music-venues/

Talking points:

- On 21 April I announced direct support of $700,000 thorugh the *Amp It Up!* Fund to local live venues to help them continue to recover from the impacts of COVID-19.
- The support will help grow opportunities for local musicians and other performance artists to get back on stage, and give Canberrans and visitors even more great live entertainment options .
- The *Amp It Up!* Fund is designed to assist small to medium sized live venues to recover by offsetting the costs associated with performance, programming and promotion, offering live performance and music lovers an exciting calendar of gigs from June to November 2021.
- The 35 applications received for this fund are currently being assessed against the criteria outlined in the guidelines. The fund was oversubscribed with the funding requests totalling $1.27m.
- Anecdotally, the funding has surprised and delighted the sector. Other jurisdiction have offered similar programs, such as Tasmania, and announcement of *Amp It Up!* in the ACT was well received.

Background Information

- The *Amp It Up!* Fund is $700,000. There is an additional $40,000 for Music ACT to assist administration of the program and $10,000 for a Night-time Economy Forum to be held later in the year.
- The funding round opened on 3 May and closed on 17 May. Venues were supported by Music ACT to apply for funding.
- Venues had to demonstrate that they regularly host live music or other performances, and/or have history of hiring acts, and/or have a dedicated performance and audience space.

- Venues could apply to meet 100% of their expected costs between 1 June 2021 and 30 November 2021 for engaging artists and technicians, and up to 50% of their marketing and promotion costs.
- As part of the assessment criteria, at least half of the acts programmed by venues for this fund need to be local acts, ensuring that we are continuing to provide opportunities and paid employment to local artists.
- MusicACT supported local venues with their applications and programming and will continue to assist in the administration of the fund.
- An information night was held on Friday 30 April and was attended by 22 venues.

Background Information

- A panel comprising of two ACT Government employees and a representative from Music ACT reviewed the applications. The panel met on Friday 21 May 2021 to discuss and rank the applications and finalise the list of recommendations for ministerial agreement.

CM2021/1271

Portfolio/s: Business and Better Regulation

ISSUE: What has ACT Government done to help small business recover from the pandemic?

Communications, media and engagement implications:

- **11 June ABC:** *Jetstar launches direct flights between Canberra and Brisbane as ACT government lures visitors with Floriade.* Chief Minister hails announcement of 5x weekly budget flights to Queensland, following years of lobbying.

- **2 June RiotACT:** *Canberra start-up ONTHEGO enters administration in bid to save the company*. Mitchell-based provider of bespoke sports kits with national distribution and export internationally entering voluntary administration in order to find buyer.

Talking Points:

To support local small businesses and local jobs, this Government has organised a range of supports:

- **Canberra Business Advice and Support Service:** I have extended the Canberra Business Advice and Support Service for another 12 months, giving businesses up to four hours free access to expert advice on a range of topics.
- The **ACT Aboriginal and Torres Strait Islander Business Support Program** supports Canberra based Aboriginal and Torres Strait Islander Businesses in accessing a range of resources, as well as connecting them directly to business assistance initiatives to help them develop and grow. This program is delivered by Yerra.

- **Skills Canberra** paid 50 per cent of a student's unit fees to eligible training organisations, if pandemic related restrictions made completion of practical and assessment requirements impossible**. Skills Canberra** also co-funds JobTrainer, which is supporting job seekers and school leavers aged 17-24 by providing fully funded training places. The annual ACT budget for JobTrainer is $16.75m.

- **We've ensured that money is available to support Infection Control Training with** $1.34 million supporting 3,800 fee-free infection control places to customer facing workers, thorough a 50:50 co-contribution by the ACT and Commonwealth governments.

- **CBR Innovation Network (CBRIN)**: In June 2020, the ACT Government provided $607,000 to CBRIN to deliver support to business and academia and drive economic recovery. This funding included two COVID-19 specific streams of the Innovation Connect grant program and scholarships to fully subsidise the CBRIN Idea to Impact Program for fifty entrepreneurs.

- The 2020-21 Jobs and Economic Recovery round of the **Priority Investment Program** was finalised with funding offers made to four projects. Contracts negotiations for these projects are underway and funding announcements will be made after the execution of the funding agreements.

- **COVID-19 Local Business Commissioner** Brendan Smyth advocates on behalf of businesses in negotiations with landlords, and refers them to relevant help.
- We've offered a range of financial supports to businesses over the course of the pandemic, including rates relief, payroll tax waivers and deferrals, stamp duty relief and land tax credit.
- We have also waived licence fees for food business registration, outdoor dining, and liquor licensing.

Key Information

- **Rates relief:** In 2020-21, average rates for commercial properties with an average unimproved value of $2m or less did not increase.
- **Rent reduction support:** Landlords of commercial properties with an average unimproved value of $2m or less, with tenants who had been directly impacted by COVID-19, could apply for rent reduction support if they reduced rent for their tenants.
- **Payroll tax waivers/exemptions:** Have been available for businesses unable to trade or only operate on a very limited basis, due to ACT Government health-related restrictions, on wages paid between September 2020 and June 2021. Prior to this, a six-month payroll tax waiver on wages paid from March to August 2020 had been provided to businesses directly impacted by National Cabinet's 'prohibited activities and venues' list.
- **Payroll tax deferrals:** ACT based businesses that have an Australia-wide wage bill up to $10m can defer their 2020-21 payroll tax, interest free, until 1 July 2022.
- **Construction** firms could defer their payroll tax liability for six months from April until September 2020.
- **Stamp duty relief:** The ACT Government is offering concessions for contracts exchanged between 4 June 2020 and 30 June 2021. There is no stamp duty for single residential dwelling blocks; no stamp duty on off-the plan units up to $500,000; and an $11,400 reduction in stamp duty for off-the-plan units between $500,000 and $750,000.

  Food business registration, outdoor dining, and liquor licensing fee waivers: Food businesses which have prepaid their license will automatically have it extended for an additional 12 months, until 31 March 2022. General licensees received an additional 12 month waiver until 30 June 2022. Application fees for obtaining commercial liquor permits and amending these permits were waived for 12 months from 25 March 2020 to 24 March 2021, where businesses could provide takeaway sales.

QUESTION TIME BRIEF

CM2021/1271

Portfolio/s: Business and Better Regulation

ISSUE: What has happened with Choose CBR?

KEY POINTS

- Choose CBR closed just after 8am on Saturday 19 June 2021, with the full $2 million value of vouchers being redeemed.
- The scheme reopened on Friday 18 June 2021 at 7am following the system being down for a week to address technical issues.
- The $2 million ChooseCBR scheme resulted in over $5.1 million being spent in ACT businesses since it was launched on 9 June. This includes just over $4 million being spent on 18-19 June, which was a split of the remaining ChooseCBR funding, and customers own spending.
- The key statistics are:
  - Total value of vouchers redeemed: $2,000,290*
    ** does not include the remaining vouchers to be redeemed manually*
  - Total vouchers redeemed: 58,930
  - Number of businesses that redeemed vouchers: 797
  - Number of customers that redeemed vouchers: 30,051
  - Total value of transactions involving vouchers: $5,123,474*
    ** does not include the remaining vouchers to be redeemed manually*
    Multiplier: 2.6
  - Industry breakdown (by % of total value of vouchers):

Top six business types for voucher redemption	**% Total Value**
Food retailing (eg. grocers and fresh meat, fish and poultry retailing)	37.1
Cafes, restaurants and takeaway food services	25.9
Recreational goods retailing (eg sport and camping equipment, toys, newspaper and book retailers)	7.6
Pharmaceutical, cosmetic and toiletry goods retailing	6.2
Personal services	5.8
Clothing, footwear and personal accessory retailing	3.7

  - As at 19 June 2021, $389,690 had been paid to businesses, representing the vast majority of vouchers redeemed during the initial opening of the scheme.

BUSINESS ACTIVITY

How many businesses redeemed vouchers?

At least 1 voucher:	797
10 or more:	619
50 or moe:	267
100 or more:	133
500 or more:	19

What were the businesses that redeemed the most vouchers?

- The most popular business types for voucher redemptions were for grocers, pharmacies, restaurants and personal services.
- The business that redeemed the most vouchers was in Gungahlin. This business redeemed 3.3% of all vouchers.

Why weren't some businesses able to register for the scheme?

- Business registration opened on 18 May 2021.
- A series of checks were required before the businesses could redeem vouchers, including proof of business address and registration and bank account details, meaning there was processing time between when the business applied to when they were approved and registered on the system.
- Businesses only needed simple information that they would reasonably have on hand, for example, their Australia Business Number, address and bank details.
- These checks were essential to ensure that the businesses were located in the ACT, and that payments reimbursing businesses for the vouchers they honoured went to the right place.
- The application form also asked for some extra information and materials that materials like their logo and other photographs they wish displayed, their opening hours, and a description of their business. While these were not mandatory for the application to proceed, most businesses chose to provide this information to ensure they got the most value from their listings on the ChooseCBR directory.
- Businesses who applied were advised that it would take five business days to process their registration.148 businesses sought to register on Friday 18 June 2021. While every attempt was made to register businesses, it was not possible to get through each one in the timeframes available.
    - 82 of these businesses were registered on Friday 18 June 2021
- A range of businesses also sought to register from industries that were outside the scope of the ANZSIC codes listed in the Terms and Conditions. Their applications were not accepted.

PROGRAM DESIGN

What were the changes since the trial last year?

The key features of the program were (compared to the trial):

- removing the requirement for eligible businesses to have received JobKeeper;
- increasing the voucher amounts to $10, $20 and $50 per day;
- increasing the discount from 25% to 50%; and
- providing more resources for businesses to make the most of the program including a Business Toolkit and increased marketing and promotion of the program.

- These changes were made following consultation with businesses and industry peak bodies.

Why was the program tiered, rather than a set value voucher (per NSW scheme)

- There was a broader range of businesses eligible to participate in ChooseCBR than the NSW scheme.
- Consumers in the NSW scheme only get one lot of four $25 vouchers. The greater flexibility with ChooseCBR ensured economic stimulus was applied across a greater range of business in the ACT.
- This allowed businesses to up-sell, gave customers more flexibility and provided a range of options for different business types.

What was the scope of eligible businesses

- ChooseCBR was conceived primarily as a support measure for certain industries impacted by COVID-19 and the associated health restrictions.
- It was also, by nature, a scheme for businesses which would benefit from increased numbers of relatively small discretionary spends. This is why food and accommodation, retail, arts and recreation and personal services businesses were selected for the program.
- Any business which operates in the ACT, has less than $10 million turnover per ABN and is in the hospitality, retail, accommodation, personal services or arts and recreation sectors (as per ANZSIC code) was eligible for ChooseCBR.
- Following the trial, we consulted with businesses and made the decision to remove the JobKeeper eligibility criterion to allow more businesses to participate.
- Many franchises are small businesses and run by small business owners who would face similar challenges to independent small businesses. They also employ Canberrans.
- The great thing about ChooseCBR is that there were hundreds of local businesses participating across a range of sectors and regions, and you could choose where to spend your vouchers

Could individuals have registered more than once?

- Customers could access three vouchers per day and could not use more than one voucher per business. When they registered, customers needed to submit a unique mobile phone number and confirm it by submitting a 'one time' password.
- It is possible that individuals could have registered more than once if they were able to access more than one mobile phone number, but we are unable to verify this.
- It is important to note that the Choose CBR scheme was designed to support businesses and the scheme saw significant expenditure at businesses across the ACT.

ROLE OF CHOOSECBR GIVEN ACT ECONOMY PERFORMING WELL

- There is no doubt we are lucky to have one of the strongest labour markets in the country, and one of the strongest economies as a result of the ACT Government's efforts over the past year.
- But we know some industries and sectors were hit particularly hard by the COVID-19 pandemic and the recovery has not been uniform across all businesses. ChooseCBR was designed to help make up for that hit, as well as give businesses and consumers confidence so we can keep people employed, particularly as we go into the winter months when activity tends to slow.

WHY WEBSITE WAS CHOSEN

- ChooseCBR was based on the My Darwin system which had been commissioned and used by the City of Darwin Council. It was assessed as being able to be quickly adapted and rolled out to support businesses in Canberra and encourage people to shop locally at a critical time during the economic recovery from COVID.
- When options for a discount voucher business support scheme were being explored, there were no comparable schemes being run in other states and territories. While some were under development and were launched at around the same time, these schemes mostly targeted tourism and did not cover the breadth of businesses able to access the Choose CBR Scheme.
- The other option, to build a system from the ground up, would have taken much longer, and cost more relative to the size of the program. At the time, the priority was to support ACT businesses, so the decision was made to proceed with what became Choose CBR.

VOUCHER REDEMPTION BEFORE AND AFTER THE SCHEME OFFICIALLY OPENED AND CLOSED AND BUSINESSES IMPACTED BY SUSPENSION

What occurred on Tuesday night (before the launch on Wednesday) when vouchers were being claimed?

- Following the performance difficulties experienced on the afternoon/evening of 8 June and fixes being put in place, the decision was made to make the voucher system live at

10pm to ensure the system was operating effectively before businesses were expecting to see it at 12 midnight.

- During this time a small number of vouchers (11) were redeemed by around 6 business before midnight. These totalled around $370.

Why did the counter show $290 'overspend'

- With 18 vouchers redeemed in the last two seconds of the Program, the tiny lag between the system checking funding was available for individual voucher redemption requests, checking the code was valid, redeeming vouchers, *and then* updating the total amount remaining for other vouchers, saw several vouchers redeemed beyond the cap to the value of $290.

What about businesses unable to redeem vouchers when the system shut down on 11 June?

- More than 80 businesses applied to have vouchers redeemed and the Choose CBR team continues to work with them.
- It appears some of those companies subsequently redeemed the vouchers when the system came back on line. Checks to ensure all vouchers were redeemed will be done.
- We are on track to have payment for these vouchers made to affected businesses within the 14 days, as per the payment terms in the terms and conditions.

ADMINISTRATION, IT AND MARKETING COSTS

- In total $203,000 was allocated for the trial and full rollout of $2.5 million in vouchers including one off establishment of the program, system and hosting capacity upgrades, supports and information for businesses and consumers, and promotional material.
- Given the issues experienced with the system when launched 9 June 2021, additional developer hours and server capacity was procured to resolved the technical issues.
- On the other hand, marketing activities were cancelled due to the overwhelming popularity of the system.
- The final expenditure on administration costs is currently being compiled.

TECHNICAL ISSUES WITH THE FULL ROLL OUT

What happened?

- The system enabled customers to register and access vouchers and for businesses to redeem vouchers. The large volume of users trying to register and redeem vouchers at the same time caused the system to slow and eventually crash as the querying process could not keep up with the volume of transactions in the system during peak periods last week.
- The technical issues were determined to be performance issues caused by the way the application logic was communicating with the database.

How were the issues diagnosed?

- They were diagnosed once we took the system offline and were able to fully analyse the situation.
- This analysis of the system performing under load in a simulated environment identified the areas where the application logic was causing performance issues.

What fixes were applied?

- We took the time to work with our developer partners to find solutions, test them, and implement them.
- Most of the fixes involved changes to database tables and application logic to improve the efficiency of the activities.

How do the technical issues this time differ from the trial?

- The issues experienced as part of the trial were found to be caused by capacity issues, which were rectified when we purchased additional server capacity. They are not the same issues that caused the problems last week.

When were the technical issues first experienced during the full rollout?

- The first issues experienced were on Tuesday afternoon just after 1pm, 8 June following the distribution of an email to customers resulting in many customers logging on in preparation for the launch. The vendor increased the server capacity in line with the contingency prepared for by the ACT Government for the full rollout.
- The decision was made to take the site offline for a very short window just before 5pm to carry out this work.

When was it identified that the performance issues being experienced were not due to server capacity?

- The intermittent issues continued following the launch but with different symptoms. Each h time attempts were made to resolve issues and stabilise the system, including by scaling up server capacity even further. Over Wednesday 9 and Thursday 10 June it became apparent that server capacity and the IT infrastructure were not the cause of the performance issues. As a result, the hypothesis was that the issues were caused by the application logic itself and the ACT Government made the decision to take the site down on Thursday 10 June to further investigate, diagnose, implement solutions and test.

What was the thinking behind taking the system offline?

- We initially made the decision to pause the website for maintenance until 7am last Friday 11 June. We carried out further work to improve the site's performance and hoped this would resolve all issues.

- After working Thursday afternoon and evening on the system, it became clear we required more time to investigate the issues.
- We were concerned about the impact on businesses and customers of not having a fully operational system.
- Out of an abundance of caution—and so as to not cause further disruption and uncertainty—we made the decision take the system offline for at least seven days to further investigate the issues.
- Once we took the system offline, we were able to fully analyse the situation, and became clear that the issue related to the architecture of the system and how the application logic was communicating with the database.
- Analysis of the system performing under load in a simulated environment identified the areas where the application logic was causing performance issues.
- We took the time to work with our developer partners to find solutions, test them, and implement them – and the system successfully came back on line at 7am Friday 18 June.

TESTING AND ASSURANCES

What testing was done during the trial and before the full rollout?

- Before the full rollout all reasonable testing was carried out on the site. Tests included a suite of functional testing including account registration, voucher redemption and feedback submission.
- Part of last year's trial included testing for system performance. Based on an analysis of performance during the trial, significant additional server capacity was acquired to meet the expected higher demand during the full rollout.
- However, the issue that resulted in the website being suspended for maintenance is a separate issue, related to handling of the large volume of transactions that were not seen in the trial.

What assurances did you and the Directorate seek and receive about the website prior to the full rollout and why were you confident the website would work?

- We had the experience of the trial where the system appeared to perform well. The issues that were identified related to server capacity, as a result the ACT Government purchased considerable additional capacity for the full rollout and had full expectations that the system would perform as it did during the trial.

CHECKING OF PURCHASE PATTERNS

How do you know that vouchers were not misused?

- By design customers were able to access three vouchers per day andnot able use more than one per business. Customers also had to submit a unique mobile phone number to register and confirm it by submitting a One Time Password.

- Under the Terms and Conditions businesses are required to keep proof of transactions to allow for checking.
- What we've seen is that Canberrans have shown a huge willingness to support and shop local by participating in ChooseCBR.
- We have received assurances from the vendor that the system has maintained an accurate record of vouchers redeemed and dollars expended.
- The ACT Government is currently undertaking a checking process, which includes looking into some reports of misuse. It is inappropriate to comment further on these reports until the checking process is concluded. Activity from 18-19 June is currently being checked.

- Any specific allegations of misuse should be reported to the ACT Government so they can be checked.

How does the checking process work?

- Businesses are required to keep proof of transactions for government checks. Businesses must be able to show the total sale value, the value of the ChooseCBR discount applied, and the date of transaction.
- As part of routine checks businesses are asked for proof of transactions and we assess the information provided to determine if it supports the expenditure we have seen.
- If any business was found to be in contravention of the Terms and Conditions the government could temporarily or indefinitely suspend, or terminate, a registration.
- Now that the scheme has closed, the activity from 18-19 June will be checked to see if there are indications of irregular spending patterns. If irregular patterns are identified, businesses will be asked for an explanation. In the event any explanation is unsatisfactory, the ACT Government will seek further advice about potential actions specific to the circumstances of each case.

Were any issues detected in last year's trial?

- Thirty-three businesses who participated in the trial were asked to provide further information about their transactions. It was found that generally there was good compliance with the program Terms and Conditions.
- One pattern of questionable transactions was identified across three merchants. The merchants were provided an opportunity to explain their transaction patterns and were not able to do so satisfactorily. The merchants were removed from the program before the full rollout.

COMPENSATION

<u>Will businesses be compensated for losses incurred when system was suspended?</u>

- We know businesses in particular really embraced the program and had been preparing for and promoting it for some weeks.
- We are working with more than 80 businesses to reimburse vouchers that they honoured but could not redeem on 9 and 10 June 2021.
- Businesses were advised on 18 June 2021, once the system was back online, that they needed to ensure any *other* vouchers which had been honoured but not redeemed be redeemed online by the business prior to the program's funds being exhausted.
- Under the Terms and Conditions we will not be compensating businesses for any losses associated with their participation in the program.

<u>Are you compensating consumers who spent more than they were intending because they couldn't claim their voucher?</u>

- We know many customers visited certain businesses to use a voucher when the system was initially launched and were frustrated and disappointed they weren't able to do so.
- If the discount wasn't passed onto the customer, we are unable to reimburse the customer under the Terms and Conditions.

LOW INCOME EARNERS

- The scheme was designed as a business support measure rather than an income support measure. Its purpose was to encourage higher discretionary spend at local businesses.
- However, the range of vouchers available and the range of businesses participating (including everyday essentials like grocers and food retailing) mean that Canberrans at all income levels could participate in the scheme.

BACKGROUND INFORMATION

- The ACT scheme is closely modelled on the MyDarwin initiative that has been implemented in the City of Darwin and is supported by a similar ICT system.
- Strong uptake when the scheme was initially launched caused some technical issues which required the system to be suspended. The issues were resolved over the course of a week, with the scheme successfully relaunched on 18 June 2021.