

Wednesday 30 May 2012 - Estimates Committee A (Green) - Part 2

DIVISION 10

(Department of Primary Industries, Parks, Water and Environment)

Inland Fisheries

Mr GREEN - I have John Diggle with me, Director of Inland Fisheries Service.

CHAIR - Minister, is there anything from an overview that you want to make comment about?

Mr GREEN - The Inland Fishery Service is responsible for managing the trout fishery, the native species. Probably their most important work in recent times has been on the carp program and that is an area where we have had some success, particularly around Lake Crescent and in other areas around Lake Sorell. We were disappointed by the fact that there was a spawning aggregation, which has led to quite a large infestation that is materialising in Lake Sorell. That is not saying that the IFS is not doing a good job with this because what they have achieved in Lake Crescent is groundbreaking on a world scale really. Other than that, the management of the Inland Fisheries Services is going well.

We have just come off the back of 10 years of drought, which has had quite an effect on the fishery overall, but we are back into a space now where most of the impoundments and rivers and streams are all flowing well, and it all looks good for the season.

In terms of statistics around licences, licence sales have been on the rise, generally, I think, and the strategies around increasing activity in the fishery have been good. We all know that we have a world-class fishery here, particularly the still-water fishery. We want to continue to ensure that we promote it for all Tasmanians, and also for the tourists visiting the state as well.

Mr WILKINSON - I suppose it is a pretty good-news story really in relation to fishing and Inland Fisheries - first with the world championships we had. Can we have an update as to how many people participated, how many came as a result, and what the flow-on effect for the economy was, if you are able to give us that?

Mr GREEN - Yes, I attended the Commonwealth Fly Fishing Championships that were held and the participants came from all over the world, effectively. You have your good days and your bad days. Often, when you are managing a tournament like that, it is hard to put it all together. The feedback we had about our fishery was absolutely sensational.

Mr DIGGLE - There were about 85 participants, from memory. It generated quite a bit of wealth.

Mr WILKINSON - Are you able to give any indication as to what the flow-on effect of that championship was, John?

Mr DIGGLE - At this stage we have not been able to gauge that. We had the participants obviously, plus some other supporters who came with that group for the championships. As part

of the arrangement we worked with Tourism to bring visiting journalists from the UK to cover the event. They have been rolling out a series of articles in fishing magazines in the UK with readerships of over 100 000 and television programs as well, resulting from the event. We are expecting that to deliver as we go forward and hopefully see an upturn in the next season.

Mr WILKINSON - Are there any other championships about to take place?

Mr DIGGLE - No, not at this stage. Not in Tassie.

Mr WILKINSON - As you do, you follow your kids around the world to say good day to them, and a number of years ago we were in the US. On this occasion I was coming down in a lift and this fellow thought that we were from New Zealand, and he said, 'I'm coming to your country to do a bit of fly fishing, a bit of trout fishing.' I said, 'Look, I'm not from New Zealand, I'm from Australia. Have you thought of coming to Australia and especially Tasmania to do your trout fishing?' and he had not heard much about it. That was a number of years ago now. He was obviously a fisherman who loved it. He was with another two people in the lift, who were on a lift conference, as a matter of fact. He said that he hadn't heard much about the Tasmanian fly fishing. What are we doing to put our story out to the world? What you have said already will assist.

Mr DIGGLE - That was one element that I mentioned with Tourism Tas and Tourism is working with Trout Guides & Lodges, which is an industry group in Tasmania, to try to promote Tasmania as a destination for fishing. There is a campaign being devised now and we are looking to work with tourism as well. We are focusing more on the mainland market rather than the international market from our point of view. Tourism Tas is grappling with the international side.

Mr WILKINSON - How long has that project been in place for?

Mr DIGGLE - That is just some new changes in tourism, as you are probably aware. This is all coming to fruition now. There has been work done by Trout Guides & Lodges and others in certain segments of the market, but it is not on a very coordinated scale, so we are trying to develop a more coordinated approach with tourism and industry.

Mr WILKINSON - So is this the first coordinated approach that you have had since you have been involved, or since the minister has been involved?

Mr DIGGLE - From my experience, yes, this is the first time. We are going to develop an MOU with Tourism in relation to marketing the state.

Mr GREEN - We have established our advisory council with a new chair and the advisory council, while it has fishermen on the board -

CHAIR - Yes, and farmers.

Mr GREEN - it is also the new Fisheries Advisory Council. By the same token, there are people who have a great deal of business expertise as well and they are assisting. We are trying to make sure that the new advisory council actually plays an active role in providing advice to John to assist him in developing the fishery and developing all those other things around the fishery, whereas before it was a sort of quaint arrangement where fishermen and people would talk about concerns through the North West Fisheries Association or something, or the Northern Fisheries

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Association. Now we have a much stronger business focus on the business of fishing, the business of fishery management, which is good.

Mr WILKINSON - Is there just the one body now, or are there a number of different bodies in relation to it? In the saltwater fishery, as you know, there are a number of different bodies. There were some concerns as to how that was working. Therefore I think TARFish came into play. What is happening in relation to the inland fishery?

Mr DIGGLE - The Anglers Alliance is a peak group in the freshwater sphere that has been around for six or seven years now, and that draws in Trout Guides & Lodges, the tackle industry, northern, southern and north-western clubs, as well as independent representatives. It is much more organised on the lobbying side as well.

Mr WILKINSON - Is that the peak body?

Mr DIGGLE - Yes. We fund them to a small amount each year to assist their operations.

Mr GREEN - Mike Stephens.

Mr WILKINSON - In relation to the work that is about to be done, are we going to have any KPIs surrounding that to see how many people actually have seen the work that has been done and come as a result of the advertising or promotional activity that is surrounding it?

Mr DIGGLE - That is what we are going to work through with Tourism; how we measure the performance of the MOU and our work in marketing the state. We are still at the stage of developing that.

Mr WILKINSON - Licence fees: if I wanted to buy a licence fee tomorrow, how much would it cost me?

Mr DIGGLE - It is going to cost you a bit over \$70 next season. It is just under that now. They were going through a threshold.

Mr WILKINSON - The people who came for the championships, did they have to pay that?

Mr DIGGLE - They purchased a licence as part of the arrangement. We supported the championships through direct contributions and in-kind support, but they bought their 28-day licences effectively as part of the arrangements. We wanted that to be reflected. We wanted to get the destinations where these people came from, get it all on the books.

Mr WILKINSON - A 28-day licence was how much?

Mr DIGGLE - It was around \$50 I think.

Mr WILKINSON - \$50 for 28 days; \$70 for a year.

Mr HALL - I can brief the member on the whole thing because they had a grand parade down the main street of Deloraine and everything else. It was all good.

Mr GREEN - They were piped down.

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Mr WILKINSON - He told me he was the bait.

Mr HALL – I will save you all the questions.

Mr GREEN - I went to the celebrity fish and was unfortunately pipped at the post by Tammy Fraser.

Mr WILKINSON - Malcolm Fraser was a great Shannon Rise man, wasn't he?

Mr GREEN - Yes, he has been a great advocate for trout fishing. In fact, the first time I ever met Malcolm Fraser was at the 1988 World Fly Fishing Championships at Bronte. I was thinking about it yesterday, and I didn't mention it, but it was the first time I had ever tried salmon, raw salmon as it was, back in 1988. It took me a little bit to summon the intestinal fortitude to eat it. There you go. It just goes to show how much we have moved on.

Mr WILKINSON - In relation to people who want to come across just to fish, and fish for, let's say, a weekend or a couple of weeks, do they have to purchase the full licence, or can they get a licence for a month, two months or whatever?

Mr DIGGLE - We have a range of products. There is a 28-day licence, a 7-day and a 48-hour licence, so there are those options, and \$68.50 for the full season adult licence -

[2.15 p.m.]

Mr GREEN - You can have two rods, though.

Mr DIGGLE - Yes, you can do. It is \$54.50 for the 28-day licence. If you go down to 48 hours it is \$21.

[2.15 p.m.]

Mr WILKINSON - I note that there is a number of projects developing in relation to access to the lakes, rivers and streams throughout the state. What is happening there?

Mr GREEN - We have done a lot of work in regard to that. John and a couple of others within the IFS have been instrumental in working up access plans with farmers along various rivers, some of our more famous rivers. It is a very good program called the Anglers Access program. John can give more details if you like.

Mr DIGGLE - We started off with a pilot project at Brumbys Creek, mainly on Hydro land but other land there as well and it has gone to other rivers - the Huon River, we just recently completed project on the Tyenna River, Meander, Leven, parts of the North Esk, Macquarie, there is a whole range of areas that we have already covered for Anglers Access.

Mr GREEN - We put in stiles and negotiate with the farmers and it has worked out really well.

Mr WILKINSON - In relation to, that does the fisherman have to go to the farmer first to obtain access? Does he have to ring them, or alternatively, does he do it through your body?

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Mr DIGGLE - It is a range of opportunities there. We have negotiated free access on a lot of properties where you do not have to ring up anyone. We have the signage up, you just rock up and you can go straight in. With other ones there are arrangements where you phone - we have negotiated the access but you phone to let them know that you are going onto their property. There is a range of things in play in getting access to the properties.

Mr WILKINSON - Have you had any objections to any of the work that you have been doing and, if so, by which groups?

Mr DIGGLE - This is a voluntary program. We go to farmers and negotiate with them. If they do not want to be part of it, then they are not part of it. In that sense people who are not interested do not sign up and we do not have access projects on their land.

Mr WILKINSON - You mentioned the eradication of carp briefly in the opening. How is that going? I know you have done extremely well with Lake Crescent.

Mr GREEN - Lake Crescent is free of carp, which is an amazing feat on an international scale. People who have been involved in the carp eradication program have been given recognition nationally and internationally, and have spoken at several conferences about what they have been doing. We have been able to work with the eel fishery in them assisting us to continually monitor Lake Crescent to make sure that what we have said is true, that there has not been a carp caught in there for seven years.

Lake Sorell, on the other hand, is a much larger water body and more difficult. While we are on top of it we had a big rain event which put a lot of water in Lake Sorell and back into the marshes and there was a spawning aggregation. We have now found, based on catch data and catch and release, that there are at least 20 000 individuals in Lake Sorell.

Mr WILKINSON - 20 000 carp?

Mr GREEN - Yes. We put in an extra \$400 000 on top of the \$400 000 we fund the carp program now. This year, we were successful in getting a grant from Caring for Our Country which is another \$400 000. We built and put in a lot of infrastructure netting off and grab all nets or gill nets in behind the fixed nets to catch any fish that might try to get into the wetlands to spawn. In the meantime there has been a program to catch juveniles, the ones that came into existence as a result of that spawning aggregation. We still have a window of opportunity to eradicate them because they have not reached maturity. It is about a five-year period to maturity for females and it is a little bit less or longer for males -

Mr DIGGLE - Less.

Mr GREEN - We are still within a window where none of those fish are fertile. We only caught one mature female last year in Lake Sorell. We know that the population of big fish is very low since we have had this aggregation. All hands go to the wheel to try to get as many of those fish out of the lake as we possibly can, and then they will use the normal techniques that they have discovered through the eradication in Lake Crescent to continually target them through the spawning aggregation. I have to say it is very tough and it is a lot more water.

IFS had to work on effectively lifting the level of the barriers because we were concerned about the level of Lake Sorell actually spilling into Lake Crescent, which would have been

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potentially a huge problem for us. We always have to come at it on the basis that we have to keep trying to eradicate the carp from Lake Sorell because if we do not, eventually they will end up in every waterway in Tasmania and that would be a disaster for the state.

Mr WILKINSON - My final question, but I could keep talking about it, is in relation to eels. Does that come under your portfolio?

Mr GREEN - Yes.

Mr WILKINSON - How many actual eel fishing businesses - and I know of one - are there within Tasmania?

Mr DIGGLE - There are 12 licensed catchments in Tasmania and some eel fishermen own more than one licensed catchment. That is the scale of the industry in Tasmania.

Mr WILKINSON - Is that an increasing industry?

Mr GREEN - They want us to increase it, definitely. We sell elvers to the industry to relocate. We have Victorians on our back with all the water they have over there wanting to buy elvers from us. They are a precious commodity at this stage. Plus we do the normal work in putting eels and the lamprey eels over the wall on hydro impoundments so that they can continue with their natural cycle where they cannot get over, say, at Meadowbank and places like that. That is an important part of the work as well. How much did we get out of the elver sales last year?

Mr DIGGLE - We sold 100 kilos of elvers to Victoria last year and that gained us \$27 000. It helps the bottom line.

Mr WILKINSON - Because the actual product itself is extremely popular overseas, isn't it?

Mr GREEN - Yes, we cannot meet demand. It is very popular. They are very hard to get your papers wet but once you get them going they are all right.

Laughter.

Mr WILKINSON - I was speaking about it with a fellow up on the east coast who is an eel fisherman. He is catching eels during the week and coming home at the weekends. He was saying exactly what you were saying: the demand is significant, and he said that he can sell everything that he catches. Is there anything at all that the government is doing to try to improve that industry?

Mr GREEN - We continually try to catch them. The thing is, the complication of the life cycle of an eel and the elvers that come back and our ability to catch those is not easy. At the end of the day, the actual relationship we have with the eel fishing fraternity, as it were, and the sort of ranching techniques they have in all dams, lakes and whatnot around the state, is as good as I think we can get it. There is a possibility to catch more elvers, isn't there?

Mr DIGGLE - We give each licence holder 50 kilos of elver to support the industry at the moment. We are gifting that to them and the industry. Inland Fisheries has been successful in getting up a project through the FRDC to look at an industry development plan and that is moving

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forward as well. Rather than being a whole bunch of disjointed eel fishermen around the state, they are trying to get an organised development plan for the industry, so it is happening.

Mr GREEN - I wish I was in it; it would be a good industry.

Mr WILKINSON - There are presently 12 licences, is that capped at 12 or can there be more if you make application?

Mr DIGGLE - That is the limit we have placed on it. It is catchment-based so not every quarter in the state is fished.

Mr WILKINSON - Is there the ability to increase those licences, or not at the moment?

Mr GREEN - There is always a bit of an interface with recreational fishers and others when it comes to stocking eels, and one or two arguments about whether it is a good thing.

Mr HALL - I have to say that most of our catchments and dams in the central north are rotten with the things. They get caught in intake pipes, they get caught in pumps, and they are actually a hazard to us.

Mr WILKINSON - That is what I am saying; if there are people out there who have a licence to catch them they can put them to good use.

Mr GREEN - That is right, probably missed an opportunity there.

Mr HALL - No, they do come around. We have a guy who comes around and gets in the dams every now and again.

Mr GREEN - Yes, it is a terrific industry and the Chinese love them.

Mr VALENTINE - The Japanese do, too. They make biscuits out of them.

Mr GREEN - The great thing about it is that you do not have to have them really big now, they like the smaller ones.

Mr MULDER - The member for Nelson covered most of my points. I was going to ask about the carp eradication in Sorell. How much has that been costing on an ongoing basis?

Mr GREEN - For the last couple of years it has been about \$800 000.

Mr MULDER - Did I mention to you that there was a catch and release program, what were you saying about that?

Mr GREEN - They caught 600, tagged them and released them, and then went through their normal catching regimes to see how many of those fish they caught again which allowed them to ascertain how many fish there are in a lake.

Mr MULDER - That is where you get the 20 000 figure from, I presume.

Mr GREEN - Yes.

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Mr MULDER - You are talking about throwing another \$800 000 into it?

Mr GREEN - We have a minimum funding of \$400 000 - what is in the forward estimates.

Mr MULDER - You did mention \$400 000 plus \$400 000 for a Caring for our Country program.

Mr GREEN - We got the Caring for our Country money last time around.

Mr MULDER - That is \$800 000 and is that \$400 000 on top of what you have been doing?

Mr GREEN - In terms of recurrent funds some of the money that we spent out of the \$400 000 that we provided in addition to the \$400 000 was spent on equipment and wages as well. We increased the number of people fairly dramatically. I think I am right in saying that?

Mr DIGGLE - Yes, we have increased the effort in the carp program. As the minister was saying, we have a base funding of \$400 000 from the state government and that is in the forward estimates. We have got Caring for our Country this financial year and next so that finishes 30 June next year and we revert to our \$400 000 program.

Mr GREEN - And that fits in with the window that we have on the fish still being immature.

Mr MULDER - We go from the usual \$400 000 to \$800 000 for two years, is that what I am hearing?

Mr GREEN - We were on \$800 000 last year.

Mr MULDER - Yes, last year but this is where I am getting confused. What did you spend last year, and what are you going to be spending in the next two years?

Mr DIGGLE - The core funding has been \$400 000. We sought an additional \$400 000 from the state government in the previous year so that took us up to \$800 000 in that year. This current year we are operating on \$800 000 made up of Caring for our Country of roughly \$400 000 and state government \$400 000. The next financial year we still have the Caring for our Country and the state contribution, and after that we will revert to our state government contribution of \$400 000.

Mr MULDER - What will you be doing to make some real gains in the project that you have not done before?

Mr GREEN - We have learned a lot and with the extra personnel that we have and the techniques we are using has put us in a space where we think we will make real gains over this next little while. Water temperature and a whole range of other things have an impact. We have not normally tried to fish them during the wintertime when the catches have been quite sparse compared to what they would normally be. There have not been so many aggregations of the parent fish so they are thinking about warming water up in parts of the lake to make them aggregate in those areas so they can catch more. We are also working with the uni through John Purser from the AMC - the Australian Maritime College - to help us with some techniques and maybe trawl techniques to -

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Mr MULDER - We can assist there.

Mr GREEN - Do you do a bit of trawling?

Mr MULDER - Trawling - that is what it is like trying to get information sometimes.

Mr GREEN - No, trawling nets. Anyway, I had a brief on it the other day and the team is still very committed to doing it and they are doing a fantastic job.

Mr MULDER - You said there were 20 000 carp in there, with two years of effort what is your estimate that would be left after you have done that?

Mr GREEN - Just on the current catch rates we can nut it out.

Mr DIGGLE - It is a hard thing to estimate. Their catchability will change as they mature. We have been dealing with the juvenile cohort since 2009. Initially, we have made really big inroads into the population. We think the original number was around 50 so we have taken 30 out. There is the last little part - we did not get as many as we were expecting so the catch for the season is much less than that. As they mature they will show more tendency to aggregate and our rate should increase. It is not a standard flat catch rate that we see in the fishery.

[2.30 p.m.]

Mr MULDER – Have you any idea when you will get Sorell to the Crescent stage?

Mr GREEN - The last one, yes. No, I could not give you an honest answer.

Mr MULDER - I fear you are growing another fox taskforce here.

Mr GREEN - No, no, they are here all right.

Mr MULDER - Why could we not do with Sorell what we have done with Crescent?

Mr GREEN - Because of the nature of the lake. It is much bigger, it is in various parts, it has much more wetland that has to be fenced off. What they learnt was that carp are very specific about where they spawn and they know by fencing off areas of wetland they can frustrate the carp and channel them to a specific area where they can be caught. There is a whole range of factors. The water quality was a big problem and still is to a degree in terms of the clarity of the water and being able to work in that sort of environment. On the positive side, though, the trout they are catching in the nets are sensational and the trout in Lake Crescent are huge. It is going to be trophy water again.

Mr MULDER - What is your idea about the ability to contain? You are reasonably satisfied you have contained them which leads to the question that, if you have them contained and you do not see an end date of destroying them, what is wrong with saying here is the pen, let them reach a natural balance.

Mr GREEN - Too big a risk. You can see by one small spawning event you end up with 50 000 carp. They have the ability to produce millions. Then the carp eggs can travel on birds' feet to the next lake.

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Mr MULDER - That is the point that I am getting at, quite clearly eradication is something that you do not think you will ever achieve.

Mr GREEN - No, no, I am not saying that. We did it in Lake Crescent.

Mr DIGGLE - In Lake Crescent our experience was that it was taking us about seven years to fish out a cohort. So that is what we are looking at in Lake Sorell. Seven years after 2009 we will be hopeful that we will be getting it to that point. That is what we are working towards.

If we just leave them we are exposed to prevailing climatic conditions. We saw what happened in 2009: we had a major spawning event in that really wet year that we experienced. We had not experienced that in Lake Crescent through the program, which was lucky.

There are environmental factors. The longer that you leave the fish in the lakes the more risk there is of a major event occurring at the lake. We might get massive rainfall and it overtops everything and they all end up down in Hobart.

Mr MULDER - That is the point about containment. We can argue about whether we are going one way or other. I take some comfort in that you think you will be able to get Sorell to the Crescent state - until some other lunatic flushes his goldfish into there.

Mr GREEN - It cost a lot of money.

Mrs ARMITAGE - Is carp the only pest fish we are looking at eradicating or are there others?

Mr GREEN - Your way you have the gambusia.

Mrs ARMITAGE - How is that going?

Mr GREEN - I do not think that they are looking at eradicating them but we manage them.

Ms FORREST - They are very tiny, aren't they?

Mr GREEN - They are. Prolific breeders. Mosquitofish.

Mrs ARMITAGE - Are you still putting money into that though?

Mr GREEN - No, I do not think so.

Mr DIGGLE - We are working with Tamar NRM and others on the gambusia. We are part of the steering committee on the project looking at the problem. There is no clear methodology to eradicate them from the Tamar Island wetland area at this point. We have been talking to AMC about approaches for how we might tackle the problem there with some form of genetic program - not a manipulated approach like daughterless carp - but something where we might be able to take a chromosomal approach to manipulating the fish and making them all breed males or something like that.

Mrs ARMITAGE - So there is no funding for that at this stage?

Mr DIGGLE - No. We are just at the stage of exploring the options, and then if we can demonstrate a technique that might work, we will pursue funding for that program at that time. But at this point there is nothing on the table that we can use.

Mrs ARMITAGE - It has been ongoing for quite some time with Tamar and NRM (Natural Resource Management) hasn't it? I know they have been working with it for quite a few years now.

Mr DIGGLE - The problem there is largely contained in the Tamar and we have had spot populations that we have eradicated in the north of the state and in the south, and that has been successful, so we have worked on the approach of -

Mr GREEN - Whereabouts in the south of the state?

Mr DIGGLE - We had them at Snug and at Kingston. People move these fish, which is the problem. So the education campaign undertaken by Tamar NRM is vital in getting the information out to the community not to move these fish. That is part of the strategy; so we are hopeful we can contain them in the short-term, and hopefully we can come up with a methodology to eradicate them at some point.

Mrs ARMITAGE - Thank you.

CHAIR - I think we have done with Inland Fisheries, Minister. Thank you.

Capital Investment Fund

CHAIR - Before Kim leaves, we do have Capital Investment Fund. I would contend that we have addressed our minds to the IMAS, to TIA, and Inland Fisheries is done. Does any member have matters there that they want to address? There is nothing in the budget for next year under SCIF (Special Capital Investment Funds). See where you go with your questions.

Ms FORREST - Maybe it does not sit under SCIF. They were in the infrastructure fund. In the income statement on page 11.30, the footnote relates to grants:

The movement in Grants is due to an administrative change in Australian Government funding with the removal of Australian Government National Partnership Payments from the Consolidated Fund. From 2012-13, the receipt of expenditure of NPs (National Partnerships) will be managed through the Special Deposits and Trust Fund.

It seems all the grants are going to go straight to the Special Deposits and Trust Fund. Does that include the Water Infrastructure Fund money?

Mr EVANS - Yes.

Ms FORREST - So what is the balance of the Water Infrastructure Fund at the moment?

Mr GREEN - As I said, we have spent \$107 million.

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Mr EVANS - We get the commonwealth money on milestones, so we don't actually get the 140 as one payment. They release funds to us in accordance with the partnership agreement we have with them.

Ms FORREST - Will the money go and sit in the Australian Government Funding Management Account in the Special Deposits and Trust Fund? Where will the money sit?

Mr EVANS - I don't know. You would have to ask Treasury that question.

Mr GREEN - We just talk about 'the Fund'.

Ms FORREST - You see, we don't see this balance in the Special Deposits and Trust Fund until once a year in the Treasury annual financial report. It is the only time we ever see it, which is not your fault; it is a Treasury issue.

Mr GREEN - No, I suppose I never worry about it as long as it is there when the time comes.

Ms FORREST - When you change the treatment of it, though - this is the thing. If things get changed, it makes it hard for people like us to track where the money comes and where it goes.

Mr GREEN - Yes, but we have to remit against the TIDB (Tasmanian Irrigation Development Board) against the money that we spend, effectively.

Ms FORREST - Yes, but if you are trying to track it, and if it all just lands in the Australian government funding management account -

Mr GREEN - If John Whittington were here, he would probably be able to tell us where it was.

Mr EVANS - I don't think so, because I think it is a Treasury matter, not one that we can control.

Mr SWAIN - You get cash projection updates from Tasmanian Irrigation, which is a scrutiny matter, on a regular basis - probably every couple of months - just to check the cash flow projections.

Mr GREEN - I guess that determines the decision we make about which projects get the nod and which do not.

Mr MULDER - Just on the capital investment program with the Three Capes, we note from the papers \$12.8 million to establish the initiative, State Government, matched by \$12.5 million. I am not quite sure that \$12.8 actually matches \$12.5, but anyway -

Ms FORREST - It is the wrong Brian.

Mr VALENTINE - It is Wightman.

Mr MULDER - Capital investment program?

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Ms FORREST - Yes, but it is the wrong area.

Mr MULDER - I will run away from it even though I have the expert sitting across the table from me. With the leave of the Chair, could we perhaps ask a question outside the minister's portfolio, but within the knowledge -

CHAIR - Let us go.

Mr MULDER - It relates to the Three Capes. Regarding the public access issue, can you confirm that the public will be allowed to just walk into the park, use the walking stuff and camping platforms and things, even though there is a private developer getting in there?

Mr EVANS - The walk will accommodate free and independent walkers. By 'free and independent' we do not mean that it is free of charge, but they are free to walk under their own steam.

Mr MULDER - They are not barred from entering the ground, so to speak.

Mr EVANS - No, and then there is the commercial walk - a bit like the product that is available on the Overland Track and at Bay of Fires - where they will be guided. So the walk will accommodate both.

Mr MULDER - Is there public infrastructure like camping platforms, et cetera, available to the public?

Mr EVANS - It will be a hut-based walk. It is hut-based because the research that we did to underpin the development of this product showed that the market was looking for a multi-day hut-based experience. That is what the walk has been framed around.

Mr MULDER - The next question is, is it structured in any way to assist local business?

Mr EVANS - Yes.

Mr MULDER - You have particular initiatives and stuff to assist local businesses to leverage off this?

Mr EVANS - There has been an economic study done on the benefits to the local economy. It is anticipated that people will shop before they start the tour, particularly the free and independent walkers. Some will stay longer once they return, so we are pretty confident that there will be direct economic benefits to the local businesses.

Mr MULDER - Just to wrap up, with the indulgence of the Chair, when you say it is a hut-based walk, does that mean you can only stay in huts and you are not allowed to stay on camping platforms? To what extent would a commercial operation have priority on hut spaces?

Mr EVANS - With the public funding we will be building huts at each campsite, which will be for the use of the free and independent walkers, and there will not be tent-based accommodation. The commercial operator will put in their own hut-based infrastructure within the vicinity or the same sort of accommodation node, but slightly separated from the free and independent place.

Mr MULDER - But you do things like share toilet extraction facilities and things like that?

Mr EVANS - That is correct, yes.

Mr MULDER - Thank you for your indulgence.

CHAIR - Thanks, Minister.

DIVISION 5
(Department of Infrastructure, Energy and Resources)

Output Group 5
Racing policy and regulation

5.1 Racing regulation

CHAIR - The same as before, Minister, if you have an introductory comment to make, we are very happy to take that.

[2.45 p.m.]

Mr GREEN - In this output I have responsibility for delivering probity and integrity services to the Tasmanian Racing Industry. That includes registering race clubs, registering and licensing industry participants, the provision of handicapping and rating services, the provision of stipendiary stewards, registration and regulation of book makers and their agents, and enforcing national and local rules of racing for each of the codes.

As members would be aware, I recently attended the ministerial council of the racing industry that was held in Hobart, a very successful event and all racing ministers appreciated being here in Hobart. One of the main focuses of that forum was a discussion paper on integrity issues that we tabled. The director of racing services spoke to that paper. It was about trying to establish a more holistic approach to integrity on a national basis so that when incidents occur there are areas of integrity we can all learn from, and there is a better interstate relationship with respect to those matters. It has been fragmented in the past.

Ms FORREST - Are you talking about infringements, or people who need to be watched?

Mr GREEN - No, say, in New South Wales there has been a big issue in the racing industry, so what are the learnings from that in the end and how do we transpose that to Tasmania to make sure that our system is even better than around the rest of the country. Or what they can learn from us about ensuring that their integrity is well and truly above board. That was discussed at length. I am pleased to say that the paper has gone through and, as a result of that, there will be meetings at appropriate times of people similar to Mr Murray from around the country to think how we could progress that on a national basis.

Racing Services was able to increase the swabbing budget from \$190 000 in the 2008-09 financial year to \$298 000 in 2009-10. This represented a 70 per cent increase which translated to an additional 720 swabs being funded. The main focus of the additional swabbing was out-of-competition testing, variant testing and whole-race-meeting testing. These areas have continued to be a high priority under the swabbing arrangements. The additional testing has been

well received by participants in each of the codes and they support initiatives which enhance drug-free racing.

Significant resources continue to be provided to the training and development of Tasmanian stewards and there is no doubt that this will further enhance the delivery of integrity to the Tasmanian racing industry. Of the eight full-time stewards employed by the RST, four have successfully completed the course and attained a qualification; the remaining four stewards will be enrolled in the course at the earliest opportunity. Further training opportunities for stewards are also being provided through the steward exchange program which enable RST stewards to work at interstate race meetings with interstate stewards having reciprocal arrangements. The program has proved to be very successful to date with five Tasmanian stewards gaining further experience in Victoria, New South Wales and Western Australia.

The output group continues to lead a high level of research, analysis and policy advice with respect to integrity of racing having regard to putting best practice in place both on a national and international basis.

Ms FORREST - To lead off, I am sure you have seen the report of the Legislative Council government administration committee regarding term of reference 4 relating to the regulation of the industry. Our findings were that there could be some efficiencies if integrity was incorporated with the administrative side, particularly in light of the fact that it is the case in other jurisdictions, predominantly, I understand through the evidence that we received that it was separated in New South Wales and now they have been put back together. What is your view on that?

Mr GREEN - In the first place, the first order of business when it comes to the racing industry is the integrity of the industry and our ability to demonstrate above all else that the industry is operating well and truly above board. It seems to me that the model that we have in place is the ideal model to ensure that that takes place.

It might be all right to run arguments about efficiencies when it comes to this but from an underpinning point of view, racing integrity is front and centre in every constituent's mind when it comes to the industry overall - punters, bookies, everyone who is involved in the industry. My preferred model is to ensure that we provide that. As I understand it - and the director can correct me if I am wrong - some other jurisdictions are again looking at the Tasmanian model as probably the way to go.

Mr MURRAY - The recently elected Queensland government has signalled that their plans are to separate integrity into a unit within government, which is similar to what occurs in Tasmania. New Zealand has separated their integrity unit from the commercial functions as well. In fact, other jurisdictions are looking at our model and embracing it in moving forward.

Ms FORREST - Why did New South Wales separate it out and then put it back, particularly after the hassles in New South Wales in some codes?

Mr GREEN - Who says they are right?

Mr MURRAY - They did trial it. I am aware of certain matters which may have been more personnel-related rather than structurally related. I cannot say for a matter of course that that is the reason why, but there were certainly instances as to why that did not work. Of course, now they are combined, unfortunately New South Wales is facing a high-level integrity breach which

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it is now dealing with. I am not saying that that is as a result of the combination of the two bodies but that is what has occurred since the bodies were amalgamated yet again. I believe you will find that most jurisdictions are looking at trying to separate integrity in one form or another, and whether that be a total separation as we have here, as Queensland is looking at and as New Zealand has taken, or even a more internal separation, there is no doubt that all jurisdictions are looking at integrity as a separate entity.

Ms FORREST - Minister, the committee also looked at some of the differing views on the Racing Regulation Act and the interpretation of that. Have you had time to consider your views on those points?

Mr GREEN - No. I will make a response to your committee but I am not prepared to make that now.

I was going to get into an overarching discussion about the racing industry but I would be falling for the same trap as everyone else does in thinking about things out of context to what we are actually supposed to be speaking about today in terms of scrutiny. We are giving serious consideration to your report.

Ms FORREST - You talk about the responsibilities of dealing with the codes and that sort of thing, and that is the role here. The committee had significant trouble actually getting identified key spokespeople or representative groups. It seems that has been the case for you and for Racing Services as well. Do you believe that can be resolved?

Mr GREEN - In the harness code it has been pretty difficult and we have put in place a facilitator to assist us because we see it would be much better if we had a single voice when it comes to representation of the code overall. I know that Mr Murray's relationship with the various codes is good in terms of information in general terms, and they have a body that they have to consult with particularly on matters in relation to integrity, and there have been instances of it in recent times when it came to draws. For example, the harness group met and had the appropriate discussions. It is really about where we try to take the industry overall in getting everyone trying to kick the same way, and that has been difficult. There is a lot of politics in the racing industry, as you know, but that is not going to stop us trying.

Mr MURRAY - I might add, minister, that the Harness Advisory Group which we set up about five years ago is the most successful consultative group that we have for racing services in the industry and, as the minister said, we have excellent relationships across the three codes. We have a highly functional, well-working Harness Advisory Group and -

Ms FORREST - Who sits on that group?

Mr MURRAY - It is the chairpersons of the three light harness bodies - the north-western harness [body], which is Rod Burgess; northern harness, Barry Rattray; Light Harness Tasmania, Phillip Young and the chairman of Botra, Chester Bullock. Those four gentlemen come and I can tell you that there is not one integrity issue in the last five years that we have not been able to sit around a table and resolve as a group.

Ms FORREST - So do they just deal with matters of integrity?

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Mr MURRAY - That is my jurisdictional responsibility. I involve them in all integrity matters. There is not one issue I can think of where we have walked out of the room not being able to form a consensus on the way forward.

Ms FORREST - It is interesting that group did not appear on the radar during the deliberations of the committee.

Mr MURRAY - I cannot say why.

Ms FORREST - The individuals, yes, but as far as trying to get a representative group.

Mr MURRAY - If you spoke to any of those gentlemen, and you are welcome to do so, they believe that the group is highly functional. We resolve any integrity issues and I use them as a sounding board on many matters. The chairman of stewards sits in on the group with those four gentlemen and me, and it is highly functional and highly successful.

Ms FORREST - On the matter of the increased swabbing that you said you have been doing and human testing, is that jockeys, or are we talking about broader than jockeys?

Mr MURRAY - We do jockeys, drivers, track-work riders - tests on people who are participating.

Ms FORREST - What are you testing for?

Mr MURRAY - Recreational drugs and other drugs - just whatever substances under the rules.

Ms FORREST - Performance enhancing?

Mr MURRAY - Those types of things, yes, of course. Anything that is a prohibited substance under the rules of racing. There is a whole list of drugs classified as prohibitive substances that we test for.

Ms FORREST - Are you happy to discuss ongoing funding for the racing industry here?

Mr GREEN - It is part of this. We have not reduced it at all.

Ms FORREST - We noticed the increases are CPI less 1 per cent efficiency dividend. In the current climate that is a fairly significant impost on the public purse, and add to that the cost of the debt facility, the initial failed sale of TOTE. How much are we paying out each year? In the line item here for racing regulation, we have \$3 million, and we have \$28 million plus under the deed of agreement.

Mr GREEN - It is \$28 million now.

Ms FORREST - Then you also have the debt financing cost.

Mr GREEN - We don't have to finance that at this stage.

Ms FORREST - You don't?

Mr GREEN - You mean for the capital program?

Ms FORREST - Yes.

Mr GREEN - No, not until they are in a position to actually fund it.

Ms FORREST - Well then, the public purse is financing them.

Mr GREEN - Yes, through Treasury.

Ms FORREST - That is correct.

Mr GREEN - Yes.

Ms FORREST - So how much is that costing the taxpayer of Tasmania?

Mr GREEN - I don't have that figure. The interest on \$14 million.

Ms FORREST - Plus guarantee fees.

Mr SWAIN - I don't have the figure either, but it would be interest plus guarantee fee and obviously there is no tax equivalent because it is a capital item.

Mr GREEN - Do you want the figures?

Ms FORREST - Yes.

Mr GREEN - We will have to ask Treasury.

Ms FORREST - How much would you say this industry brings into the state?

Mr GREEN - We know how many people it employs. We know effectively what the turnovers are. We know that it is an important social activity. There is a whole range of things that need to be quantified. It has always been deemed as an industry worthy of support. We have been trying to put it on a sustainable funding model with a growth plan. We have it operating in a commercial way now. Obviously the funds that go forward, as you quite rightly point out, of \$28 million plus there are product fees, that we are achieving of around \$5 million, which goes on top of that, and the greatest proportion of those funds are effectively meted out to the industry through prize money and other general costs.

[3.00 p.m.]

Ms FORREST - So as you said, minister, the industry still relies very heavily on government support.

Mr GREEN - Some people have run the argument that we should have kept TOTE, and TOTE should have funded the industry. Well, if that had been the case they would have been able to give them \$1.5 million last year.

Ms FORREST - Correct.

Mr GREEN - There has been a large requirement. We are working in effectively three areas. The first is integrity, making sure the integrity of the industry is second to none. The second is infrastructure, making sure that our infrastructure is as good as it possibly can be, and the fund established was there to assist us in that regard. The third is the industry itself in terms of the prize money that we provide. If you have a look at the money that we provide, the number of races we put in, we are comparable to or better than most similar jurisdictions around the country. There is always room to improve.

Ms FORREST - You made the point that the commercial side of the racing industry is not in a position to operate commercially at the moment. Otherwise they would hang their own industry on that debt facility.

Mr GREEN - Yes, we set them a very difficult task, there is no doubt about that, in terms of their growth strategy.

Ms FORREST - Yes. So would one of their options for increasing their own revenue be to increase the race fields-led fees?

Mr GREEN - Yes.

Ms FORREST - I know that has been done in Victoria. Is there a mind to do that?

Mr GREEN - We just got over the hurdle. Ours has been already gazetted, as you know, for this next year, so there is really nothing we can do until July next year. In the meantime we are thinking about the best model for Tasmania when it comes to race fields, how we apply those charges, based particularly on the High Court decision that was made recently. Our legislation is flexible. In effect we do whatever we want.

Ms FORREST - That is not answering the question, because there is the capacity there to do that.

Mr GREEN - Yes, but you have to be a bit careful you do not kill the goose that laid the golden egg. You have to manage it in a way that ensures that we get the balance right. I am quite prepared to think about how we increase revenues from our product, but that is a discussion that I will be having internally in the first place, and then I will talk to the corporates on how we might be able to make appropriate changes.

It is important from my point of view that we support the board as it exists. They have been given a tough job and it is not an easy industry to work within, but it is deemed by me and just about every other person that has any relationship to the industry to be a very important one. I will certainly keep trying to make sure that the industry sees that the government is positive about the industry and we want to continue to grow it, and we hope most of them will come on board with us and help us in that regard.

Ms FORREST - My point is that if it is too easy for them not to grow because they have all the government support they need, is that a disincentive?

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Mr GREEN - I suppose it might foster arguments amongst themselves, but I think most people thinking about the industry understand that they have to be innovative in the way that they look to the future to grow the product.

Ms FORREST - Do you think that is happening?

Mr GREEN - To a degree it is. Certainly Tasracing is trying its level best to utilise those funds, and the fact that we have coverage of our product going into France now is an example. It is amazingly competitive, but it is not taking away from our determination to make sure that we get it right. We are always open to criticism around the funding model and how it exists, but to incentivise it further is often a very difficult thing to do without having a dramatic effect on the industry overall and the confidence in the industry.

Ms FORREST - What about the incentive payment to the CEO. I am not sure how that compares with other performance review processes for other CEOs of other government businesses or state-owned companies. Would you not expect that performance bonuses are only paid when you actually achieve above and beyond what your basic job is?

Mr GREEN - As the director has pointed out, we have been going through a significant change process in recent times and the overall implementation of that has been pretty difficult. Essentially, that is the decision for the board and in attracting the right people to the job.

Ms FORREST - The performance review for the CEO is established through Treasury, isn't it?

Mr SWAIN - No, that would be set by the board.

Ms FORREST - It would be set by the board?

Mr GREEN - Yes.

Ms FORREST - Perhaps that will be question for the board - maybe at a later time.

Mr GREEN - Yes, you will be able to train them. I am not sure - are they up this time?

Ms FORREST - It is their turn this time, I think. They will read *Hansard* and know what they are up for.

Mr McILFATRICK - They will be a nervous wreck.

Ms FORREST - I reckon - thanks, Norm.

With the other opportunity through expansion and training to be progressed at Spreyton in particular - they have the all-weather track there - would it be considered a means to raise revenue for the industry as well?

Mr GREEN - We need them to put up business cases with respect to how they might be able to increase revenues for more training but they have not done that yet. Overall though, we are looking at harness on the track for trialling and training as well, which has gone pretty well, I think.

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Mr MURRAY - Yes, it has gone well and there is now consideration being given to running some race meetings on the Tapeta synthetic surface for harness. Racing Services and Tasracing are working together to try to see if that is going to be possible in the near future to have a trial meeting and the indications are quite positive at this stage.

Ms FORREST - I understand at the moment that there are no charges for training at Spreyton. Trainers can train there without paying fees. That is out of your area, I know.

Mr GREEN - I would not have thought so but I will certainly check that myself.

Ms FORREST - If it turns out to be as good as they predict, I expect there is a real potential opportunity there.

Mr GREEN - There is, yes.

Ms FORREST - Mainland horses coming over to train.

Mr GREEN - That is what we would like to see.

Ms FORREST - We could charge them lots of money.

Mr GREEN - Yes, that is right. I am keen to see the economies of scale of the industry go up from a breeding and a training point of view. I cannot see any reason why Tasmania cannot be, from a southern hemisphere perspective, like New Zealand, or like Ireland in the northern hemisphere - we just need a breakthrough. Someone with a lot of money bringing some good horses here and all of a sudden our reputation builds -

Mr MULDER - I am not sure I want to be like Ireland too much.

Mr GREEN - In terms of reputation on horseflesh. No, I would not like to be like Ireland's economy right now, that is for sure.

CHAIR - Any further questions on Tasracing, anyone?

Mr GREEN - You know what I mean - from a breeding perspective.

CHAIR - Because grants and subsidies go across into Tasmanian racing assistance, we can be as broad as we want.

Mr GREEN - Yes, that is true; you have me there.

CHAIR - I am advised that after doing a bit of research to see what the wagering turnover was during the month of April in harness racing, a year-on-year comparison shows that there was a massive decline of 57 per cent in April this year compared to April last year. Just as an example, the total figure last year was \$1.2 million in round figures; for April this year, it was just over \$500 000 - a huge decline and, significantly, the Easter Cup meeting in Launceston last year was \$240 000 in round figures and this year it was \$89 000. That would suggest to me that there is significant migration away from the average little punter in terms of what they are prepared to do with the discretionary dollar which they do not have. I wonder whether that decline in

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wagering turnover, and that is from all sources - off-course, on-course, telephone, internet transactions - has any impact on the viability of our industry. I will be doing some further research into the other codes. That is just for one code for one month.

Mr GREEN - Turnover is vitally important as a component of the industry overall and is a reflection of the wellbeing of that particular code. There might be other factors. I do not have those figures in front of me.

If you talk to the harness code nationally they will tell you that they are concerned about the amount of turnover for the harness code. In Victoria this year, they lost about \$5 million in the harness code alone. South Australia had issues with respect to harness. It is one code that is struggling to find relevance in a modern market when it comes to its product.

Harness Racing Australia is looking at innovative ways to get people interested in punting - more sprint races, cameras on horse and sulkies and that sort of thing to try to make the product more viewer friendly and to get people excited about the races. Fast individual races similar to greyhounds, given that greyhounds' turnover is fine and people are still following that sort of product. That is what I keep saying to the harness industry as a whole. We need you altogether to think about strategies to continue to increase our ability to make sure that this code prospers into the future because it is a great part of the industry overall.

If you are prepared to give me those figures I will have a look at them and I will seek some advice on why there has been such a significant drop. I had not realised that it was that steep, to be honest.

Mr MURRAY - I am not aware of that but what I am aware of is that the field numbers have certainly held up and I believe the numbers of starters this year has been greater than in previous years and the number of races have been greater.

Mr GREEN - You are putting your product out there.

Mr MURRAY - Whether that translates to the turnover figures I do not have that information either but the actual participation rate seems to be increasing and, as the minister quite rightly said, harness nationally acknowledges that they are at the cross roads. They have a changing wagering market of people in pubs and clubs, people on the internet, and people wanting a quick return. That is why greyhounds are going so well. The result is known in 30 seconds whereas harness traditionally have longer races and they go around and around, and so they are looking at modernising the industry and the sport so that the new generation of punter will embrace it. They are very conscious of being left behind and they are very much trying to address that situation now.

CHAIR - Thanks, Tony. I can get those to you, minister. I will keep this one.

Mr GREEN - Yes, that is all right.

CHAIR - The flow-on question from that is what sort of regular reporting do you receive so that you can gauge the health of the industry? I did focus on harness racing because I was aware, as you have both said, that nationally it is a struggle, and I understood that it is a struggle here and that is why I focused on harness racing for this process. This is just one area. This is just wagering.

Mr GREEN - It is the areas that I have control over and could make a difference in. Despite what people say, I have great confidence in the people we have around the board, people like Trevor Lees who has been involved in the harness racing industry for a long time now. They are all looking to make decisions about, first, getting money into participants' pockets so that the industry can flourish at a local level but, at the same time, looking at ways where we can increase opportunities.

[3.15 p.m.]

I get my reports from the board each post-board meeting. Obviously I get reports from racing services as to what is happening in their sphere and, as I have said right from the beginning, I am keen to make sure that I give every opportunity to the industry I possibly can in the face of challenging times and in recognition of where we sit in the national industry size and scale. I have stood up at meetings and said despite what you might think we are not the centre of the universe.

You can break it down to tiny issues at a club level or you can look at the industry from your codes perspective overall. Have a look at the challenges we have and then meet those challenges head on. You can fiddle around with day-to-day issues and consume yourself and get all aggravated with one another, but that will get you nowhere in terms of promoting the product overall. That is what I have been trying to get the harness code to recognise. In essence, all the people involved in the code are fantastic people, they are salt-of-the-earth people, and I want to support them as much as I can, but they need to focus on how they can help themselves as well.

CHAIR - I understand that TattsBet pays a 20 per cent turnover tax in Queensland. Has the government given any consideration to a turnover tax?

Mr GREEN - That is really a Treasury question. I do not have any advice on that. What I have responsibility for is the product fee. I took the legislation through on the product fee. To be honest with you, I am not sure about that tax. I take it at face value that what you say is true.

CHAIR - It may be something that you could make a representation to in terms of a whole-of-government issue. It might be a Treasury matter, but a turnover tax could have a positive effect back to the industry.

Mr GREEN - What happens in Victoria?

Mr MURRAY - Interstate, they have various taxation regimes in place where the TABs basically fund the industry for the majority of the revenue that goes down to the racing industry, which is now being supplemented by racefields fees. It is a whole different arrangement interstate. The link between the TABs and the racing industry is much tighter in other jurisdictions and they have long-standing agreements. Obviously, with the government's decision to sell TOTE to Tatts, I assume Treasury negotiated what they believed was an appropriate structure and case for Tasmania.

DIVISION 5

(Department of Infrastructure, Energy and Resources)

Output group 2

Energy advisory and regulatory services -

Mr GREEN - There has been a range of things happening at a national level regarding the electricity market. The government is doing its best to ensure that the cost of living and impact of electricity prices is kept at a minimum while ensuring that the sustainability and viability of Tasmanian energy is maintained. The reform at the national market has been a long-term project conducted via the Ministerial Council on Energy. The application of legislation has now been passed through both Houses of parliament. This framework is a significant step forward to simplify the regulatory regime for retailers and distributors, which would have come to you not long ago, while retaining and, in some cases, improving customer protection measures.

The benefits of the National Electricity Customer Framework were discussed at length in both Houses during the debate, so I am sure you are all across all of that. The new regime maintains broadly equivalent customer-protection measures. In most instances, Tasmania has retained some specific additional protections in relation to the exemption of the late payment fees for concession holders, and for pre-payment meter consumers a right to a non-contestable reversion to a standard tariff following an increase in pre-payment meter charges.

The mandatory requirement for retailers to offer approved hardship policies has been welcomed by the Tasmanian Council of Social Services. Adoption of the classification and aggregation processes under the national scheme also has some advantages for business customers, providing them with increased options in relation to aggregated consumption, which everyone has been talking about for a long time. This change has been particularly welcomed by the Tasmanian Farmers and Graziers Association.

The Tasmanian government is keen to see Tasmanians make more efficient use of energy, especially electricity, as an area that I have responsibility for. We see this as being a practical and cost-effective way for people to offset higher energy charges. We also see practical and cost-effective way to reduce carbon emissions. The government has commissioned the development of four energy-efficient guides aimed at assisting households being able to understand their ability to become more energy efficient. Virtually, the four guides can be used separately or together, and they assist to better explain the economic and technical jargon used in energy efficiency including the different star rating systems, and provides advice on a range of things people can do to save energy costs.

Energy has been front and centre in our discussions as a parliament in recent times, particularly on the basis of the reforms that we have announced. My expectation, and I am more than happy to discuss that here today, is that there will be some discussion about what the government plans to do. Given that we have had a briefing recently at the upper House from my perspective on the proposed changes, I am comfortable that you know just where the government is heading with respect to this reform process.

CHAIR - Thank you, minister.

Mr HALL - Minister, I will go into the output in just a second, into energy policy and advice. But with your indulgence, just one overview question regarding FT and FT staff. A letter was written to the Premier on 22 March. FT staff are very concerned about their future; they are very anxious about that. They wrote a letter to the Premier. I did not get that letter in time to ask the Premier about it, but you were copied into it. I just wanted to put it on the public record that that letter is there and that they have asked for, and they have been continuing to ask for, meetings and they are not getting any response. I draw that to your attention.

Mr GREEN - Gary is just telling me that we have finalised a response to that particular correspondence and it will be going out shortly.

Mr HALL - Going to?

Mr GREEN - Forestry Tasmania staff.

Mr HALL - Will someone be meeting with them?

Mr GREEN - The letter will be going to all staff.

Mr HALL - I see, right.

Mr WILKINSON - I take that to be no meeting - a letter going to staff.

Mr GREEN - We are in a position where, as you know, we have reports being looked at by Treasury that were provided to the government by URS and where in the process - certainly cabinet has not had anything in front of it yet. We recognise that it is a difficult time for each and every person involved in forestry in Tasmania including people working with Forestry Tasmania. We have always said from day one that when it comes to contractors or people working within forestry we recognise the issues that are confronting the state overall and it is not the fault of the people working in the industry and/or Forestry Tasmania. Nevertheless, there are issues that we need to deal with, and of course we recognise the uncertainty for those people in Forestry Tasmania must be very difficult for them.

Mr HALL - I am just following on from Jim and I think they make a pertinent point that they are particularly concerned that FT staff are not being considered or consulted as part of the URS strategic review. A further point they make is that FT has lost approximately 100 of its workforce in the past 18 months. We are aware that the Premier recently visited Ta Ann employees following the loss of their jobs and we ask that you extend the same courtesy to FT staff. You can understand that they are feeling very isolated and very anxious at the moment, and they feel as though they are not getting a hearing. That is why they are asking for that face-to-face meeting.

Mr GREEN - That is true. There has been a significant reduction in the number of people employed through Forestry Tasmania but that has been done through a redundancy process. People have been given their appropriate entitlements.

Obviously, I have had representations from the union. I have met with the union on a couple of occasions about the program and where we find ourselves. However, essentially, Forestry Tasmania and the board have a responsibility to make sure that the business runs appropriately and they have had to make some tough decisions in recent times regarding redundancies. That is not lost on anyone.

In terms of meeting, I have not seen the copy of the correspondence but, personally, nothing has come before me with respect to my response or the Premier's response yet. I have no problems in meeting with people.

Mr HALL - No. Just to make it clear it had nothing to do with management, it came from staff of FT with 100 there. It is to the Premier, a copy to you, a copy to Bob Gordon and Adrian

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Clayton. They have three CCCs on the bottom of it. I needed to raise that matter with you as resources minister in that respect.

Mr GREEN - Yes, thank you.

Mr HALL - I move to the terms of the electricity supply reform: has there been any interest in purchasing Aurora customers to date from elsewhere?

Mr GREEN - Obviously, the first cab off the rank is wholesale reform which will allow those potential retailers to have an understanding of the framework that they will be operating within in Tasmania. It is probably fair to say that the initial feedback we have had has been pretty positive from some potential retailers in Tasmania. I am sure we will consult as part of that process in understanding that the criteria we have set ourselves to make sure that there is Disposed of - Educational delivery services were annexed to climate within which they can operate is put forward.

Obviously, the changes to the wholesale regulatory regime are complex. The range of products is complex in being able to deliver regulatory reform around those but the advice we have received from Treasury so far and indeed from the department is that it is possible. We will be assembling a team to do that.

The Energy Retailers Association has indicated they have given us positive feedback regarding the releases they have made around the reform and, on 15 May 2012, the industry welcomes moves to open up Tasmania's electricity market. In general terms, it is fair to say that they are happy with what we are doing. Well, happy with the opportunity. There is a fair way to go yet, at least a year.

[3.30 p.m.]

Mr McILFATRICK - It is complex, and I have been through those reforms before in a previous life, and before we would open up the retail market for bids you want to make sure that you know with certainty what you are offering. So the wholesale reform is an important part of that, and there are a couple of steps in that. There is the initial reform the government has put in place for July, and then a further regulatory framework for an independent regulator to package a wholesale product, if you like, that then retailers would have certainty about. So until you get that in place, and my judgment is that it would be about a year. So 2012-13 is about getting all of those things lined up so that retailers, if they are bidding, and obviously from our point of view we want to ensure that we get fair value for that customer base, so you wouldn't want to go too early.

Mr GREEN - Bob Rutherford is also at the table.

Mr HALL - Thanks, minister. If I could just refer to the carbon tax again, and we did touch on that in regard to agriculture this morning, have any assessments been done on the potential impact on industry in this state in regard to the carbon tax? I know some are quite nervous. For example, in my patch, Cement Australia and others are pretty nervous about the whole job, so I just wondered whether any assessments have been made.

Mr GREEN - I think they have been consulted as part of the reform at a national level, and the ability to claim has been an important part of our deliberations even in the discussions with Pacific Aluminium in recent times. We want to have them in a space where they -

Mr McILFATRICK - They get appropriate recognition for whether they are trade exposed or not, some of the industries that are in the international market. This is a national carbon regime, so there will be direct inputs on some of those corporations in having to pay their emissions to the tax, and then there will be the flow-on potential impact from other things like fuel price increases and energy cost increases. Each of those will be making their own assessment, but there is the indication that Tasmanian industry will not be any more disadvantaged in the national market than their competitors, and those that would have trade exposure to, say, international markets will be given some credit. I think they will have been doing a lot of homework on it.

Mr GREEN - Tamar Valley power station, their cost or their impact is about \$15 million.

Mr HALL - Okay. We will wait and see, I suppose. I am just looking at page 6.13, and it puts the key points down there. One of those is in regard to disruptions. If I can find it again: risk management response, preparedness for any large-scale disruptions to electricity, natural gas or petroleum supply. So my question is what are the key elements of our response to any crisis like that? What sort of risk management do we have in place, through you, minister?

Mr McILFATRICK - There is a state response, which is under the state emergency response, but our function is to monitor all those supplies. So, on a weekly basis, I get updates on the Hydro storages, what the fuel supplies are, and what the gas supply take-up has been. Essentially it is fuel supplies, and in this state we get plenty of forward notice, because we know when the ships are arriving and what the amount of fuel is in storage. The nature of our island is that if a ship does not arrive for some months then we would be exposed, but we would have enough time to get through the emergency management capability at a state level, which is coordinated by DPAC and we are part of that, to design our responses. Obviously, two or three years ago, the key focus of this area was on Hydro storage, so we were down at 18 per cent or 19 per cent of Hydro storages and there was -

Mr HALL - Where are we at the moment?

Mr McILFATRICK - I think it is 61 this morning. Build a gas powered station and it rains.

Mr GREEN - It has not stopped.

Interjecting.

Mr GREEN - Well, you could have a talk to Darryl Gerrity. I was there yesterday and he gave me a terrible touch-up on seeding again.

Mr HALL - In regard to those storages, minister, are they relatively evenly dispersed across the western and the central lake storages at 61 per cent?

Mr McILFATRICK - Some of the short-term storages like the river-flow storages would be at spill levels close to capacity.

Mr GREEN - It is the run of the river.

UNCORRECTED PROOF ISSUE

Mr McILFATRICK - Places like Gordon and Great Lake take a long term so their long-term storages take a long time to fill. I would imagine Great Lake would be higher than it has been for a long time but a long way short of full and similarly with Gordon.

Mr GREEN - King William is down a bit I noticed when I went past yesterday. Burbury is just about full.

Mr McILFATRICK - We certainly have those figures, and if you are interested I can -

Mr HALL - Yes if they could be tabled, thank you.

Mr GREEN - I have always been on to the Hydro about the fact that Great Lake, when it was built, again having a capacity that has never been achieved. So we always go on this full level of Great Lake, which is well and truly under the highest level it has ever been, which gives it a false impression.

Mr McILFATRICK - In 2008, the old dam was exposed, it was down so far.

Mr GREEN - You could walk across the old dam between that and the other old dam.

The major storages, Great Lake and Lake Gordon, have recovered from lows in mid-2008 where they were both around 15 per cent. At the most recent, Gordon was above 60 per cent, which is a huge level for that lake.

Mr HALL - In regard to gas we did have that issue with the Longford gas fields, where our gas comes from Victoria. Quite a lot of our industry relies on it like Tas Alkaloids and others who are hooked into gas - what is the contingency plan if something goes wrong with the initiator, if you like, on the other side of Bass Strait?

Mr McILFATRICK - There is a gas network now and we are not as exposed after the Longford disaster in whenever it was; there is an eastern gas pipeline connection up into New South Wales. Also for long-term, there is exploration and we are aware of the Yolla field exploration which would connect back into that national network and we would feed back down through the pipeline. Pipelines are a pretty secure base; they are built for the long term, so it is more about security of supply out there at the well end.

Mr HALL - Minister, if I could turn to renewable energy, obviously we have Musselroe on the way; are there any other renewable energy projects on the drawing board at this stage?

Mr GREEN - Obviously there is the Musselroe project, which is a great project over \$400 million. There are a couple of small mini-hydros that will go in as part of the Midland irrigation scheme. We have our remote power generation project under way on King Island, which is attracting skimpy federal funds and we hope will be of great advantage to Hydro Tasmania when it comes to the ability to market that sort of remote power generation package for the mining industry and remote communities in Australia and around the world.

Mr VALENTINE - Is that wind?

UNCORRECTED PROOF ISSUE

Mr GREEN - Solar, wind and biofuels. The technology we are building up around batteries and stuff and the ability is extremely good. There is the Cattle Hill project that requires an off-take agreement and that is to get over some environmental hurdles.

Mr HALL - Does it look like getting over the line at this stage? It is a private -

Mr GREEN - It is private -

Mr HALL - And a couple of times the size of Musselroe, or potentially.

Mr GREEN - Where it lines up and the ability to get an off-take agreement and all those sorts of things is really up to them. We had some discussion recently because they had been in discussions with Aurora but given our announcement will change because Aurora will not be in that position.

Mr McILFATRICK - They have to convince the system operator that they can connect effectively under the system so that would be Transend - I understand that those discussions are well advanced - and then they really need to have a power off-take agreement with a retailer. Included in that, either separately or together, is the price for the renewable energy credits. That is where they would be at the moment; they would be looking for someone who would guarantee to take the energy they can produce. It is really their business case - connect to the network and then sell the energy. We certainly think it is a good project but it has to stack up commercially.

Mr GREEN - They are over their own needs, and suggestions are that we do not need any more generational capacity of significant size until 2027.

Mr HALL - I will touch on biomass. The TFGA and others have expressed concern when that vote went through federal parliament and just fell over. As members here we have had quite a lot of feedback on that matter and presentations on biomass. Are you critical of the Australian government position? Do you support biomass energy? What are we doing to promote it in this state?

Mr GREEN - Biomass energy is not a new thing in any way. When I worked at the Burnie paper mill we used wood waste to produce steam in the boilers, the high-pressure steam produced energy and has done for a long time. The biggest project that we have on the drawing board in Tasmania is the pulp mill. The pulp mill will utilise biomass to produce energy in Tasmania. When it comes to a national policy on whether or not biomass - it is not just around forestry but biomass from a whole range of sources -

Mr McILFATRICK - Waste to energy.

Mr GREEN - given the renewable energy credits is something that has been frustrating - frustrating in that there has not been international recognition given to people for carbon storage when it comes to forests generally.

There is still plenty of opportunity. We are looking at ways to ensure that we utilise our rises from forestry activity in ways that can continue to generate wealth for the industry overall. There are biochar options and other products that could be derived from forest material that we are certainly interested in looking at for the future.

Mr HALL - Another one, a second Basslink - is it still potentially on the drawing board at all?

Mr GREEN - A second Basslink would cost an enormous amount of money.

Mr HALL - What was the last one, about \$2 billion?

Mr MCILFATRICK - It is a lot of money still.

Mr GREEN - \$829 million.

Mr HALL - There you go.

Mr GREEN - Tasmania has a great opportunity for the future in the development of renewable energies. I personally think that if the commonwealth embraced Tasmania and looked at ways to ensure we could export our energy then we could certainly make a significant contribution to clean energy generation for the country. But that is going to take a fair bit to work through.

The great shame at the moment about the debate around carbon and the price on carbon is that there is no certainty based on a potential change of government around how that might operate. The Clean Energy Fund is effectively the only source that you could imagine that would have enough money in it to allow us to get the commonwealth to commit to a second Basslink or other opportunities that might exist.

Ms FORREST - I thought the Australian Infrastructure Fund had it. Wasn't there some sort of future fund in that?

Mr McILFATRICK - The clean energy future package.

Ms FORREST - Is that all within it?

Mr GREEN - Yes, as part of the carbon decision. Yes, aspirationally definitely, but you have to be able to fund it.

Mr McILFATRICK - Unless things like that change where there was support, we would not need a second Basslink in the next decade in our current arrangements.

Mr GREEN - We have to look after ourselves anyway.

Mr McILFATRICK - We are fine on our own, it is more if we want to access the national market, and for instance if we wanted to get Cattle Hill away and other things like that, then potentially we need another Basslink.

Mr GREEN - Say there was a big geothermal base load opportunity -

Mr VALENTINE - I was just going to ask that question.

Mr GREEN - then you have to be able to move the energy on somehow.

UNCORRECTED PROOF ISSUE

Mr VALENTINE - Can I ask that question, Mr Chairman, while he is on that subject of geothermal. I was just interested in what is being done in that space?

Mr GREEN - The last meeting I had with the proponent of the Midland one was probably six months or so ago.

Ms FORREST – They have gone a bit quiet, haven't they?

Mr GREEN - Yes, they have gone quiet. There is a national fund available and I think the commonwealth is even thinking about tipping more money into geothermal opportunities on the mainland as part of the challenge of displacing fossil fuels.

Mr McILFATRICK - This one was a little bit too complex and it was not certain enough for the developer, so they are rethinking how they can -

Mr GREEN - That is right. The developers couldn't meet the criteria.

Ms FORREST - There was the distance to the grid, too.

Mr GREEN - They are a long way away, so transmission costs all of a sudden become a huge factor. Whereas in Tasmania, if you did happen to have a second Basslink and everything they said came to fruition, then they are right on the job in terms of the main transmission and a whole range of other advantages. However, they have not been successful in getting federal funding to drill the hole to the depths they need. Listening to them it was really quite exciting because they were saying that the anomalies they have found here in and around Oatlands mean that there are fluids at depth, as opposed to just hot rock, which meant that if it was to come to fruition then you would genuinely have a base load generation capacity.

Mr McILFATRICK - They are serious about it because there are about four licences covering about 20 per cent of the state for exploration, so it is not that they don't think it is there. It is a matter of how they access the funds. It is a big project to actually do the drilling. They have to go a long way down.

Mr GREEN - Further than anyone has really done before.

CHAIR - Speaking of energy, if you need a recharge of energy we probably should stop for a short break.

The committee suspended from 3.49 p.m. to 4.01 p.m.

CHAIR - Minister, we are back in session.

Ms FORREST - I want to go down the path of the expert panel with the electricity supply review. Even though we had the briefing it is important to get some of this information on the record as well.

Really, the wholesale market was the central issue and that has been known for quite some time now. All the advice I have received in my look at this area in the past has been that that is

where the competition needs to be in the wholesale market. If you recall, the fundamental objective of the reform program was to encourage competition because competitive markets best serve the interests of consumers.

If the objective of this and previous reforms is to encourage competition, why did the government reject the panel's central reform proposal?

Mr GREEN - In talking about the Gentrader model, the risks associated with a Gentrader model in the Tasmanian context on advice from Treasury are great, for a variety of reasons. You can also look at it from the point of view of the cost of establishment and the ongoing costs of a three-Gentrader model and where that might leave us when we are embarking on a reform that effectively goes from three organisations with the Tamar Valley Power Station as a separate part within one of the parts to two, and the focus on retailing Aurora's existing customer base to effectively the situation where you go to three more business units, GBE-styled within Hydro that would be competing amongst one another on set amounts of energy allocated to them on fairly small margins with significant costs associated with it.

The view of the government is that we can achieve the same outcome by regulating the wholesale price and providing a range of products within that regulated arrangement that will give retailers the same confidence without the risk going forward. There are plenty of scenarios that you can work through that show that in a Tasmanian context that sort of model is just too risky and will not work and there is nowhere to go back to if it does not work. The only way to go forward then is the privatisation of Hydro and that is not something we want to embark upon.

Ms FORREST - If you refer to the government report in May 2012, Energy for the Future, page 4, 'the key objective of successive governments has been the development of competition'. If that is the objective then why reject the central recommendation of the Senate; and Garlick and PricewaterhouseCooper have made similar reports in the past. If you refer to the Expert Panel's final report, page v in the executive summary, it says:

The panel's recommendations address fundamental structural problems within the TESI. The recommended reforms to the wholesale supply of electricity are a prerequisite for delivering genuine sustained choice for consumers, including small business and household. Necessary changes go well beyond simply opening up the market by declaring full retail contestability.

I hear what you are saying about the challenge that poses for Tasmania.

Mr GREEN - It says that implementing full retail contestability or competition cannot happen in isolation without a range of other reforms. We have been arguing that for some time. We are able to have a transparent debate about this in terms of where Aurora would have sat with the implementation of full retail contestability without further reform.

Ms FORREST - I am not disputing that.

Mr GREEN - At least the level of the debate is one where we are on a reasonably level playing field. I am prepared to defend the decision that we have made with the reform that we are prepared to take forward to the Tasmanian people via the parliament, based on the advice that we have. The sort of model that has been put in place, while it is sort of a purist model, is not a model that is suitable to us.

Mr McILFATRICK - I would like to put myself in the position of an owner of these three trading companies. It is proposed that the three trading companies - and it is a theoretical model because it does not really exist anywhere in a major market that I can find. If you are the government owner of these trading companies you assume that to get market differentiation the trading companies would operate significantly differently. One might be a low risk; and one might be a high risk taker and rely on large peaks and troughs in the market. The one thing that worries me, as a government owner always has to be very prudent in the way they operate in markets and therefore conservative, is that if these traders, even for the first year or two, did operate completely differently, as soon as they made a mistake - in other words lost a lot of money - the government of the day would have to put constraints on them. Trading companies are not meant to have constraints, other than the constraints around their trading regime. Over time you would get a bit of a blancmange effect where the trading companies were all operating much the same. This model would work more effectively where the generator, the retailer and the trading company were all one beast.

We have heard many debates in parliament about ownership of the Hydro assets. The panel would agree that a consequence of their proposal would best work in a privatised regime, and I do not think that is where either of the parties in government sit at the moment. It would be an undeliverable prospect at the moment. The major retailers I have talked to would see a package of certain wholesale prices that are regulated by someone else, would enable them to operate in this market effectively, and then tailor their offerings to the customer in a way that they differentiate it. They can differentiate it by the choice of products they take from the generator.

Ms FORREST - I take the point the Expert Panel made in their final report covering letter. The panel highlights the central issue that you have been talking about. It says:

The panel's simple message is that effective retail competition will not be delivered without structural reform at a wholesale level.

They are recommending structural reform not regulatory reform, which is what is being proposed by the government.

Mr GREEN - Yes, that is right.

Ms FORREST - The panel spent 18 months collecting evidence, researching, analysing, reviewing submissions from various parties and did a thorough professional job. The parliament appointed this expert panel - not the government. They were recognised for their expertise. There is no question of their expertise or their independence in this process, and we paid them \$3 million, or about that, for them to do that job.

Then we have another, as you, minister, referred to in that briefing last week, a side process where you had some Department of Treasury officials involved conducting a process alongside to look at it and almost pre-empting the expert panel's report.

Mr GREEN - I thought it was prudent that we worked through a process allowing ourselves to understand what the best model would be for the state, knowing full well, based on preliminary reports by the panel, where we were heading. You can run an argument on the cost of the expert panel but, from my point of view, it has allowed us to have a proper debate about where we might

take this reform into the future. Do not forget, what we are talking about is a significant reform in anyone's language.

The changes with respect to the way Aurora operates: I want to make sure I put on the public record the employees of Aurora have done a fantastic job. It is no reflection on Aurora or Transend or Hydro Tasmania. The fact that we are going to merge those two and make decisions about the Tamar Valley Power Station, which has been a difficult one for us - and I do not want to make it sound as if I am on some sort of pedestal here - the whole debate in Tasmania has matured a long way as a result of the panel being formed and analysing where we are at in the state. For example, their role was to look at Basslink, whether or not it was appropriate, whether it was returning a dividend to the state, and if it is an advantage to the state, and the panel found that it is.

When we looked at this whole cross-subsidisation issue, the newspapers ran arguments from people, and you would hear them on the telephone, ringing up radio stations asking why is it that we cross-subsidise these big major industrials. Now it is clear that we do not, and we have been saying that but it is clear as a result of the panel's report.

The Tamar Valley Power Station has been a difficult decision for us. We have moved on in the debate and now we are focusing on where we can set it up. We can set up the purest model but what are the overall advantages for the consumer in Tasmania when it comes to savings?

Ms FORREST - That is the question.

Mr GREEN - The panel said they really cannot point to too much other than choice, whereas what we want to do -

Ms FORREST - And structural reform. They talk about structural reform in the wholesale sector.

Mr GREEN - Yes, and much of the advice they received was from the major industrial retailers and generators in the country which happened to think that their model is by far the best. In the Tasmanian context, we think ours is.

Ms FORREST - Can you tell me who from Treasury and your department were involved in the side process?

Mr GREEN - Martin Walsh, Andrew Rayner, Chris Lock, Wendy Sawford, Richard Sulikowski, and there were two or three policy analysts as well.

Ms FORREST - If they were able to conduct that amount of work and basically came to a similar conclusion, why did we not use them in the first place?

Mr GREEN - We had to make some decisions about long-run marginal costs and getting into a position where Aurora was not compromised as a result of the Tamar Valley Power Station. We had to bring that to parliament and the parliament in its discussion decided that there was a whole range of issues that they wanted to confront including competition. Some people were suggesting that retail contestability in Tasmania was a matter of bringing in a small piece of legislation and then flicking the switch.

However, it has been such a hard argument to defend the government's position that we have been trying to bring in retail contestability or competition in tranches that is manageable, weighed against advice from the regulator suggesting that the cost of going to full retail contestability was an expensive one and there would be ramifications. Us having advice particularly around Aurora's vulnerability, under that sort of scenario was something that was weighing on our minds that we really could not talk at length about based on the commerciality of Aurora. It was not until we made the decision that we have started to talk openly about the vulnerability of Aurora under a simple model.

It is easy in hindsight to say that we could have just done it but you need to condition all of us to a position where the reforms that we have brought forward are deemed by everyone to be sensible in context. If you spoke to the panel they would probably be suggesting that we have gone a lot further than we would have contemplated a year or two ago.

[4.15 p.m.]

Mr McILFATRICK - I think governments also need to take advice from Departments of Treasury and line agencies like mine on broader things such as what is the shareholder value to ministers, the Treasurer, and my minister - they are shareholders of all of these companies. They also need to take into account what advantages might be given away.

So, if we were a publicly-owned company rather than a state-owned company, we would not be saying 'let us do whatever the panel advises' and then throw away value. One of those values potentially exposed or under-delivered in this is the carbon advantage, because taking away Hydro's national retailing capability, which was recommended by the panel, would immediately restrict its ability to get carbon advantage.

I have been the CEO of one of these companies, so the other thing I take into account - and I think government certainly does - is what about the employees? Are there ways that, even with change to Aurora, you can maximise the assets that they have - not just the customer, but the employees, the back office systems, the billing system, and the call centre.

The recommendation of the panel was to sell off Aurora, but my nuance on that is certainly to get Aurora out of retail competition because otherwise there will be a death by a thousand cuts. We need to make sure we leverage the ability of those employees potentially to support other retailers or, in fact, support momentum in the national market.

They are things that I believe are important for governments to take into account.

Ms FORREST - So who were the policy analysts? Were they from within your department?

Mr McILFATRICK - Myself and Tony van de Vusse, who is the head of our Energy Planning area. We were working with Treasury right through, and in fact advising a Cabinet sub-committee. We ran the secretariat for the Cabinet sub-committee, and much of the financial information and the structural issues were thought through in Treasury, which is their role, but certainly they sought advice from us in that process.

Ms FORREST - Let us go to the Tamar Valley power station - the power station that runs on gas. Why not sell it? The other point is that it seems we are going to hand it over to Hydro. When the legislation came to us to facilitate the initial purchase of the Tamar Valley power station, the advice at the time was that the ACCC said you couldn't give it to Hydro because it

would be anti-competitive and now, as you informed us in the briefing the other day, the ACCC seems to have changed its mind on that.

Mr GREEN - Well, weighed against all of the reforms that we have put in place in establishing full retail contestability in Tasmania and, therefore, competition across the board, and the wholesale regulatory regime, we have indicated, obviously, that we are going to test whether the power station has a value higher than what we might be able to achieve as a result of it going to Hydro Tasmania.

However, I would ask you to bear in mind that the Tamar Valley power station is still hugely important strategically to Tasmania given the fact that while it does rain a lot from time to time, at other times we don't have rain, so the energy security aspects of it are not to be sneezed at. I have heard Martin Wallace in his briefing say - which is true - that it would be crazy to get ourselves into a position where we sold it and then at some stage, when we had a terrible drought, we had to buy it back. It would be a crazy situation.

Mr McILFATRICK - We certainly would not take the Tamar Valley power station back into the Hydro portfolio without testing the market or considering the ACCC issues, and I believe that is certainly what Treasury have been doing. The power station can be a different beast within the Hydro's portfolio. It can provide security without being required, as it is in Aurora, to be a market generator and to be able to generate pretty well all the time. That is because if it is Aurora's only generator, it really has to be despatched into the market whether it is effectively needed or not.

Ms FORREST – You have to take or pay regardless. Even if it is taking you to Hydro, that take or pay contract still exists.

Mr McILFATRICK - But certainly Hydro has a lot more hedging arrangements and ability to move the market, in fact to despatch the gas elsewhere in the national gas market if it is not needed -

Ms FORREST - So could someone else who bought it, potentially?

Mr GREEN - Maybe, yes.

Mr McILFATRICK - Yes, they could, but someone else who bought it may not have -

Mr GREEN - What NEM (National Electricity Market) is saying is that they have to subsidise it heavily themselves - no way, Jose.

Ms FORREST - How much debt is there on it now?

Mr McILFATRICK - It is tied up in Aurora, I think.

Ms FORREST - If it is sent to Hydro, they will have take over the debt and the financing of that debt?

Mr McILFATRICK - That debt would be available when the Aurora annual report comes out but we could check that.

UNCORRECTED PROOF ISSUE

Mr GREEN - You want to know?

Ms FORREST - Yes. It would be handy to know the debt and debt servicing costs.

Mr GREEN - If you do the simple maths on it and then the additional costs to construct -

Mr McILFATRICK - We could certainly get that through Aurora.

Mr GREEN - I have a figure in my mind but I am not sure if it is the right one or not. My advice is 260.

Ms FORREST - The 260 includes the debt servicing costs?

Mr GREEN - We will get a proper response for you.

Ms FORREST - Depending on where the government decides to go with Aurora -

Mr GREEN - We have sort of made our minds up that there are elements, as you quite rightly point out, that we have not completely finalised around Aurora.

Ms FORREST - Aurora does provide a lot of sponsorship to organisations in Tasmania, Asthma Foundation and NILs (No Interest Loans) and also Aurora stadium. What will happen to these arrangements? Bad luck for those people? Sorry, so sad?

Mr McILFATRICK - There would be three new players in the market.

Mr GREEN - It will probably be more than that, they will be all -

Ms FORREST - Aurora stadium will be called something else.

Mr McILFATRICK - I have to declare an interest. I am chairman of a company that is supported by Aurora as well - Tasdance. So I am equally worried.

Mr GREEN - 'Equally optimistic', I think you meant to say, Norm.

Laughter.

Mr McILFATRICK - Optimistic. If I was on that side, I would be worried about it.

Ms FORREST - If you know the retailers that are likely to be in the market here, at least two of them will be main tier retailers and they all have sponsorship portfolios - both national and state. The electricity industry is generally a big supporter of local communities, so I do not think that will change.

Ms FORREST - There is no certainty for those organisations.

Mr GREEN - I cannot predict exactly what is going to happen.

Ms FORREST - I know, but you would accept that it is a concern for those people.

UNCORRECTED PROOF ISSUE

Mr GREEN - Yes, people would be thinking that, for sure. Although when you consider it in a national context around footie, Aurora stadium is well and truly on the map now where it never was before. You hear people talking about Aurora stadium on the television when it is on and all the radio stations around Australia. That will not change; it is an area retailer nationally and the advantage is potentially huge as a result.

Ms FORREST - With the Harkers River Road roll-out of power -

Mr GREEN - \$1.5 million?

Ms FORREST - Yes. Is there a time frame for that to be replaced?

Mr GREEN - Aurora has completed the preliminary work on that. It is a shovel-ready project. I do not think that there any planning requirements or issues associated with that.

Mr McILFATRICK - I think that it is planned for the coming financial year but I am not sure of the timetable.

Mr GREEN - My point of view, the sooner the better.

Ms FORREST - It will open up opportunities for the dairy industry up that way.

Mr GREEN - Too right. We will get that for you.

Mr VALENTINE - With regard to the small producers of electricity, for instance if a landowner decides that they want to put in a little hydro scheme on the river next to their property, how is that going? Do we have many in Tasmania? Are there many regulatory barriers for people who wish to set up?

Mr GREEN - There are some examples like Nichols Poultry building a big turbine beside their place and operating it.

Mr McILFATRICK - There will be another one on Flinders soon.

Mr GREEN - I think about 15 per cent of the total generation comes from small generators.

Mr VALENTINE - Do they feed into the grid and then take it out or do they use it directly?

Mr McILFATRICK - The majority of grid-connected ones are small like rooftop ones there are a smaller number of larger ones. With the rooftop ones there is voluntary agreement by Aurora to buyback at net pricing but for the others there is a negotiated thing, which is often complex for every connection versus what Aurora can afford to pay.

Mr GREEN - The wind does not always blow.

Mr VALENTINE - No, that is right. I understand that.

Mr McILFATRICK - Part of the reason for taking time with the retail change is to make sure that we leave customers no worse off than they would have been with the Aurora arrangements.

Mr GREEN - We are lucky we did not get caught up like New South Wales with the big feed-in tariffs.

Mr McILFATRICK - Tasmania has probably the best feed and tariff regime in the country -

Mr VALENTINE - Is that right?

Mr GREEN - Now we have.

Mr VALENTINE - Cents per watt?

Mr McILFATRICK - Because basically you get like for like but in other places, where they over compensated people, they are now coming back to well below the net value.

Mr GREEN - It cost a fortune and was unsustainable.

Mr McILFATRICK - They had a few years of cream and now they are down to the milk.

Mr RUTHERFORD - If I could give an example, through you minister, of the WA situation where they had an explosion in panels on roofs because of the very generous feed-in tariff. It had the bizarre consequence of people pulling out gas in their homes, which was being used to generate electricity. They pulled the gas appliances out and replaced them with electrical appliances because they had photovoltaic subsidies -

Mr McILFATRICK - The price to everyone else went up.

Mr RUTHERFORD - The price was going up and the other difficult thing was because they were installed to catch the sun in the middle of the day, which is the time you do not need extra generation. In order to maintain it in the peak, when you do need it, you have to have a thermal following load anyway. So they have a tremendous cost overhang built into their system. These things are often done for seemingly good reasons to encourage renewable energy, which we would all like, but it can have serious perverse consequences in implementation and essentially we did not want to go down that road.

Mr GREEN - The greatest example of middle class welfare you could possibly meet. You get your power cheap and the person next door is paying for it.

Mr McILFATRICK - I said that to one of my other ministers and he did not like that.

Mr GREEN - Why not?

Mr McILFATRICK - Because he had one on his roof.

Mr GREEN - Was that McKim?

Laughter.

Mr McILFATRICK - No, Mr O'Byrne.

UNCORRECTED PROOF ISSUE

Ms FORREST - One of his ministers was McKim.

Mr McILFATRICK - It is.

CHAIR - He is not one of your ministers though?

Ms FORREST - He is sustainable energy.

Mr McILFATRICK – So watch who you say that to.

Mr GREEN - Thank you, Chair.

CHAIR - Minister, in terms of this area Greg touched on the matter of biofuels, ethanol production from fibre. You would be aware, I presume, of the project which Dr Russell Reeves has going in New South Wales I think -

Mr GREEN - Yes, he came down and gave us a briefing.

CHAIR - and the potential to rejuvenate, particularly, regional areas with small size plants. Are you further aware that there has been some -?

Mr GREEN - He got some money out of New South Wales.

CHAIR - Yes.

Mr GREEN - He moved from Queensland to New South Wales, didn't he?

CHAIR – Yes, and then a couple of private share issues to raise some capital to do what he is doing. Then the real secret to it all, like with forestry and the pulp mill, proximity to feedstock and there are a number of regional locations around Tasmania that would satisfy that criteria and have the capacity to rejuvenate some of these small regional communities. Is there a capacity within the government to provide some sort of research funding for that possibility?

Mr GREEN - When I met with him, at face value, it seemed to me to be an amazingly good opportunity for us to consider as part of what we are trying to do to diversify the economy and do all those other things. Norm is just advising me that there were some discussions with Mark Kelleher and he is taking those discussions further. From our point of view, we have been thinking about it, in the context of the forest agreement, as to what we might be able to do to potentially assist that process.

When we talked about it earlier, bio-fuels and that sort of generation, coming from the debate or discussion we have had about utilisation of materials, particularly from the forest and other residues into the future, is stimulating a lot of potentially good opportunities for Tasmania if we can get people galvanised or break through on at least one of them. It was a long briefing he gave us, but I was impressed with what he did and I think it is fair to say that we would be looking to any opportunity that might present in that regard.

Mr VALENTINE - Except it is more polluting.

Ms FORREST - Not the production of it.

Mr VALENTINE - No, to burn it is more polluting than general fuel. It is 19 per cent more polluting because you get two-thirds of the energy out of the same volume.

Mr GREEN - He is taking over from Dougie beautifully. That was his -

CHAIR - Citicentric view of the world.

Mr VALENTINE - It is true.

Mr GREEN - Is it? I didn't know that.

Mr VALENTINE - I have just read it on Wikipedia.

Mr McILFATRICK - It must be true. It is like a spreadsheet, it has to be right.

Mr GREEN - I didn't know that.

Mr VALENTINE - It is worth investigating.

Ms FORREST - After the briefing that we had from Russell, I coordinated a meeting with another of our big industry players up the north-west, which is very interested in it, and the local government as well. Some of them are looking to go to the project plan or pilot plan in New South Wales.

Mr GREEN - We said if we could we would go and have a look.

Ms FORREST - Some of those people are going, but they were key players.

Mr GREEN - When was that?

Ms FORREST - I had the meeting a little while back with them.

Mr GREEN - When are they going?

Ms FORREST - I am not sure.

Mr GREEN - Mark is going, so that is good. I wouldn't mind going to have a look myself.

CHAIR - We will move on to the next output.

Output group 3
Mineral resources management and administration

3.1 Minerals exploration and land management -
3.2 Tenement Management of the Exploration and Minerals Industry

Mr GREEN - Everyone stays the same except for Kim Creak.

Mr McILFATRICK - Kim Creak, the Director of Mining.

Mr GREEN - Do you need me to give an overview on mining?

CHAIR - Not particularly. If there is any particular snapshot, but not a lengthy -

Mr GREEN - We talked about the key understanding, despite what everyone has been saying, as to how we are performing on the amount that has been invested in exploration in Tasmania. We are back well and truly ahead of where we were prior to the global financial crisis. As has been seen in recent days we are doing our level best to translate exploration into mining licences and working very closely with the commonwealth.

I want to put on the public record that right the way through all of the discussions we have been having about any potential agreements in forestry we have always said, and we will continue to maintain this position because it is certainly the position that we uphold, that we are not prepared to compromise the mineralised areas of the state.

It does give me an opportunity to correct the record a little bit because Mr O'Halloran asked me a question in the other place about the Venture Project and it being in the Meredith Range Reserve. I indicated to him at that time I didn't think that it was. I was wrong. It is in the Meredith Range Reserve, but interestingly looking at the reserve and what it is reserved for, at the top of the profile of the reserve is the maintenance of mining activity as part of the reserve system. I just wanted to put that in context for anyone who might be reading the *Hansard* in the future. I will apologise to Mr O'Halloran when I see him.

Ms FORREST - On that point, minister, the West report, looking at the interpretation of the high conservation value forest areas, which includes much of this area in the Tarkine, which is where Venture Minerals' mine site and others are -

Mr GREEN - Yes. They are more on the edge, though, aren't they?

Ms FORREST - Yes, but the point is that the commentary in that report, even though Ross Large was involved in that, I do not know how seriously his contribution was taken because it says that this area should be assessed for mineralisation and if none is found it should be locked up. We all know that what is not commercial today as far as an ore deposit goes may be commercial in the future with mineral prices, exchange rates, and a whole range of other variables and also, you do not have to be very far away from a deposit to miss it with a drill hole. Drill holes are very expensive to put down so you do not put them down within 10 centimetres of each other. What is your view on that comment from the West report?

Mr GREEN - My view is that there is a range of impacting issues here when it comes to potential land tenure decisions that might be made. There is the national heritage listing that has been put forward and is under consideration by the Heritage Council. Who does the consideration of that?

Mr McILFATRICK - The environment department.

Mr GREEN - Yes, but Carmen Lawrence is the chair.

Mr McILFATRICK - The Australian Heritage Council, yes.

Mr GREEN - So in that consideration. There also has to be effectively commonsense applied to anything that you might think about when it comes to national heritage listing or land tenure decisions that you might make on into the future. Have a look at the satellite map and you will see that it is pretty difficult under most circumstances, I would have thought, to be able to come with some sort of blanket listing of the whole area from a national heritage perspective. It just does not gel, it will not work -

Ms FORREST - I was somewhat encouraged by Minister Burke's recent comments around that.

Mr GREEN - Yes, me, too - it was very good - and in the meantime, there are issues with respect to the discussions we are having about forestry and trees being reserved.

What I have faith in is the ability of MRT to allow the government to understand, via its considerable mapping already, where the most likely and heavily mineralised zones are. I am very confident that we have the relevant information to make those decisions. We are not at a point of making decisions. Those people suggesting that it is cast in a way that we have already made these decisions, but we have not. We will take them at face value and look at what we might be able to do in that context.

The Meredith reserve is a pretty good example of that. If the commonwealth sign off on the licence and the EPA signs off on the licence then we would hope, through the normal mechanism of rehabilitation, that the area will be rehabilitated very quickly and certainly in the first phase. The second phase, the bigger aspect, is obviously more difficult but that all needs to be taken into consideration as part of any mining development. All I am asking people to do is recognise that we are assessing these things in the normal course of events weighed against the stringent criteria that exist - nothing more, nothing less.

Mr McILFATRICK - The guide would not be whether there is mineral there. It is whether there is prospectivity and that means it could have no commercial value now but may in the future. I think they are going to be the guides and that is certainly the information in the report that you are talking about that indicates that 55 per cent of the whole area that is being considered had high or very high prospectivity. It is what the minister is saying: it would be very difficult to put one blanket-type reserve over the top of that.

Ms FORREST - As you say, the exploration has increased, which is really encouraging because that is a sign of confidence in the industry, certainly. I agree that is the case but you do not only need confidence for exploration but confidence if you find a viable ore body that you can get into basically, obviously with all the requirements that are placed around that. It is important, I guess. With Venture Minerals we know that you have signed off on the approval process from the state government for the mining lease. Has it now gone to the commonwealth?

Mr GREEN - It is still with the EPA as well.

Mr CREAK - It is already with the commonwealth waiting on a decision from the commonwealth for the permit and, of course, the EPA on a state basis but that depends on what the federal government decides on the sort of action that should be taken.

Ms FORREST - Do we have likely time frame for that?

UNCORRECTED PROOF ISSUE

Mr CREAK - I believe it is in the order of five to six working days as it stands at the moment from the federal government. Then there are the state processes that need to take place consequently.

Ms FORREST - After that.

Mr CREAK - This is only Livingstone, which is one of the three. It is the haematite.

Mr GREEN - I am not going to run the commentary on the media on what has been suggested so far but do not forget that when people are considering this and people are suggesting that this has been fast-tracked and all that sort of thing, the fact is that this company has done an enormous amount of work in their overall lease area, and that all needs to be taken into consideration as well.

Ms FORREST - So, as far as Shree Minerals goes?

Mr GREEN - Obviously we are working through the process with Shree and when that comes to me I will make a decision based on the advice I am given.

Ms FORREST - At what stage is that one?

Mr GREEN - They are in discussion with MRT about some slight variances or some calculations that they need to do.

Mr CREAK - It is very close. There was a telephone hook-up between the EPA, Shree MRT and the scientists today in order to progress some engineering issues to go to the assessment of the licence. I would say the mark on it is 95 to 96 per cent of the way there.

Ms FORREST - So as far as Aboriginal heritage assessment in that area, has that all been done, or is that yet to come?

Mr CREAK - That is part of the process they have to undertake in getting there, full approvals and permits.

Ms FORREST - So it is still to come basically.

Mr CREAK - I think there is some that to come. I need to check on that.

Ms FORREST - It was interesting when you consider the proximity of that and Rebecca Creek, some of which is to be handed back very soon.

Mr GREEN - Yes, but there is no spongelite there. It was specifically a spongelite quarry. Spongelite is a rock. They have found it all over Tasmania, mined from there by the Aboriginals, and you find it on the east coast and everywhere but it is unique to them. The same with the stuff they get from Lake Echo. It is black there.

Ms FORREST - Mr Creak has just informed me that the original assessment has been done on a Shree site.

Mr GREEN - Aboriginal assessment?

Ms FORREST - Yes.

Mr GREEN - I would imagine it would have to, to get it this far.

Ms FORREST - There is a modest reduction in budget allocation from last year's forward estimates. It is only a small drop but it is a drop nonetheless when perhaps you would expect to have a small increase minus CPI in budget savings across the board. I expect that is part of it. Will it have any impact on the work of MRT and their capacity to support ongoing exploration and that sort of thing?

Mr McILFATRICK - No. You might have noticed that we have a new director now and we have had a bit of generational change at MRT with Tony Brown and Mike Leonard retiring. In terms of numbers, MRT personnel have not changed a great deal but what has changed over the last year, and what we probably expect to happen next year, will be a bit of a changing of the guard. Some people are retiring. We will be bringing new graduates in. I expect MRT to make efficiency savings as the whole agency has to so there are efficiency savings spread across MRT. Also, in the forward estimates you will see there has been a fall-off a little bit. We have had a couple of major projects over the last five years that the minister has managed to get through the budget committee, which are about building our database, building TIGER up. In this year's budget we have \$300 000 -

Ms FORREST - Additional?

Mr McILFATRICK - No - which is coming through from the previous, but in forward estimates some of that drops away as we get that data and start being able to use it.

Mr GREEN - Maybe you should go to the 3D room and have a look.

Ms FORREST - I would like to do that sometime. I have not actually done it. That would be good.

Mr GREEN - When I go over we will send you an invite.

Mr McILFATRICK - There is a sort of gradual efficiency dividend but it is mainly the big database work that now we have been on for 10 years will fall away. The other thing that Kim has been doing is working closely with the university to look at how we can work with them. In fact, we are getting close to having a memorandum of understanding with them about how we go forward leveraging what we have in MRT and what they have and whether we are working together in the future.

I am pretty confident that we will be able to support the mining industry as long as we need to here, which is, as far as I am concerned, the next 50 years.

Ms FORREST - It does disappoint me when I hear the Premier/Treasurer call Tasmania a non-mining state.

Mr GREEN - Who said that?

Ms FORREST - Your Premier.

[4.45 p.m.]

Mr GREEN - Non-mining state.

Ms FORREST - She does it quite frequently.

Mr GREEN - It must have been taken out of context, I would say.

Ms FORREST - I will send you the *Hansard*.

Mr VALENTINE - It was in relation to Western Australia's mining.

Ms FORREST - I am just saying that as a non-mining state we do quite well.

Mr VALENTINE - GST payments.

Mr McILFATRICK - A pretty big contribution to our community.

Mr GREEN - Over 50 per cent of our export income.

Ms FORREST - Exactly. That is what I mean.

Mr GREEN - The point is that I suppose that has to be taken in context too when it comes to Western Australia.

Ms FORREST - But mining has a significant contribution to the state.

Mr GREEN - And a long history right from the Chinese through.

Ms FORREST - It's 100 years since the Mount Lyell disaster this year. Could we have a bit of an update on the programs in progress for rehabilitation of abandoned mine site?

Mr CREAK - There is a program within our outputs for rehabilitation of those sites. There are many legacy issues that are pending from the 1800s forward. The positive side of the big end of town is that a number of the mines are respectively going to develop in some of these sites and will take over many of those legacy issues. There are mines such as Renison where Bluestone is currently working and again recovering legacy issues. On the smaller end there is a fund that underpins capping of shafts and emerging issues. If a dog gets lost and it draws attention to one, then those sorts of things get addressed at the small end. It is an active program nonetheless that is basically an outdoor program.

Mr McILFATRICK - We spend about \$150 000 a year just in addressing some of the smaller issues - Royal George last year. But the big ones are best dealt with while the mine is operating

Ms FORREST - Grange is doing a fair bit of work there and Copper Mines.

Mr MCILFATRICK - While Grange continues to operate every year they will rehabilitate.

UNCORRECTED PROOF ISSUE

Mr CREAK - Some of the prospective developments will offer enormous environmental benefits in terms of legacy issues like Cleveland.

Ms FORREST - I was informed that Grange has world-leading acid drainage treatment programs.

Mr GREEN - Yes, and they work very closely with the EPA. Who used to head up the EPA?

Ms FORREST - Warren Jones used to.

Mr GREEN - Warren Jones; how could I forget Warren?

Ms FORREST - He will be devastated when he reads *Hansard*.

Mr GREEN - Everyone has a great deal of respect for Warren, including me. I remember when I was minister last time they made some significant world-class decisions with respect to acid drainage at Savage. What about the Argonaut tin mine at St Helens?

Mr McILFATRICK - That might cost more than \$150 000.

Ms FORREST - Can I have an update on the expenditure and exploration this year to date and the number of current exploration licences and leases?

Mr GREEN - If we do not have it now we can certainly provide it for you.

Mr CREAK - I think that the total spend on exploration is \$38 million.

Mr GREEN - To date, yes. \$38.7 million.

Mr CREAK - Obviously they are expending every day but the latest call was about \$38.7 million for the state in exploration.

Ms FORREST - The number of licences or leases?

Mr GREEN - In 2010-11 there were 37.3.

Ms FORREST - That was expenditure?

Mr GREEN - Yes. Our share of the national percentage has gone up. We are 1.26 per cent of it. It has gone up.

Ms FORREST - We are only a small part of the country.

Mr GREEN - I am right with you on that.

Mr McILFATRICK - Year to date we have had 19 exploration licenses and 22 mining leases - a total of 43. Exploration licences and tenements currently cover about 25 000 square kilometres. Mining leases cover about 587 of those and they cover about 56 000 hectares, so a small amount of hectares but a large amount of square kilometres being explored.

Mr CREAK - They are not numbers you keep in your head; there are a lot of them.

There are 208 exploration licences at the moment. New ones are down but there is a lot of money being spent on those that exist. It is a very good thing because they are being moved through into a production or a prospect of activity.

Ms FORREST - Going back to Venture Minerals for the moment, if the approval processes proceed in a fairly timely manner, which they may do, and hopefully will, have you any projected incomes of the royalties that they will pay?

Mr GREEN - We know that it is going to earn about \$115 million.

Mr CREAK - That's in revenue turnover.

Ms FORREST - So what would their royalty payment be?

Mr CREAK - Because of the nature of the royalty payments and [inaudible] and profit-based, it will be in the millions but it will depend when they move into profitability with the mines.

Mr McILFATRICK - If they are in full profit, it would be \$5.5 million but it depends on their start-up. That is for the first phase.

Mr CREAK - That jumps enormously in the second phase.

Ms FORREST - So that is not factored into the forward estimates at all, in your minerals royalty payments?

Mr McILFATRICK - We can't really put it in until they have a mining -

Ms FORREST - No.

Mr McILFATRICK - Certainly, for the second stage it would be a bit speculative to do that.

But the forward estimates for mineral royalties were quite strong.

Mr CREAK - Strong growth.

Ms FORREST - Yes.

Mr CREAK - \$55 million next year.

Ms FORREST - Like I said, we are a mining state.

Mr McILFATRICK - We think we are going to probably get back up to close to \$50 million this year.

Ms FORREST - Minister, I was disturbed to hear one of your parliamentary colleagues suggesting that there should be no consideration given to any support for infrastructure upgrades

in any way, shape or form, should the Venture Minerals project get off the ground. This was in relation to any road upgrade, rail upgrade, energy or anything to support these projects. If this project goes through a proper approval process and then employs up to 700 people, what is your view on providing upgrades and that sort of thing to state infrastructure - not necessarily to support them but to support everyone who uses the road, for example?

Mr GREEN - It is not my portfolio but the interesting thing was that the contact we have had has been really from TasRail in wanting to work with us.

Mr McILFATRICK - Two things - we are already investing in my other side of the portfolio in west coast upgrades, which is for the whole community. There is a proposal to use Stringers Creek Bastyan Road to haul from here to the railhead at Bastyan. That is only a proposal at this stage and it is going through the process. If that required upgrades to the road then we would talk to Venture about that. There could be a number of ways that it could be supplied, either by a per tonne haulage fee or government and the company coming to an arrangement. That is what we do every day. You may remember back at the Allegiance days when there was an extension of the road, government can often make an investment then recover that over time from the company. We have not had a request at this point but this is a very important project and we certainly would not rule out upgrading the road to the standard required for the B-double trucks but we would certainly talk to Venture about that because it is specific to their mine.

Mr CREAK - That project and all other projects have been factored into the west coast infrastructure study. MRT and the mining area have put in all those volumes into that study which undertook to look at all the industry's requirements and that has all been booked in and is part of it.

Mr McILFATRICK - We are upgrading the Melba line so if it did get loaded onto the railway at Bastyan then it would be using the rail upgrade as part of that infrastructure.

Ms FORREST - You are upgrading that section?

Mr McILFATRICK - We are upgrading the Melba line. I think it has about \$14 million in it in the next few years and certainly there would be parts of that section, but we are not specifically doing it for this purpose.

Ms FORREST - No.

Mr McILFATRICK - They would get the wider benefits of the infrastructure spend and if there are specific things that need to be done we would talk to the company.

Ms FORREST - They are further down the line than most, on the way to the coast.

CHAIR - Any further questions on that output area?

Mr GREEN - To correct the record on the energy questions on Hydro storages, we said 61 per cent overall but it is not, it is 51 per cent overall. Gordon is at 62.7 per cent, Great Lake 38.2 per cent, Northern Headwaters are at 60.9 per cent, and most individual storages are at 60 per cent or higher, but that is compensated against some of the west coast ones which are a little low at this stage, which they manage in that way. Our storages are the best they have been since 2000.

**Output group 4
Support for the Minister for Energy and Resources**

4.1 Support for the Minister

CHAIR - Minister, because the grants and subsidies go to the Forest Practices Authority, Private Forests Tasmania and the \$15 million Tasmanian Forestry Agreement, it may be productive, rather than just focusing on the output group and then coming to grants and subsidies, to wrap them all together if you are happy with that, because essentially that is the area that this output item goes to.

My first question to you, minister, is in terms of the Forestry Intergovernmental Agreement. Can you place on the record the latest details in terms of the steps forward, and maybe as a component of that whether you have anything as to the cost of the IGA process, and you might have a list of people who did participate in the IGA, all the people who participated? I would not expect you to read it out, but if you have a list of all of those, please.

Mr GREEN - We have outcosts, and remembering that the commonwealth has funded much of what has happened, particularly with respect to the West process. We can give you our costs associated with it.

CHAIR - They have not communicated their costs to you at any time? You have not asked?

Mr McILFATRICK - The commonwealth? They have various programs they are running, such as the contract exit program. They are administering that within their overall budget, but we set aside a specific budget for forestry transition in last year's budget, and have been managing the process out of that budget explicitly within DIER. I have those numbers but I do not have the IGA.

CHAIR - Okay, so the national government has not communicated to your, minister, the global costs of producing the West Report?

Mr McILFATRICK - No. They have been responsible for the consulting and Dr West's report and all of the arrangements around that. We do have specific responsibilities in that area, but it is much less than they would have had.

CHAIR - Yes, indeed. So the latest details, minister, as to where it is at and the process?

Mr GREEN - In terms of where it is at, the parties are still meeting, and they have been, as I understand it, talking around issues. They have the industry back around the table and that is the durability clauses associated with any future agreement. As I understand it, those discussions are progressing quite well.

In the meantime, we are preparing legislation that we plan to introduce before the end of June that will allow us to accommodate any potential reserves that might be agreed to as part of the process, and look towards the necessary changes that could come about on the volumes that are required by the industry overall. It is ongoing, and the discussions, as I understand it, have been quite fruitful in recent times. We have implemented a range of things that we believe have assisted the industry through a very difficult period, and I do not think we would have been in a

position to do that had we not had the agreement from the commonwealth and the funds that have been made available, both by the state and the commonwealth as part of that implementation process. Going back to the \$20 million, right through to where we are now, with respect to the money that has been meted out to contractors through that time.

(5.00 p.m.)

Mr McILFATRICK - The signatories have been meeting and they met three days last week and were in another meeting today. I see them around my office all the time. They are there for eight or 10 hours a day, seriously looking at taking this thing forward.

CHAIR - Minister, Norm did mention that you have costs; if you would like to table the document.

Mr McILFATRICK - I am happy to table that. To put those in context, the full cost that we have expended against our Tasmanian forest industry transition plans for the last financial year which had a total budget of about \$800 000. Some of that went to Forestry Tasmania for the sawlog transit. This includes some advertising expenditure and legal advice, but it does exclude the specific communications expenditure that came under the IGA which was, in addition to that, about \$340 000 all up. This is our internal DIER expenditure and I am happy to table that.

CHAIR - We are working to time lines, minister. Has any legislation been drafted?

Mr GREEN - Yes.

CHAIR - Legislation to bring into the parliament before 30 June is ready to go?

Mr GREEN - Not quite ready to go but we are well down the track of having that drafted and that will allow us to, until September or so, work through a process of understanding what we might have to do to populate that.

CHAIR - What time frames are you working to with regard to all of that? Are there any particular time frames which have been identified? We are at the end of May and we have a month to go.

Mr GREEN - We have to have the legislation on the table in the parliament before the end of June.

Ms FORREST - What is the penalty if we do not?

Mr GREEN - It is part of the agreement that we have around the whole Tasmanian Forest Agreement. There is \$100 million of funds to come to the state that potentially will not come.

Mr HALL - Could I clarify with the minister that the legislation has to be tabled by when?

Mr GREEN - 30 June.

Mr HALL - There is a hiatus then. The parliament is not sitting for a while, so we would deal with that when we come back in September.

Mr GREEN - That is right. Everyone is jumping because we have to have all this fixed up and everything has to be resolved.

Mr HALL - What happens, hypothetically, if the current talks do not resolve anything? Are we still going to get the legislation?

Mr GREEN - We will have tabled the legislation.

Ms FORREST - Without any numbers in it?

Ms FORREST - That will be good.

Mr GREEN - It is a framework.

Ms FORREST - So you meet your obligation, basically?

Mr GREEN - No. This is serious. They have done a fantastic job. I want to put that on the public record. We have had a team working on it and they have done an outstanding job in getting it to this point. We will have legislation that we believe is appropriate in terms of allowing us to fulfil obligations, if and when they are needed to be filled. We are serious about trying to get an outcome. It is serious in the Tasmanian context overall. It is tough and it would be easy to pack your bags and all go home but we are not. We are facing up to the challenges and we want to get this right for the future, as difficult as it is.

CHAIR - As part of this process, minister, can you rule out any new national parks, given that your legislation is well advanced.

Mr GREEN - Rule out or within the tabling of the legislation. Land tenure, as a part of the discussion is a vitally important part of our decision making, Mr Chairman. I have nothing in front of me that says what land tenure might be settled upon as a reasonable way forward.

We have to, as part of this whole process, consider the future of Tasmania when it comes to potential carbon opportunities and the value that we might be able to extract as a result of that. All of that needs to be taken into consideration as part of the process overall and I do not expect anyone would want us to compromise that future if there is to be one.

CHAIR - Thank you. On the matter of land tenure, the \$110 million appropriation over this coming year and some out years, there is some tension in that, of course, and there have been various propositions put forward as to the reason for that. There have been suggestions about land management and so on, so it goes to the matter of land tenure.

Mr GREEN - As in -

CHAIR - Yes, indeed. The tension and the contention in the area seems to be that your Greens partners have indicated that if it is anything other than winding up Forestry Tasmania they will not be supporting that component of the budget. The Liberals likewise, for other reasons.

My first question is why has that appropriation been generated given that in the public domain Forestry Tasmania say they do not need it and were not consulted?

UNCORRECTED PROOF ISSUE

Mr GREEN - Based on advice from Treasury and based on advice from the work that has been done independently on market forecasts and the ability of Forestry Tasmania to generate enough revenue through future sales, it was deemed appropriate and prudent to put in place contingency funds to ensure that our government business enterprise remained operational and that is what we have done.

The Premier has indicated that until we are in a position to finally understand how we might move forward with Forestry Tasmania, we will not be administering those funds and, of course, it is incumbent on the board to update me, as a shareholder minister, of the current position of the company which they do and, of course, I have been in discussions with them about that leading up to this point.

CHAIR - Can you rule out my proposition that that money is for the specific purpose of meeting Forestry Tasmania's unfunded superannuation liability which they do not have the capacity to meet?

Mr GREEN - I am not sure - you are suggesting that is there to meet that?

CHAIR - Yes.

Mr SWAIN - It is there to support their cash requirements wherever they derive from?

Mr GREEN - The advice I have is that it is there to meet their cash requirements wherever they derive from.

Ms FORREST - Which could be?

CHAIR - Which could be and include their incapacity to meet unfunded superannuation liabilities?

Mr SWAIN - Through you, minister - it is the day-to-day cash requirements. There is no provision for a lump sum payment to meet an unfunded super liability. It is just a contingency for operating cash and not for a lump sum liability.

CHAIR - Yes, and so on that basis then, minister, I can only take it that the quantum was determined – well, you have already said Treasury determined and Treasury decided but without consultation with FT as a GBE.

Mr GREEN - We get advice provided to us from Treasury on all the GBEs that are operating, and they give various ratings on just where the businesses are at, at any given time.

Mr McILFATRICK - Treasury colleagues are usually more conservative than the state-owned corporations and I think they are making a prudent decision.

Mr GREEN - I was advocating that position based on advice I had been given from the chair and through their board reports.

CHAIR - Sorry, from the Chairman of Forestry Tasmania? Yet Forestry Tasmania has said publicly it was not consulted and it does not need the money.

UNCORRECTED PROOF ISSUE

Mr GREEN - Forestry Tasmania has had consultation with URS as part of the development of the report that is going to Treasury. The public statements that I heard - I thought I heard the CEO say it was prudent for the government to have a contingency fund in place.

CHAIR - They were supplementary statements, I think. The initial statements were as I have stated.

Mr GREEN - Yes, I heard him say that as well, but I did hear him qualify that in the end.

CHAIR - On the back of the Greens threatening to block that appropriation and the Liberals likewise, do you accept further that Mr Booth has made it very clear that if 1 cent of the money goes to Forestry Tasmania for the purposes which you have explained and for which Gary has indicated, for cash needs for any reason other than shutting down FT, that will be opposed? What are the implications to your budget and to the government from that announcement by Mr Booth and the Greens in the parliament as well?

Mr GREEN - Everyone knows that the government has a responsibility to back its government business enterprises. That is a given. As a government, that is what we will have to do. It may well be they do not need any money, but there is a contingency fund.

CHAIR - But the moment it is used for any purpose other than winding up FT, there will be consequences. Well, maybe because there has been huff and puff, hasn't there from Mr Booth.

Mr GREEN - And the Liberals are suggesting that they will withdraw. If other parties are right and they are wrong they are just going to let them wither on the vine.

CHAIR - The Libs on their own cannot do a thing, we understand that.

Mr GREEN - It is a stupid proposition.

CHAIR - It is a stupid proposition from Mr Booth as well, then.

Mr MULDER - You are prepared to criticise the Liberals, but not Mr Booth.

Ms FORREST - This would not require legislation because it is in the budget. As I understand it, Forestry Tasmania could apply for the use of the contingency fund to meet certain costs, so what can Mr Booth do except have a sook about it in parliament?

Mr GREEN - We are putting forward the budget because it is a prudent thing to do.

Ms FORREST - Yes.

Mr GREEN - I will run the arguments if and when the time comes to ensure that our budget passes. We are doing it now.

Mr MULDER - You seem quite clear on what the money is for, the cash liabilities.

Mr GREEN - We have always said it is for a contingency.

UNCORRECTED PROOF ISSUE

Mr MULDER - You went a bit further today; you talked about cash needing to meet the needs of Forestry Tasmania.

Mr SWAIN - No, as a contingency fund.

Mr MULDER - Should they require these funds they need to do that. My question becomes how did you know that that is exactly what the contingency fund was for? Is there some document from Treasury, some underlying memo, or statement that says: this is what it is for?

Mr GREEN - No, we have had independent advice from URS, we have had ongoing advice from Treasury, and we have had advice from the board as they have provided information to me post board meetings.

Mr MULDER - Those reports and things, so that is a document that says this is what it is for?

Mr GREEN - The budget includes provision of \$35 million for 2012-13 and \$25 million per annum for 2013-14 to ensure that Forestry Tasmania can continue to operate, meet its contractual obligations, and perform its non-commercial functions in the event that marketing conditions do not improve. We have had advice, as I said, from URS and any fair-minded person would suggest that trading conditions within the forestry sector, particularly in residues fibre, are pretty difficult at the moment. From that point of view it is a prudent thing to do.

Mr MULDER - We are thoroughly aware of that, but then when the Premier says it is just a contingency fund and Minister McKim says it will be used to wind up, not wind down Forestry, I think it was remiss of the government not to correct Mr McKim and point him to the budget statements and say, 'You are wrong'.

Mr GREEN - It is in the budget statement; it is there in black and white. From my point of view, what we are doing is prudent and appropriate given the circumstances we find ourselves in. We have also indicated that we are awaiting the final report from URS. It is with Treasury at the moment and the government will be in a position within a couple of weeks to make some decisions about how we move forward. We are not going to stand by, given the difficult trading conditions, and allow one of our GBEs - you just couldn't do that - that is why you have to build a contingency into the budget.

Mr MULDER - I am pleased you are doing, but I am trying to get to the point that here you have a member of cabinet saying that is not what it is going to be used for and you guys are standing by and not correcting him.

Mr GREEN - I just corrected it then.

Mr HARRISS - On the back of that exchange, minister, the Greens have made it clear to the public that when they absent themselves from cabinet deliberations they will publicly put that on the record. Did they absent themselves from cabinet when this matter was debated or approved?

Mr GREEN - The budget briefings given to us by Treasury included all.

Mr HARRISS - It is part of the process; you have only reiterated it.

UNCORRECTED PROOF ISSUE

Mr GREEN - Some of the challenges within the budget were pointed to as part of the briefing overall and the contingencies put in place.

CHAIR - So clearly Mr McKim knew categorically what the appropriation was for, as Mr Mulder has indicated?

Mr GREEN - There was a process gone through, as there always is with these matters, and the contingency for Forestry Tasmania was pointed to as part of that process.

CHAIR - So another example of mixed messages from the government on matters where there is a difference of opinion. Mr McKim is free to come out and say one thing contrary to the government position.

Mr MULDER - A breach of cabinet solidarity perhaps.

Mr GREEN - It is in light of there not being any cabinet decision that may need to be made or otherwise based on independent reports to the government.

CHAIR - Cabinet signs off on the budget; Mr McKim signed off on the budget.

Mr GREEN - The budget comes to cabinet in the normal way.

Mr HALL - Minister, when is the URS report due?

Mr GREEN - The URS report is with Treasury now.

Mr HALL - On the back of what the Chair commented on and also, Mr Mulder, you would be aware as I pointed out with that letter from staff in Forestry Tasmania, there is a very significant concern amongst staff at FT that they are going to lose their jobs. The drums are beating that this money is there and there is going to be a public execution of Forestry Tasmania. Not so?

Mr GREEN - No. Any decisions we may make in the future will be based on advice. Any government in the position where we have been doing our level best to support an important industry for the state facing difficult times from time to time has to have a look at how it operates and we are working through that process. Pre-empting decisions and using words such as 'public execution' are just not right.

Mr HALL - So the report is with Treasury?

Mr GREEN - Yes.

Mr HALL - When do you expect a decision?

Mr GREEN - Within a few weeks, as I understand it. There is much that needs to happen around any future decisions we may make.

Mr HALL - A few weeks, might be a couple of months?

Mr McILFATRICK - Less than that. It could be six weeks.

Mr GREEN - I will need to check with Treasury on that.

Mr HALL - Thank you.

Mr MULDER - The URS, how long has that strategically been going for?

Mr GREEN - It has been under way until this point.

Mr MULDER - So how long is it going for into the future?

Mr GREEN - We have endorsed one phase, and we have endorsed it going the second phase.

Mr McILFATRICK - Are you asking how long into the future?

Mr MULDER - Yes, for the third time, when do you expect it to end?

Mr McILFATRICK - He is saying how far into the future are they looking?

Mr MULDER - Yes.

Mr McILFATRICK - They are looking about 10 years into the forestry future.

Mr MULDER - Yes, but how long is the actual URS study going to go?

Mr McILFATRICK - It will be completed very shortly within the next couple of weeks and then taken through to cabinet.

Mr GREEN - It depends on whether there is an implementation phase with that as well and whether they are involved in anything.

Mr MULDER - In the budget papers yesterday there is a notation that there was \$1.5 million per year for three years for us to complete the review of forestry.

Mr GREEN - There is an option between the states.

Mr MULDER - We think it will be finished this year but we are allowing it to go two more?

Mr McILFATRICK - No, we are allowing for some of the outcomes of the report may involve transition of parts of the industry, different responsibilities, and different governance between departments.

Mr MULDER - Here we have \$4.5 million for the review and perhaps contributing to implementation of it.

Mr McILFATRICK - Yes.

Mr GREEN - Obviously the URS has been funded to this point through stage 1 and stage 2, and depending on what decisions we make as a result of that they could be involved in a stage 3, which would be around implementation.

UNCORRECTED PROOF ISSUE

Mr MULDER - Overall, does the \$4.5 million include potential implementation money of the strategic review?

Mr McILFATRICK - Or none of it may go to a consultant; it may be the internal mechanisms that are required.

Mr MULDER - I was putting forward the proposition. You have \$4.5 million aside to do the review and implement it. Three times \$1.5 million if there is confusion over where I came up with \$4.5 million.

Mr McILFATRICK - We would have to get the details from Treasury.

Mr MULDER - Can we get that advice from you, that it is three times \$1.5 million and what that is intended to be used for, or what that is being set aside for? You have already given us an indication but now you say you need to check with Treasury.

Mr GREEN - You did not ask the Treasurer yesterday.

Mr MULDER - We pursued that issue through the Treasurer about the \$1.5 million but I am asking you as the responsible minister. Do you know what the money is for? I am quite happy for you to take it on notice and come back to me.

Mr GREEN - Did you pursue it yesterday?

Mr MULDER - The quantum is that I am asking you as the minister, what is involved -

Mr GREEN - But you are asking me something that is in Finance-General that we do not have in front of us -

Mr MULDER - I am asking you to do something with forestry, which is your portfolio. A strategic review of an enterprise that is at the heart of your portfolio, and I am asking whether you would get us some information, be it from Finance-General or not. I do not think that is an unreasonable request.

Mr GREEN - Well, no.

CHAIR - It is not an unreasonable request?

Mr MULDER - You are not going to get it?

Mr GREEN - No, I think he is being smart. So, no.

CHAIR - So you are not going to provide -

Mr GREEN - Did he ask the questions yesterday?

CHAIR - The question is being put to you here, and the question is whether you can provide the purposes for which the \$1.5 million by three is being made available. Can you do that? Assuming that it is on notice.

Mr McILFATRICK - Broadly from my reading of that it would have to come from Treasury. It is about the whole electric energy and forestry industry reform process, not just forestry. We have had an energy report that we discussed earlier and there will need to be probably centred in Treasury a team established to go through that energy reform process. If it is the same item I am looking at on page A2.7, it is the electricity supply industry and Forestry Tasmania reform, not specifically Forestry. Certainly the energy reform process, as has been indicated earlier, would use up a fair bit of that.

Mr MULDER - I do not intend to pursue this matter at this point in time, but I will leave it open that we may write and put our specific request in writing so that it is quite clear as to what we are chasing. You're content with that course of action, Chair?

CHAIR - It is perfectly appropriate. If we do not have the information provided now, we will go through the normal process. We will write to confirm exactly what that is, and then the committee would expect a response before we deliberate on the matters in a couple of weeks' time. Thank you. Any further questions with regard to the output group that we are considering? There not being, thank you very much, minister, in that area. We now move to Resource Planning.

Mr GREEN - Thank you.

CHAIR - Thanks very much, Norm, thanks Paul.

**DIVISION 6
(Department of Justice)**

Mr GREEN - We have Greg Alomes, Chairperson and Executive Commissioner, State Planning, Tasmanian Planning Commission; and Robert Williams, who is the Secretary of the department.

The government has embarked upon some serious planning reform for the state, and we are effectively going through an implementation phase with respect to planning. I know and expect that we will get many questions with respect to how we are travelling on implementation of our regional models and our strategic plans and how that interfaces with the new statewide template planning directive that we have in place. Suffice to say that I believe we have made significant progress in taking local government with us on a journey to reform planning in Tasmania. You will have legislation before you when you next sit, if you haven't dealt with it already, on some further opportunities to ensure that it is going through the interim planning arrangements that we can effectively strive for greater consistency which will allow me more powers when it comes to decision-making, which will be important, decision-making along the lines of establishing consistency between our interim planning schemes and the template and the land use strategies for each of the regions.

[5.30 p.m.]

Planning is an area that has dominated debate in Tasmania for a long period of time, often weighed against some major projects that face lengthy processes. When you look at how Tasmania is performing overall with respect to planning weighed against other states we are performing quite well. Any changes we make will be an advantage to Tasmania as opposed to a

disadvantage when weighed against other states. The fact we have seven out of the eight interim schemes from the north with us now is good.

The fact that we have established PD4 is good, even though there have been some anomalies that needed to be addressed as part of the implementation. Councils in general are starting to understand that the government is serious about these reforms and are coming on board. I have had to write in recent times around PD4 to make sure councils understand that.

This is an exciting period within the reform of the planning system in Tasmania, complex as it is, and it is one that the government is meeting head on. We are determined to see the implementation of the reforms.

CHAIR - Are there any overview questions before we go specifically to the State Architect?

Mr WILKINSON - It is overview but it goes to 10.2 with the Tas Planning Commission to some degree. I agree that some good things have been happening in planning in recent times.

I understand there was to be a further suite of legislation that would enable regional planning strategies to be updated and ongoing. I note that in the budget \$1.5 million has been put aside for that to happen. Can you give us an update please because I understand without it there are going to be problems?

Mr GREEN - We have to put in place a governance model, that is true, to upgrade the strategies on an ongoing basis, and we have committed to do that. That governance model is being developed through the Commission and the Commission has had some consultation with the regions about how that governance model might work.

Greg can perhaps comment further but you are right, it is a commitment. I say, from the government's perspective, that our bona fides are tested on the implementation of that part of what we agreed to do in the first place because when it comes to savings, having an appropriate mechanism in place saves councils an enormous amount of money in what they would normally have to undertake to upgrade their own schemes.

Mr ALOMES - The money is going towards the completion of the regional planning initiative and the ongoing update of strategies. We have some good initiatives under way with the regional planning committees that have been operating to keep bringing up to speed the regional land use strategies.

In the north, funding has been allocated for the Greater Launceston plan which will be provided by the commonwealth and the council to do some substantial work in the greater Launceston area looking at the growth and how growth will be managed in that area. That is the sort of work that will be done in conjunction with the work we are doing to update those strategies.

Mr WILKINSON - Where are we at with the legislation?

Mr ALOMES - We have these short-term amendments, these immediate things we are dealing with. In terms of the program we want to complete the implementation of the regional planning initiative and a formal assessment of the interim scheme so that is the high priority task.

UNCORRECTED PROOF ISSUE

Once those schemes are in place we have a common platform on which to be able to examine further improvements to the way the system works. At the moment the various schemes in operation have been there for sometimes up to 30 or 40 years and as a consequence it is very hard to make changes to those existing schemes. Getting them on a common platform consistent with the regional land use strategy, consistent with the statewide template, is the high priority. Once we have done that we will be able to move forward with further development of the strategies in a more comprehensive way.

Mr WILKINSON – Please correct me if I am wrong but all planning schemes have to comply with the regional planning strategies, and if those regional planning strategies are not there, we are behind the eight ball.

Mr ALOMES - Indeed, they are there. The minister declared the three of them last year and they provide the foundation for the development of the interim planning schemes. The philosophy we are pursuing is that land use strategy is to be implemented through the interim planning schemes so that the planning schemes become a statutory development assessment tool and they are not a strategy document in their own right. That has been resolved through the planning directive for the planning scheme template for Tasmania, and that is a significant reform in its own right. It means that if there is a change in strategy for a particular area then the way that strategy will be implemented is by the way in which you change or select a zone in the planning scheme, and how you put provisions in that zone to deliver that strategy.

Mr WILKINSON - The legislation that is being looked at at the moment, would take six or seven months to come before parliament from start to finish?

Mr ALOMES - I think that is most likely the case.

Mr WILKINSON - Sorry, minister, I am looking at Greg but please butt in and say that you will answer that question if you wish.

Mr GREEN - Yes, sure.

Mr ALOMES - We are not intending that we take on extra work at this point. We want to finish the job that we have and that is to get these interim planning schemes in place and then assessed and formally approved as planning schemes. Then we will be pursuing the further improvements to the legislation to enhance the strength of those regional land use strategies.

Mr WILKINSON - I am trying to get some idea how long that will be and I take it that you cannot really give that?

Mr ALOMES - Not at this stage. I am focused at this stage on making sure that we get those interim planning schemes in and that we get them assessed. That is the high priority for the resources that we have at the moment.

Mr WILKINSON - Those interested in planning can be satisfied that things have not stopped after the legislation last year that was agreed to. Things are still full steam ahead in order to get the document -

Mr ALOMES - That is exactly right.

UNCORRECTED PROOF ISSUE

Mr GREEN - Yes, and the northern development group working with the northern councils are to be commended for the job that they have done and are doing. We are working closely with the north-west and the south.

Mr VALENTINE - With respect to those planning issues, I missed when you said that they would be delivered. I am interested in the southern regional ones. I declare an interest. I used to be chairman of that group but I am interested to know when they will be finished.

Mr ALOMES - The advice we have received from the steering committee is that they will have their regional model completed by the end of this month and we have seen a first draft and that regional model planning scheme provides for consistency at a regional level on how the statewide planning scheme template will be implemented. The councils have got together and worked out how they are going to consistently apply the planning scheme template so that is a significant step. The councils will be workshopping their interim planning schemes before the end of this financial year. The target date they have set, although they are trying to work hard to speed up the process, is for the first quarter of next year.

Mr VALENTINE - The ongoing management of regional strategies, you mentioned that in your overview. Is that going to operate through your office, or is that separate?

Mr ALOMES - The model that we are discussing with the minister and with the committees is that the regional committees will continue and will coordinate and facilitate the revision of those strategies.

Mr VALENTINE - One last one, if I might, Mr Chairman.

CHAIR - Certainly.

Mr VALENTINE - The capital city metropolitan plan - that is an important one and how is that tracking?

Mr ALOMES - The draft plan was put out for public comment in mid-January and we were receiving feedback on that plan up until about four weeks ago. We have done an assessment of the representations and we are compiling a report for the minister.

Mr VALENTINE - We do not have any idea how COAG is going to receive that?

Mr GREEN - It is all being run up the flagpole with COAG, so we are in good shape.

Mr ALOMES - The COAG process has come to an end and this is where there has been some confusion about the capital city project under COAG. The confusion arose from two elements. One was that the agreement was primarily about capital city planning systems and the second element was the capital city plan, but it was not a requirement for the assessment by the COAG reform council. The assessment by the COAG reform council related specifically to the planning systems, not the plan. The second concern people have had is there may be some loss of infrastructure funding through Infrastructure Australia because the draft plan was initially forecast to be produced by the end of 2011. The COAG reform council advised us that it was more important to do proper consultation and it was not critical. It is clear from the intergovernmental working group that has been working on the post-COAG arrangements, that infrastructure funding is not going to be linked.

Mr VALENTINE - So we are not in their bad books?

Mr ALOMES - Not at all.

Mr MULDER - My questions are in the same area, and particularly around the fact that PD4 put out a standard set of conditions for residential development. I think that was consistently applied across the region into which it was pushed. What you had at last was the same conditions applied to putting a house in Glenorchy as on the eastern shore. The last time I heard that the standard planning scheme template was being applied - I remember attending several workshops on this - where council was populating the uses and all the other bits and pieces. So although the template was standard, the contents of those templates were going to vary from council to council, which seemed to be flying completely in the face of everyone's desire that what you did for the residential zone was going to occur for all the other zones. Would you like to make some comment on the flexibility councils have, to vary from zone to zone, from council to council?

Mr ALOMES - There has again been some confusion around this issue of populating template. The template contains mandatory provisions and it is law that councils have to abide by PD1 - populating some components of it, so selecting the zones or putting provisions in, development standards or use classes, and so on. We have provided clear guidelines and what is also required under the MOUs signed by the councils is that the regions and the councils within the regions have to agree on their regional model scheme. That is what is happening and the only area that the councils can specifically work on are what are called 'local provisions', where there might be an area, an issue or a circumstance that requires a local solution.

Mr MULDER - Say, a village overlay or something like that, under the old scheme?

Mr ALOMES - It could be that. Battery Point requires some additional local provisions but they do not override the state provisions. It is recognising there are three levels: statewide, regional and local.

Mr MULDER - Although councils initially will populate what they want in there, there has to be some harmonisation?

Mr ALOMES - The harmonisation is part of the process we are going through in our dialogue with the regions.

Mr MULDER - The Planning Commission will be putting the 'harm' back into harmonisation? You do not have to answer that. It was not a question. It was a statement.

Output group 10 Resource planning

10.1 State Architect -

[5.45 p.m.]

Ms FORREST - I know there is no forward funding because we know a decision has been taken not to reappoint the State Architect. Was that purely a budget decision as a cost-saving measure? What work did the State Architect undertake that had some cost benefits in terms of planning or urban design or that sort of thing?

Mr GREEN - You are right, and we have applied the normal vacancy control processes with respect to the State Architect's position. They determine the timing and the means by which the positions may be filled. I should say from the outset that principally we believe that the State Architect's position is a very important one. The work that the State Architect had undertaken in Tasmania was useful and very good. There has been a lot made of the position politically over recent years. The State Architect, Mr Poulet, decided to resign and take up another post, so in the meantime we are considering the position and will make decisions based on vacancy control as to whether we replace it or not in the future.

Ms FORREST - The question I had was, regarding the work that he undertook while he was here. Have you been able to put some sort of cost benefit on that?

Mr GREEN - Not really, I don't think. We have a list of what he did.

Ms FORREST - That would be helpful.

Mr GREEN - He was an Adjunct Professor of the School of Architecture and Design at the University of Tasmania, mentoring and tutoring senior students. He was also a convenor of the State Architect Summer School, and a board and review committee member of the Tasmanian Board of Architects. As a delegate to the Tasmanian Planning Commission, he did a review of urban design guidelines and planning directive number 4, relating to the development of standard and general residential zone, as we just talked about a moment ago. He was a member of the Capital City Strategy Reference Committee, leading development of the Capital City Plan for Tasmania with the Planning Commission. As a design panel member the Sullivan's Cove Waterfront Authority he reviewed development proposals for the Hobart waterfront. He was a member of the University of Tasmania Built Environment Committee, steering the university's building developments. He advised on the redevelopment of the museum and art gallery, and he was also part of the Wilkinson's Point Redevelopment Committee -

Ms FORREST - That needs a bit of redevelopment.

Laughter.

Mr GREEN - He was an adviser to the Glenorchy City Council on project definition and procurement; chairman of Design Objects Tasmania, showcasing Tasmanian designers and makers. He was on the Glenorchy City Arts and Sculpture Park, a board member advocating the philanthropic investment quality art and urban design, a board member of *Island* literary magazine, exploring linkages with other creative disciplines. He worked with Housing Tasmania on their Developing Tasmanian Residential Development Strategy and with on the Hobart Inner City Development Plan. He also worked closely with local government -

CHAIR - A former governor would say, 'et cetera, et cetera, et cetera', if he was here.

Mr GREEN - He developed the Sullivan's Cove Master Plan to guide future development and was also on the Premier's Physical Activity Council - an ambassador of good urban planning to facilitate physical activity. So he was a busy boy.

Ms FORREST - Yes.

Mr WILKINSON - Why did you let him go?

CHAIR - Exactly.

Mr GREEN - There were all these big public rallies about the State Architect - 'almost like a lynch mob' to quote someone. I said, 'Go and hide behind a tree somewhere and automatically the health system is going to be fixed, just as a result of your disappearing'. That is how silly it had become. At the end of the day, we are in a position now where we haven't replaced him and we will make decisions on how we go about it in the future.

Ms FORREST - The \$260 000 that was allocated in last year's budget, I assume was his salary. Were there other staff included in that amount?

Mr GREEN - Yes.

Ms FORREST - What has happened to those people?

Mr ALOMES - There have been staff from the Sullivans Cove Waterfront Authority that we have assigned to us and some of those were seconded to the State Architect's area and those staff are actually Tasmanian Planning Commission employees within the budget for the Tasmanian Planning Commission.

Ms FORREST - There is no one sitting out there on their own waiting for a State Architect to appear?

Mr ALOMES - No.

Mr WILKINSON - The \$260 000 was not just his wage; it was his plus his assistants, is that right?

Mr GREEN - Yes, as far as I am aware.

Mr ALOMES - Plus costs.

Mr WILKINSON - Has he at all taken on any work after his resignation, or after he finished his work with the government that he is being paid for by the government?

Mr VALENTINE - He is state architect New South Wales, isn't he?

Mr WILKINSON - No, I mean within Tasmania.

Mr ALOMES - I think the answer is 'no'.

Mr GREEN - I am not aware of any.

10.2 Tasmanian Planning Commission -

Mr WILKINSON - I read a case head-note out in the Legislative Council about a year ago; it was a case that was presided upon by Judge Alan Blow and he really gave the planning scheme a pasting. I have not got the case with me but it was worth reading; it was well-worded -

Mr VALENTINE - Depends on where you are -

Mr GREEN - Can you be a little bit more specific about which one it was?

Mr WILKINSON - I can see Greg nodding his head; I think that he knows which one it is.

Mr ALOMES - It was actually a planning appeal -not a matter that the commission handles.

Mr WILKINSON - He was virtually saying you had to be either Einstein, mad, stupid or bored to get through the whole maze to understand the planning system. Is there anything that can be done to sort out what he was suggesting was really a mess? Is there anything that can be done to sort out the issues that he amplified in that judgement?

Mr GREEN - Everything that we are trying to do is about streamlining and getting a consistent position so that if you confront the planning system in the southern part of Tasmania and then go the the north of Tasmania the consistency with respect to it all based on the template, and based on the regional strategies should allow for slight variations based on regional differences. The complexity of the planning system, I have to admit, is one that is actually quite daunting when it comes to everything that we are trying to achieve from a modernisation point of view. The minute detail that you have to take into consideration, given that we are effectively dealing with the law - and you have contextualised it by saying Justice Blow is involved. Whatever we do is law so it has to be amazingly thorough when working through any of these changes. We are, by embarking on this planning reform, trying to establish a planning system in Tasmania that is as concise but at the same time flexible to take into consideration future changes in terms of upgrades on into the future that we possible can.

It is complex; the new planning system in terms of its implementation for someone wanting to confront and build a development will still be complex in terms of the obligations they have to meet.

Mr WILKINSON - In referring to the case of Robert Rockefeller and his group at Kingston near the Antarctic centre, all I am wondering is whether this legislation will address those, what would seem, quite significant problems addressed by Alan Blow.

Mr ALOMES - As the minister said, the whole aim of this exercise is to have a common approach to the structure and format and content of planning schemes to as high a degree as possible. The philosophy that we are working with councils on is let us not be different unless there is a good strategic reason to be different. That strategic reason needs to be outlined. By the use of a common set of zones and common definitions that relate to those zones, or statements of intent and purpose, by getting that consistency it will overcome the issues to a high degree. However, we will have the issue for the next few years of getting down to the drafting of particular provisions and the wording of particular requirements. That is where we are putting an intensive effort in to assist the councils in that task.

At the end of the day, it is their planning scheme. The law requires them to submit them and we will be assessing them from that perspective, but it is drafting subordinate legislation and it is going to take a number of years to get that drafting to a standard that would meet the quality that tribunals and courts would accept.

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Mr WILKINSON - One of the big complaints that I often hear is that anyone can object - you have probably heard this as well. Once they object, it takes the developer ages to get to a situation where they know whether they are going to spend their money or not, other than spending it to get to the tribunal. Is there anything happening with the legislation surrounding those people who could be classed as vexatious?

CHAIR - We are launching into the next area but we will go there because it is related to the whole budget.

Mr GREEN - I introduce Jarrod Bryan.

Mr BRYAN - I am not aware of any alterations to the provisions that are proposed. It is a matter for government if it wishes to. At present, the various tests are set out in the legislation and the tribunals consistently apply them, drawing from the tests which are set out in superior case law as to what 'frivolous' and 'vexatious' means. The tribunal has to consider the merits of each case and any application made where a party asserts that something is frivolous and vexatious, apply the tests which are set out in case law which interpret the meaning of the act and then determine whether the appeal constitutes one that fits the category of frivolous and vexatious, then if it is, then it is dismissed.

Mr WILKINSON - Are you able to say, in the last one or two years, or for how long you have been involved in the area, whether there have been any vexatious objectors?

Mr GREEN - I will put it into some context first. Over the last three years, the number of appeals as a percentage of development applications has dropped and continues to drop from 3 per cent in 2007-08 to 2 per cent in 2009-10. Not all of these are third party appeals, with many being applicant appeals against the permit conditions or a refusal. On the data from 2011, only 32 per cent of these were third party appeals and half of these were resolved quickly through mediation. I think that is often lost on people: the mediation actually takes care of a lot of those issues. The percentage of all development applications that end up in contested tribunal hearings that originate from third party appeals is about one quarter of one per cent.

Mr BRYAN - In attempting to answer your question, I do not have the statistics available as to how many matters were dismissed on the basis of being frivolous or vexatious. If it is material you wish to obtain, I could run those statistics and have that provided to you.

Mr WILKINSON - Do you know of any?

Mr BRYAN - There have been ones - the tribunal also enjoys the power to dismiss proceedings if someone fails to comply with directions so it is not just a question of whether it is frivolous and vexatious; it is also whether people are doing what they have been directed to do. The tribunal has dismissed proceedings for people who have failed to comply with directions, supply adequate grounds for appeal which disclose a relevant matter that the tribunal could have regard to. So, yes there are dismissals on that basis. At the moment, I just do not have those statistics to hand but yes, matters have either been dismissed or cost orders have been issued on the basis of a finding that a party proceeded on a basis which had no reasonable prospect of success. So cost orders have also been issued.

[6.00 p.m.]

Mr WILKINSON - That's fine thanks. I will jump back into the patch again because it is probably crossing over into 10.3.

The impact of the savings strategies on this item, that is the Tasmanian Planning Commission, have there been any savings strategies that have to be applied there or alternatively was it just the situation where you are saying they had been pretty lean over the last year and they are going to remain lean, therefore there is no cost saving strategies to be gained?

Mr WILLIAMS - The agency as a whole has received a \$1.2 million additional savings task this year. For the planning portfolio as a percentage of the agency about \$68 000 is their share of this year's additional task. These things have been running on largely reducing travel costs, reducing telephones, reducing cars and vacancy control. I expect in this area that will be how it goes. I do not expect there is any major shift in the work. They are still obviously pursuing the planning initiatives full bore, so I think it will be around the edges in the planning area.

Mr WILKINSON - You have to find \$68 000 and you say that it is not going to be easy but it is going to be achievable by looking at the things which you have just described such as travelling?

Mr WILLIAMS - We have made more than our budget savings over the agency in that area, more than double what we have been required. I expect that will continue to be how we deal with it in the planning area.

CHAIR - Any other questions on the TPC?

I was tempted to go down that path that I visited with you this morning on land titles and subdivisions. I will either write to you -

Mr GREEN - Come and have a chat.

CHAIR - because I think there is a practical outcome.

10.3 Resource Management Planning Appeals Tribunal -

Mr VALENTINE - A few questions. Backlogs of appeals: how are we going with that? Are there many appeals waiting in the wings? In terms of the resources you have to handle the appeals, are there many that have been waiting around for a while?

Mr BRYAN - The only matters the backlog is suggesting we are not able to get through our workload is where the parties have elected to have a matter stood down for various reasons. It may be they are in the process of protracted negotiations, or they may alternatively wish to pursue getting another development application, potentially abandoning the one that is the subject of the appeal. It is certainly not a question of the tribunal unable to complete its workload; it is where the parties have requested a deferral of a matter.

Mr VALENTINE - You have the resources to do the work?

Mr BRYAN - Absolutely.

Mr VALENTINE - Are you only sitting in Hobart or do you sit across the state?

Mr BRYAN - What we had to do as part of the response to try to develop some sort of physical constraint over our expenditure was to reduce the number of matters that we were sitting around the state. However, we did so recognising that there is the risk that were the tribunal to do that and visit undue hardship or unfairness upon parties who maybe did not have the same access to transport and things like that. We said our starting point is that we would sit in Hobart, however, you are giving the opportunity to put submissions to the tribunal as to why in the circumstances that you have it is appropriate for us to defer from that position and come to the municipal area within which the matter is located. So the tribunal does that on a regular basis, that is if it is faced with an appropriate case that warrants the hearing being held in the local area it will do so.

I provided some statistics last year on that. I have not run those same statistics this year but I can do so if you wanted that information.

Mr VALENTINE - If you could provide that it would be good.

Mr BRYAN - Yes. We conduct all mediations within the local area. We travel to wherever the dispute is and we conduct our mediations on site unless the parties think that is unnecessary, but we certainly go for the purposes of ADR.

Mr VALENTINE - Talking about mediations, I note in the budget papers you mediated for 2010-11 about 72 per cent. I know this is probably a little bit hard to answer in some ways, but how many of those would be mediated because the third party did not want to have costs awarded against them as opposed to actually going out satisfied?

Mr BRYAN - There could be a whole range of reasons as to why someone decides either not to pursue something or to agree to something. It is a matter for them to take their own private advice about the strength of their merits of their case.

Mr VALENTINE - I am just wondering whether many are because they really do not want to risk the costs that might be involved.

Mr BRYAN - It would be so speculative that I do not think the answer would be physically helpful.

Mr VALENTINE - I will accept that.

Do you have any understanding of the types of appeals that are coming to you? Is it more often than not developers pushing the envelope, or does it more often than not represent us failing to understand the planning scheme?

Mr BRYAN - Again, these are really subjective.

Mr VALENTINE - I know they are a bit subjective.

Mr BRYAN - The only thing I could potentially do is try to run statistics that said this number of appeals were third party appeals, and this number of appeals were by developers. For me to then try to extrapolate from that, is it then being unreasonable or pushing the envelope.

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Mr VALENTINE - That would be just your personal opinion.

Mr BRYAN - Exactly. It would be me casting aspersions, or potentially trying to interpret motivations, and I think it is difficult.

Mr VALENTINE - I understand that is probably a bit hard to do. I thought you might have some statistics in there somewhere that actually give us some sort of a lead on that.

Mr BRYAN - The best I could give you would be the proportion of appeals that had been brought by third parties and those which are brought by proponents, that is, the persons who applied for applicants.

Mr VALENTINE - That would be interesting if we could get that.

Mr BRYAN - I don't have a difficulty with trying to obtain those for you.

Mr VALENTINE - If we can get that, that would be great.

Mr HALL - Just on the back of Rob's question before, so you are going to provide us with the number of sittings, the regional sittings?

Mr BRYAN - I can do that. At present one of my staff who helps me prepare these statistics is away until Monday of next week. I will check with you about time frames as to how quickly I can get that for you, but yes.

Mr HALL - Okay, and could you also quantify how much it has saved in that respect?

Mr BRYAN - Yes, that might take a little bit longer, but I can potentially do that. Essentially, what we are trying to do is remove the travel cost component of members of the tribunal. That is, they are entitled to claim sitting fees for days that entail travel, and by reducing the amount of travel we save on our budget. But, yes, I can potentially do that but it may take me some short time to do it.

Mr MULDER - You talked about getting through your workload and having the resources to do it. Do you have any benchmarks or time lines through which you intend to turn that appeal around?

Mr BRYAN - We had our statutory obligation, had the matter dealt with within 90 days of the date of lodgement, and I ran some statistics for this year at least demonstrating how many matters were dealt with within its 90 days. As at the date upon which the statistics were run, I think about 65 per cent of all matters are dealt with within that 90 days. However, we still have several months, which have to be calculated, and I expect it to go up to roughly where it was last year, which was 69 per cent to 70 per cent of matters having been dealt with.

Mr MULDER - My question comes around to PD4, which certainly expanded the limits of height and size of things that could be built, and it may have used Hobart's, but certainly it extended some of the envelopes and some of the standard conditions that were discretionary in councils. I refer to the 7.5 height that went to 8 something-or-other and across the board. The rationale given at that stage was that this would reduce appeals. The other problem was - this was my advice - that what the new schemes did was encourage no absolute limits now, you could

build whatever you wanted to. I wonder if you have any feel as to how many people have now sought applications beyond the already extended height for ever-larger buildings or envelopes?

Mr BRYAN - That would probably take quite a large amount of analysis to establish what was there previously, what is there now, and what numbers we have in relation to that. Just as a general observation, we have not had a great many appeals lodged yet in relation to PD4. It is obviously still very new, and so we do not have a vast number of cases that have come through. They are still a small number. So again, because of that small statistical base, any attempt to try to extrapolate a meaningful analysis is potentially problematic.

Mr MULDER - You might just bear that in mind as you are going through the next year as to whether once again the allegation that we are pursuing is that builders have gone, 'we could build to this at one stage, now it is extended, we are now going to go with the old bracket creep thing'. So I am not going to ask for a specific response now, but you might just bear that in mind that I might be pursuing that.

Mr BRYAN - Just so I am clear as to the inquiry, the concern is whether or not people are now through PD4 exceeding previous standards? I am just trying to get clear what you are asking.

Mr MULDER - The standards were here, and then people had discretion to vary them up to a certain limit. We have now moved the standard. Has that now resulted in people once again seeking to extend the new standard?

Mr GREEN - That would not be the intention of what we would certainly try to achieve. I am reminded, and it is true, the counterargument to that is how many houses are being built in line with PD4 or approved, that just go through the council and we do not hear about them.

Mr MULDER - I am all for you and if that is what you are trying achieve, then I am sure you are monitoring the situation and you will report next year as to whether your objective has been achieved.

Mr BRYAN - The only caveat is that because we only see the tip of an iceberg of many applications that are made and dealt with within Tasmania, as to whether or not what we see as necessarily representative of across the board.

Mr MULDER - My other issue about that is that with the applications coming to council, the number of appeals that come through, or objections that come through on this particular area, I am wondering if there has been any thought to putting an absolute maximum. The old system was 'here was your maximum and here was a discretionary variation in certain areas'. The new scheme does the opposite. It says, 'here is your maximum but anything is permitted'. It is a question of, they used to be permitted and discretionary and you have not maintained that.

Mr GREEN - It is the PD4, which is largely for the commission.

Mr RISBY - These questions are probably ones better addressed to the commission than the tribunal largely because, as Jarrod indicated, much of this stuff will be dealt with at local council level and not get through to the tribunal. Perhaps if the honourable member would not mind repeating that question, as I was at the back there.

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Mr MULDER - It is not a question that there is an answer for at the moment. What I am asking is, and probably flagging you -

Mr GREEN - The standard provisions in PD4.

Mr MULDER - What I am trying to say is: have you given any thought to putting an absolute ceiling on some of those things that are now open-ended in terms of discretion?

Mr RISBY - That is certainly a possibility. Just to recap the way PD4 is structured, it provides an acceptable solution which, as you know, is the permitted and then it has the discretionary or performance-based approach.

Mr MULDER - Yes. These are the areas, by the way, that Justice Blow referred to as 'Prolixin', requiring either high intelligence or an absence of it to interpret.

Mr RISBY - The comments of Justice Blow were specifically about the Kingborough scheme and how aspects of the Kingborough scheme came into effect. The template is a very different creature to the Kingborough scheme.

But going back to your specific question. There is no reason that a performance criteria approach cannot set a limit. You can do that if there is a good reason for so doing. The problem, of course, is that once you do set a limit, you then may well get applications that are quite reasonable on merit and just go a millimetre above the absolute limit.

Mr MULDER - That is that previous issue that I was pursuing, and I am sure that next year we will be in a position to have monitored some data on that.

Mr GREEN - Yes.

Mr MULDER - The other issue which is appeals but it is probably more the commission, but since we skipped over that, we can probably come back to it, is that much of this was driven by developers, very publicly in the media, saying, a stock standard house on a stock standard block should be permitted as a right. It should not go to the 'Elected members to stuff around with or out to appeal.'

You might just answer the question. My experiences with Clarence were exactly the position that is pertained. If you put a stock standard house on a stock standard block, the elected council would never see it, the planning commission would hit it with a stamp. Is that true across the state?

Mr GREEN - It is right.

CHAIR - I have a concern with the particular output area. We are debating matters related to planning schemes, the effect of planning schemes, planning directives. This area is to investigate matters related to the impacts on RMPAT. I am concerned that we are going a lot broader than that.

Mr MULDER - We are probably slipping into 10.2, so we are still in the area.

Mr GREEN - That is exactly right. It is more under the commission.

CHAIR - Yes, that is exactly what I am saying, that we are off the line item. We have had plenty of opportunity when Greg Alomes was here to debate the matters related to PD4 and other PDs.

[6.15 p.m.]

Mr MULDER - I withdraw my question and respect your legalistic interpretation of the proceedings.

CHAIR - It is not a legalistic interpretation, it is just a matter of the output items. That is clearly what it is. The budget papers are precise.

Any further questions in relation to RMPAT? We do not have anything with regard to grants and subsidies because there is no appropriation so we are done on that output group. Thank you.

DIVISION 9

(Department of Premier and Cabinet)

Output group 7

Development of local government

7.1 Local government, security and emergency management -

CHAIR - Minister, if you would like to introduce Mat formally for the purpose of *Hansard*.

Mr GREEN - Mathew Healey is the Director of -

Mr HEALEY - Local Government, Security and Emergency Management.

Mr GREEN - Amalgamated them all into one.

CHAIR - No overview?

Mr GREEN - No. We will just get straight into it.

Mrs ARMITAGE - Minister, this is a group with a considerable budget, almost \$2 million. I find it a bit of confusing when I read on page 10.14 -

This Output co-ordinates the activities of the Division of Local Government, Security and Emergency Management. The Division contributes to the wellbeing of local communities through promoting a sustainable and vibrant local government sector and supporting the strong collaborative relationships between the State government and local government. It does this by developing and maintaining a policy and legislative framework for matters relevant to local government, contributing to the effectiveness of the Premier's Local Government Council -

which, incidentally, meets three times a year -

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providing executive support to the Local Government Board, managing the Partnership Agreements Program, and other forms of engagement between the State Government and local government.

The Division, through the Office of Security and Emergency Management, also provides advice to the State and supports local government on policies and issues associated with mitigating the impacts of natural hazards and security-related threats.

\$2 million: could I have a breakdown on how much goes to the boards, how many staff you have -

Mr GREEN - The Local Government Board?

Mrs ARMITAGE - On all these boards, yes. I mean this whole output, \$2 million is a considerable amount of money to go into local government security and emergency management and I would like to have a breakdown of where the money actually goes.

Mr GREEN - I am more than happy to give you a breakdown on that, member.

Mr HEALEY - There are 15 FTEs across the two areas, so a little over three FTEs within the Office of Security and Emergency Management and a little under 12 FTEs in the Local Government Office.

In terms of funding for these boards, the Local Government Board only gets paid when it sits and only gets paid when it actually attends a meeting so the costs for that board have been very modest this year. I do not have the actual numbers but it is certainly well less than, I suspect, \$50 000 across the entire year. The Premier's Local Government Council does not get paid at all so there is no funding allocation to that council at all. The other committees that are supported across the two areas are also bureaucratic committees, if you like, that do not have separate funding. All of the funding goes towards FTEs and associated activities of the area.

The local government component of the division is responsible for administering the act so it has a number of statutory responsibilities in addition to the policy responsibilities that we have.

Mrs ARMITAGE - It is a considerable amount of money.

Mr HEALEY - It is, yes.

Mrs ARMITAGE - I would really like a breakdown of some areas rather than just saying it goes towards administering - we have the Local Government Association, we have councils -

Mr GREEN - I will run through what we have been working on over the past 12 months. We have been working on the evaluation and local government rating review which is almost complete to ensure that our rating systems are more efficient, simpler, more cost-effective and more easily understood by ratepayers. We are also working on a local government amendment bill that was passed in May 2011, which gave councils greater flexibility in managing their rates. The government implemented further legislation in November 2011 that resolved doubt over flat rating, a big issue that was confronting us. We introduced a requirement for councils to release their rating policies.

We achieved financial and asset management planning reforms that will ensure in the near future every council will have a long-term financial and asset management plan. We secured an agreement on new sustainability objectives and indicators that will promote excellence in council performance and support long-term sustainability in the sector. We have conducted regional forums based on 10 years of data collection from local government in an attempt to improve the maturity of debate over local government reform. We have concluded a review of council recreational vehicle overnight services to councils to apply competitive neutrality principles under the national competition policy.

We established a new local government board; Hadley Sides is the new chair. The task of reviewing councillor numbers has been undertaken by them, and since July 2011 the local government division has held 40 face-to-face meetings with council managers and councils. I am very pleased with the work that they have done to ensure that we do have a good strong collaborative arrangement with local government.

Mrs ARMITAGE - You don't consider \$2 million is excessive for what you have just read out?

Mr GREEN - No, because local government is an important part of our democracy and is something we need to have an interface with. There are ways that collaboration between local government and us can assist the Tasmanian people more broadly and I think that is demonstrated.

Mrs ARMITAGE - I agree with you there. I just think that \$2 million in the current economic climate is a considerable amount of money. What savings have been made in this division?

Mr GREEN - We have across-the-board savings.

Mr HEALEY - The two areas, security and emergency management and local government, have been amalgamated and that has allowed us to reduce the SES oversight of the two areas by one position. There have also been some administrative savings through the process which I think has totalled about \$150 000 across the division, and we are continuing to look at ways that we can better utilise the resources across the two areas. There has been about \$150 000-worth of savings this financial year from this division.

Mrs ARMITAGE - Could I ask you, minister, if you believed that there would be genuine efficiencies and savings to be made by amalgamation of councils, would you enforce amalgamations or would you still leave it up to voluntary amalgamation?

Mr GREEN - We have worked on a whole range of reforms of local government in recent times and we have just had a lengthy discussion about planning reforms with local government. We embarked on a major reform when it came to water and sewerage. We have councils, I think, thinking far more regionally now about their future and the collaboration between councils themselves is maturing at a faster rate as a result of all of that work being done.

We have had the southern councils do a report on how they could potentially achieve savings. Many figures have been bandied around with respect to potential savings but they have never really been quantified properly and some of them have probably been over the top. What we want to try to achieve in local government is recognition that in times when there is a focus on cost of

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living, services that are delivered are high quality and achieved within the best possible efficiencies. I believe that in Tasmania there is recognition given to the important role that local government plays in that. Having said all that, I consider that some parts of our state, set up regionally, ought to embrace change when it comes to the way that local government operates. I think the southern Tasmanian work that was done ought to allow people to have a look at what I would suggest are no-brainers when it comes to how regions ought to be looked after, or areas of the state ought to be looked after by local government.

The eastern shore is a good example, where you have Clarence, Sorell and then Tasman all close to one another and effectively looking after one another in the interface. I know they are working quite closely together, but if you had a mind to and took a Tasmanian decision it would probably be sensible to, if you were contemplating building a big new council chambers at Sorell, for example, why would you do that when you have a whiz-bang set up at Clarence?

Mrs ARMITAGE - With respect, minister, that is not the question I asked you. A 'yes' or 'no' would suffice.

Mr GREEN - And the answer is still the same, no, we won't be forcing amalgamations.

Mrs ARMITAGE - Your government won't enforce amalgamations?

Mr GREEN - We won't be forcing amalgamations, no.

Mrs ARMITAGE - Even if you realised there were genuine efficiencies and savings to be made, you wouldn't go down that track?

Mr GREEN - We are working with councils in many ways to achieve just that. The data we have collected over time and the work that the Auditor-General does to allow councils to understand how they are performing weighed against others and how that then might be looked at in a regional context, I think is providing some opportunity to have a sensible discussion within the community about the efficiencies that might be achieved. No, we are not in the space of forcing councils to amalgamate. Frankly, we haven't got the funds available to us at the moment to incentivise change, which most people suggest is what would really need to happen.

Mrs ARMITAGE - Thank you.

Mr MULDER - On the issue of your savings by amalgamating the two areas of Security and Emergency Management and Local Government, you indicated there had been some executive savings because of the fact that the two offices had been combined to one. Could you just explain how many FTEs each of these two separate areas used to have, particularly in the SES, and how many they have now?

Mr HEALEY - A little while before I arrived there were four SES officers overseeing this and now there are two. We have saved one immediately with the restructure that I did and there was one that was vacant prior to that. Previously we had an SES manager of the Office of Security and Emergency Management, there was a director of the Division of Local Government, there was a statutory director of local government, and there was a director of partnerships.

Mr MULDER - So there were four FTEs dedicated to the executive oversight of these two areas?

Mr HEALEY - There were, and now there are two.

Mr MULDER - You are saying two full-time positions are gone?

Mr HEALEY - Yes.

Mr MULDER - My understanding was that one of those FTEs in Security and Emergency Management was perhaps a shared one with executive -

Mr HEALEY - Sorry?

Mr MULDER - One of those FTEs was shared, wasn't it, across a number of business units?

Mr HEALEY - No.

Mr MULDER - Four individuals has now been cut to two. Did they double your salary, Mat?

Mr HEALEY - I wish.

Mr MULDER - That wouldn't be savings of course.

Mr HEALEY - What I will say is that the previous SES position in the Office of Security and Emergency Management has now been replaced by a band 8 position that has been co-funded by both the Department of Police and Emergency Management and the Department of Premier and Cabinet. There has been some non-SES supplementation of resources in that area because of that position taken out and that is why we talk about one SES FTE being saved because there is a partial recompense for the other position.

Mr MULDER - The WRIP. I have another one. Last year, we talked about two of the major projects you had going. One was the Spring Bay merger thing, which was at that stage Mr Brown then set aside so I guess it would be fair to say it was put on hold pending the outcomes of the next bit of work, which was the sustainability indicators, at that point in time in the draft stage and there was some expectation that release was imminent. How are we going with that?

[6.30 p.m.]

Mr HEALEY - The sustainability indicators have been approved and most of the important - I won't say important - but a large proportion of the sustainability indicators are those that the Auditor-General has been reporting on for a number of years. We have collected the data and compiled a report on the broader set of sustainability indicators. I have a draft and I am just making sure that we use the data we hold to add more value to what the Auditor-General has already put out so that when we put out our report it progresses the issue a little further. The indicators have been approved and we are using them in our discussions with councils. We expect the first report to be out very soon.

Mr MULDER - Were those indicators used as the basis for the Southern Tasmanian Council Authority's proposals regarding mergers and amalgamations?

Mr HEALEY - I understand that the Southern Tasmanian Council Authority was aware of the indicators that the Auditor-General was reporting on. They were the relevant indicators in terms of financial and asset management sustainability that would have been quite relevant to that report. I am not part of the association so I do not know exactly whether they used those indicators or how they used those indicators.

Mr VALENTINE - I cannot give you a definitive answer because I cannot remember.

Laughter.

Mr VALENTINE - Obviously emergency management is very important if an emergency happens, so are the same mechanisms still in place and engaging councils as much in that emergency management scene? Do you still have the committees going?

Mr HEALEY - We do.

Mr VALENTINE - Is it well-oiled up?

Mr HEALEY - All those committees and arrangements are still in place. I am starting to use some of our mechanisms we use for working with local government generally to promote a lot of the work we are doing in emergency management as well. I think the relationship there has improved, if anything. We are doing a lot of work on how we manage natural hazards through land use planning, in which local government has a big role. The two parts of the division are working closely together on that. We have almost concluded the distribution of the funds to local government from the floods in 2011. There was over \$17 million distributed under that program and that has helped us to advertise or work with councils on the arrangements and make sure they are aware the arrangements exist. We are going to look at some of the learnings out of that to make sure we can improve the arrangements.

Mr VALENTINE - Do you still hold buckets of money?

Mr HEALEY - Unfortunately we pick up the bucket and move it on; we do not get to hold it very often.

Mr VALENTINE - It is unfortunate it goes into consolidated revenue. With regard to partnership agreements, are they still flavoursome or are they becoming stale?

Mr GREEN - We have embarked on a different mechanism. They have been great and built an enormous amount of knowledge and goodwill between local government and the state government, and we have learned a lot from them. Now we are moving to a more statewide approach, but we will always entertain potential agreements on specific requests and we are more than happy to discuss that with councils.

Mr VALENTINE - I know when I was in the area it was a case of local government wanting to have a lesser number of items to deal with and to get some outcomes for local government more so than state governments. I was interested to know whether there were many still on the go or whether they are waning?

Mr HEALEY - There have been 11 partnership agreements in implementation in 2011-12. They are reducing because we are not signing new bilateral partnership agreements, so the

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number will fall off. We are very keen over the next few months to be identifying those regional or statewide issues we could progress through partnerships. I know there has been a fairly successful one recently on road infrastructure and that is delivering some very good results for the state and local government. I hope we can find some other examples of where we can really improve the way we do business through some of those more targeted agreements.

Mr HALL - Minister, just in regard to local government elections. What is the latest on compulsory voting? Has it been mooted all around the place for some time?

Mr GREEN - Yes it has. It has been put up on two or three occasions and been knocked back on each occasion. We are interested in progressing that as an agenda for local government in line possibly with the term of local government. We will probably develop a package that allows local government to see the advantage of fixed terms and compulsory voting perhaps in line with the fixed terms as well.

For example, the Lord Mayor of the City of Hobart has written to the Premier requesting compulsory voting to be introduced either for the Hobart City Council local government area or statewide on an optional basis. The Premier has asked the Division of Local Government, Security and Emergency Management within the Department of Premier and Cabinet to investigate the possibility of a liaison with councils and the Local Government Association of Tasmania and the Tasmanian Electoral Commission. Any progress on the issue will be informed by the work currently being undertaken by the House of Assembly Standing Committee on Community Development.

As I have said, personally, as the Minister for Local Government, I am interested in progressing and looking at options with regard to that.

Mr VALENTINE - Does that mean we are going to get it then soon?

Ms FORREST - Going to get it?

Mr GREEN - We are working closely and I would hope we would.

The Committee adjourned at 6.37 p.m.