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Friday 12 June 2015 - Estimates Committee A (Groom)

LEGISLATIVE COUNCIL

ESTIMATES COMMITTEE A

Friday 12 June 2015

MEMBERS

Mr Armstrong
Mr Farrell
Ms Forrest
Mr Gaffney
Mr Hall (Chair)
Mrs Hiscutt
Mr Mulder

IN ATTENDANCE

Hon. Matthew Groom MP, Minister for State Growth, Minister for Energy, Minister for Environment, Parks and Heritage

Ministerial Staff

Tim Baker, Chief of Staff
Sean Terry, Deputy Chief of Staff
Danielle Harris, Senior Adviser

Department of State Growth

Kim Evans, Secretary
John Perry, Coordinator General
Bob Rutherford, Deputy Secretary, Industry and Business Growth
Gary Swain, Deputy Secretary, Growth Policy and Reform
Amanda Russell, General Manager, Corporate Services
Chrissie Berryman, General Manager, Skills Tasmania
Alex Tay, Department of State Growth

Department of Primary Industries, Parks, Water and Environment

John Whittington, Secretary
Alistair Scott, Acting Deputy Secretary
Adrian Pearce, Manager Finance
Peter Mooney, Deputy Secretary, Parks and Wildlife
Wes Ford, Director, EPA
Peter Smith, Director, Heritage Tasmania

Climate Change

Wendy Spencer, Director, Tasmanian Climate Change Office

The Committee met at 9 a.m.

DIVISION 9

(Minister for State Growth)

CHAIR (Mr Hall) - Good morning, minister.

Mr GROOM - Good morning, Chair.

CHAIR – Please introduce the people at the table, thank you.

Mr GROOM - I introduce the Co-ordinator-General, John Perry, who I am delighted to have here, and also Kim Evans, the Secretary of the Department.

CHAIR - We are starting with State Growth. We would like to have a day of succinct questions and answers.

Minister, in regard to State Growth, would you like to give an overview.

Mr GROOM - Thank you, Chair, I appreciate the opportunity to talk about State Growth. As I indicated yesterday, the last year has been a very big year for Tasmania, a very big year for the Government in terms of pursuing our agenda and in that context, a very big year for the Department of State Growth.

It has been a positive year. What we have seen emerge in Tasmania is a renewed sense of confidence and some momentum in our economy. I do not mean to suggest for a moment that we do not have ongoing challenges because we certainly do, there is no doubt about that. I also recognise that some of that momentum and confidence has been located more in some parts of the state than in others. That is one of the challenges for us as a state, to make sure that we are focused on supporting all parts of Tasmania including, importantly, regional parts of Tasmania to find opportunities for growth, investment and job creation. That has very much been a focus of the Government in this Budget, with a lot of initiatives designed to help stimulate further economic activity around the state, including regional parts.

The basic indicators are positive, notwithstanding a slight shift in the unemployment rate announced yesterday. The broad story in terms of employment has been positive for the state, but we still have a long way to go. Some of the indicators would show an improved sense of business

confidence is important. Confidence is a very important ingredient for attracting investment and creating jobs.

Some of the national surveys indicate that Tasmania is at the high end of business confidence nationally, which stands in stark contrast to where we were only a couple of years ago. I think we need to recognise that as a very positive thing and a precious thing.

Through the course of the year we have seen on display some great opportunities in potential growth sectors. I think some of them are well known - dairy, aquaculture, agriculture, agrifood - obviously tourism, which has gone to another level for Tasmania as a growth sector. Also international education is emerging as a very important area for the state.

There are some pockets of the economy, some sectors, that have acknowledged significant challenges but I still think they have good prospects for the future. When I think of advanced manufacturing and some of the challenges we have confronted with the CAT decision on the north-west coast, we have to acknowledge that it is a transitioning environment and as a consequence there will be changes. I was pleased with the response to the advanced manufacturing summit in Burnie, to see the sense of determination, constructive input and still a sense of optimism about the future. It says a lot about the people in that room and it says a lot about the people on the north-west coast. It says a lot about the sector - advanced manufacturing - but it is the truth. We can find growth opportunities in areas like advanced manufacturing. We have seen challenges in more traditional industries, like mining and forestry, but some of the announcements made yesterday are a sign that there is still a positive future, albeit with ongoing challenges.

I want to recognise the challenges that have been dealt with in the department. We identified the significant savings target last year for the department and there is no doubt that has had a significant impact on people. This sort of change is not easy. I acknowledge the leadership shown by Kim Evans in managing that process, the senior leadership team within the department and all the people within the department. I continue to be amazed, notwithstanding these difficult circumstances, at the absolute commitment to delivering positive outcomes for Tasmania. There is some stellar examples of that through the course of the last year. The extent to which the department delivered on the TasInvest event, associated with the visit of the Chinese President last year, was quite extraordinary. Anyone who was exposed to the inside of that event would have to respect the quality and professionalism that was on display throughout the department. I thank the efforts of everyone but in particular, Mark Bowles, [inaudible] and Alan Campbell, for their roles, but there were lots of people involved.

I also thank the Co-ordinator-General and the Office of the Co-Ordinator General for their efforts. John has been in his position for four-and-a-half months. It is not a long time but in that time he has been involved in a trade mission to China, together with the Premier, pursuing investment opportunities for the state. He has done a joint fact-finding mission with the University of Tasmania through the United States, which is an important opportunity for Tasmania and is part of the state's future plans - developing a partnership with the university as a strategic institution for Tasmania for growth in a way which we have not done before. It is a very important initiative.

He has been involved in a series of TasInvest roundtables around the country, again representing Tasmania and pursuing investment opportunities. He has been involved facilitating opportunities that emerged out of the TasInvest forum last year, which I have already referred to. He has been involved in the Advanced Manufacturing Summit. He has been actively involved in

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pursuing a number of specific opportunities on behalf of the state, some of which are in the public domain and some of which are not, but are quite significant. If some of those come to fruition, they will be a very positive contribution to the future growth prospects of the state, including in the short to medium term. Of course, he has played a senior role in the OI process. Yesterday we saw the announcement that three of the 25 projects have completed the OI process on recommendation of the assessment panel and are now in lease and licence negotiations. They will be a great new tourism experience, if they can happen. They have still to comply with all of the statutory requirements, but I think that is a positive development.

John had an important role in that. On top of that, he had to establish an office. I feel very confident that this office will be a significant contributor to investment and job creation in Tasmania. I thank John, and Peter Sugden and all those who have contributed to the Office of the Coordinator-General.

I will briefly mention some of the ongoing work we have been doing in particular for small business. We have pursued the Winning Government Business program, the new Market Expansion program, the Think Local First campaign and the Small Business Jobs Bonus, and a number of other initiatives throughout the course of the year. We have been further developing sector-based strategies, including, as I mentioned, the advanced manufacturing strategy, also one specifically in the context of Antarctic opportunities, as well as working in terms of strategic plans with industries such as agriculture - including dairy- and hospitality, and a number of other areas. Wine is another one that I would mention.

We have seen a renewed effort in terms of international engagement. We have obviously all been conscious of the impact of the Chinese President's visit last year, and TasInvest. That is ongoing. We have just had a further visit by the Premier. The Coordinator-General will be doing another one in September, which will be another very important step in furthering our relations, our trade and people-to-people relations with China. I can say, based on all the feedback that I have received on the Chinese side, Tasmania's relationship with China has gone to another level. There is a recognition in the national context that Tasmania has engagement currently with China which is the benchmark nationally. That is feedback that we are getting around the country. I think we should be (a) proud of it, and, (b) recognise the very special opportunities that presents. We have to convert that obviously into tangible outcomes but I think they are very important opportunities. We are obviously looking more broadly in the region, and so we will be doing on the India engagement strategy as well as pursuing opportunities elsewhere.

We have been doing work on some challenges, like the population challenge. That is important. I have mentioned also the special engagement we have with the University of Tasmania. We want to take that partnership to another level to pursue growth opportunities for the state.

This Budget is really about building on the momentum and the confidence that have emerged and it is about supporting that and ensuring that we see it delivered right around the state. That is what the \$315 million jobs creation package is about. There is \$60 million for the Northern Cities Major Development Initiative, \$8 million for the business and jobs attraction package, \$5 million additional funding for the regional revival fund, \$3.2 million additional funding for the Office of the Coordinator General to ensure the opportunities that we have already discussed.

We have a long way to go, but I genuinely believe that Tasmania is well placed after further growth. We are going to do all we can together with the department, the Office of the

Coordinator-General and the entire Government to support growth and opportunity for all Tasmanians.

CHAIR - Thanks, minister. I will start with a couple of overview questions. One is a little negative, I notice, and that is export sales. There has been a drop-off. In the last 12 months, our monthly average has gone from about \$235 million the year before to \$205 million. I would have thought that is a bit disappointing, given the fact that we had a lower strength in the Australian dollar, which should have made us more competitive. Do you have any reasons or breakdowns why that might have occurred? Are there any particular commodities that have suffered?

Mr GROOM - The base point I would make in relation to it, Chair, is that it has to be seen in its context and in its international context, in particular. All jurisdictions around the country decreased in exports through the course of the last 12 months. It is true that exports for 12 months to April 2015 totalled \$2.47 billion, which represents a decrease of 12.4 per cent over the course of the year. That was in the context of declining exports nationally. In the 2013-14 year, service exports remained steady, travel services continued to be the best performing service, amounting to \$368 million, or 88 per cent of the total services exported.

The state has very capable enterprises that remain committed to exporting continuing to perform well. Obviously the fall of the Australian dollar against the US dollar and diminishing tariffs as a result of the free trade agreement with Japan and Korea is already benefiting the state. We are literally about to go into a new zone when it comes to export potential, and that is the signing of the free trade agreement with China. This represents extraordinary opportunities for Tasmania, and not just in obvious ways. It is understood in the agriculture sector and agrifood products more broadly; the opportunities there are well recognised. I think the potential for export of services to China is a new opportunity, including for Tasmania, and one which we need to be very conscious of. We will have a window of opportunity as a consequence of the signing of the free trade agreement with China that is the envy of the world. That is, to be able to deliver services into the Chinese market without the traditional 51:49 JV model, which has been the way it has been done to date, presents a new opportunity for Australian businesses, including Tasmanian businesses. I think that is a very positive development.

Ms FORREST - What services are we talking about delivering into China?

Mr GROOM - Broad services, but the one that is referenced most is in training. This is where the University of Tasmania and TasTAFE, as well as the broader training sector in Tasmania, have an opportunity in China. That is why the University of Tasmania and TasTAFE have been engaged in discussions with China and will continue those discussions.

We have seen significant opportunities emerge in tourism, and that is one of the great growth sectors. I have already mentioned the China opportunity more broadly. I think there are a number of very positive opportunities for the state.

CHAIR - Minister, we all recognise those opportunities with China, and that is terrific. As another dimension, as well as China - and you talked about India and the South East Asian market - it was interesting when we did some committee work recently on growing Tasmania's economy and what might happen in the two major drivers, agriculture and tourism. There was some evidence from Michael Bailey from TCCI who said, and it was a very good point, that we should not neglect our domestic market. We have the two burgeoning cities of Sydney and Melbourne which, in a few years' time, are predicted to have half of Australia's population. He

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was pointing out, what does that mean in terms of energy, food and skilled labour that is going to be needed?

They are closer to home, but probably not as volatile as sometimes doing business on an export basis even though we have to do that. He was saying that one thing the state could do is put a taskforce together with those two state governments to see what we could do and mutually achieve. What is your response to that?

Mr GROOM - I thought it was an excellent point and one which we are very much focused on. I will briefly re-emphasise the point though, that what we have seen over the course of the last 12 months is Tasmania engage with the region in a way that it never has before. That is important. In 10 years' time we will look back on this moment in Tasmania's history and see a real shift in the extent to which Tasmania is focused in the wider region.

China, we have spoken about. India, we have spoken about. I hope we will have the opportunity to speak a little bit more about that. That is important because it affords Tasmania the opportunity to mitigate its exposure to the national economic circumstance. Historically, we are completely tied to the national economic circumstance. In other words, when the economy goes into decline nationally, then Tasmania is totally exposed. To the extent that we can expose ourselves to the wider region, that can help mitigate. There is no doubt at all that the core of our economic prosperity is in the national context.

The point made in relation to the population growth anticipated along the eastern seaboard of Australia - Brisbane, Sydney and Melbourne - presents very obvious opportunities for us and that is why we have been very heavily focused on promoting Tasmania in those markets. That is why we were recently doing Trade-Invest events in Sydney and Melbourne. That is why we are looking at developing a prospectus for Tasmanian opportunity for the national context.

It also presents opportunities in relation to our population challenges. We have spoken about wanting to better market to our expat networks, to talk about some of the opportunities from an economic prospective here in Tasmania. It is a great place to invest, it is a great place to live and bring up a family, and we want to promote those opportunities to the expat community. That is aided, speaking bluntly, in circumstances where there is population pressure in the major cities. There are very real opportunities for us, leveraging off the growth prospects of the major cities on the eastern seaboard.

CHAIR - You talk about that 650 000 by 2050, so that is 140 000 in 35 years. Is that really achievable? It is another 4 000 people per annum. It is a much bigger shift than we have ever had demographically.

Mr GROOM - Yes, if I can speak about this briefly. We do have a population problem. This is not talking about growing the population, it is actually addressing a problem. On current projections, there are two sets of data we focused on, the ABS data and also some work that has been done out of Treasury. On both sets of data, by the middle of the century, Tasmania's population goes into decline. If you speak to the experts, they will have a range of views on exactly when that might happen or exactly what that profile is. What they all seem to agree on is that if our population goes into genuine decline, then that potentially creates what they refer to as the death spiral circumstance. That is where the capacity of a population to be able to support essential services becomes so compromised that it causes people to leave and so therefore you go into permanent decline. We must recognise this as a problem. About the 650 000 figure, I have

said this publicly before, there is not great magic to that figure. That figure is designed to emphasise the Government's commitment to pursue growth when it comes to population. It was identified as something which seemed to be an achievable figure, based on those projections.

There are many things we have to do if we are to tackle it. First, we have to have a conversation, which is why we have had the discussion paper out, to see if we can encourage people to talk about these things. It raises lots of issues obviously, from many perspectives. There are many people who will have different views about the extent to which we can influence these things. I honestly believe that we must take this challenge on, and the key to that, is to do all we can support investment and growth in our economy. We have to market ourselves better, we have to engage better with the expat communities, we have to support migrant communities better, we have to work more strategically with institutions like the University of Tasmania that can be a great mechanism for bringing people into the state. There are many aspects to the population challenge. I just make the point that the potential pressures that are going to emerge in the major cities along the eastern seaboard present an opportunity for Tasmania.

Ms FORREST - Minister, when you first started off answering the question the Chair posed about exports, you said that every Australian jurisdiction had experienced decline. That is in complete contradiction to the chart 2.2 of budget paper 1, which shows the Australian real international exports.

Mr GROOM - What page are you on?

Ms FORREST - Page 31, budget paper 1. The Australian dotted line there shows continuing growth from June 2011 - and Tasmania looked particularly sad, falling away dramatically and no sign of recovery.

Mr GROOM - Yes. This is obviously describing the balance of payments position. The data that I have in front of me says that all jurisdictions through the course of the 12 months leading to April 2015 did in fact record a decrease in exports. All states.

Ms FORREST - The Northern Territory sent some more cattle away.

Mr GROOM - Yes.

Ms FORREST - It was in contrast to the data in the budget papers, which is interesting to say the least.

Mr GROOM - Yes, I can secure further information on it if you like, but this is the data that I have in front of me. I think it is a fair point you are making. We will get some further information and come back to you in relation to it.

Ms FORREST - The member for Derwent pointed out if you hold it up to the light it looks better.

Mr GROOM - Yes. Anyway, I think the basic point here is that we recognise that it has been a difficult year when it comes to exports, but I think there are reasons for us to be more optimistic about the future and they are very much the things we have discussed, the opportunities with the free trade agreement in particular.

CHAIR - Did you ask for a breakdown in which commodities -

Ms FORREST - No, I am getting to that, I am just getting onto that. We know that mining has declined. There is more hope, it depends on what happens with Avebury and even Forward mine that had a mining lease granted very recently. In terms of dairy and other agricultural exports, there is opportunity here. I accept this is international export and, as forwarded from the Chair, what he was saying about Mr Bailey's comment. I agree with him on that because, unfortunately, the visit of the Chinese President has had this almost converse effect of focussing everyone's attention on China, when Tasmania is operating in predominantly niche markets.

We are not broad acre producers in Tasmania. We are never going to be, to the extent that you look at farms on the mainland, and I have been to some of those places. A paddock is as big as our biggest farms. This almost blinkered view to China is potentially making people not look to the mainland for some of these opportunities. You say you are aware of it, but what are we doing about that? We will get to the Coordinator General's outlook group in a minute, but you acknowledge that there does not seem to be a focus. It is more international.

Mr GROOM - I disagree with the point. I know there has been a lot of talk about China, and I think China is a very important opportunity.

Ms FORREST - I am not saying it is not.

Mr GROOM - We are in agreement on the point. I know it has its challenges but if you think of China as large scale, and as you correctly point out, Tasmania will always struggle in that context - a lot of our opportunities are more niche - but there are ways we can address that and so that aggregation concept is one of the things that has been explored. I make that point in the context of China.

Also, when we focus on China we are focusing on specific strategic opportunities, not as a mass. But we are focussed more broadly in an international context, and I still think that is important. We are doing a lot of work in the national context. I have not engaged with China directly yet, I have not been there, but I have done several investment promotions in the national context. We are very actively engaged in promoting opportunities for Tasmania. We are very actively engaged in identifying potential investment interests and trying to match that with businesses in Tasmania. In terms of the grunt work that is happening from within the department and also through the office of the Coordinator General, it is a clear focus. I know it does not occupy as much of the media attention, but it has been very much a focus.

Ms FORREST - With China there is a lot of talk - you might shake hands, but until the money changes hands you do not have a deal with China. You can have a contract almost, you might even sign something, but until the money changes hands - it takes a lot longer than people realise, whereas in Australia on a handshake you almost have a signed, sealed, delivered deal.

With our exports, do you have the figures about which sectors are the ones over the last 12 months, what the figures are in each sector domestically, as well as internationally?

Mr GROOM - Yes, we will get a breakdown of it. I take your point. I can also go to the point you made about the contrast between the length of time in developing contractual relations. It is true and it needs to be noted and we have acknowledge it. When you engage with a market like China, and you would appreciate so much about relationships. I do not think we can afford to

ignore it. I know you are not suggesting that but I make the point, I do not think we can afford to ignore it, and it presents a very important opportunity. It will be the largest and one of the fastest growing economies for the next chunk.

Ms FORREST - Tasmania, in our niche high value product -

Mr GROOM - We are suited.

Ms FORREST - We are suited but we have to be targeted because I do not know how many billion people there are in China now but it is a hell of a lot, and there is an emerging middle class in China, but they are not everywhere. They are not right across the country.

Mr GROOM - I agree and that has been very much our focus, identifying targeted sectors and locations to focus on in the promotion. The point you are making about ensuring we are focused on the domestic opportunities, that was also made by Michael Bailey, is a very important one and we are.

Ms FORREST - It is also about encouraging people to do that. Encouraging producers in Tasmania who are thinking, 'Where is my growth?' Rather than saying look to China, look to India, look at both. Are you playing a role in that area? I am out there talking to people in these areas. I come from the areas where a lot of our food and produce is produced. Everything you have mentioned is in my patch, agriculture, mining, dairy, the whole shooting match. Forestry, what is left there. They are out there, but they tend to be focussed on China rather than can we grow into the domestic market first.

Mr GROOM - The conversations we are having are much broader than that. It is natural that there has been a heavy focus on the China thing because it has shifted. That is a great thing as I indicated before. It is great that you have people in your patch who are talking about China. A little while ago they would not have been and that is important. I totally agree when you say it needs to be a broader perspective. That is why in the international context, we are looking more broadly. It is also why, in the national context, a lot of the efforts that have been done on the ground, have been in the domestic sphere.

Mr GAFFNEY - I was at the breakfast where they had the China launch in Sandy Bay, when the Premier launched it. It was about the shop front they were going to open up. Has there been any feedback? Has there been any businesses had any contracts out of that launch? Was it Beijing or Shanghai?

Mr GROOM - Shanghai. That is quite recent. Going to the member for Murchison's point, you anticipate the leverage off that particular opportunity takes a little more time. There has been increased activity already. We have seen that in seafood. There has been a limited amount in cherries and there is some significant discussion going on in the dairy context. There has been progress made but as the member for Murchison has pointed out and as we continue to say, when it comes to these engagements, they are long term players, there is no doubt about that.

Mr GAFFNEY - It would be interesting to know if there is some feedback about outcomes that have arisen from that.

Mr GROOM - We can follow that up. I would not anticipate that we would have had specific outcomes off the back of the Shanghai expo but there have been some deals that have

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been signed and some exports facilitated in China. I know in seafood we have had one. There has been one with cherries. We can get some further specific information.

Mr GAFFNEY - Where does your department sit with the Shanghai? Do you supply support? Does that come under your banner?

Mr GROOM - That was being driven by the China Business Association, so whether we provided any specific support for that I would have to confirm.

Mr GAFFNEY - It would be interesting to know if the Department of State Growth had some role with that international -

Mr GROOM - That was an initiative that did not emerge out of the department. It was one that was driven by the China Business Association. We are doing lots of things and we have a representative in Shanghai who is very much focussed on promoting Tasmanian produce.

We have had the recent visit by the Premier where there were a number of promotional events in Shanghai and we will be doing it again in September. We are going to be launching Savour Tasmania.

Mr GAFFNEY - When you say you have a representative there, is that from your department or from Tasmania?

Mr GROOM - Working with the office of the Co-ordinator General.

Ms FORREST - Is that to Shanghai?

Mr GROOM - That representative is based in Shanghai. It has a broader ambit than Shanghai. It sits within the Austrade Office and reports to the Office of the Coordinator-General.

Mr GAFFNEY - It would be interesting to find out how long the person is there if you do not have some outcomes -

Mr GROOM - The person is permanently there.

Mr GAFFNEY - Yes, but you cannot just put someone there. I expect you to be able to say, 'Yes, this contract has been signed, and this and this and this. This is why they should stay there', or we should be investing more money in it. I hear what you say, that it takes a while, but how long does it take for you to get some information back to say, 'This is the product out of this position'.

Mr GROOM - Many of these arrangements are business to business, so government does not have its fingers over everything. Much of it is about facilitating business-to-business opportunity. We can get you some further information on some of the opportunities that have emerged, but I have described them in the broadest terms. It is an ongoing task. As we have indicated, this is a long-term play and it is very important that we have a representative based in China; it is very important that we have ongoing engagement with China. I take the point that was made by the member for Murchison that we have to be focused more broadly, including on the domestic front.

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Ms FORREST - Do we have a position description for this person in Shanghai? It would be helpful to know what the expectations of their role are, otherwise how can you measure anything?

Mr GROOM - We can get you a description of that.

Ms FORREST - What is the name of the role or the person, so we know what we are asking for?

Mr EVANS - It is a lady called Vivian Zhao. Having a dedicated officer imbedded within Austrade whose focus is solely on assisting Tasmanian business gives Tasmanian businesses a first point entry into China. She is actively involved in working with businesses. She does not do deals herself but she facilitates opportunities for businesses.

CHAIR - By way of interjection, I had the opportunity on a private trip last year to meet Vivian. She had some very good support around her.

Mr GROOM - She is outstanding. We will get a specific description but it is basically a point of contact for business. Vivian also is involved in facilitating visa arrangements and that sort of thing.

Ms FORREST - Does she also deal with distributors and that sort of thing? That is often a huge thing for producers. It is alright for them to get the product into the country but then you have to distribute it, and China has all these different rules. You cannot just drop a product in there and think people will buy it.

Mr GROOM - That is one of the things that is particularly helpful with this arrangement. Vivian is located within Austrade and she has the benefit through that to engage with distribution channels and be familiar with the different platforms that operate. I think it is a shared arrangement and we have access to her directly reporting back to the office of the Coordinator-General.

Ms FORREST - Does she also help potential suppliers to understand the laws? There is also their online sales, which is interesting as well.

Mr GROOM - It is a huge thing.

Ms FORREST - It is not as simple as we might think.

Mr GROOM - Understanding the different platforms. As you have pointed out, the online distribution channels in China are huge. Understanding the rules, it is very murky and complex and presents -

Ms FORREST - You do not want to end up in prison in China, do you?

Mr GROOM - You certainly do not. Dealing with time delay and unanticipated costs, for example, can be a very complex environment, and particularly for small businesses. This is part of the function that Vivian plays, but it is also part of the function we are seeking to facilitate through the office of the Coordinator-General.

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I should also mention that we have a particular program that is designed to support smaller businesses expand into these new markets, the New Market Expansion Program. It is only a small component but it helps ensure they have some offset in costs if they want to do a bit of a fact-finding visit or participate in one of the trade missions.

Ms FORREST - Are you talking about on the mainland of Australia?

Mr GROOM - No, international.

Ms FORREST - How do they access that?

Mr GROOM - Through the Department of State Growth - make application to Mark Bowles.

Mr EVANS - Through Mark Bowles' group. We have a new trade and international relations group which complements the office of the Coordinator General, and that is chaired by Mark Bowles who, as the minister said, had the lead role in the TasInvest forum. That program would be run out of Mark Bowles' area.

Mr FARRELL - On the same topic; this is probably the right place to raise it, I think. The Chairman will guide me if it is not. In relation to exports to China, what has been done to protect the brand? We have seen in the past the lavender bears being copied; we have seen the red cherries being faked. Is there a strategy in place within the department to work towards stopping that?

Mr GROOM - This is a very good question. Anyone who has operated in the Chinese market will understand the risks in this regard first and foremost, and it is not the silver bullet but understanding the rules relating to intellectual property, making sure you do all you can to formally protect it. As anyone who has operated in that market would know, that is by far not the silver bullet, and so we have been exploring potential ways to better protect the Tasmanian brand.

One of the things we have been looking at is whether there is the opportunity to look at some sort of microchipping of Tasmanian products. That is a very early evolution concept but we have had some preliminary discussions with the CSIRO, for example, in looking at microchipping and whether there are opportunities for facilitating a microchipped Tasmanian brand of product in order to protect the integrity. It is a big issue; there is no question about it.

Mr FARRELL - Particularly too, I think, growing industries in Tasmania, like the whisky industry for example. It presents a whole lot of new challenges because that is a fairly easy product to copy. It is not until someone tastes it and thinks that this tastes like rubbish.

Mr EVANS - It is a universal problem. There are lots of examples of French wines being knocked off in China as well, and the same could be true for a whole range of products. It is something we need to work on pretty carefully.

Mr FARRELL - Particularly, on a scale that we are doing it, and I know we are focusing very much on quality product, not on quantity.

Mr GROOM - That is right. The nature of our opportunity in that market is very much the niche premium product and so this issue of brand integrity is particularly important. It is

something we are focused on and, as I say, we have had discussions with CSIRO for about the concept of CSIRO, as they have done more work in microchipping. We are interested to explore whether there is an opportunity to utilise that technology in order to help solve this issue, or at least reduce the risk of it.

Mr GAFFNEY - I was really pleased that you recognised the north-west coast has some issues but it should also be said on the north-west coast that we take heart when we see things like the lavender farm or Sapphire and MONA doing well throughout the State too. You did mention the international market and the importance of the university, and looking at something that will get people to the north-west coast, or get some increased tourism because we do not have that one major icon.

One of the things the north-west has, that we are very good at, is we have a lot of good families willing to host students. I am not looking at university students here. I am looking at year 10, 11 and 12. AFS and Rotary and other exchange programs are very intensive. One person leaves the role and you find it falls off. I think there is a real opportunity on the north-west coast to actually look at offering 10 to 12 week programs for Asian or Chinese students to come across in year 10, 11 and 12 and be hosted. You will find a lot of people do that because when they go back it gives them a taste of what life at university could be like in Tasmania. It gets them to go back and their families come to visit. They don't just come to MONA and Port Arthur. They go to the north-west coast where that student had an experience with their family. The thing that stops that is having somebody connected from the Government with the university on the north-west coast that does the paperwork and provides the information and it gets the kids into those schools and families. There is a real opportunity there.

I was talking to a couple of people from the Burnie university campus recently about it. They could see that it had potential. It just needed someone to coordinate. For an office of \$250 000 to run out of the university, it could create an interest on the north-west coast. When I saw you were looking at ideas and growth, internationally and just not now, for the north-west coast, you would find that would be a real positive. I know we could get 20 to 30 families if there was somebody there to initiate it.

Mr GROOM - It is an excellent idea and I would be very happy to work with you on it. I have had some discussions both with the university and also with the Chinese in relation to this. I was having a discussion with Mr Song, the Chinese Consul-General based in Melbourne, in relation to this issue. He was making the point that in the other states and in particular in Victoria and New South Wales, they have been very targeted in, as you have just mentioned, attracting students, not at the university stage but at that years 9, 10, 11 because they see that as a way of developing the connection. The prospect of them wanting to come to university increases. The prospect of them developing other people-to-people connection which can then have investment and trade opportunity increases.

A lot of the efforts that have been made in these states have very much focused on that secondary school level. We have had some discussions with some of the schools in Tasmania in relation to it and also with the university. They have established networks that have looked at these opportunities. It is great idea. Any way we can encourage greater engagement with the wider region, have people come and experience Tasmania and also the other way, to encourage Tasmanians to go and have those experiences, helps develop a connection and engagement with the region which is very positive, both from an economic perspective but also from a cultural perspective.

Mr GAFFNEY – Particularly the years 10, 11, 12, the 16, 17, 18 year olds, the north-west coast is perfectly suited with the number of schools. They have their smaller high schools, nice colleges and good people. They already have that. If you have a look at AFS and Rotary, two successful organisations, a lot of their exchange students are on the north-west coast because it part of the culture there. Latrobe High School four years ago had 12 Thai students stay for seven or eight weeks. It was a fantastic program and received a lot of coverage. When the person moves out of the market or is not there to run it, the program falls over. It needs a sustainable program embedded year after year to grow it.

Mr GROOM - I am very happy to work with you on it. You do not have to persuade me on the quality of the people on the coast.

CHAIR - To go back to the Chinese issue and our international connections that we might make, it has been put to me by Fruit Growers Tasmania and others that whilst it is all very well to send trade delegations across there to do those things, they feel, on a lot of occasions, it is more important that the business with whom they may do business within China come here and see what constraints we have, what our regulations are, and those things. That is very important. If they come here and they are on the ground and they understand what is happening here because that could cause issues later on if it is not understood totally. It is a reciprocal thing.

Mr GROOM - I agree with that, yes. We can seem a complex environment if someone is not familiar with it. It is a two way.

CHAIR - The other thing, and I would say with a little bit of disagreement in some ways, yes, 'niche' is a buzz word but niche markets can easily be replaced. You can be knocked over in a niche market very quickly by somebody who has a much lower labour costs, transports costs, all that sort of stuff. Been there, done that. You still have to have a balance, particularly if you are in the dairy industry. Milk powders are a bulk commodity, but if they can be sold on the international market at a fair price you have to keep a good mix.

Mr GROOM - Chair, you make a very good point. I guess it is the point I have been trying to make in all our opportunities - you need a balance, don't you?

CHAIR - Domestic, international and a balance of bulk and niche. The whole lot. We are on the same page.

Ms FORREST - Minister, earlier in your contribution you talked about savings that have been made across your department and how that has been changing. Mr Evans has done a good job leading that. Can you tell us where those savings have been made, what staff cuts you have had, and what the actual cost of the separations have been?

Mr GROOM - Yes, we can get you that information.

As I indicated before, to date we have seen some significant FTE reductions within the department. I welcome Mandy Russell to the table. Based on the most recent update we have had a reduction of FTEs of 117 across the department. Mandy will correct me if I am wrong on this, 49.3 redundancies FTE equivalents; 11 RIPs; and 29 fixed term contracts have come to an end. They have been right across the department.

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As I have indicated before, from our perspective we believe that it was very important to find efficiencies in the operating costs within this department and, in fact, right across Government in order to put it on a more sustainable footing. In the end, in the context of State Growth, we compacted what we were otherwise anticipating would be done over the course of a number of years into one year. It has had a big impact. I cannot deny that, including from a people perspective. We have had to restructure the department. Some of that has been incredibly positive in the sense that it is more integrated and focused. There has been less of a focus on certain activities.

When I came in, not wanting to be too critical about how things were done in the past, there was a lot of focus on reporting against the economic development plan, for example. There seemed to be a very heavy focus on that, and from my perspective not as much focus on the outside world. We have tried to do less of that internal reporting and more focus on understanding the needs of the business community as well as, of course, other services that are undertaken through the Department of State Growth. That has been an example of how we have re-focused the department.

Ms FORREST - The costs of separation?

Ms RUSSELL - The costs of separations are outlined in the government general employment report update, Ms Forrest. That was published in December of last year. The average cost of the targeted negotiated voluntary redundancy was \$56 600 and the average cost of a workforce renewal and obviously the distinction between the workforce renewal and the targeted negotiated voluntary separation is that we do renew a role within the department. We have used those extensively to look at the areas of increasing capability, as the minister outlined. The average cost of a workforce renewal was \$20 844 for those 11 renewals we made.

Ms FORREST - Was that all funded internally?

Mr GROOM - We secured some further support for those costs.

Ms RUSSELL - In the revised Estimates report issued by Treasury in March this year, Treasury and through the Budget subcommittee process, the separation costs for State Growth, as the minister said, in the 12-month period were anticipated to be reasonably significant. Provision was made for a \$10.4 million loan, as provided for in the revised Estimates report. The department is drawing down on the provisions of that to make the separation costs for this financial year.

Ms FORREST - How much of the \$10 million have you used?

Ms RUSSELL - The separation costs to date are about \$3.5 million. We have drawn down on less than was anticipated in this financial year -

Ms FORREST - The \$10 million is a provision sitting there for you to use?

Ms RUSSELL - Yes, for this financial year.

Ms FORREST - Savings in other areas, besides people? You said it was not just people.

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Mr GROOM - That is right. The total savings target for the year was \$17.2 million, which included \$5 million from efficiencies through the merger. The FTE reduction is a significant component of it and there was duplication, bringing the departments together, particularly in corporate services. There have been some other operational savings and we anticipate some are still to come. A good example of that would be in some of the potential efficiencies through accommodation, so lease arrangements. The bulk of those savings are still to come.

Mr EVANS - Accommodation is a good example. We are undertaking a strategic review of all our accommodation across the organisation. We anticipate savings in the order of about \$450 000 per annum will accrue from rationalising accommodation. There are specific examples of services we have stopped. For example, in minister Hidding's portfolio, the point-to-point and park-and-ride programs were stopped, and they were announced as part of the Budget last year. The savings accruing from those are \$2 million per annum.

In terms of the amalgamation and creation of State Growth, we have been set a savings target of \$5 million through the efficiencies gained by the amalgamation with one secretary and not two.

Ms FORREST - Pay twice as much.

Mr EVANS - They do not quite. That is the deal. We are on track to make that \$5 million efficiency savings. There are lots of examples right across the organisation where we have either stopped doing things, in the case of things like park-and-ride and point-to-point; reduced in some cases, in very targeted ways, the amalgamation efficiencies; and just by putting in place more stringent controls in terms of things like travel, accommodation and a whole raft of things.

Mr GROOM - I might go to that because it is a good example. These are not complete comparisons because the periods are slightly different. For 1 July 2013 to 30 June 2014, the department spent \$485 000 on airfares, and from 1 July last year to the end of April this year, it spent about \$180 000. Again, accommodation and other travel expenses were \$1 370 000 in 2013-14 and up until the 30 April, it was \$575 000. There were some significant adjustments there. Again, the overseas trips that were taken reduced considerably. In the year from 1 July 2014 until 30 April this year, 13 overseas trips were taken, a total of \$82 000. In the previous year that is the full year - 19 overseas trips were taken at a cost of \$250 000. That is a practical example of where we have really sought to try to rein it in. You have to have a balance. We have spoken about the fact we have to do the job.

Ms FORREST - Yes. In terms of those separations, have any of those people been consulted back to the department for any reason? Hired back as a consultant in their area?

Ms RUSSELL - No. As we discussed, I think, in another committee earlier in the week, Ms Forrest, the provisions of the State Service Redundancy Program apply an exclusion period to staff based on the years of service payment that is incurred. That is anywhere from less than a year up to a maximum of five years. We did touch on, the other day, the notion of private consulting firms hiring back, particularly in the Infrastructure portfolio, we were talking about that. Obviously that is a restriction on employment that we cannot insert. Our partners in that area are well known.

CHAIR - Just a follow up. Have any of the department's previous budgets been moved across to other areas?

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Mr GROOM - Yes, there have been a number of movements in that regard. One of the more recent ones that moved was racing. That commences from 1 July. In the establishment of it, there were some movements. We brought some in, of course - those skills came into State Growth.

Ms RUSSELL - The transfer of Sport and Recreation Tasmania to the Department of Premier and Cabinet also occurred.

CHAIR - But none of the functions of the old department, Economic Development? Were any of those moved across?

Mr GROOM - Sport and Recreation would be the main one. We have established the Office of the Coordinator-General. Some of the investment and engagement function is now done through the Office of the Coordinator-General. That has a different design really; it is a sort of roving ambassador and facilitator.

Ms FORREST - On that point, 117 FTEs were removed from the department. How many new positions were created in that time? Obviously, there is the Coordinator-General and a range of staff in his office and a range of other areas. How many new positions are there?

Mr EVANS - There are new positions that relate specifically to election commitments. Creation of the Office of the Coordinator-General and the creation of Infrastructure Tasmania are the two most significant examples.

Ms FORREST - So how many people fill those offices?

Mr EVANS - I think the total staffing complement is about 17.

Mr GROOM - The 117 FTE reduction is the reduction. There have been some additional positions, but the 117 FTE reduction is the reduction.

Ms FORREST - Just one last question on the use of consultants. Do you have a list of the consultants you have used across your department? I assume you would be able to identify which are Tasmanians, Tasmanian companies or individuals? How much did that cost?

Mr GROOM - The department has awarded 138 significant contracts - that includes contractors, consultants and contractors - over \$50 000 out of 43 separate procurement processes during the course of year up to 27 April. Of these, the department awarded 83 contracts to Tasmanian businesses, with a total value of \$89 836 000, and 55 were awarded to non-Tasmanian contracts. I do not have that dollar figure, but we can find that. So 83 went to Tasmanian businesses and 55 went to non-Tasmanian businesses. In all instances, the Treasurer's instructions have been adhered to. Assessment has been consistent with the Tender Procurement Requirements under the buy local program.

We have engaged with the business community through the Winning Government Business program to make sure people are well versed in tendering processes and are kept informed in relation to opportunities.

Ms FORREST - Do you have a list of those contractors and consultants that you can provide to the community?

Mr GROOM - I am sure that we can find a list.

Mr CHAIRMAN - Nyrstar seems in the ether at the moment and they have requested your Government's assistance. Can you specify what that assistance might comprise of at this stage and if so, how much?

Mr GROOM - I am a little bit constrained about what I can say publicly because we are going through the commercial negotiations at the moment. Nyrstar approached the Government, last year and sought a significant financial arrangement and we have been in discussions with Nyrstar since that time. We are getting very close to an outcome and as soon as we are able to make a public statement on that, we will. The main point I want to make is that the Tasmanian Government recognises Nyrstar as one of the most significant businesses in the state. It has about 600 direct employees but it represents employment of about 3 000 Tasmanians, directly and indirectly. It contributes about \$700 million, directly and indirectly to Tasmanian economy, including about \$180 million of direct investment on an annual basis. It is a very important business and it also represents 12 per cent of the total energy use of the state. The Government is seeking to do what we can through these discussions, to find a way to secure a long term future for Nyrstar in Tasmania. Those discussions have been very constructive and positive and I am hopeful that we will see an outcome which can be made public, within the course of six weeks.

Mr CHAIRMAN - I understand that the negotiations might still be a bit sensitive, but can I ask whether the assistance asked for is in financial terms and/or is it in kind, or is it in energy costs, or is it across a range of measures?

Mr GROOM - Assistance sought was in the form of financial support, and we are seeking to explore with the company an arrangement that is in the best interest of Tasmania and that can help ensure the long term security of that business in Tasmania. We have adopted a partnership approach to this, so we have been exploring various things. There are some things that we have been seeking to engage with the business on in encouraging certain outcomes we would like to see delivered. There is a range of things that we have been discussing and I want to emphasise the level of importance that this has been given and I am optimistic that we will see a positive outcome. In terms of the time frame, we should see a resolution of this in the course of the next six weeks.

CHAIR - I fully understand the significance of Nyrstar to the economy of Tasmania, in Hobart in particular, but I would also put it to you that perhaps if the business in the medium and long term is viable then surely the commercial banking sector, given the very low interest environment that we are in at the moment, should be able to sustain and they should have a business model that stacks up without having to involve the taxpayer.

Mr GROOM - I understand where you are coming from but sometimes the broader circumstances are more complex. What we have to do is act very responsibly and it is not just the business that is important to the south of the state. Anyone who thinks that Nyrstar is just relevant to the south of the state is missing the product.

Mr MULDER - We know the ore is not mined in the Derwent.

Mr GROOM - It is very relevant to the whole of Tasmania. We have to make sure we achieve an outcome that is in the best interests of Tasmania. We take that very seriously and responsibly.

CHAIR - We will wait and see.

Mrs HISCUTT - Minister, your agency outline says your department also works closely with business and industry to address barriers to growth, one of them being red tape. As a farmer I have noticed one piece of red tape that has made life easier as a farmer and that is the agricultural rebate on stamp duty. I do not have to apply for it physically myself every year. Minister, are you able to say there is more than one. I do not want to know what they are but you can you say that there have been 10 reductions in red tape, or 20, or 30? You do not have to go through every single one, but are there a few that are disappearing to help businesses?

Mr GROOM - There definitely are. There have been a number of very significant development in red tape reduction over the course of the last 12 months. It is important to recognise that we absolutely stand by our commitment to a 20 per cent reduction over the course of the term of the Government. It is important that you have a strong engagement with the industry to make sure that you are focusing on red tape that can genuinely make a difference and it is not just regulation reduction where it can have an unintended adverse consequence.

Some regulation, for example, is functional so you have to make sure that you engage properly. That is the process that we are going through at the moment. We are doing it on a sector by sector basis with a view to identifying agreed targets for red tape reduction on a sector by sector basis and then agreeing on a process and a time line for it. There has been a lot that has already been done.

One of the most significant has been the streamlining of Commonwealth and state environmental approvals, so the one-stop shop concept. Bilateral agreement has been established between the state and the Commonwealth, enabling the state to undertake assessment on levies and taxes on behalf of the Commonwealth and a further bilateral agreement enabling the state to issue approvals on behalf of the Commonwealth has been drafted and is awaiting passage of the Environmental Protection and Biodiversity Conservation Act Amendment Bill through the Australian Parliament before it can commence. That is a good example.

We are undertaking the ongoing working relationship to the streamlining of planning approvals which is a very important initiative of the Government.

I was discussing yesterday the work we are doing to remove any listings on the heritage register that do not satisfy the criteria of state significance. It is important that people understand that is about the integrity of the register. It is not some mindless attempt to remove listings, but there are efficiencies to be gained both in the administration of that listing and for land owners. I think that is a positive example.

Mrs HISCUTT - Minister, I can see you have quite a few there, so there is no need to go through them. Do you have one about dams building or is that more in the department of agriculture?

Mr GROOM - We have been looking at the Water Management Act to abolish the assessment committee for dam construction to provide a simpler, more streamlined approval process.

Mr EVANS - My understanding is that that amendment bill is due in Parliament very shortly.

Mrs HISCUTT - Good, I look forward to that.

Ms FORREST - I thought you would have known that.

CHAIR - We will move on to 1.1.

Output group 1

Industry, skills, development and business growth

1.1 Coordinator-General

Ms FORREST - Minister, I am sure you have a clear memory of last year's Estimates. I asked you about the performance indicators for the Coordinator-General last year and you were reluctant to be prescriptive. I went through the *Hansard* of last year's Estimates and I reckon you said that about 15 times, so you are not being prescriptive regarding outcome-based performance indicators. You said you would take advice from the Coordinator-General to ensure there were meaningful performance indicators established, and that a statutory audit process would be used in this area. This is to refresh your memory of what you said last year.

What advice did the Coordinator-General provide and what performance indicators have been set? We have only one in this year's budget papers, the same as last year's, the investment exports and import replacements facilitated but in many ways this is a subjective measure, in my view.

Mr GROOM - It is an ongoing discussion that I am having with the Coordinator-General and there are probably a couple of aspects of it. One is performance indicators for the economy as a whole, which is broader than just the Coordinator-General. From memory, it is a little vague but part of it was about how we could measure the performance of the office itself.

Ms FORREST - What outcomes can we expect to see?

Mr GROOM - That is right. That is an ongoing discussion and we have not included it in this year but it is a very valid point. There has been a lot on, and John Perry has been in the role for four-and-a-half months. This is one aspect that we have been discussing, how we can effectively measure it.

Ms FORREST - That is good but you are giving an extra \$3.5 million to the office so one would expect that there will be something to show for the value of that money. It is no reflection on the Coordinator-General at all, or on the office and the position, but you are giving significantly more. I raised this issue last year that it was nowhere near enough money to seek him to achieve what the position was described as.

Mr GROOM - And we have responded.

Ms FORREST - Good, I am glad you listened. In terms of that though, obviously there is a Government decision to recognise that there is more to be done in that area. You would not give \$3.5 million more to an office if you did not think it was going to be effective. In terms of outcome-based measures, what are you thinking?

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Mr GROOM - Some of that is quite specific in its project focus. For example, the work that we have identified in relation to the Northern Cities Major Development Initiative will be quite specific and so the accountability of the office and of the Government in relation to that will be self-evident. Either those projects will be facilitated or they will not, but the objective of the Government is to ensure that they facilitated.

There are other examples in that regard, the EOIs are another initiative of the office of the Coordinator-General. Again, I think the performance will be self-evident - either those projects will be facilitated or they will not. I reiterate in that context that the Government does not have complete control in these outcomes but it can play an important role. The fact that we have seen three projects emerge through that process is a very positive development but that would be self-evident.

There are others that I think are harder. This was the discussion we had last year, the international engagement piece and generally project and investment facilitation. Coming up with a fair and sensible objective measure for the office is important but it is still an ongoing discussion.

Ms FORREST - Can we expect to see it in the annual report this year?

Mr GROOM - I am not going to commit to a specific performance indicator, but the point you are making is a very fair one and there is an ongoing discussion. From our perspective, we want to make sure we have a clear understanding of our performance and how it will be measured. I am sure John would have the same expectation.

Ms FORREST - With regard then to the statutory audit process, has that been established and can you provide details of the most recent audit if it has?

Mr GROOM - Is this on the regulation reduction one?

Ms FORREST - We have talked about this across both the Coordinator-General's role and the red tape reduction coordinator, or whatever it is called.

Mr GROOM - There was agreed to be an audit of the regulatory environment and that was done late last year. That is part of the work that has been leveraged off in the discussions on a sector-by-sector basis. That basically undertook a complete analysis of the regulatory environment as it operates in Tasmania and identified sectors that were particularly regulation-intensive and that has been used by the interim regulation reduction coordinator -

Ms FORREST - You still have not filled that position? That was my next question in that area.

Mr GROOM - We are very close. John, do you want to talk on the Regulation Reduction Coordinator?

Mr PERRY - We interviewed last Friday and Tuesday of this week and so we are very close to an announcement.

Mr GROOM - It is a very important one so we had a look at this in the course of last year and we were not quite satisfied that we had found the right person. We put in place an interim

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arrangement. John was very insistent that he had the opportunity to have a fresh look to make sure that we get the right person for that role and I am confident that we will get the right person.

Ms FORREST - I am sure that person will have their own performance indicators?

Mr GROOM - The Regulation Reduction Coordinator? John, do you want to talk about that? Again, the ultimate performance indicator will be whether or not -

Ms FORREST - I am happy to have an outcomes measure on this one, in many ways.

Mr GROOM - That is right and in fact I was just going through the list of stuff that has already been done and this has been ongoing work by the Government. The ultimate test of performance in this area will be self-evident in terms of -

Ms FORREST - But we would like to see it recorded somewhere that is what I am saying, how do we know?

Mr GROOM - There will be reporting on an annual basis in terms of outcomes, but the ultimate test will be in the red tape that is reduced. John, do you have thoughts on how you would hold the Regulation Reduction Coordinator to account?

Mr PERRY - Obviously, without the person being appointed yet it is difficult to set the performance indicators, but there is a clear intention to have a report each year to show how we are tracking in relation to regulation reduction. I think that is critical, particularly since a lot of consultation has gone on with different industry groups so far. We have established an online tool for reporting particular red tape initiatives or proposals, so it really is a case of reporting on an annual basis how we are tracking.

Ms FORREST - Will you also in that role - not you specifically, John, whoever it is - look at the crossover not only with the state but also with councils? A classic example is, I was talking to some people involved in primary production who sell products in a range of farmers' markets along the coast. They have to have a permit for every council and it is quite expensive. They are not selling a huge amount of product. It is prohibitive in many ways. They live near the boundary of Circular Head and Waratah-Wynyard, so they have to get one for Circular Head, one for Waratah-Wynyard and they go to the Burnie market, they go to the one in Ulverstone, which is Central Coast, and so they are up for a whole heap of money for meeting a standard to provide food. If you can provide it Waratah-Wynyard why can you not provide it Burnie? Will it cross over these sorts of areas, which is a huge barrier?

Mr GROOM - It is a big issue, there is no doubt about it, and it is one that we are specifically looking at. That is relevant in the context of some of the planning reforms more broadly that we are looking at to help streamline planning approvals. There is too much crossover, particularly, as you say, where a particular business proposition or any activity, for that matter, can cross over council lines. Really, it becomes a very cumbersome process.

Ms FORREST - The question then becomes - as I put my constituents, and I will put this in a letter to you or whoever might be relevant here, probably the Coordinator-General - is whether this a case for a state-based regulation. It will actually increase the regulation at a state level, but you get rid of a whole heap of inefficient local government bylaws.

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Mr GROOM - Yes, so you have something over the top of it?

Ms FORREST - Yes.

Mr GROOM - The other point that I would make is one that I have already identified. We have also looked at the state-Commonwealth.

Ms FORREST - Yes, so going the other way?

Mr GROOM - That is right. So what we have done with the state-Commonwealth is find one shop for all of the assessments and approvals. So exploring - John can talk to this - the concept of that type of mechanism to avoid duplication and unnecessary cost and time has a lot of merit.

Mr PERRY - Yes, the discussions we have been having, specifically with industry groups, is to say, 'What is it at the coalface that seems either over-burdensome or heavy handed or just plain dumb?' The example that you have given is a good example in that sense, absolutely. So I would encourage people to report it through our online tool, or speak to the regulation reduction coordinator or send it through my office, whichever.

Ms FORREST - So is it there to react to local government issues?

Mr GROOM - Definitely; it is a platform.

Ms FORREST - Yes, okay.

Mr GROOM - But also to the point John is making about dealing with your constituents, there is an online mechanism to be providing feedback, because obviously we want to make sure that we are accessing people's frustrations, and are being made aware of the practical examples.

Ms FORREST - You said that it is going to be reported annually. Is that going to be an annual report or a separate report?

Mr PERRY - We have not settled on the details yet, but we will be producing an annual report relating to the actual regulation performance. Where that gets reported, we have not had a discussion about that.

Ms FORREST - It would be important that people know how to access that too.

Mr PERRY - Yes, absolutely, of course.

Mr GAFFNEY - Just following on from that, when it says here, 'They provide support for planning and local government', I am sure a lot of councils out there will be able to provide you with things they have to do because they are required to do it, which they would want -

Ms FORREST - It is up-and-down-and-sideways, is it not?

Mr GAFFNEY - Yes. They have to do that because they are required to do it by a certain legislation or rule or whatever. You will find that would probably be a good place to start, because councils will be able to say, 'These are all the things we are required to do because there

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is a rule, and if we do not, we get in trouble. But we could finetune this to make it a lot easier.' I think they find themselves in situations where they have to do it.

Ms FORREST - That is right. They do. They want to sell products.

Mr GAFFNEY - Yes.

Ms FORREST - Just going to a different area, Chair. What are the ongoing costs of the establishment of the China investment and trade business unit? We did talk a bit about this earlier.

Mr GROOM - Are you talking about the China Business Unit?

Ms FORREST - Yes.

Mr EVANS - It is in the next output there. This is -

Ms FORREST - Is it? I am happy to leave it until then.

Mr GROOM - The China Business Unit is sort of a subcomponent of the trade and international relationship, which is led by Mark Bowles.

Ms FORREST - The next line item. I will leave it until then. That is fine. The increased funding in this area relates to international engagement, which we have talked about - the investment and attraction, facilitation and the northern cities major development initiative. That is under this line?

Mr GROOM - Yes.

Ms FORREST - So with regard to the discussions regarding the enhanced presence of UTAS on the north-west coast, what discussions have been held around that and who with? How were decisions regarding the expenditure of the \$60 million capital funding for infrastructure to revitalise communities made?

Mr GROOM - First, we have identified three projects to start with - the relocation of the Launceston campus, the Devonport Living City Project and the potentially increased presence of the university on the north-west coast in Burnie.

More broadly, we have been engaging with relevant stakeholders - local government and other regional stakeholders - to understand any broader strategic opportunity there may be for investment by the Government that can help facilitate further opportunities. We are also very keen to try to find a way to leverage the money. If there is some way we can use it to leverage Commonwealth funds that is something we are keen to explore.

Ms FORREST - The Minister for Infrastructure said it was going to be a competitive process between the three proposals, but that is not your thought on that?

Mr GROOM - There may be a competitive component but we have identified three strategic projects we are going to pursue - that is \$60 million - and there may be the potential for some [inaudible] manager. He may be referring to the Regional Revival Fund; that definitely will be

competitive. There is a \$5 million increase in the Regional Revival Fund. That can also be relevant for these types of initiatives, given the fact some of them are located in regional areas.

Specifically in relation to the university in Burnie, we have had ongoing discussions with the university, and from my perspective with Peter Rathjen. What has become very self-evident is the importance of the university to the coast. You would be aware through some of the recent discussions in advanced manufacture. It is extraordinary to me the extent to which that sector values the relationship it has with the university and the extent to which they have played into the lean manufacturing uptake.

Ms FORREST - There would not be some of the courses provided up there if it was not for some of the key players in advanced manufacturing on the coast.

Mr GROOM - That is right. It is very much the relationship they have. I know the university is very pleased that their senior business school appointments are going to be located on the north-west coast. That is another example of an increased presence and making sure the university has senior representation on the coast.

John would be better placed than I am to talk about this but on the recent joint fact-finding for the university they went around the States and saw equivalent locations - regional based economies and how the equivalent of the university sector interacted. One of the things that was very self-evident was the importance, in particular in more regional locations, to have a presence of the university but also this concept of pre-degree courses as a soft entry point for people who might find the concept of university a bit confronting. That is a very successful model in the United States.

Mr PERRY - We looked at this at a number of institutions across the US - and they call them associate degrees. They are typically two years in duration, but the critical thing the university and I did not appreciate is that subject to the choice of subjects the students get full credit for the associate degree and are able to then to go into a bachelor's degree. So the associate degree for two years, and they do that in a community college, and then the third and fourth year they can complete a bachelor's degree. One of the reasons why that is being driven in the US is because of the incredible expense of higher education; it is much more costly than it is in Australia. By doing community college, degrees are a lot cheaper. There are some universities such as the University of New York in Maryland, all top-ranking universities were getting approximately two-thirds of their bachelor degree graduates coming through that community college input. It is very real and a great pathway for alternative pathway education. Also, associate degrees are more vocationally based. It has a great benefit for the regional community and the regional sector, whatever the area you are from.

Ms FORREST - That is being considered in Launceston as well, not just Burnie, is it not?

Mr PERRY - Across the state.

Mr GROOM - I think it is has particular relevance for regional communities.

Ms FORREST - You still have a high number of north-west coasters who have mature age students going to university. The first person in their families who have ever been to university.

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Mr PERRY - So that concept of finding, for want of a better description, a softer entry point, a less intimidating entry point and the experience coming out of the United States, as John has just indicated, is that is a potent way to get people into learning. There is a lot in that. It is a combination of that and also the partnership with industry as demonstrated in particular through advanced manufacturing. They are great opportunities for the north-west coast. I know the university is very committed to that.

Ms FORREST - May I ask, Mr Chair, correct if I am not at the right spot, but the Caterpillar money, that is in this advanced manufacturing space. How is the taskforce going to work and seek to support those who have lost employment but also to provide other opportunities in the area?

Mr GROOM - There are going to be a few things. My next meeting is on 19 June. We have the \$3 million commitment. In addition to that, one of the practical outcomes that came out of the Advanced Manufacturing Summit was a specific allocation for additional training of \$250 000 for advanced manufacturing. That is above the normal exposure to competitive tendering. Advanced manufacturing is also exposed to the broader tendering of opportunities for skills training. It was a dedicated additional component. That was one of the issues raised regularly. We have responded to that as an immediate outcome of the advanced manufacturing event. Regarding the \$3 million, I do not want to pre-empt the outcomes but it is very much focused on responding to the needs of the advanced manufacturing sector. Also, potentially have a broader application but that will be a key focal point. There is a lot of ongoing engagement at the moment with industry that is occurring.

Ms FORREST - Regarding training for people who have lost their positions, how is the \$3 million going to be targeted to make a difference?

Mr GROOM - I was going to come through some of the examples. You have mentioned another one which is -

CHAIR - I think we have moved outside Coordinator-General, to be quite frank.

Mr GROOM - That is okay, it is an important -

Mrs HISCUTT - May I make a point on that before we move off? I had a meeting a while ago with Pro-Vice Chancellor Janelle Allison in Burnie about those associate degrees, minister, and she was very excited about that. I was going to talk about that in my line item, skills development, but I will not now because we have covered it. To reiterate, that was a very good thing and she was very excited about that.

Mr GROOM - Can I finish the question?

CHAIR - Yes, finish it off.

Mr GROOM - We have a dedicated response in terms of immediate skills training. That is the Rapid Response Skills Unit within the Department of State Growth. They look at specific training that might be able to help someone transition. There is the \$250 000 we have provided which will be made available to the sector to identify where, in fact, they want that directed. A couple of the other things we are focusing on; the taskforce has agreed one of the first approaches to seeking opportunities which can be actioned now is to support an industry led trade mission to

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the Caterpillar facility in Thailand and several neighbouring manufacturing plants. That is to take some of the supply chain up to Thailand to understand some of the ongoing opportunities there might be to continue to supply.

Ms FORREST - You still have manufacturing, engineering companies supplying the Thailand factory from Burnie?

Mr GROOM - Yes. This is about shoring up and expanding those opportunities.

Ms FORREST - And not losing them, perhaps?

Mr GROOM - And not losing them

[10.45 a.m.]

Mr GROOM - And not losing them, that is right. So this trade mission is proposed for October and key advanced manufacturing industry representatives will be invited to participate.

There is support of a small proposal which has been submitted for consideration around incentivising training in schools to address future schools' requirements and celebrate successes as seen through the advanced manufacturing summit. One of the things that has been raised is the potential to encourage the concept of lean manufacturing principles in schools including exposing kids to the concept of it. I have not had the formal training. Have you had the formal training?

Ms FORREST - No.

Mr GROOM - Everyone who has had the formal training talks about it in fact one of the things we could look at is the potential application of it within government.

Ms FORREST - Parliament generally, I think.

Mr GROOM - I have to say I have not had anyone who has done the proper training not rave about it so there must be -

Ms FORREST - We will knock this room down to start with.

Mr MULDER - Not now.

Mr GROOM - One of the things was as a sort of baby pilot to expose the kids to some of the principles. A second project was also being considered around a collap which is a CSIRO Inner String UTAS initiative to create a designed 3D printer centre and innovation hub to be linked to a national network combining two strong industries on the north-west coast, creative industries in the advanced manufacturing sector. That is another one they are looking at. I do not want to pre-empt some of the other outcomes.

CHAIR - We will move to 1.2.

1.2 Industry and business development -

CHAIR - I have a couple of questions on this some of those have already been asked through overview and other bits and pieces. Obviously there is a very big drop off in the forward

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estimates and they go down almost at a rapid rate of knots. There is a footnote there which talks about it is primarily attributable to the cash flow of election commitments. Could you explain, briefly, what those are and why those forward estimates are dropping off so quickly?

Mr GROOM - It is a reflection of the profile so this year we have announced, for example, \$315 million jobs package which includes additional funding for the northern cities development initiative and international engagement. We have additional spending in the Regional Revival Plan. We have additional spending in the business and jobs attraction scheme. So those types of spending are not reflected in the out years so that is why it has that. We have the business events strategies, these things that are front-loaded. We have \$8 million business and jobs attraction population growth initiative; they are over the next couple of years. We have the Caterpillar transitional task force - that is obviously an upfront one. We have growing the visitor economy which is over three years. Then we have the Northern Cities Major Development Initiative, and we have additional planning over the next bit which, again, is also a bit front-loaded for the Office of the Coordinator General so that is \$3.25 million. We have the Regional Revival Plan addition \$5 million which is 2015-16, so that is front-loaded. We have additional funding for regional tourism organisations of \$120 000. We have \$518 000 for the Serco Contact Centre industry support package which, again, is front-loaded. We have the UFC Enterprise Development Centre package, \$1.08 million which, again, is front-loaded. It is a lot about the profile of that spending. We are doing a lot of stuff now and so the matters in the early years allow for that.

CHAIR - I understand that front-loading but, for example, the Nyrstar matter - where does the bucket of funds come from if it eventuates?

Mr GROOM - You are pre-empting an outcome.

CHAIR - I did say if it does, and/or another similar request for assistance?

Mr GROOM - Government always has to be able to respond to circumstance and we acknowledge that. From our perspective we have made a decision that we want to help stimulate some additional activity now. That is why we have announced some immediate things. It is also important from our perspective that we continue to do what we can to put the Budget back on a more sustainable footing, which is why we have been doing the savings initiatives that we have spoken about. That is what gives Government the capacity at some future point if an issue emerges to be able to respond to it.

CHAIR - Out of this line item that is what I am trying to get to, industry and business development. I have some other questions there, but do you actually provide funding in terms of grant assistance out of this line item or out of CIP? How does that work?

Mr GROOM - The Jobs Attraction Package would be an example of that, so that is \$8 million where we are going to proactively engage with the market and see what strategic opportunities we can secure for the state. We have already had some initial discussions in that regard and we will continue to do that. That is an example of it.

We still have the mechanism of the TD Board, so there is an opportunity for potential assistance and support through that mechanism. We have the Growing the Visitor Economy, which is \$3 million over the course of the next three years; that will involve potential opportunities associated with tourism and the like. Also we have the Regional Revival Fund that I

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mentioned and that will be a competitive process. I suspect that is what the Minister for Infrastructure was referring to.

Ms FORREST - Might have been, yes.

Mr GROOM - That potentially facilitates opportunities as well. There is capacity in there. If you are asking me would I want more money at the back end? Yes, I would like it, but we have to get the balance right, don't we?

CHAIR - Governments do give assistance in the form of grants every now and then to private enterprise. That is something that I think is inappropriate because often it is inextricable and sometimes it is not supported by a good business case. My view is always a philosophical view that it should be in the realm of a repayable loan at lower interest or whatever it needs to do it, rather than having a specific grant, which then can be deleterious to competing businesses and that sort of thing. Does that still fall within that grant system where people make application to you as the Minister for State Growth? Does that fall in your purview or not?

Mr GROOM - The sort of grants that we are making available, the new grants that we are making available, are the ones that I have described. When I say 'grants' they are really allocations, which enable us to have discussions with businesses to secure opportunity in terms of standing arrangements. You might be referring more to the TD Board arrangement, which is typically in the form of a loan, usually at a lower interest rate, but still on a typical circumstance that would be a loan that is repayable. It would necessarily be inconsistent with where you come from.

The point I make on this is that I take more of a pragmatist position on this. I understand the point you are making. I certainly think that when Government is facilitating opportunities it needs to be with a good basis, so your stated position would be that it needs to be a good business case in order to justify it. You do need to be mindful of potential adverse consequences in the broader market. Sometimes there can be really good strategic reasons why you are engaging this way.

An example I would cite would be the Qantas arrangement that we had. I genuinely believe that that affords Tasmania the opportunity for a good partnership with Qantas, which is a very important company. It is not just relevant in terms of the call centre itself; it is a company that we are discussing access arrangements with, for example. To have a strong ongoing commitment by the company here in Tasmania has been important. Also we have leveraged off that already. . Qantas has secured 300 jobs, I should say. It started with 220 I think it was, it is now up 300, including some that have been identified as moving from interstate. So these will be new people moving with their families to Tasmania. In addition we have leveraged off that in promoting the loyalty and stability and customer service ability of the Tasmanian workforce. In fact this is relevant, bizarre how these things become relevant, but it has been relevant in the context of some of the discussions, in advanced manufacturing.

One of my pet subjects is Defence spend, securing our fair share of Defence spend -

Ms FORREST - We are not going to make submarines, are we?

Mr GROOM - We can play a role - you laugh at that -

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Ms FORREST - You are going to rob the South Australians, are you?

Mr GROOM - We have had discussions. We can play role. In fact, we have great skills when it comes to boat building and we should.

Mr MULDER - Is this the government or -

Mr GROOM - Tasmania. We should celebrate -

Ms FORREST - North-west coast in particular.

Mr MULDER - I was going to remind you of the *Fortescue*.

Mr GROOM - Good point. We should -

Ms FORREST - It was not built on the north-west coast.

Mr GROOM - We should celebrate it and we should promote it. So when we were having discussions with the DMO for example, one of the things they were really interested in was practical examples of strong, stable, loyal, workforce because for advanced manufacturing contract work, that is very attractive.

I am not into absolutes; I am into -

CHAIR - It sometimes becomes a matter of picking winners and that can be tricky.

Mr GROOM - It can be.

CHAIR - Particularly when you are talking about a large cooperation or company. They may even be a multinational that has significant resources or potential to access financial services and everything else.

Ms FORREST - Particularly when looking a subsidiary company, and the parent company is absolutely loaded with money.

CHAIR - Yes, that is right, and so if you are going to saddle the Tasmanian taxpayer when they could be accessing those finances somewhere else.

Mr GROOM - I understand.

CHAIR - I understand the strategic part of what you are saying, and jobs and everything else.

Ms FORREST - Just on that point before you move on, Chair, following on from that, how will ensure then if you do support business or companies in any of these areas, that they will follow on with that investment in the state? Often we will see they make it some sort of investment and say it is all too hard we are going to move to Thailand, or somewhere else. They might start off putting some level of investment, and then say no, things are much harder than we thought. Do you put requirements in the contract, so they have to pay it back?

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Mr GROOM - Typically they have fall back arrangements. Depends what you are talking about. Sometimes the specific support arrangements might go for 10 years and then outside of that arrangement, you have an exposure. They are no longer subject to that arrangement, but in terms of the contracts that are put together, typically they would have fall back arrangement deal in there.

Mr EVANS - For example, a number of the assistance packages that were provided in attracting call centres have fall back arrangements in the event that they do not meet certain performance indicators of employment numbers, or if they want to move.

Ms FORREST - In that case is the government a secure creditor? If they go broke, if you are not a secure creditor, you are not going to get much anyway, I would not think.

Mr GROOM - Again, these are case-by-case scenarios. In some instances, you are talking about companies that would suffer significant reputational damage if they were to renege. I do not want to site specific ones but in other instances, it is a fair point. The best way I can answer this is the basic point is absolutely right, that you have to have clear ways that you can ensure that you are protecting the investment by the state. But it is a case-by-case -

Ms FORREST - It is taxpayers' money.

Mr GROOM - That is right. But it is a case-by-case, and in some instances you can have comfort in different ways, it depends what your circumstances are. You are seeking to make the best judgement that you can make to secure the best outcome you can.

Mr EVANS - We have some practical examples where we have initiated the fallback provisions, predating of course the current Qantas deal. There was a previous deal which provided the fallback provisions, and we initiated back in 2006-07 the activation of those fallback provisions, and Qantas actually paid us back money because they had not met some of their key milestones.

CHAIR - The entire -

Mr EVANS - In accordance with the terms.

Ms FORREST - The development and the preparation of the contract is rightly important in these areas, to ensure that it is all ticked off.

CHAIR - Yes. Okay. In regard to enterprise centres, the assistance for those, how many - I do not want to have to go through a whole list there, but how many is your department providing assistance to in terms of -

Mr GROOM - In enterprise centres?

CHAIR - Yes, in enterprise centres.

Mr GROOM - Chair, can I just confirm something? Have we finished with Coordinator-General?

CHAIR - Yes, we have. We are on the next line item.

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Mr GROOM - It is just that John may be able to utilise his time -

CHAIR - More effectively.

Mr GROOM - No. I am not going to say more effectively. I was just going to say differently. But I do not want -

CHAIR - You are trying to coordinate the coordinator now.

Mr GROOM - I do not want to deny the committee the opportunity to ask any further questions. So are you happy if -

CHAIR - Yes, we are happy for him to be dismissed.

Mr MULDER - This is the Department of State Growth. Here is the Coordinator-General, the linchpin of it. Would he not be of some benefit further down the track in some of the other - it is up to you.

Mr GROOM - I am in your hands. I am just conscious of the fact that -

Mr MULDER - You might find that you are able to take a bit more on notice than you probably would normally have done without the - I withdraw my objection.

CHAIR - You withdraw your objection. Anybody else -

Mr MULDER - Sorry, I seek leave to withdraw my objection.

CHAIR - We will have a brew.

The Committee suspended from 11.02 a.m. till 11.20 a.m.

CHAIR - I want to ask a question about enterprise centres. How many do we have? Are they all going reasonably well?

Mr GROOM - We have a further commitment of \$850 000 for the upcoming year, 2015-16, which flows on from the \$850 000 that we committed to last year. There are five enterprise centres within this funding package. They include the east coast region - Cradle Coast Innovation that covered the central north-western region; Business and Employment in the northern region, that encompasses George Town, Launceston, Northern Midlands and Flinders; Interlink, which is the southern region including the north of Hobart, Kingborough and Huon Valley; and the Braddon Business Centre which is the western region, and does also include King Island. We are undertaking a review at present.

CHAIR - So they are larger regional-type enterprise centres, for example Meander Enterprise Centre, they do not come under your -

Mr GROOM - Yes, that is right, they are not in that package.

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CHAIR - There are quite a few smaller ones. Some of them are funded by local government or partially funded by local government and Federal Government as well. You do not have any interaction with those at all?

Mr GROOM - I am sure there would be interaction but these are the ones that are actually covered by the funding in the package. We will be undertaking a review in relation to this. There has been no doubt that there has been some positive engagement through the enterprise centres but we have to make sure always that it is value for money and maximising outcomes.

CHAIR - In terms of business development out there in the wider world there are other providers to assist small business, medium-sized business and all of that. Do you have any interaction with any of those at all or do you leave them to their own devices and you do your own thing?

Mr GROOM - To some degree there is interaction with broader providers through our business support group.

CHAIR - So there is not too much duplication going on in some ways?

Mr GROOM - We have sought to reduce duplication. There can be a role in Government as you have just alluded to in making sure that people are aware of the service providers out there within Government but also within the broader private sector. A lot of it is providing information; that information is also provided through the website, information to service providers. There is engagement in that sense.

Ms FORREST - I am not sure if this fits here. The Australian Masters Games, the \$750 000 to secure that?

Mr GROOM - Yes.

Ms FORREST - It states in the budget papers here that it is contingent on funding also being provided by both councils and the Australian Government. What are the contingencies and how would the amount of money to be provided be decided overall?

Mr GROOM - I will hand over to Mr Evans on this particular matter.

Mr EVANS - The Cradle Coast Authority of north-west councils has now reached contractual agreement with the Australian Masters Games to occur in 2017. The event is one of the largest regular multi-sport events in Australia. Attendees in recent years have ranged between 7 000 and 10 000. People participate in approximately 50 sports with the event being a 10-day competition. The original request that came to Government by Devonport Mayor, Chair of the North-West Master Games Steering Committee, was for us to provide a significantly more than we have provided in the Budget. We took advice from Events Tasmania and that indicated that any funding provided for the event should be consistent in support provided for other mass participation events, and be contingent on part funding being secured for more alternative sources, and a lower overall fee being negotiated.

As such, the Tasmanian Government has committed to provide \$750 000 over three years to fund our commitment to the games based on the economic, social and community benefits in the north-west region. A big preparation.

Ms FORREST - The games are only over -

Mr EVANS - So 2017. Because there was no funding available in the Events Tasmania budget, the Government took a decision to fund that important initiative as a special allocation within this current budget.

Ms FORREST - Regarding the contingency required of the Australian Government, what is that and has that been forthcoming?

Mr EVANS - As I understand it we have reached agreement with Cradle Coast Authority and the North-West Council and we have Federal Government commitment and now with the State Government commitment that secures the Masters Games in 2017. At this stage there will be 7 000 to 10 000 people on the north-west coast which is fantastic.

Ms FORREST - If the contingencies have been met then it is secured. That was the main concern.

CHAIR - If there is no more in that area we will move to 1.3, Skills development.

1.3 Skills development

Mr GROOM - Welcome Dr Chrissie Berryman, to the table, who heads up the Skills Tasmania group.

Mrs HISCUTT - Minister, I notice in the line item in the year 2018-19 there is an increase of about \$2 million. Is that directed for anything in particular?

Mr GROOM - What page are you on?

Mrs HISCUTT - Page 256, Skills development, 1.3. The jump of money in 2018, it is \$2 million.

Mr GROOM - I think that is indexation. They apply 2 per cent indexation.

Mrs HISCUTT - I was going to ask quite a few questions. We have talked enough about the CAT Taskforce and what is happening there so I will not go over that again. I was going to ask about the associate degree because I know that in the north-west coast two years is more manageable by a lot of people, but we have been through that. I will not go through that again. You did mention 3D printing earlier. That is a new initiative coming out, especially with metal 3D printing. You are obviously aware of that?

Mr GROOM - Yes.

Mrs HISCUTT - Metal work - are you thinking about putting any skills training, subsidies or help to up skill companies thinking about putting a 3D metal printer in?

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Mr GROOM - We will certainly be open to it. In terms of skills funding, with those people in industry regarding what their demands are, this is a developing area. As I have indicated, one of the things we are looking at through the CAT Transition Taskforce is around a co-lab with CSIRO, industry and UTAS to create a design 3D printer centre.

Mrs HISCUTT - That will include metal as well?

Mr GROOM - It conceivably could. I do not know specifically the scope of this. What they are seeking to do is leverage off the creative capacity and the advanced manufacturing skills to identify new manufacturing opportunities. Specifically to the issue of training, as I have indicated before, advanced manufacturing participates in all of the competitive tenders that are available. In addition to that we have siloed an additional \$250 000 specifically off the back of the feedback we secured from the Advanced Manufacturing Summit. It may well be that could be utilised to help in this area.

Mrs HISCUTT - I know that with their current methods of laser cutting the wastage is enormous for their businesses. These 3D metal printers would eliminate all of that.

Mr GROOM - Eliminate it, yes.

Mrs HISCUTT - At least you thought of that, which is good. Page 250 talks about VET graduates employed after training. Your percentage rates there of jobs occupied are in the 78 per cent, nearly 80 per cent, which is a really good mark. The other 2 per cent or the other two out of 10 who do not get a job, do you have a reason as to why they do not get a job?

Mr GROOM - It can be a variety of reasons. It depends on the circumstances. I would like to leverage off Chrissie's expertise in this area.

Dr BERRYMAN - The data within the National Centre for Vocational Education and Research surveys, there is a confidence remit around that data because the numbers here for Tasmania are quite small compared to the larger states. We cannot say at the moment the extent to which that difference is significant. We have contracted with the national centre to increase our student outcomes data. We do get some much better optics into where students are going after their training and experience. To try to better understand that too, we have also included in our contract arrangements where our training providers are encouraged to close the loop of learning so that we understand better the destination of our students. Our sample size can be so small, particularly in a region, that maybe only one or two events with one or two employers can actually change a percentage rate.

Mr GROOM - I would like to talk about some of the equity programs we are looking at in order to reduce barriers to employment, including people who have been through vocational education but struggle for other reasons to secure employment. That is what, in part, the State's equity support program is about.

In 2014 contracts were awarded to support equity programs totalling \$1.74 million. These programs commenced in November last year and in most instances are still running.

There have been some significant support that has been provided in particular to migrant communities that often have issues around language and other employability skills. For example, Migrant Resource Centre South has adopted a Get Connected program which has been funded to

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the tune of \$250 000 over two years. The objective of that is to increase positive employment outcomes for former refugees and humanitarian interim clients.

Then there has also been a Migrant Resource Centre North Pathways to Employment program and that has been funded to \$239 000 over two years. That program is designed to develop customised clear pathways, including individual plans, so working on an individual basis. That support facilitates access to school training education that is tailored to support the specific needs of the individual including specifically in the context of humanitarian entrants and refugees in order to ensure they have an easier pathway into employment. They look at literacy and numeracy and working with computers to increase employability.

The Migrant Resource Centre North has adopted a settled and employed program, funding of \$29 000 over one year, which provides a cohesive approach to addressing employment challenges faced by new Afghan community members in Launceston, again, using a personalised case management method.

The Migrant Resource Centre South also have a go at carpentry taster and the introduction to construction, again funding of \$49 000 over one year for the two courses. They are designed to facilitate practical skills in both of those areas in order to provide a pathway to employment. That is an example of some of the specific funding that we have put in place, designed to maximise employability, even in circumstances where someone has done training on the technical aspect but they have barriers to employment.

Mrs HISCUTT - A few years ago the wage rate for apprentices went up, three years ago, I think. Have you noticed a dip in employment for apprentices at that stage, or is it steady as it goes? I know that many employers I have talked to said they will not put on this year, but whether they actually did, when push came to shove -

Mr GROOM - This has been an ongoing concern. There have been some positive movements more recently. Apprenticeships can be very much reflective of broader economic circumstances. So where businesses do not have confidence about the budget into the future, it is very difficult. We have been talking to industry about this in order to identify opportunities to maybe encourage industry to take on apprentices. There have been significant movements, I think, in completion. I will hand over to Chris and she will give you some details on this.

Ds BERRYMAN - The national statistics for this came in about 10 days ago, I believe, and Tasmania is only one of two states where there is actually been able to achieve an increase in apprentices and trainees. Quite a few things affect it. Sometimes under the national employment policy there are incentives provided to employers. Movements in those incentives from the national budget process do influence employer behaviour but one of the really significant initiatives we have implemented here has been supporting existing worker traineeships. One of the things we hear from employers is that sometimes it takes a while to be able to assess whether someone is suited to that workplace and to really build employer confidence to take on any apprentice or trainee. It is almost like they need that three- to six-month period to be able to assess the suitability of that person for a longer term investment.

By supporting the training of existing worker traineeships we found that it has built employer confidence. For the last 18 months or so we have seen a steady increase in our apprentice and training numbers overall. We are just beginning to see a bit of a turnaround in some of the technical trades because in the technical trades they are really cyclical. For example, when there

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is a large boom in construction you can almost track the lag effect of first of all your main construction and, for example, the carpentry-type trades. Then there is a time lag and then you see the pick up of the electricians because the uptake flows the project management.

Ms FORREST - It makes good sense.

Ds BERRYMAN - Yes.

Mr GROOM - And we have seen an increase. Just looking at the numbers here. A 4.9 per cent in commencements between 2013 and 2014; that is the data I have front of me. They have had a significant increase in completions which, again, is consistent with a merging into an upturn in the economy. A lot of people stop so completions can be reflective of renewed confidence and they increased by 14.3 per cent 8 707 in 2013 and 9 949 in 2014.

CHAIR - Thank you.

Ms FORREST - Following from that this will concern Leonie perhaps, one of the challenges and the industry talks about this all the time - it is talk rather than action a lot of the time - in times of downturn you need to be investing in these skills because you have to ready when the next upturn comes. Unfortunately we do not seem to be acting in that way. Is that something you are paying more attention to in trying to - you did touch on that - get people to focus on skills they are going to need in view of where the growth might be? If you look down in Circular Head we have Agritas down there focusing on the dairy, which is being proactive, that is a federally funded scheme obviously, but we often wait until the upturn happens and then think we do not have the skilled workers.

Mr GROOM - It is a very good question. This has been a particular focus of the Government as working with industry in workforce development plans. So looking into the future and trying to understand where things are going to. There are a number we have been focused on. For instance we had Agrivision with the TFGA which is a forward plan that looks out to 2050 for that sector. We contributed \$450 000 for the development of that. We did one with the THA in relation to the hospitality sector; we contributed \$400 000 in the development of that.

There have been further ones - NDS workforce development and skills planned partnership project. Also we did one with the Aged and Community Services Tasmania, a workforce development. More recently, as a result of a request for proposals in relation to industries that wanted to work with government to develop plans we have announced a few others. National Disability Service - we contributed \$110 000 to the development of the plan for that particular sector. Tas ICT, \$75 000 - I think we announced this yesterday. The Aged Community Services Tasmania, another \$63 000. These are three areas where there is a need to be thinking about the future and we are very keen to work with other sectors to understand the future.

Ms FORREST - I want to see the service industries included in that. That is where a lot of the growth is going to come. Also, when we look at the mining industry, hopefully we will see Vedanta get going again down and Copper Mines Tasmania in Queenstown. If, and hopefully when, they restart they are going to be using very different mining methods. In the lead-up to that you are going to have to have people trained in the new mining methods. Are you doing work in that space as well with the industry there?

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Mr GROOM - I cannot talk specifically about a particular workforce development plan for that sector. Certainly we have ongoing engagement with the sector in the future including resourcing and employment. We are trying to do this right across. We have also had engagement with the seafood sector in relation to their skills requirements. I have mentioned advanced manufacturing a number of times; that is another one. It will be a component of their advanced manufacturing strategy. This is a really important point. Coming into Government we moved skills into State Growth. We did that deliberately. We figured there is a clear interface with industry and business in the Department of State Growth. We wanted skills to be part of that interface to ensure there is an ongoing discussion about the future of each of the sectors, and workforce requirements are an important aspect of that.

Ms FORREST - This next question crosses into education as well as skills. There has been a lot of consideration and comment in various media platforms and opinions expressed in a range of areas about STEM skills and the need to focus on this. Particularly, I would say, it is education because we are talking about at a much younger age. Not just in the skills area. As far as State Growth's role in that, what attention are you giving that? It is really one of the big ticket things at the moment, it seems.

Mr GROOM - That is being looked at in the context of the Transition Taskforce.

Dr BERRYMAN - Our service providers are really aware of this. You are right, some of it is a schools issue. One of the things we are doing with our Skills Fund, for example, it is often you do not identify the gap in those skills until someone starts their training. When we roll out a Skills Fund, we also keep back a small proportion of that funding for case-by-case support training. It is the employability skills as they encompass teamwork, communication, numeracy within the relevant workplace, literacy within the relevant workplace. We now have the mechanism that once someone gets into their Certificate III in Carpentry, for example, if a gap in their ability in the core skills identified, we now have a means by which we are also funding some of that catch up support training. There is also a component of TasTAFE funding arrangement targeted at foundation skills - the skills someone is going to need so that they can operate within their occupation within their workplace.

Mr GROOM - That was a specific thing that is being looked at through CAT.

Ms FORREST - STEM? Yes.

Mr GROOM - They are looking at a little pilot, something like that to lift -

Ms FORREST - To assess the gaps as well as to provide those skills?

Mr GROOM - Yes. Increase focus, I guess.

Ms FORREST - It does need to come back to this education, which is not your portfolio, I understand.

Mr GROOM - No, but that is specifically in the schools, that element.

Ms FORREST - Right, that is good.

Mr GROOM - Jeremy is the chair of the taskforce. He has identified it.

Ms FORREST - I note in the budget papers there is a significant reduction in the expense allocation there from 2016-17 to 2017-18, on page 247 that is, and beyond that. This predominately relates to the completion of the Australian Government funding under the existing NPAs. You will have to find Budget paper number one again, page 90. That indicated, that this NPA is due to complete in 2016-17; that one is the Australia's Future Workforce, National Partnership on Skills Reform. There will 11.6 payable in 2016-17. So obviously if that is coming to an end, there must be programs funded under that could end up ceasing at that time or needing to be picked up somewhere else.

Three questions I have on that: what programs are currently funded under this NPA? How will potentially impact on these programs, the end of the funding? How will the workforce skills/needs continue to be identified, supported, provided following the cessation of that funding in 2017?

Mr GROOM - For the detail in relation to it, I will hand over to Chrissie. It is true that it is coming to an end. I know there has been a discussion at the COAG level regarding the future of it. It was largely designed for reform of training in a national context. I am not sure there has been any indication from the Commonwealth regarding the future of that, though. It is a very fair question.

I will hand over to Chrissie to talk about the details.

Dr BERRYMAN - The programs that are funded from it, the funds received from the Commonwealth go straight into the contestable programs. The contestable programs are the Skills Fund, Skills Equip, some of the equity programs, and it also funds a component of TasTAFE Training Services. In terms of what the impact is, obviously the amounts funded under the National Partnership Agreement do not encompass all of the expenditure under the contestable programs. So the impact is actually going to be dependent on the outcome of the current Federation white paper discussions as to what the future arrangements of the National Training System are. There are still significant discussions happening, and there will be a whole COAG process over that. We are currently reviewing the National Partnership in accordance with what was agreed at the start of the National Partnership. My sense is that the Federation process has to be allowed to run its course before we then move in a direction of any future partnerships, if indeed that is the outcome the Federation white paper process.

Mr GROOM - We need to be drawing a distinction between the two agreements. So the workforce development, that is an ongoing one. It is the reform that is the one that is coming to an end.

Ms FORREST - The Skills Reform one?

Mr GROOM - Yes, so that is the one. There is discussion going on about the future, but there is no commitment about it. That was the one that was designed to transition to more competitive arrangements and so forth. That was the focus of it. There are a number of elements, one was as Chrissie has just indicated, a clear demarcation between state and federal responsibilities, which is an ongoing issue on everything, but in particular in this area; streamlined national qualification standards, to make sure people can transition between jurisdictions; a potential review of the structure of trade apprenticeships to make sure they are responsive to the industry needs, and making sure that we have a more competitive environment. From our

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perspective we are of the view there is a balance in that. That is important in the Tasmanian context; that is to say that we believe in a public provider. We want a strong public provider but at the same time we think there is space for private sector contributors. That is certainly the feedback that we would get back from the market, that they want choice. There are some areas where the public provider has a natural space because of a lack of market interest - to be blunt, also capacity in certain sectors.

Ms FORREST - You also have to be careful that you do not allow the public system to be undermined.

Mr GROOM - That is right, which is why I make the point that we need a balance. We believe that there needs to be strong public provider. That is probably true for a smaller jurisdiction like Tasmania than it might be in some of the other jurisdictions. In terms of the reform package that is what that is focused on, the work force development is an ongoing funding package.

Ms FORREST - It is part of the consideration under the Federation white paper; that is being done through Treasury where there is a Government response. What involvement are you having to ensure that these issues reflect Tasmania's needs, which are a little different and unique from some of the other states?

Mr GROOM - I agree. We have done it direct at the COAG level and then we have also been feeding it. This has been the subject of discussion at whole-of-government level and we have been feeding that through that process as well. The state will be represented, is and has been and will continue to be represented specifically in relation to these types of issues. I am also having direct discussions with my federal colleagues in relation to this national forum.

Ms FORREST - My question relates more to what you are doing, minister, in engaging with Treasury who will put together Tasmania's response.

Mr GROOM - We are addressing all of the issues in the white paper from a whole-of-government perspective. This is the subject of discussion at Cabinet. We are looking at a whole-of-government response to all of these issues. These issues are part of that process. It is being addressed that way, but I am making the point that in addition these are issues that are discussed in the national forum.

Mr MULDER - My question relates to that earlier comment in relation to the trainees and the employers and needing time to put trainees on. Do we have any data about the churn of trainees from particular industries, particularly for people approaching the end of their traineeships and the employees then decide they cannot make it and out the door they go, and then the next group of trainees come in? It would be interesting to know.

Mr GROOM - This has been an ongoing issue. I will say based on that anecdotal feedback, and you might have a different -

Mr MULDER - I have anecdotal feedback.

Mr GROOM - You might have a different perspective. From the feedback that I have had, I do not think there are many employees that do it intentionally, that is to put someone off to take

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someone else on. As we were discussing earlier, as a consequence of economic circumstances sometimes it can be difficult for businesses to maintain people.

Mr MULDER - That point in my question is interesting, which is as they approach the end of the traineeships how many of them are deciding no, they are good enough and we need to put them off? The concern is, how many people towards the end of the traineeship are suddenly discovered to be unsuitable despite spending three years working in that place?

Mr GROOM - I would have to take that specific question on notice to see what data we have. It is a good question. The general pattern, as I indicated, is if you went back a couple of years, completions were down. I do not think that is so much the point you are making. It is more that businesses were not able to -

Mr MULDER - I will put some context around the questions, and I will not head up individual businesses of course. What I am hearing anecdotally, is that particularly supermarkets and some of the bakery chains with their bakery traineeships are quite good at having you for three or four years and then at the last month deciding you are probably not quite up to it.

Mr GROOM - I cannot specifically talk to that. I understand the question you are asking. We can find out whether we have data on that. I am making a broader point that, completely separate from the one you were making but important to understand, in difficult economic circumstances it can be very tough. People, regrettably, have to let trainees or apprentices go. That can create very difficult circumstances for the people in question. Those statistics are improving.

Mr MULDER - In the employment area that is something that probably needs looking at, at some stage, to make sure there are not people rorting the system. That is the purpose of at least getting the data. If the data does not exist might I suggest it might be good data to start monitoring? My other question comes out of something the member for Murchison was asking, which was a really good issue about the traineeships should be taken up in the slack times so you are ready for the good times, and apprenticeships and things like that. This is an area that crosses with the Minister for Energy.

My question is, a lot of companies and perhaps even this mine, you will suddenly discover you will have a heap of people under 457 visas in here, like we did when we changed the contract provider for the high tensile cables for what is now TasNetworks. What happened was an awful lot of Tasmanian people, instead of being put through a three-month training course to upskill them to working on live high tension, high voltage lines, the contract went to a mainland company. That is why you will discover an awful lot of Filipinos running around your electorate, minister. What strategy do you have in place to make sure, when you do get a new venture capital up, it translates to local employment, and you do not have to give away that opportunity because we did not have a strategy in place to train people up before the mine started work?

Mr GROOM - It is an appropriate point. I can only repeat what I said. It is a clear focus of the Government to work with key sectors, including growth sectors, in our economy to understand future needs from workforce development, including shifting skills, trying to predict to some degree where we think the market is going to go to make sure we are poised to take advantage of those opportunities when they emerge to the greatest possible extent including, as you have indicated, making sure we can employ locals in those opportunities. In addition, sometimes this sort of work can help create the opportunity. If you have a good reputation as a place that has a

good, skilled workforce with certain basic skills - it goes back to those basic STEM skills we were referring to before – then that can become a point of advantage in its own right and be a reason why you can attract opportunity.

Mr MULDER - How many of these 457 visa workers do we have involved in our mining and energy sectors at the moment, given our intention to reduce that number by creating our own skilled workforce?

Mr GROOM - We can find out. Yes.

CHAIR - Thank you, if we are all done with that output we will move then to CIP. Any questions on the Capital Investment Program?

Capital Investment Program

Mr MULDER - I would like to, on the Devonport one, to ask the same question I asked yesterday. That was, the Northern Cities Program, worth \$60 million over three years. I could see the creation of Launceston as a university town as something that would bring people in and revitalise the Launceston city. I am wondering about the Devonport revitalisation plan. I am wondering where, post construction, what the economic driver is that justified this investment in revitalising a city.

Mr GROOM - While it is reinvestment that is facilitating a reinvestment, it provides the opportunity to turn the city around and connect it to the water and redesign the city in a more efficient way. I am not an expert in city planning but anything that can help secure new investment must be a good thing. My understanding is that as a result of this particular project, it is expected there will be a substantial new investment in the CBD in Devonport. That is a great initiative.

I will say, from my perspective, the leadership that has been shown by the local council in leading this project, engaging with the community and bringing along community support, has been almost a case study in how to do community engagement. There is a great sense of optimism and confidence in the community about it. It connects the city to the water and the boats which is a very important part of the economic city. What they want to do is make it more connected to the boats in the water, bringing visitors in, so there can be economic activity in that sense. It is designed to re-establish Devonport as a genuine regional centre and so all of these things are positive.

Mr MULDER - There really are two kinds of infrastructure - infrastructure like roads, railways and telecommunications, even energy and water infrastructure, which is almost a fee for service here that a user pays system can operate on, which eventually means they can pay for themselves. Those are things which are designed to grow the economy. Then you have infrastructure which is basically, I do not want to demean it too much, tidying up a town and giving it a fresh coat of paint, if you like. I am asking, where is the economic growth going to come from? The only one anyone has indicated is that we get a few more tourists into town. Are there going to be new shops or new enterprises?

Mr GROOM - It is very much expected that there will be new shops now, certainly as the program has been presented to me. It really is a revitalisation of the CBD in a way which will attract new investment. I would not dismiss the boat one; I believe the boat one is pretty

important for Devonport. At the moment, they just do not secure their fair share of economic activity.

Mr MULDER - No, because they drive and either go right up the north-west coast and that lovely bypass you built at Devonport, or head up towards the Latrobe direction which you also bypass, and end up somewhere else. On that point, the ferry across the Mersey recently stopped operation, as I understand it, across the water.

Mr GAFFNEY - The little taxi ferry?

Mr MULDER - Yes.

Mr GAFFNEY - I believe the minister is right. It is supposed to be a \$250 million project and they want to kickstart this with \$2 million from the State Government. It is money that is well invested. The group has looked at where the *Spirit* comes in. They have taken that into consideration with months and months of consultation. There is a convention centre, a whole range of things at the time to make a focus. If they sit back and do nothing, it is not going to get any improvement. So well done to the government.

CHAIR - Yes, we had a broad ranging discussion on this yesterday.

Mr MULDER - We did, but I was interested in the minister whose budget line this appears in as to his expectations about the doubling in size of the economic growth of Devonport over the next 10 years as a result of this investment.

CHAIR - We will move to the next item.

Output Group 3 Minister for Minister for Energy

3.1 Energy Policy and Advice

CHAIR - Minister, if you would like to welcome.

Mr GROOM - I welcome Alex Tay to the table.

Mr MULDER - First of all I note the numbers. Energy policy and advice 3.1, and current services, the numbers are all the same. Is this a 50:50 split because it is not possible to extract -

Mr GROOM - What is your question?

Mr MULDER - Page 265 of the budget paper. If you look at the line items, those numbers are the same for the next item as well, which is not a line item. It is current services. The question was, is it because it is impossible to split energy policy and advice from recurrent services?

Mr GROOM - There is no capital; it is just all recurrent.

Mr MULDER - I am assuming the budget spreadsheet does not add the two together, which would be twice as much money -

Mr GROOM - That is not fair.

Am I able to give a quick overview?

CHAIR - A very quick one because we want to keep it succinct.

Mr GROOM - Yes. I will try to be quick.

It is important to make a few basic points. We really do see energy as a very important part of the Tasmanian economy, part of our growth prospects. What we have sought to do through the development of the energy strategy is to recalibrate our thinking in relation to energy. To make it very much focus on the Tasmanian people, making sure that it is delivering benefit to the Tasmanian people. A key part of that has been focusing on power prices to make sure we are doing all we can to keep power prices as low as possible, sustainable. Therefore a 7.8 per cent reduction for households and small businesses has been very welcome. We have recently seen a positive outcome in a small further reduction in transmission costs. I anticipate that the future retail price outcomes that we are likely to see this year will be reflective of the fact that we are past those years of spiralling power prices. It is not always going to be possible to have them keep going down, but if we can avoid the skyrocketing power prices and make them more predictable, that is more stable over time, that is very important.

We have focused on making sure that we are encouraging greater focus on prudent cost management within the energy businesses. Again, I think we have seen some practical outcomes in that regard and we will hear more about that when we do the GBE scrutiny at the end of the year but I believe there were some positives outcomes.

We try to encourage businesses to be more customer-focused. There has been some really good examples of that. The transition in Aurora Energy has been quite significant. I am not saying all the problems have gone because you will always have issues in a retail environment -

Ms FORREST - With a female chief executive officer it made all the difference. You are doing better with a female chief executive officer.

Mr GROOM - Absolutely brilliant. I am not going to argue with that because think she has been outstanding.

The feedback we are getting in terms of customer experience dealing with Aurora has improved quite dramatically, as has the financial performance of the company. It shows you it can happen. I believe she is an outstanding appointment.

TasNetworks - we have seen really positive improvement with the customer experience there. The feedback we received through the Bell Bay process, and you can argue that there is a self-interest in Bell Bay making that point, but they were dealing with difficult technical issues. The very clear feedback we received from the company was that, in the past that would have been a nightmare to deal with that, whereas their experience this time was very solutions-focused and practical, and we secured a very positive outcome in a short time frame. So it is a good example of it.

We want to utilise energy for competitive advantage and Bell Bay is probably a good example. Part of that is about keeping costs down, power prices down, but part of it is realising that our investment in energy is a strategic opportunity. To be able to have our energy businesses work with a company like Bell Bay, to secure 1 500 jobs directly and indirectly, is a very positive outcome. A \$30 million re-investment - this was a business that only a few years ago had a very uncertain future. That is a significant re-investment in that facility, which augers well for its, at least, medium-term prospects in Tasmania. It is a very positive outcome for the state. They are just some of the things that we are focused on.

Mr MULDER - I just wanted to think about the energy. Your great love of the north-west coast, comes to mind. In terms of gas energy, that is a massive national thing. But given the escalating prices in recent times and also the poor uptake in Tasmania, I am wondering if this Government has any energy policy relating to the gas sector, particularly given the fact we have some lovely wells capped off up your beloved north-west coast.

Mr GROOM - It is a difficult one. The energy sector, the basic position from the Government is that we want to do what we can acting reasonably to facilitate competition between different sources. To have gas as an option in Tasmania is important in that regard, but there is no doubt that the price profile is difficult and likely to continue to be so. Although, I think some of the forward projections have come off a little bit from where they were. But I think we all understand that it is now, effectively, a global commodity. Therefore, in that sense, we are exposed to national and international supply and demand impacts. Specifically what we might be doing to facilitate the take-up of gas, I hand over to Mr Tay.

Mr TAY - Essentially, since the gas industry in Tasmania has been established, it has been subject to a fairly [inaudible] regulatory approach. I guess the rationale for that was because it was emerging and a fairly small part of our overall energy market, to encourage that growth, and particularly as it is very much a private sector lead part of the industry, not having two significant regulatory burdens on top of that industry has actually allowed it to grow. As the minister said, there actually has been reasonable growth in that industry over recent years but it has started to plateau. I believe the economic regulator's annual reports would show some of that growth is starting to come off now. There is no doubt that there are challenges in the gas industry, but those challenges facing Tasmania are fairly similar to what has been placed in the east coast gas market more generally. As the minister alluded to, a lot of this has been derived by the fact that gas can now be exported through some of the large LNG ships that come out of Queensland and obviously the demand for -

Mr MULDER – North-West shelf.

Mr TAY - That is right. So there is a lot of competition for gas, which was mainly used for domestic purposes previously. In light of that, there are a couple of national processes going on to try to facilitate more efficient gas markets. In particular, the Australian Energy Market Commission is undertaking a review of the design, function and roles of the [inaudible] gas transportation arrangements on the east coast of Australia. What that is really looking at doing, is seeing what can be done around improving the transparency and efficiency of the gas transportation market so that gas used for domestic supply within the east coast market, including Tasmania, they are providing as efficiently and as transparently as possible. Concurrent to that, the ACCC is also holding a public inquiry into the competitiveness of the wholesale gas prices in eastern and southern Australia. That process is still live. They have recently released an issues paper; there is an inquiry due to report to the Australian Government in April next year.

Mr MULDER - In terms of your energy policy advice, minister, and as the Minister for State Growth, who is going to see 1 million people in Tasmania and 1.5 million visitors by 2020 -

Mr GROOM - 1.5 million visitors to Tasmania annually by 2020.

Mr MULDER - And the population was?

Mr GROOM - 650 000.

Mr MULDER - Given such a vibrant economy, what are our projected energy needs into the future? Will we have sufficient energy with our current avenues and supplies? Will we be suffering an energy deficit which will require us to build more dams or tap more gas fields?

Mr GROOM - Our problem is on the other side. We have more than enough energy, which is one of the reasons we needed to inherit the output of that and the major industrials. Reasonably, in that context, responsibly and reasonably, if we were to lose major industrials in this state we would have a massive oversupply with a lot of fixed costs embedded into the system which would then need to be paid by someone.

Ms FORREST - And it would be the Government.

Mr GROOM - It has to be paid by someone. It is by the people of Tasmania, ultimately. We need to be very mindful of that. The question from our perspective would be 'what can we do to make sure we have an end market for that energy?' If there is the capacity to be able to grow in markets, then what further renewable development, for example, could we secure in Tasmania?

That is why we are looking at things like the second interconnector. It is a long-term play. If you look at where energy has transitioned over the course of the last five years, it has been pretty dramatic regarding the supply-demand forecasts. I do not think there is any reason to think energy as a sector is going to transition any less significantly over the next five years. When you are looking at a project like the second interconnector, on best estimates you are talking about seven or eight years of planning, from feasibility to delivery. You need to be doing planning now for it. That is why we are looking at that. Our issues are not on the short side; they are on the long side.

Mr MULDER - So there is no real room for forest residue in your future energy strategy?

Mr GROOM - That is a slightly different proposition. I think there is. As I would argue for some mini-hydro type schemes, for example. If you can utilise what is a residue on a cost-effective basis to deliver some additional energy into the system, and at the moment we have the capacity to be able to deal with that over Bass Link, I think if a business case stacks up for that type of facility, absolutely we should be looking at it. In addition, we should potentially be looking at thermal opportunities. Take Norske, for example; there might be a capacity for them to be able to be using more of their energy requirements directly through thermal energy rather than off the grid. Those sorts of opportunities need to be looked at on a case-by-case basis. They are not large scale generation.

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In terms of the broad supply-demand balance in Tasmania, what we have to do is make sure we are well placed to deal with the circumstance were we to lose a major industrial, and/or be in a position to be able to leverage off any future opportunities in the national market.

Mr MULDER - The solar take-up has probably had a fair old impact on your electricity demands. As we are moving into, basically, a regime of where it is not hugely advantageous to be pumping surplus into the grid, which is a policy issue and I do not have any particular qualms about that, but there is also a capacity as the battery technology - I think Telstra has released one now which is a battery system up on the wall underneath your solar panels and that will provide a capacity for a lot of people to get off the grid all together.

How is that impacting upon your future energy policies? Are you going to be like it is with water and sewerage? If it goes past your front door you have to pay a service fee whether you are connected or not? Or do you have some other regime involved to try to protect the fact that you have all those poles and wires out there and a diminishing customer base using them?

Mr GROOM - You have already alluded to part of the Government's position on this, and that is the support for a feed-in tariff arrangement that is reflective of cost. That includes fixed costs associated with transmission, for example. This is a big issue -

Mr MULDER - Which is why I asked it of the minister with the big answers.

Mr GROOM - That is right. That is why we have spoken about this in the energy strategy. Battery storage has the potential to revolutionise energy, there is no doubt about it, and that has opportunity and it has risks. The state of Tasmania is heavily invested as you have alluded to.

So we need to be understanding of the potential risks that presents for us. That is why we do support the feed-in tariff model that is in place which is reflective of that. We have to continue to look at issues like that to make sure that we can recover costs in a fair way that are fixed as people transition. Notwithstanding those arrangements, we are continuing to see ongoing uptake in solar. I will hand over to Alex in a minute to talk about that but certainly that is true in a national context.

Tasmania is less than the rest of the country but it is still significant. With the technological developments in battery storage, the potential for that in the future is very significant. It is why we are looking at things like electric vehicles - that is also something we have identified as part of the energy strategy. I will say we have a contrast with the position that was presented by the Leader of the Opposition recently. We are very much about, yes, looking at the future but doing it in a way which is prudent and sensible.

I would not support throwing large amounts of cash at an infrastructure roll-out in the hope that the market might come and take that opportunity up. That is a very dangerous space for Government to participate in. To understand where that technology and innovation is going and making sure that we are keeping pace with it and working with the market, supporting the market in responding to it, that is very appropriate for us to be doing. That is why we have supported the commencement of the electric vehicle demonstrations through TasNetwork and Hydro Tasmania.

Mr MULDER - As people start to go off the grid with the emerging battery technology, what is the Government's position in relation to, as you disconnect, are you going to follow the water and sewerage corporation model of a service fee whether you are connected or not because

the infrastructure is available, or are we going to go to a off the grid is off the grid and hope we do not run out of electricity?

Mr GROOM - I am going to hand over to Alex to talk broadly about this.

Mr TAYLOR - That is hypothetical for quite a long way down the track. The reason I say that is solar in Tasmania -

Mr MULDER - It is not hypothetical, and it is not a long way down the track because the technology exists today. I could go home this evening and get an electrician over the weekend and disconnect myself from the power grid. What would your position be on the service charge of the hypothetical on Monday morning?

Mr TAYLOR - The key issue around solar and battery technology, as you rightly said, is people potentially in the future may have the choice of going off grid all together, or alternatively still remain connected to the grid and using solar and battery technology and constantly still being connected with the grid. Nationally where this space is starting to evolve is around using, this is in all consumers and network businesses interest, solar and battery technology can be used to alleviate peak demand, which the main thing that drives network investment and therefore the costs that consumer have to pay for. Particularly within Tasmania, when you think about what solar power is effectively generated, it is not during our peak demand. It is usually in the winter time, in the afternoons. Our peaks are late afternoons in the winter, and in the early mornings. Solar and battery technology is a benefit if it could be used in a way that when solar power is generated in those afternoons, stored in batteries and then released in times of our peak demand, that should alleviate those network costs. That is in the interest of the network businesses to have attractive tariff arrangements in place for people who do use solar power and battery. There is that natural tension. You are right, there is potential for customers to completely go off grid. That, in turn, places a competitive tension on network businesses to get their investment back. That does not happen, they should drive the way they have their tariff arrangements with those customers in future.

Mr MULDER - So if you want these people on the grid, minister, would it not be a good idea to up the feed-in tariff so it becomes worth it to connect to the grid? At least they get the costs of the connection back?

Mr GROOM - I thought we were running an energy ticket on this before. What we have to do is have feed-in tariff arrangements that reflect cost. That is what I think. To go to your sort of point, into -

Mr MULDER - The cost of producing electricity, or the cost of people coming off the grid?

Mr GROOM - There are some embedded costs you have. The vast bulk of people who have solar are still connected. Therefore they are taking advantage of some of the embedded costs in our system. They are also contributing power. So you have to weigh those things up and get a fair outcome. The point I make is that as we move forward, there are potential opportunities. We might be able to smooth out use of our fixed system. That might be more efficient. That is in everyone's best interest. Enabling us to utilise, again, our excess power into a national market in peak environments at maximum benefit. However, if people are completely disconnecting, then that is a potential threat. My starting position is that this is still into the future in terms of mass take up of that option -

Mr MULDER - Unless anyone is watching at the moment.

Ms FORREST - It is not that far away. The Tesla battery is going to be released in Australia next month. I am not even sure other technologies are out there.

Mr GROOM - I fully acknowledge the point

Mr MULDER - We could probably shorten this. We are all aware across the issues. We are all aware of the potentials and we are all aware of the threat. The answer to my question is quite a simple one: we have not made the decision yet. I ask you to perhaps take it on board and when I ask it again next year will you have a more definitive answer about how you are going to manage the threat posed by batteries to the thing in terms of the proposed feed-in tariff? If you leave it where it is, it is a huge incentive for people to come off the network, particularly if they are not paying service charges. Perhaps we should defer it.

Ms FORREST - That is the other question. Will there be a service charge, regardless?

Mr MULDER - That was the question.

Mr GROOM - To go back to the point, how far into the future is it. We fully acknowledge this is rapidly moving. That is the point I made. That has been fully acknowledged in the energy strategy. The current position, as I have mentioned, is that you should be receiving a feed-in tariff that generally reflects the net contribution. That should factor in fixed costs to the extent you are connected. If someone was completely disconnected from the system, at present, that would not involve a charge. That is the current position. I take the point.

CHAIR - You talked about the second Bass Link cable. Where has that progressed? Did I read somewhere the expectation was, if the business case stacked up, that you would be looking at the Federal Government to fund that?

Mr GROOM - This is a long-term proposition but a very important one. A lot of work has been going on both within the department and some new work that is going to be undertaken through [inaudible] Tasmania. I will have Alex speak about that in a little bit. What we have indicated is we believe any second interconnector should be nationally funded. I have used that term specifically. We anticipate we will see a firm leaning on the red is reflective. If you compare where we were 12-18 months ago in relation to the RET there was a lot of speculation that it may be scrapped. The fact that we have the outcome we have is reflective of the fact there will be an ongoing transition to lower forms of carbon intensity in terms of regeneration. If you accept that fact, then there is a role for Tasmania to play in contributing more than we are. We have significantly to this point but contributing more than we currently are into the future. That is contributing more renewable energy into the national market.

In that sense it is national infrastructure. One of the mistakes made with the first Bass Link was the final arrangement delivered an outcome where Tasmanian power consumers were subsidising Victorian power consumers because of the void in costs associated with meeting peak load in a Victorian market. I do not want to see that outcome in any second link. There are a number of ways that it could be nationally funded. It could be funded as a regulated asset, for example, where the ultimate end consumer is able to have the benefit but also meet the costs. It could be a combination of that and some form of Federal funding.

CHAIR - Yes, I accept your proposition on the lower carbon-type proposition but also, conversely, would not the Federal Government say, as you said, because you are looking at an oversupply of power on the eastern seaboard at the moment and this is something that is going to add more to it. Maybe they might be reticent to going down this track.

Mr GROOM - You are placing too much emphasis on the Federal Government component of it. When I say nationally funded is, the nation should pay for it and there are lots of different models for that to happen. Self evidently, this will not be built if there is not a demand for it. That demand can happen because of shifts in supply and demand. We have seen a dramatic shift over the last five years. It is a brave person to have too much confidence about where that balance might be in five, 10 or 15 years time, it could shift dramatically again. There could be a significant shift in further transition to lower carbon intensity in generation. If we continue to see that transition happen, that renewable energy has to come from somewhere and Tasmania has the best resources on the face of the planet. If you are looking for competitive advantage for Tasmania in the national context, then we should be playing an even larger role than we are currently are in contributing that clean energy to the national market. All I am saying is if those circumstances exist, that is national infrastructure. It is not a Tasmanian thing, it is national infrastructure. We need to come up with a model that ensures that Tasmanians are not paying for that. Do you want to talk about the specific words for that?

Mr TAY - There are some key elements to this work and the first is energy modelling because that really alludes to what the minister has been talking about. A key part of that work is looking at various scenarios under which the conditions for a second inter-connector start to stack up in terms of the case for it. Included in that modelling, scenarios around what the minister alluded to earlier and what happens in the unfortunate event we did have a large loss of load in Tasmania. Also, what happens in a scenario where there is a retirement of some large coal fired generation assets on the mainland market and also around what carbon price is in the future whether it be virtually zero or a high carbon price scenario. That work is currently being undertaken and is reasonably well progressed. Hydro Tasmania is leading a lot of that work because it needs some standard interactions and scenarios with its Hydro system.

Also progressed alongside of that is something called the RIT-T test which is a revenue investment test for transmission. That alludes to what the minister was explaining before, around national funding. One interpretation of that is because under the National Electricity Market arrangements there is a revenue investment test, a valuation that benefits the second interconnector based on improved market efficiencies across the entire National Electricity Market. It looks at things like delayed capital investment, superannuation liability and network liabilities. It involves a detailed look at the National Electricity Market to assign the benefits and value of the sector. Once you do have it is either who would pay and the arrangements under which that would be paid for.

The other key element of this work is technical studies. Our understanding of power system analysis so you can understand where the location and design and the sizing of another cable would be between the Tasmanian and Victorian systems. Some economic modelling that uses the results from that revenue investment test I was talking about to undertake analysis of the assessment of wider economic impact on a second interconnector. There are some broad features of what that work is entailing. A number of those which are already well progressed and we are anticipating completing all that work through the course of this financial year.

Ms FORREST - Minister the turnaround in Hydro Tasmania's fortunes, we have not talked about Hydro much, has resulted predominantly from Hydro being the country's largest beneficiary from the renewable energy target scheme over the last three years, which was reported the weekend before last in the *Australian Financial Review* on page 2. It stated the price renewable energy certificates increased with the uncertainty of the future, the RET, and there will be increased demand for RETs as a result of the recent new RET deal. This change in profitability of Hydro Tasmania's is clearly evident from the policy and parameters statement, budget paper number 1 pages 58 and 59. The Treasurer's budget statement said on page 4, this written version, that Hydro Tasmania had returned profitability earlier than forecast due to the Government's strong stewardship. My question is what exactly did the Government tell the board that it did not work out for itself?

Mr GROOM - I would argue that there has been strong stewardship on a couple of fronts. Firstly, you mentioned the significance of the RET market for Hydro Tasmania. While I would argue the Government is taking a very strong role in advocating for a positive outcome for the RET.

If you look at where the spot market was for RETs, even towards the end of last year, it was trading in the low 30s and it is now trading above 50. That is a consequence of the certainty that has been secured through what appears to be an outcome on the renewable energy target. That is something we would have been very actively involved with. I have been very directly involved in it over a long period of time behind the scenes. So I would argue that is the case.

Also, we have seen after Greece that unfortunate situation where significant amounts of debt of \$205 million had been imposed on Hydro Tasmania. That debt existed as part of the Tamar Valley power station and you know the story behind that very well.

Ms FORREST - I do very well.

Mr GROOM - There is some attempt to whitewash over this but we had a situation where the former Labor government paid \$160 million more for an asset than its valuation, in a fire sale situation. That cost has been imposed on Tasmanian power consumers ever since. The debt associated with that was put on to Hydro Tasmania so we have been involved in that.

Ms FORREST - It was put on to Hydro Tasmania after it was put on to Aurora first on the advice of the ACCC that they could not put it with Hydro. Then the ACCC changed their view some time later. So it has been a dog's breakfast from the start.

Mr GROOM - That is right, but that has been removed by the current Government. In addition to that, we have had a very strong focus on returning Hydro to core business, and that is an ongoing process. Also, there is a strong focus on prudent cost management, and we have seen that. There have been some difficult decisions made in that context.

I had not mentioned Hydro Tasmania, I have mentioned Aurora and TasNetworks. We have seen a significant shift in the approach from Hydro Tasmania under the leadership of Grant Every-Burns and also Steve Davy, who is the CEO, very much along the lines I have just described. If you are asking me whether it is fair for us to say that there has been a shift under the new Government, and that it is strong stewardship and it has put Hydro Tasmania on a more sustainable footing, my answer is yes.

Ms FORREST - Minister, in the *Australian Financial Review* it said that Hydro Tasmania was the surprise winner from RET over the years 2012 to 2014. Is it true that the income from RECs is what helped it return to profit?

Mr GROOM - The RET income is important; it is not insignificant. The point I am making is that it is worth a lot more now than it was even a year ago. That is as a consequence of the outcome on the RET, and that is why we have advocated so strongly, as well as behind the scenes, in a very intensive manner to secure that outcome. I can absolutely assure you that is the case.

Ms FORREST - You are not just diminishing the actions taken by the board to maximise their opportunities here? Obviously, there was an uncertain market and the board must have taken decisions to maximise their income and be the surprise winner from this, if you want to call it that, which the AFR did.

Mr GROOM - I do not think they are a surprise winner at all. The investment is well understood in the RET market. The potential benefits available to Hydro Tasmania under the baseline credit arrangement as part of the RET is well understood. The key to it was sureing up the market. I do not take anything away from board, I just made the point that I think Grant-Burns and the current board and all of the senior managers of Hydro Tasmania do an outstanding job.

Ms FORREST - In a pretty complex area.

Mr GROOM - In a very complex area, and in fact it is one of the things that is really underrated in this state; the level of expertise that we have in the energy sector in Tasmania is world class. I made this point at a forum I was attending. When you talk energy, you could take the top 10 people in Tasmania in energy and put them in energy forum anywhere in the world and they would hold their own. It is one of the great strengths of this state, and they do an outstanding job. I actually do not agree with the *Australian Financial Review* article; I do not think they were surprise winners. The key to it has been the outcome to sure up the market. We were also attempting, though those negotiations, to secure an even greater benefit for Hydro Tasmania. At one point we thought there was a little window of opportunity where we might actually secure an even greater outcome. We will continue to advocate for that, notwithstanding the fact that this thing is appearing like it is about to land. We will continue to argue for even greater recognition of Hydro into the future.

Ms FORREST - Who receives the renewable energy credit revenue from the wind farms? Is it the joint venture owners or Hydro Tasmania? Who actually gets the revenue?

Mr GROOM - There a REC agreement back to Hydro.

Ms FORREST - So Hydro gets the benefit?

Mr GROOM - I think so, yes. I probably need to take that on notice but I think that is the case.

Ms FORREST - So is the REC revenue then dependent on how much the wind blows, in other words the capacity factor of wind farms? Is that how it works?

Mr GROOM - Yes, it has to generate to earn.

Ms FORREST - What have the capacity factors been on a yearly basis for Woolnorth and Musselroe since their inception? How do they compare to their factors in final business cases?

Mr GROOM - I would need to take that on notice. We can find out for you.

Ms FORREST - One other question, Mr Chairman. There is \$2 million made available to Aurora to assist vulnerable households. How do you determine what constitutes a vulnerable household? How would the \$2 million directly assist those in vulnerable households? How will the Your Energy Support - YES - program assist those households?

Mr GROOM - The YES program is going to be expanded. It already exists and provides support for vulnerable households to understand, basically, how their power works and how they can ensure they are in a position to meet bills. With the additional \$2 million we are expanding the reach of it. Vulnerable customers typically have had a certain profile or demonstrated an inability to meet the payment requirements - pay their bills. The program is designed to expand the reach. At the moment there are about 1 500 customers categorised by Aurora as vulnerable, either because of their natural profile or because of their inability to meet bills. We are looking at expanding that to 2 500 people.

We are going to be working on a couple of specific initiatives, case-managed on a user-by-user basis. Specifically we are looking at targeted and practical energy efficiency measures, that is, assisting vulnerable customers with practical means to replace energy-efficient devices or improve household efficiency to assist in increasing energy efficiency within their homes. It is to identify practical means by which they can lower their energy use. We are going to be doing that in conjunction with other service providers, potentially banks and the NILS scheme - the No Interest Loans Scheme - to find affordable ways for people to invest in energy-efficient devices and other measures.

This is so important. When you go around the state, the number of people you meet when you go into their homes and you see the basic setup they have for heating and other devices and you see the inefficiency that exists there, you then understand the serious difficulty they have in meeting their basic bills, including their power bills. This is a latent opportunity in Tasmania to reduce even further power price pressures.

Ms FORREST - Has any consideration been given to support insulation? That is one of the biggest factors of energy efficiency in heating.

Mr GROOM - Yes, it is. This can potentially expand to measures such as that. One of the most obvious examples you see is the number of households you go into where they have the plug-in blower - probably like here.

Ms FORREST - In an insulated house.

Mr GROOM - In many instances you could reduce a household bill by 20 per cent or 30 per cent with very basic measures. This is about case-managed effort, through Aurora, targeting vulnerable households and leveraging off other departments.

Mrs HISCUTT - Will you supply to Housing Connect clients as well?

Mr GROOM - The profile is vulnerable customers. Anyone who has difficulty paying their power bill or otherwise meets the profile.

Ms FORREST - Aurora will make their determination? Aurora would have people living in Housing Connect houses.

Mr GROOM - They do. They are working specifically with the community sector to make sure those most in need receive the benefit of the services.

CHAIR - Any further questions on energy? If not, we might pull up stumps.

The Committee suspended from 1.55 p.m. until 2 p.m.

DIVISION 7

(Minister for Environment, Parks and Heritage)

Output group 1

Support for Executive Decision Making

1.2 Climate Change

Mr GROOM - I introduce Louise Wilson from the Climate Change Office, and Wendy Spencer.

Mr CHAIRMAN - Minister, we will go to 1.2 Climate Change. Would you like to make a brief statement?

Mr GROOM - Yes, very briefly. I reiterate the Government's ongoing commitment to the issue of climate change. It is a very serious issue and we adopt a sensible prudent action approach. In that context we will be developing a climate change action plan before the end of the year. We are conscious of the fact that we need to play our part in reducing emissions but we also want to understand the opportunities that climate change can offer a place like Tasmania. We think there are significant opportunities. We acknowledge in this context our significant contribution in the form of renewable energy, including the export of renewable energy into the national market.

There are not many jurisdictions that exist anywhere in the world that have more than 90 per cent of their electricity generated from renewable sources. Tasmania is very unusual in that regard. It is something that we should be proud of; it presents an opportunity for Tasmania in contributing to this issue. Based on the latest national greenhouse gas accounts which were released on the 28 May of this year, in per capita terms Tasmania has the lowest emissions levels of any Australian state or territory. It is around three megatonnes of carbon dioxide equivalent per person compared to the national average of around 23 megatonnes, so it is considerably below the national average. The state's emissions have reduced significantly in recent years, down from 17.3 mega tonnes to just 1.7 mega tonnes. This represents a decline in emissions of 90 per cent from the 1990 baseline, which means that Tasmania has achieved its legislative 2050 target of 60 per cent below 1990 levels several decades ahead of time.

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It is fair to say that our emissions profile is a good one by comparison to other parts of the country and other parts of the world. That does not mean of course that we do not have a need to continue to do more to address this issue and to understand what opportunities climate change can offer Tasmania. They would be my opening comments.

Mrs HISCUTT - The money across the forward Estimates looks fairly steady at just under \$1.5 million, so I am presuming that is enough money to keep things rolling along. With regard to your climate action plan, there used to be a Climate Action Council which was disbanded in 2014, just only last year. Was there anything to replace that, or did you find a need to replace, it or was it just absorbed?

Mr GROOM - We formed a view that the council had served a purpose up to that point and that we were able to utilise the skill sets that are necessary to ensuring we are addressing this issue and responsibly responding to it by other means. So, some of the expertise on that particular council we continue to engage with. I have certainly had such engagement and then we have expertise that exists within the energy businesses. We have expertise that exists within the private sector and more broadly in Government. We are leveraging off all of that to understand the risks and opportunities that climate change presents.

Mrs HISCUTT - So you did not really need to replace it, by the sound of it?

Mr GROOM - No.

Mrs HISCUTT - I noticed on the website that you have 'climate champions' in each department. Are they making any improvement or differences or identifying any places where energy could be saved from working?

Ms WILSON - Those climate champions in the departments are to provide advice and support others to reduce resource use and waste.

Mrs HISCUTT - What sort of things are you talking about here? Are you saying do not print it on paper unless you -

Ms WILSON - Yes, things like that. The latest information we have around public sector emissions is that there was a reduction in energy use of around 3 per cent from previous years. We think that is a really good sign that we are identifying some good things.

Mr GROOM - I think that says that we should all be champions, and I mean that sincerely. I think this is a collectively responsibility and we can all play our role in raising awareness of the issue and finding practical ways that we can play a part in responding and identifying opportunities. It is an example of how we can encourage that mindset.

Ms SPENCER - Each agency has an emission reduction plan and the climate champions are critical in implementing that across their agencies. It also aligns with the Government's desire to reduce costs.

Mrs HISCUTT - So in each agency is the champion only one person, a group of people, or everybody?

Mr GAFFNEY - Further on that. They have targets to meet, or whatever, so what happens if they are not meeting their targets or they are exceeding them? Have you had any evaluation of how they are going?

Ms SPENCER - Each agency is required to report through their annual report on their emission reductions. We encourage full activity but it is really up to the individuals in the agencies. They have a range of different activities across a range of emission areas - transport, waste or electricity. They might define what it is they work on and they report that through their annual report which goes to Parliament.

Mrs HISCUTT - One of the success stories was the Blown away on Bruny Island, the community health centre on the website.

Mr GROOM - Do you have something specific with that?

Ms SPENCER - That was an initiative of the Department of Health. They had the opportunity to develop some refurbishments of their health centre so they made it more heat-efficient. They had a renewable energy contribution as well.

Mrs HISCUTT - Just to finish off, it says for reducing government carbon emissions there is significant work underway. Can you enlighten me about one or two of those significant things that are underway?

Mr GROOM - One of the things we have been doing is working with the different departments on reducing their energy use. That is a practical example we have been looking at. Are there any other specific measures in the public sector?

Mrs HISCUTT - Passenger transport framework?

Mr GROOM - Are you talking about within Government, or generally?

Mrs HISCUTT - This is the Government stuff.

Ms SPENCER - Within Government there has been the Building the Education Revolution there was a range of initiatives. As moneys were going to schools for developments, energy efficiency measures were being employed as part of that. The Sustainability Learning Centre at Mt Nelson, in conjunction with Hobart College and Mt Nelson Primary School, is a demonstration site for sustainable living. We have green leasing happening across government buildings where there is a service at ground level. There have been green leases promoted now, and building that into new lease arrangements the Government has with enterprises.

Mr GROOM - There have been some other specific areas we have been looking into to encourage more efficient use in the transport area. We are trying to encourage better driving habits. We have the greenhouse gas ratings for vehicles within the government fleet. One of the other things we have sought to do is to encourage a look at the future of electric vehicles. As I indicated earlier, we want to be prudent and sensible but we want to understand where that is going. As a consequence, we have encouraged the electric car demonstrator project, which has been undertaken by Hydro Tasmania, TasNetworks and a number of the other departments. That is when they are exploring the potential for electric vehicles. In the future it may be something we are able to look at in the context of the government fleet, for example.

Mrs HISCUTT - Good. One last question. You mentioned Momentum Energy. Is there a chance to sell more energy or are we at capacity in what we have? Are they indeed selling all the energy they have?

Mr GROOM - Momentum Energy sells all the energy they have. From our perspective we see an opportunity there because we have an excess of supply in Tasmania to be able to utilise Basslink to export Tasmanian clean and renewable energy into the national market. Momentum Energy is a vehicle through which that can happen both at the wholesale and retail levels. They have been looking at opportunities in different segments of the market in some of the national jurisdictions. It is a way we can take our renewable energy to the market.

Mrs HISCUTT - I get a real kick of satisfaction when I go to the mainland and see Momentum Energy advertised on their telly. I think, that is ours. Thank you, Chair.

Mr GROOM - It is, very briefly, a good point. Renewable energy is part of the Tasmanian brand, and we should not lose sight of that. The clean, green image Tasmania has developed is a very valuable one which dovetails into many other economic opportunities. As we were discussing this morning, our potential opportunities in niche premium produce markets is very much connected to that clean, green, positive climate, pure environment image. It is an important one.

CHAIR - Any further questions on climate change?

Mr GROOM - Thank you very much.

DIVISION 8

(Minister for Environment, Parks and Heritage)

Output Group 3

Natural and Cultural Heritage

Mr GROOM - I invite John Whittington, Secretary of the Department of Primary Industries, Parks, Water and Environment, to the table.

I have a brief overview, just to reiterate the Tasmanian Liberal Government's ongoing commitment to protecting, conserving and promoting Tasmania's unique and world-class natural, built and historic heritage. Tasmania's natural environment and built heritage are some of our greatest assets and most valuable tourism drawcards. It is the Government's aim to take full advantage of what we have by leveraging our assets to grow our economy, while also recognising the need to properly protect and manage these assets for the value they represent in and of themselves.

We have identified the potential opportunity to encourage new tourism experiences in our natural areas, and we saw the announcement yesterday of three of the projects coming through the EOI process and entering the licence and lease negotiation phase. It is a very positive development. Of course they still have to comply with all the statutory requirements, but they can play an important role in providing new tourism experiences and, in doing so, contribute towards our target of 1.5 million visitors by 2020.

We have been undertaking the process of preparing a new management plan for the World Heritage Area. As I have indicated a number of times, we are going through a consultation process. I am absolutely determined to make sure that this is a genuine process that we understand all of the broad views and perspectives to make sure we deliver a final plan that can support sensible tourism in our natural areas while at the same time protecting natural and cultural values. It will be a plan Tasmania can be proud of.

We have been working with the Aboriginal community on increasing efforts to recognise, protect, responsibly manage and also celebrate cultural heritage in Tasmania. It is an important objective. We have been working with the Aboriginal community on the issues in relation to the tracks in the Arthur-Pieman area. We stand by our policy, but at the same time we want to make sure we do that in a way which is genuinely respectful.

We have working on the heritage register. As I indicated earlier today, that is about ensuring integrity to make sure heritage is properly protected.

In terms of the Budget itself, obviously we have had a number of key initiatives such as the parks high-priority infrastructure investment, which is \$8 million over the course of two years; the continuation of the \$28.5 million fuel reduction burns initiative; investment of \$10.5 million to complete stages 1 and 2 of the Three Capes Track and to ensure that track can become one of Australia's most iconic overnight coastal walking experiences. In fact I think it has the potential to be iconic in a global context. We have an additional funding of \$4 million towards the completion of stage 3 of the Three Capes Track; the continuation of the commitment of \$2 million to upgrade the South Coast Track; the continuation of the \$1.75 million commitment to the development of the Woolmers Estate Visitor Centre; a commitment of \$1.7 million to the West Coast Trails projects; a continuation of the Maria Island ferry winter subsidy; providing financial support for the maintenance of Entally House; and also \$100 000 for the heritage maintenance works and improvement of facilities at the Royal Botanical Gardens. These are all examples of the commitment by the Government to make sure that we are investing in our natural areas and our cultural heritage.

3.1 Resource Management and Conservation

CHAIR - We will move to 3.1, which is Resource Management and Conservation. I notice the budget going forward flatlines at about \$11 million on this line item. I am a bit concerned and I will provide a couple of examples. For example, in the budget papers it talks about 'provides sustainable management of the state's geoh heritage and soils'. Is that not somewhat of an overlap with the role of DPIPWE and the three NRM bodies and others that manage these sorts of matters anyway? When I talk about swirls, are we talking about swirls on private land just used for agriculture and forestry purposes or are we talking about the whole gamut of public lands as well, wilderness areas and the whole lot. I might just get an answer, if I get a bit of a picture there. I am just trying to work that out.

Mr GROOM – First, one of the things that we have focused on, there is some interaction, if I can describe it that way, perhaps rather than overlap. We have sought to ensure that we minimise any overlap but at the same time, ensure that we are working together in relation to these types of issues. John do you want to speak to the detail on that.

Mr WHITTINGTON - The Natural and Cultural Heritage Output Group, has the resource management conservation area within it, and that has, as you have pointed out, the revenue by

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appropriation and there is around about \$11 million. One of the functions there is the group within DPIPWE, the broader agency, that provides advice on soils. That sits within that output group led by Peter Boller up at Launceston.

CHAIR - So the dollar appropriation is not in DPIPWE.

Mr WHITTINGTON - No it is in that output group for that function, so it is a part of that output group. That broader division has within it, a group mostly out of Launceston that provides soils advice. We do quite a bit of work for Tas Irrigation for example and we are providing mapping services of soils that are used right across industries, as well as the environmental parts of the portfolio. But those staff are in Output Group 388.

CHAIR - That was an explanation that I was trying to get my head as to where some of that sat. So

Mrs HISCUTT - Just back on what you were saying, and the Tas Irrigation part of it. Minister when they were putting the irrigation schemes through, every property had to have an Aboriginal artefact check and a soil test. Even though properties were next door to each other or the same property might have had two or three outlets. I could not see the necessity of doing one for every outlet. Why was that so necessary?

Mr WHITTINGTON - Tas Irrigation, as part of the access agreements for water, would require each access point, each property to have a farm water access plan. And the farm water access plan is primarily focused on ensuring that that property can sustainably use the water. So it looks at water use, it looks soil types, but if there is identified Aboriginal heritage in the area then that might be part of the farm water access plan. So there is a broader remit for areas where there is a high rise. So it would not be every farm water access plan would not have to go out and do a heritage survey.

CHAIR - I am just trying to work out whether we are getting bang for our buck out of this \$11 million budgeted in this line item. I know that it does go onto other part up there at the moment, which is the terms of our native fauna. So you also provided administrative advice I think it was to the NRM framework. What does that cost?

Mr GROOM - We probably need to take it on notice. We are having a bit of look at the act in the framework to make sure that, from our perspective, it is delivering value, consistent with community expectations. I do not think we have commenced this yet but we will be inviting public comment in relation to the Natural Resource Management Act and also the framework to get feedback from people so a discussion paper will be available shortly. The amount is \$246 000 per year for each region.

If you have views on this I would encourage you to participate.

CHAIR - It talks about, what does it say here, it supports the administration of them, \$246 000 for each one. I would have thought that the administration would have been self contained. I am wondering why we have \$750 000 to do that.

Mr WHITTINGTON - The three NRM regions are set up and recognised under the Natural Resources Management Act. They were set up some years ago and it primarily expends Commonwealth funds but the state had, ever since their establishment, provided assistance to the

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regions to do their business. As the minister said \$246 000 per annum each, they have leveraged that about 10 times out of the Commonwealth. They are probably running a business of about 2.2, 2.5 million a year.

The states contribution leverages considerable Commonwealth funds and those funds are then expended within the regions on priority projects within their regions. That is the way it has historically worked.

CHAIR - Talking about one of the other matters here, fauna. Once again it seems that there would be another duplication role here with the DPIPWE game management unit which provides advice on vermin fencing and all those sorts of issues. Minister, where does your department fit in into this role?

Mr GROOM - This particular function is in my portfolio in terms of managing game species and also to arrange programs to reduce the impact of browsing animals on primary industry. That is the function but obviously there is an interest in primary industry. Mr Rockliff and I consult very closely in relation to these types of issues.

CHAIR - The use of the dreaded 1080 falls within Mr Rockliff's purview?

Mr GROOM - In terms of the granting of approvals.

Mr WHITTINGTON - It is a two-part process at the moment. Mr Groom's portfolio is responsible for decisions around the take. If you choose to take with a firearm you will interact with Mr Groom's portfolio but if you choose to take with 1080 then that is Mr Rockliff's portfolio.

CHAIR - Game management has become a huge issue for about every land owner in the state because our native wildlife is in such huge numbers. Abundance is the word and does have a big economic impact. That is the way it sits and I think you know.

Mr GROOM - I completely acknowledge it. It is raised frequently and the only thing I can say is that there is close cooperation between myself and Mr Rockliff in relation to these sorts of issues.

Mr GAFFNEY - A supplementary on the game impacts on some of our heritage areas of parks and whatever. Interestingly enough in Tasmania if we have a whole lot of ferrel cats on an island we try to eradicate the whole cat. The one I have some concerns about and it is growing in numbers is the deer, the feral deer in Tasmania and the impact it is having on our conservation, parks and the numbers are growing.

[2.30 p.m.]

In New Zealand they are a real pest. In this state we have a season for deer shooting because of some laws and regulations. They are becoming a real pest in areas. Does the Government see a way to reduce the numbers significantly? You talked a lot about the hunters around the place. Feral deer are everywhere and more of a problem in our parks and reserves and on private land. It seems we have a protective season for shooting deer.

Mr GROOM - I fully recognise the issue. It is something that is raised not infrequently, as I am sure you would be aware. There are strong views about this including within the hunting community. The Government has sought to encourage discussion between those who view this

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from a pest management perspective and those interested from a hunting perspective. We are seeking to encourage a close engagement between those two perspectives to try and identify how can get the balance right. I think these things are always about balance.

Mr WHITTINGTON - The approach we have taken is, as the minister said, balancing deer as a prize game species coupled with managing deer in the environment. We have parts of the state where we do not want deer and we eradicate them. We have parts of the state which are the prime deer range where we are managing the herd to produce quality deer for the deer shooting fraternity. Where there are issues around pests - too many deer in an area - we often provide another form of permit to take those deer. It is about trying to manage a quality herd for a hunting experience in the core range, eradication where we do not want them, and then providing another layer of permits to take where they become problematic within the deer range.

Mr GROOM - I should point out that for a primary producer, you can access a permit year round.

Ms FORREST - It is in terms of crop protection only though, isn't it?

Mr GROOM - Yes.

CHAIR - From the conservation perspective, do we have a hit list of endangered species of both fauna and flora? Is this something fairly available at the moment? We know about swift parrots and brush-tailed possums and that kind of thing. .

Mr GROOM - I am sure we do have a list. It is a list that is being monitored on an ongoing basis in terms of recognising new threats and also taking off those that may not otherwise satisfy the criteria any longer. At present there are 204 fauna and flora species listed under the act as endangered. A further 114 are listed as vulnerable, 335 as rare, 28 as presumed extinct. We work closely with the other jurisdictions to develop a common assessment method. This is something being discussed at a national level to make sure we are consistent in it. There is no doubt at all that we have very significant ongoing work.

Some of the species that are particularly challenging, for example, relate to the Tasmanian devil. It has very significant ongoing threats from a disease perspective. As I have indicated through the course of the last few months, we have had a very successful outcome in terms of the insurance population. That has been a very successful program which is important from a species survival perspective. We have in excess of, I think, 99 per cent genetic diversity in the insurance population. It is a genuine reflection of the broader population. It still has very significant ongoing threats. I was very pleased to see the final decision to declare the Tasmanian devil the official animal emblem of Tasmania. That is a great way to promote the state. It is well recognised around the world.

In addition, we have ongoing issues with the orange-bellied parrot, which would be well understood. I was very pleased to see the announcement from minister Hunt recently with an additional \$500 000 being spent on that particular issue. The Swift Parrot, which you have mentioned, Chair, is an ongoing issue which we are very focussed on. A lot of work is being done in relation to that. There are a number of others that are also in that threatened category but that is the flavour of some of them.

CHAIR - Thank you very much for that. Any further questions on that output?

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Mrs HISCUTT - On your resource management, I was up at Cradle Mountain last weekend and wanted to the slip out to the lake to have a look at what they are talking about for the visitor information centre there. As a Tasmanian, I really objected to that pass but that is beside the point. Had I been able to purchase it online, I probably would have done so. You have online purchasing are you finding people are more going to that for park passes?

CHAIR - It is probably under Parks and Wildlife management.

Mrs HISCUTT - I am happy to put that on notice until later.

Mr GROOM - We can deal with that later. The online passes have been a very positive story, so we can come back to that one.

CHAIR - Thank you.

Ms FORREST - Minister, this also covers the voluntary private land conservation programs around the state. How many are in place around the state at the moment and is there any cost to government or is that a private arrangement?

Mr GROOM - It is across the Government in terms of overall management but primarily it is leveraged off the private sector. The outcome as at end of 2013-14 was 102.7 thousand hectares that are subject to voluntary binding conservation agreements. Then the target for last year was 105. I do not know how we have gone with that.

Apparently this is a slightly different measure but this is current. There are 768 binding covenants covering 96 381 hectares as at 31 March. Then land for wildlife has 903 registered properties covering 56 907 hectares. Gardens for wildlife has 524 registered properties covering 2 647 hectares.

The funding for the program has largely been provided by the Australian Government. Over \$50 million has been provided to landholders as incentives since it was first commenced in 1999. Obviously, there is a cost in us being involved in that.

Ms FORREST - What do the private landowners do to maintain them?

Mr GROOM - It would be in terms of the sort of process of engagement. We are involved from a government perspective.

Ms FORREST - It would not be a huge cost, though?

Mr GROOM - No, no it is not a huge cost.

Mr WHITTINGTON - We do provide advisory services for landowners with covenants. They might have quite legal questions about their covenants or they can be questions about how to manage the land under their covenant. We try to run our program whereby we provide free advice to land owners about their covenants.

Ms FORREST - The compensation, if that is what it is called, is provided by the Australian Government? All of it?

Mr WHITTINGTON - To my knowledge, it would be.

Mr GROOM - I think that is right.

Mr WHITTINGTON - There have been different programs.

Ms FORREST - Thanks for that.

CHAIR - We will move to 3.2.

Mr MULDER - Going back to the irrigation question. Thanks to Senator Calvert, Clarence Council sends it treated waste water, instead dumping it in the Derwent, up to the Coal Valley where it is a resource which then in turn competes with the reticulated irrigation system. Soon that will become a reticulated irrigation system. I am wondering how much, when we are managing what is a valuable resource which we are just dumping into the ocean in most areas around the state, it is being considered as part of the access to what is one of our most valuable yet one of our cheapest resources with both environmental as well as agricultural benefits that arise from it.

I particularly ask the question in the fact the irrigation scheme is extending into the south-east in that whole area around Sorell. At the same time we are talking about sewerage the southern beaches. I am wondering how much of this capacity is being factored into some of your policy or strategic considerations as you try to manage resources?

I was in China about five years ago. Along the Yangtze River, those large Chinese cities were sitting there having to row across a river with the sewage from the next river - we are talking about multimillion-population cities, and the amount of interest they were showing in that was quite significant.

If we put all your State Growth policies together, I wonder whether any of this is being factored into your thinking, both in terms of the technology and the things we can share with China, as well as the capacity to extend it through the various schemes. I think there is one operating in Brighton, but I do not think in Sorell. Sorell might have a small one. They seem to be falling between the cracks between the irrigation -

Mr GROOM - It is a big issue - utilising the engagement with China, for example, to understand the challenges and opportunities that exist there. Sharing knowledge and an understanding is important. It is a very important issue. Water management is a Primary Industries responsibility, so the primary focus on it would be with Mr Rockliff. I think you make a very fair point.

Mr MULDER - You are on State Growth and these things are out there. Particularly with issues like the southern beaches -

Mr GROOM - I completely agree, yes.

Mr MULDER - That is not an environment in which you wish to be putting treated water. We really should be pumping it upstairs. At the same time you are building dams.

Mr GROOM - It sounds like a good one for the State Growth subcommittee.

Mr MULDER - The Coordinator-General might be interested in coordinating some of these diverse government programs.

Mr GROOM - He participates in State Growth.

Mr MULDER - I put that on the table and suggest you might like to think about it.

Mr GROOM - The Secretary is indicating that there is \$500 000 to look at future opportunities beyond tranche 2. There may be some opportunity to explore issues like that.

Mr MULDER - It is a classic thing, the silo thinking that occurs between departments and business enterprises who are playing in the same space. If your department was set up for nothing else, it was to cut across that sort of silo thinking.

Mr GROOM - It is a very fair point. It is a great subject for the State Growth subcommittee.

CHAIR - Thanks minister, a final one on this. Is it possible within Output 3.1, Resource Management and Conservation, to provide, on notice, the budget allocation for each of the responsibilities contained in there? Thank you.

Mr GROOM - We can get that, Chair.

CHAIR - We might move to 3.2, a historic chap himself, Mr Farrell.

3.2 Historic Heritage Services -

[2.44 p.m.]

Mr FARRELL - That is how we are here, very rough in the Legislative Council. Last year you may remember, minister, I mentioned Woolmers and Brickendon getting a substantial slice of this funding. I notice through the forward Estimates that carries through, as you would expect. The first part of the question is, how is that project proceeding and any information you can give on that.

The other issue I raise on this subject is, it was recently reported in the newspaper that Brickendon, the property at Longford, has just received another \$80 000 from the Federal Government, through the Liberal member for Lyons, and it raised a question with me. There is a fair bit of state and federal money going into the Archer family property. Is there any coordination of this funding between the state and the Federal Government? Obviously you do not know where the federal money is going to go, but is there any way that can be monitored? There are several historic buildings in Tasmania that would really benefit from funding. A fair chunk of it seems to be going to one area. In my electorate there are some old houses, and I think it says in the article if they do not get this money they are going to have to close the facility down. That is what was said previously.

I live in a house that was built in the 1820s and I know the problems with old houses, but this is about concerns about trees falling down and bits and pieces. It is a bit of a concern to me and I am not suggesting we have a royal commission on this. It just seems, particularly when funding is tight, that a lot of the money is going into one area.

Mr GROOM - I certainly understand where you are coming from. It is a fair point that we need to be mindful of the fact we have a broad heritage portfolio. There are some reasons why these properties do get disproportionate attention. In this instance we are talking about World Heritage listings. That can bring with it both a responsibility but also as a consequence of that listing, the opportunity for increased Commonwealth funding. I certainly support all of the funding that Woolmers and Brickendon have secured. It is also important to recognise that there can be some benefit to Tasmania in making sure we really invest in those World Heritage sites as a way of showcasing the broader heritage portfolio. I remember last year we also discussed Port Arthur in this context, and recently Port Arthur received the award for Australia's best large-scale tourism experience. That is an important advertisement for Tasmania. It contributes significantly in attracting people to the state. I am just saying there is that benefit. I was up your way recently, I went to Willow Court and I was shown around. That is an example, I guess, you are specifically interested in.

Mr FARRELL - Certainly, and in many ways, if you drive through some of the places on the Midland Highway such as Jericho and Tunbridge, there are sections there with many privately owned properties, workers' cottages, that are probably significant historic buildings, I would think, as part of the whole build. I know we have put a lot of money into these grand places like Clarendon and Entally - I think that is National Trust - and privately owned ones. I understand Port Arthur being government-owned, it is vital that money does go into government properties like that.

I do not know if you have thought of any way, and I know it is not a big budget you are dealing with, but you see a lot of these little places falling down. One that springs to mind is the old shearing shed on

Mr FARRELL - Falling down. One that springs to mind is the old shearing shed on the highway over the road from Ross. I do not know if there is anyway that people can secure small amounts of money to fix roofs and just stop the rot a little.

Mr GROOM - It is a fair point you are making. I am not going to argue against the funding that these properties have been able to secure. They are very important examples of our heritage so I am not going to argue against that. There are some natural reasons why they are able to attract certain funds. I continue to be of the view that there is advantage for the Heritage portfolio more broadly in ensuring that there are some examples that can be showcased. That in and of itself, involves some disproportionate expenditure. I would site Entally - that is probably not quite in the category that you talking about. The outcome we have been able to secure for Entally is a very important one. Obviously that involves an ongoing obligation on behalf of Parks and Wildlife in terms of some maintenance obligations. To be able to find a way to secure reinvestment from the private sector and ensure that they are able to be utilised and have ongoing economic relevance is important. I take your point, in terms of the broader challenges for people with heritage properties in meeting very considerable costs in terms of maintenance.

CHAIR - It is possibly pertinent to point out that Government Administration B Committee of the Legislative Council is doing an inquiry with several terms of reference into this matter. I know that they are getting pretty close to finalising the report. It will be interesting to see the recommendations. They have looked at a lot of the issues.

Mr GROOM - One of the points we made on this was the integration with tourism. That is so important because it is critical for the Heritage portfolio that we find future economic relevance. You have to find a use of some kind. It might be someone living in it, for example. We have to make sure we find economic relevance because that is what can attract revenue, whether that be government funded or even better from the private sector.

Mr FARRELL - We covered that with the Callington Mill being successful because it does mill some flour and attract some people.

Mr MULDER - One of the issues that follows along a bit behind here, is the issue about heritage that is in private hands versus heritage that is in public hands, and the use of public money to favour privately-owned properties, which give a commercial return to the private owner and not the public. You throw Port Arthur in there, which puts it into huge relief. Port Arthur is a public asset. The public has invested lots of money into it and the businesses around it live off that rather than the Government pumping the money into the business itself. I pick up the point from the member for Derwent that when you start picking winners inside the heritage space in terms of private property, I do have some probity concerns.

Mr GROOM - It is a fair point but if you take Woolmers and Brickendon they are World Heritage listed properties. Not only that, but there was an opportunity identified to be able to leverage off Nigel Peck. Nigel Peck has contributed \$3.5 million of funding, so it was matched funding. They are probably two examples that explain the Woolmers/Brickenden experience.

Mr MULDER - There is a piece of public infrastructure that is in public hands, of enormous historical, political significance. No, it is not in my electorate. It is on the Macquarie River. It is the Long Marsh Dam. It was a major piece of history. It was in the time the government stepped in and said to the landed gentry you are not building your major irrigation dam using convict labour unless you contribute. The owners said no, we are not contributing. Governor Macquarie withdrew the labour from that dam. To this date there is no dam at Long Marsh but there still exists the construction of the base of the dam. On the hill behind it there are still the stacks of the chimneys of the officer's quarters. A number of people died there. There are tombstones there.

There is this magnificent piece of heritage in public hands, standing on the banks of the Macquarie with an important political history about how this state was developed. We are pouring it into some cockie's farmland who was probably one of the people who refused to pay for that land. I throw it in simply because it is a point about private and public and here was a classic case of a bit of history, which could be equivalent to your Port Arthur or part of the Heritage Trail.

CHAIR - I think the minister gets the drift. Any more on 3.2? If not we will move to 3.3.

3.3 Aboriginal Heritage

Mrs HISCUTT - There is an increase of \$200 000 next year. Your footnote said -

The increase in Aboriginal heritage and analytical services reflects the reassessment of corporate overhead costs to better reflect the provision of expenditure under these outputs.

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How is that reassessment of corporate overhead costs going? Has that all been done and settled in?

Mr WHITTINGTON - With the considerable changes that have gone on within the department over the last year with Service Tasmania leaving, Office of (2.57.19...inaudible) Tasmania coming in, some areas growing and some shrinking. We have to rebalance corporate. It is a process we have gone through recently and it is reflected in the budget statement.

Mrs HISCUTT - So it is all sorted now?

Mr WHITTINGTON - It is a bit of a zero sum game. Allocating into corporate where it is written.

Mr GROOM - I was very pleased to see the outcome of the additional \$10.2 million from the Commonwealth. This is for the additional World Heritage Area but a component of that has been siloed for Aboriginal heritage studies.

Mrs HISCUTT - That was my next question. How is the Aboriginal heritage going?

Mr GROOM - There was \$575 000 to advance that. As I have indicated before, this has been an outstanding issue for some time. It has been raised by the World Heritage Committee a couple of times. There was a commitment made back in 2012 by the Commonwealth Government. It did not seem to advance much further. Then the new coalition Government reconnected discussions in relation to that requirement. We need to understand the cultural heritage within the World Heritage Area better in order to ensure it is recognised, properly protected and celebrated. That additional money as part of the \$10.2 million funding agreement will facilitate some studies relevant to meeting the World Heritage Committee's requirements in that regard.

Mrs HISCUTT - Minister, can you give me that figure again, please?

Mr GROOM - It is \$575 000.

Mrs HISCUTT - Has the department decided who will get the contract to do that valuation and assessment?

Mr WHITTINGTON - As the minister said, that was announced fairly recently. The amount, and they have made it quite clear, it was to work closely with the Tasmanian Aboriginal community in undertaking that cultural heritage work. We are going to start those negotiations with the Aboriginal community very shortly.

[3.00 p.m.]

Mrs HISCUTT - Good. On the ABC news yesterday, it reported the Wilderness Society is heading off to Germany to lobby the WHO against logging, mining and tourism ventures. Do you have a comment to make on that with regard to anything to do with -

CHAIR - Are we talking about Aboriginal Heritage or are you just talking about tourism per se?

Mrs HISCUTT - Within the Aboriginal context.

Mr GROOM - Part of this process is the meeting to consider the draft decision of the World Heritage committee in relation to the draft management plan. One of the things we have sought to do in the draft management plan is to elevate the issue of cultural heritage to ensure that it gets proper recognition. We have indicated a desire to work with the Aboriginal community to get better outcomes.

There have been a lot of issues raised through the course of the consultation. People have different views on these things; we understand and we respect that. We have said many times that we are serious when we say we want to get the feedback and to consult; that is why we doubled the statutory consultation process. So the views expressed by the World Heritage committee in its draft decision are part of that and it is in that context that we have welcomed those views. We have invited the World Heritage committee and its advisory bodies to Tasmania to come and see how we are managing the World Heritage area. We believe we have a good story to tell and can be proud of how we are doing that.

However, it is important that people have the opportunity to come and see that first-hand and we will continue to advocate for a sensible outcome on this. What we want to do is encourage sensible new tourism experiences within the World Heritage area and it is important we do that. We have 200 separate tourism experiences currently operating within our World Heritage area and the national parks and reserves. It is important in the context of tourism that you are always refreshing to make sure you are meeting the market requirements and expectations. So we want sensible outcomes because we want to do it in a way which can deliver good, natural and cultural values outcomes as well. That is our commitment so we will continue to advocate that position to the World Heritage committee and its advisory bodies. We will be sending a senior government represent to Bonn to make sure we are representing our position directly at that meeting.

Mrs HISCUTT - Thank you, Chair.

Ms FORREST - I am sure you are aware, minister, of some of the damage being done to Aboriginal heritage in the Upper Pieman conservation area by people who - I do not believe have been caught yet - with their number plates obscured have been trashing significant areas of Aboriginal heritage. What are you doing about that and are you making any progress in finding out who these individuals are?

Mr GROOM - This is an issue. We have to find a way to do it better. We have been seeking to implement our policy of access but at the same time we are doing that in a way which is respectful of natural and cultural values in those areas. There are some very significant heritage sites there. We are in the course of a legal process at the moment. There has been an injunction put in place and it is very important from our perspective that people properly respect that injunction and the constraints that places on everyone.

The issue of inappropriate activity is not new; it has been around for some time. We are seeking to have conversations with the Aboriginal community on how we can work together to better manage this particular -

Ms FORREST - Which Aboriginal community are you talking to?

Mr GROOM - I might hand over to John in relation to that particular process.

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We are doing what we can to pursue people for their activities. As you have indicated, it is not easy to do that. We have been having some discussions with the Aboriginal community and I will come back to your point, John, in terms of the potential for some additional resourcing to address it. One of the things that has become self-evident to me is that the penalties under the Relics Act and other legislation applicable for damage to cultural sites is grossly inadequate and we need to address that.

I have sought advice from the department on that issue. I consider it to be grossly inadequate and we have a responsibility to address that in order to ensure that we are sending the right message to people and that there is serious consequence if you do deliberate damage.

Ms FORREST - That is true but high penalties do not mean you are going to catch the people.

Mr GROOM - I take that point. That is why we are having discussions about the potential for resourcing, and how we might be able to work together to address that particular issue.

Mr WHITTINGTON - Compliance activities in the upper Pieman are complicated. It is a remote and a difficult place but we work with our own staff with specialist compliance officers in the Parks service across the state and also with Tasmanian police. Since the 1 January this year, 20 offenders have been dealt with by infringement notice or formal caution and 11 of those offenders were on closed tracks at the Centre Cape.

Ms FORREST - They are on the closed track.

Mr WHITTINGTON - Twenty people have been dealt with by infringement notice or formal caution in the Upper Pieman; 11 of those were on tracks south of Centre Cape on the closed tracks. Another 13 persons of interest have been identified through various means - we have remote hidden cameras for example. We have 13 people we are following up; we are doing doorknocking at the moment. So where we can we will be issuing infringement notices of those 13 who were detected on tracks south of Centre Cape. To follow on from the minister, we are using all of our resources as best we can to manage the area.

Ms FORREST - Minister, you made the comment about working with the Aboriginal community. Which aboriginal community is it and who are you working with?

Mr WHITTINGTON - There is several parts to the answer to that. In the context of the injunction that is currently in place on the Upper Pieman - that is, conjunctions as a the result of an action by the Tasmanian Aboriginal Centre - I have been, along with Peter Mooney, working directly on tracks with the TAC and Pat Turner who is the acting CEO at the moment. More generally, the parks service works with the local Aboriginal community as well. I am looking at Pete now, just to make sure I am not misrepresenting him but it does seem to be working with CHAC, Circular Head Aboriginal Corporation.

Ms FORREST - What work are you doing with CHAC?

Mr MOONEY - The work with the local CHAC is mainly educational programs and interpretation programs with school groups within the north-west community.

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Ms FORREST - Is CHAC being engaged to try and solve this problem? Everyone in Circular Head has some sort of sense of ownership with this whole area, including the local Aboriginal people, members of CHAC and others, and people of European settlement. They all have a sense of ownership of this so I am interested in how you are engaging CHAC in that, particularly as there is this great divide between CHAC and the Tasmanian Aboriginal Land Council.

Mr MOONEY - We have not been engaging with CHAC over the court injunction; they are not the applicant. The applicant is the Tasmanian Aboriginal Legal Centre.

Ms FORREST - In terms of the protection of Aboriginal heritage in a broad sense, are they involved in those discussions, then?

Mr GROOM - There are two things here. There is the broader question of how we can more responsibly manage and protect Aboriginal heritage, not just in the Upper Pieman but everywhere. In that context, we are having discussions with lots of different people right across the spectrum of the Aboriginal community, but also with the broader Tasmanian community. As you indicated, there is a broader interest in a lot of these issues. Obviously we have a specific legal process and there are specific discussions going on in that context. That is a requirement because that is the nature of the process.

Mrs HISCUTT - It would be nice if they could be included.

Ms FORREST - There will not be in this actual injunction because they are not the applicant, but yes in terms of looking after the area.

Mr MULDER - On your penalties, I hear what you are saying about the need to review it and that the penalties for the relics act are so severe. Have you caught anyone in breach of that act? What was the penalty issued, and was the maximum penalty issued? If not, was it appealed? These are all issues you need to address before you start saying more severe penalties are the answer. It is the courts that apply them and are they getting the message?

Mr GROOM - We will confirm whether they are the maximum. Obviously there are different categories of offending, so we need to understand exactly -

Mr MULDER - Was it dealt with by way of court prosecution or an infringement notice?

Mr GROOM - In this instance we are dealing with infringement notices. Since 1 January this year 20 offenders have been dealt with by infringement notice. Eleven of those offenders were on closed tracks south of Sandy Cape. Fines issued by infringement notice range from \$210 to \$420. In addition, a further 13 persons of interest have been identified through images supplied by witnesses or technical surveillance equipment.

There are different classes of offending. Part of the problem you have here is evidence. To be able to prosecute for some of the more significant offences is harder because of the difficulty in securing evidence. I do not know the specific context of these offences but I do not think there is any doubt that as a general proposition they are inadequate.

Mr MULDER - The Attorney-General will point out very quickly to you that infringement notices are one-tenth of the maximum fine allowed under the law. If you are concerned about the

level of the maximum fine, why are you issuing infringement notices that automatically give you a 90 per cent discount on the maximum penalty? If you are concerned about the inadequacy of the penalties, you might need to issue an instruction saying the automatic 10 per cent infringement notice regime is not appropriate to such circumstances. Before we start ramping up penalties we need to have a look at what we have and how we are to get to them. If you think it is serious and the penalties are not good enough, then I would not be issuing infringement notices.

Mr GROOM - I do think it is serious. We have to have a better regime. The penalties that are available under the relics act, in particular, are not adequate and do not reflect best practise in a national context. I stand by the point and will get advice in terms of a potentially appropriate framework for that.

Mr MULDER - Why are you using infringement notices if you are so concerned? You should be taking them before the courts and seeing what the magistrate thinks.

Mr MOONEY - Infringement notices issued are under the National Parks and Reserves Management Act, not the Aboriginal Relics Act, and all the infringements issued have a maximum penalty of two penalty points.

Mr MULDER - The offences have two penalty points; that is \$300.

Mr MOONEY - No, that is today. When they were issued they were only of the value at the time. Two penalty points is whatever the figure is.

Mr MULDER - Is that the fine under the act or the infringement penalty?

Mr MOONEY - No, that is all we can apply under the current rules applied to the act regarding penalties. We are allowed to issue only two penalty points.

Mr MULDER - My question was about the Aboriginal Relics Act.

Mr GROOM - These have not been prosecutions under the relics act, and that was going to the broader point I made.

Mr MULDER - How many prosecutions there have been in relation to the relics act?

Mr GROOM - I am not aware there have been any. My understanding is that from an evidentiary perspective that is extremely difficult. That is part of understanding how we can better respond to this. I stand by the point I made that the overall regime we have in place for penalties for damage to Aboriginal cultural heritage in Tasmania is inadequate.

3.4 Royal Tasmanian Botanical Gardens

[3.15 p.m.]

Mr ARMSTRONG - As noted in last year's budget Estimates, the restaurant at the botanical gardens is being outsourced. I am interested to know how this arrangement is working. How is revenue raised from this? Is there a lease arrangement in place for rent to be paid, or is there a percentage of the turnover to pay? If there was rent, how was the rent determined?

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Mr GROOM - The Government has sought to engage with the botanical gardens to explore the potential for ways they can secure increased revenue through commercial operations. The lease arrangement for the kitchen was an example of that opportunity.

Mr WHITTINGTON - The restaurant used to be managed by public servants and was a very successful loss-making venture. A decision was made some time ago to seek a private sector operator to lease the facility and provide restaurant services at the gardens. A process was entered into and a proprietor was appointed. Their payments were based on the proportion of the turnover to the gardens. That operator operated for a period and then has chosen to withdraw. We are about to go through an expression-of-interest process seeking a new commercial operator for the restaurant in the gardens.

Mr ARMSTRONG - How are you going to determine the rent paid with a new operator? Is it going to be a percentage of turnover again or is it going to be a flat rental with outgoings?

Mr WHITTINGTON - It will be negotiated with the new operator, but the intention is to have a base plus a percentage of turnover, so a bit of a mix. That will be negotiated through the process.

Mr ARMSTRONG - In your budget papers it said there was a cash-flow received from the restaurant, et cetera, of \$1 million that you lost in turnover from your restaurant.

Mr WHITTINGTON - Yes, the revenue was \$1 million, but the expenditure was more than \$1 million on the restaurant. From running the gardens, a restaurant using public servants is very complicated - trying to run a hospitality industry using public servants on weekends and the like. It was determined we would get a much better product and it would be better for the gardens if the gardens concentrated on its core business of running the gardens, and have a commercial operator operating out of the facility, and a return back to the gardens.

You are correct. The budget papers shows a reduction of revenue to the gardens of about \$1 million but that is because we are not selling goods across the counter, nor do we incur any expenses for selling those goods. That is the other side. Expenditure has gone down in the out years to reflect the difference between income and expenditure.

Mr ARMSTRONG - Your expenditure on salaries went down by \$121 000.

Mr WHITTINGTON - What page?

Mr ARMSTRONG - On page 93 of the detailed budget statements. Sorry, \$400 000 employee benefits was \$2 989 to \$2 582.

Mr WHITTINGTON - Employee benefits have reduced by about \$400 000. There is a reduction in -

Mr ARMSTRONG - The consumables have gone up this year because of -

Mr WHITTINGTON - That is the heritage works.

Mr GROOM - One update I have for the member for Rumney is that the Long Marsh Dam is recognised and protected as a place of state historical significance and entered on Tasmanian Heritage Register.

Mr MULDER - I did not see any dollar signs attached to this wonderful piece of heritage, minister, which was the point.

Mr WHITTINGTON - There has been reduction in employee benefits. Supplies and consumables have gone up because that is offset by the additional money. Supplies and consumables associated with restaurants have decreased in that space. What you are saying is that the sum of the two are less than the reduction in revenue.

Mr ARMSTRONG - I would like to know how much it was for consumables.

Mr WHITTINGTON - I would have to take that on notice.

Mr ARMSTRONG - It seems a turnover of \$1 million and if you are not making money out of it, having been in that business, seems a bit funny to me.

Mr GROOM - We will get some further information in relation to that.

Mr ARMSTRONG - Last year you had great confidence that there would be an increase in the visitation for the gardens this year. Can you tell me whether that has been the case, whether the visitation is up this year?

Mr GROOM - I do not have the latest statistics on that. We can seek to identify the most recent statistics that we have.

Mr ARMSTRONG - That is all I need, thanks.

Output group 7

Environment Protection and Analytical Services

7.1 Environmental Management and Pollution Control

Mr GROOM - We will invite Mr Wes Ford, who is the new director of the EPA to the table.

Mr MULDER - My question is about the waste management strategy for Tasmania and the fact we continue with expanding things such as waste fill and land fill when there are other uses and opportunities for us. In regard to the Copping Waste Authority, which is a joint southern councils venture, I am interested to know how we are going with the waste management strategies we developed many years ago. I am talking about the hierarchy of waste management, the policy for that and how landfill is almost to the bottom of what we should be doing yet it seems to be most of what we are doing.

Mr FORD - The waste advisory committee, a subcommittee of the EPA board, has recently provided some advice to the minister, which is yet to be considered, in relation to government policy around looking at what a future waste management strategy might be. You may be aware the waste management advisory committee process has been through a fairly extensive

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consultative process over a couple of years now, talking to council and receiving a range of consultancy expert reports. They are in the process of being considered and evaluated.

Mr MULDER - I am thinking also about the opportunity of waste to energy, not just forestry residue but the amount of methane that comes out of some of these landfill areas and how we are going about that. I notice Hobart has applied for a further extension of the McRobies Gully waste disposal, and it has been granted apparently.

Mr GROOM - Adding to what Wes has just said, we have been engaging with a broad range of stakeholders. This issue relates to the broad community and local government has a very strong interest, as do other regional groups. It is relevant to industry as the concept of Copping would be relevant to large industry as well as the broader community. It is one we are very conscious of and involves some difficult considerations. One of the issues that keeps coming up is the concept of a levy. I do not know if you have a view on that, Mr Mulder, but that is a concept that keeps coming up. We want to make sure we are fully informed and the different options and how that could potentially work.

Container deposit is another one and we have been clear on the record on that. While we are open to the concept of a national approach, we have looked at a report that considered it on stand alone basis and we were not satisfied based on a cost benefit analysis. As to waste energy, we have to be open to the potential opportunities and that would be the position of the Government. Waste is something we have to do better, no question.

Mr MULDER - I am sure the chair is most interested in the deposit container legislation and why you keep rejecting his overtures in that regard. Why would we grant McRobies Gully an extension to continue with landfill in what is recognised as a site that sooner or later must close when the neighbouring council of Kingborough is trucking its waste past McRobies Gully and taking it out to Copping? Why have we not bitten the bullet with some of these inner-city councils? The issues of landfill are not so great that Copping, compared to this massive landfill stuck up the top of the creek that runs right through the centre of the capital city. I was bemused that Hobart had been granted an extension when an alternative was so readily available.

Mr GROOM - We do not have a specific policy position on that. The local councils make application.

Mr MULDER - Minister, it is your department that grants the licences.

Mr GROOM - Yes, but any EPO approval would be in the context of environmental factors. What you are talking about is a strategic approach. In relation to Copping, we are supportive of that as a concept. I take your point, this is one of the issues that is part of the discussion, a more statewide, strategic approach to this issue.

Mr MULDER - Can I put on notice a question about the reasons why that licence was granted to McRobies Gully Road when Copping was clearly an alternative?

Mr FORD - In the decision-making process of extending the life of McRobies Gully it was appropriate to consider it in the context of the current waste management strategy. The waste management strategy at the moment allows for an extension. There is a regulator in the decision-making, and that is the policy context in which the regulator has to operate. If it is a

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result of the Government changing the policy direction around a future waste management strategy, those issues have to be looked at.

Mr MULDER - The environmental issues surrounding McRobies Gully are certainly not different to the ones surrounding - yes, the landfill strategy might be part of the landfill strategy, but as to which landfill you use - you have all the southern councils, bar two, and one of them is already in a transition phase to using one central location, but then stuck here right in the middle of it is the capital city, the shining light. It gets an extension, whereas the others are clearly moving towards a more environmentally manageable location. Why did we not say to Hobart, 'Bad luck,' or 'Here is another year,' and I know they have a transition strategy. I know they had a transition strategy, once being a representative on the authority.

Mr GROOM - Yes, it has a finite life and everyone understands that.

Mr MULDER - I am wondering on what basis it was given for saying, within the scheme of things, you have to move so move now.

Mr GROOM - I am very happy to look at it. One of the things we are focused on as part of the discussions with the advisory committee on a future strategy is that coordinated strategic approach.

Ms FORREST - With air quality monitoring, there has been emerging evidence about the need to monitor PM5 as well as PM10. Is there any intention to consider starting that monitoring process and reporting that as well?

Mr FORD - In monitoring, we start at a national level. There is currently some review work going on in relation to the National Environment Protection Measure - NEPM - in relation to air quality. There are some recommendations from that work that the level of PM10, which is particulate matter size 10, and PM2.5 be considered. That work will come to the next ministerial council. Just yesterday, head of agency discussions were on that, so there is work going on in that area. We are doing monitoring. How that monitoring translates to regulatory activities is very much part of a national process.

Ms FORREST - You are doing monitoring above it, of PM2.5?

Mr FORD - We are, yes. We have monitoring capacity for PM2.5.

Ms FORREST - But you do not report that?

Mr FORD - What are we reporting in terms of?

Ms FORREST - You are reporting PM10 in the budget papers but I have not looked in your last annual report to see what you reported there.

Mr MULDER - Are you on to the next one?

Ms FORREST - So I am, sorry I jumped ahead. I wrote the question on the wrong line.

Mr FORD - We are monitoring more than is reported in the budget papers, but I will have to take on notice some details. It is relatively straightforward.

Mr MULDER - Mine is a fairly simple question and perhaps a little tongue in cheek. , Looking at table 9.9 on table 215 of the budget papers, the air quality issue, I am wondering why in 2012-13, Hobart does not seem to have had any air and yet, the same year Launceston had one relating to the 50 micrograms per cubic metre of air. The following year, Hobart had some air and Launceston quadrupled its air quality issues. What is it that Launceston had a four-fold increase in air quality standards? Part of that answer no doubt would be that the footnote talks about 50 micrograms per cubic metre of air; 50 micrograms of what?

Mr FORD - These are exceedences in 24-hour periods -

Mr MULDER - Numbers of exceedences?

Mr FORD - Yes, numbers of exceedences. What we record is in terms of our performance indicators under the NEPM is how many times a location will have an exceedence. Typically the explanation in Launceston relates to some cold winter days when you have inversion layers and the smoke layer from the wood fires in Launceston hangs around for more than 24 hours, so you get a greater exceedence than the 24-hour period.

Mr MULDER - I can sort of understand that, but if you are sampling multipliers by four, does that say something about when you are taking your samples more than what the samples are? It exceeded once in - the numbers of days per year so I presume there is daily sampling? That is the first question. How often are samples taken?

Mr FORD - It is a combination. There are some continuous monitoring stations and they monitor continuously. We then have an ability to place sampling equipment in particular locations to sample for periods of time but it tends to be continuous monitoring.

Mr MULDER - In the continuous monitoring, between the two years there were four days when inversion layers plus lower temperatures plus heaters -

Mr GROOM - Launceston is recognised as having certain circumstances where in certain conditions -

Mr MULDER - It is a dirty city.

Mr GROOM - It has significantly improved from where it has been.

Mr MULDER - I appreciate that.

Mr GROOM - Because it has the physical circumstances and also there is still the uptake of wood heaters it can have variability consistent with these numbers.

Mr FORD - It is one of these areas, particularly in terms of this, that is dealing with that protracted period. On most nights in a cold winter Launceston is going to have smoke but it tends to dissipate during the day. It is a fairly complicated set of monitoring information that is condensed for these purposes. If you would like a more detailed explanation we can provide you with some briefing material.

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Mr MULDER - No, it was just getting my head around this regime of monitoring. Unless there is some sort of good explanation, 1:4 does not mean anything. I guess we have an awful lot more to learn about atmospheric sciences before we can start to say this is why these figures are here. I take it on board. I think there was a time where it would have been treble the national standard on a regular basis every time it was cold so to the move away from wood heaters was good. One always wonders why you would want to place a pulp mill in the valley but we will move on.

Ms FORREST - With regard to that, this is a serious issue but it might be less than your target at five in Launceston but it is still not good enough. I was asking about what else you are monitoring and are you monitoring other particulate matter? We had the wood heater buy-back program a number of years ago. Allegedly what we saw in that was many people going out and buying new wood heaters. They might have been a little bit less smoke-producing but you end up with the problem only diminishing slightly as opposed to diminishing significantly. What actions are you taking to try and address this air quality issue, particularly in Launceston? It is a problem in other parts of the state at times too.

Mr GROOM - It is an ongoing challenge and I am not being facetious when I say that one of the things that we have to do is keep power prices as low as we can, acting reasonably. There are some ongoing programs that were undertaken about education and making people aware so that domestic smoke management programs are implemented. For example there are the series of annual Burn Brighter This Winter projects. They are aimed to improve air quality in selected communities throughout the state. Each Burn Brighter This Winter project involves mobile air quality monitoring surveys and a community engagement in education activity to promote best practice wood heater operation. One of the issues here is that there are particularly bad wood heaters and some not so bad.

Ms FORREST - There are some particularly bad wood heater owners.

Mr GROOM - There is good and bad practice in operating them. Awareness is a very important part of this. To date the annual projects have been focused in and around south Launceston, west Hobart, Hadspen, Geeveston and Longford. The 2015 Burn Brighter This Winter projects will be implemented in selected suburbs of Launceston and within the Kingborough municipality in collaboration with the relevant councils. That is an initiative that we are engaged in; it does not go to the buy-back conception.

Ms FORREST - There is potentially an opportunity to fix two of the problems. Regarding the wood residue issue, there are many places around the world that use the pellet heaters which take the 'think' process out of it so you cannot burn badly; they also create fewer emissions. Is there any thought been given to killing two birds with one stone? You would be supporting an industry in that area.

Mr GROOM - It is a very good point and there has been some thought given to that but I am not in a position to provide further details in relation to it. It is an important point as it can address both issues.

Ms FORREST - We take the guess work out of it. It is automatically fed through a hopper; you cannot burn it green and, for a similar volume of wood, you get the same heat and energy generation from a much smaller volume of pellets.

Mr GROOM - You are absolutely right. There is consideration being given to these sorts of opportunities and I am happy to follow it up with you.

CHAIR - There are several people who have followed on with what we are saying. Several people have purchased the heaters but getting access to pellets is a real challenge and cost.

Mr GROOM - I might have Wes briefly add to that.

Mr FORD - I recently met with the chief executive officer of the Australian Heating Association and that organisation represents the wood heater manufacturers nationally. We discussed the wood pellet issue and one of the challenges in Australia is that the uptake has been relatively low because the supply is also relatively low. Their view is that we are not going to see greater uptake in wood pellet-fired options in Australia until there is greater reliability and consistency of supply and accessibility of the product as well. Therein lies the opportunity; it is a chicken and egg problem.

[3.45 p.m.]

Mr MULDER - If you are talking to the Housing Services minister, you will discover that there is a big problem there about electric heaters and their affordability with power supply. Maybe occasionally the Government might create that demand by taking advantage of this particular industry and solve a few problems for the Housing minister for the Energy minister and the Forestry minister.

Mr GROOM - There you go, a triple crown.

Mr MULDER - Full of ideas, minister.

CHAIR - We will move to 8.1.

8.1 Parks and Wildlife Management

CHAIR - I just looked at the explanation of the Budget increase in 2015-16 and a decrease when we go down in 2018-19. Note 8 on page 228 relates to the fuel reduction program with additional funding ceasing in 2018-19. So I suppose the obvious question is: do we expect that fire risk and therefore ongoing fuel reduction is going to cease then? I am a little bit bemused by that matter.

Mr GROOM - 'No' is the short answer to the question. What we are doing with the current burns program is a specific election commitment. So it was a package of \$28.5 million of additional funding to be able to address this particular issue. I would not suggest for a moment that that issue will dissipate into the future. That will be a future discussion I will have with the Treasurer at some point. We are implementing our \$28.5 million election commitment and so the numbers reflect that.

CHAIR - I suppose if we look forward to the very immediate future, all the climate predictions are for an El Nino year. Particularly in the realm of parks and everything else, we have had a lot of devastation now, going back for a long time. Hopefully this year you will be confident that we are going to have the resources to combat wildfires.

Mr GROOM - We will definitely combat wildfires. In fact, we have a very capable service infrastructure that is integrated to be able to address these sorts of issues. In addition, what we need to be doing is engaging in the fuel reduction burns program. That is what the additional funding is about - mitigating the risk of wildfire. It has been a very successful program to date. 28,419 hectares have been burnt over the course of a 116 separate burns, and they have been identified strategically from a risk assessment perspective. They are tenure-blind and this is an ongoing commitment by the government. I might ask Peter to talk a little bit about this, because of the important things is the integration of the different services. This has involved the Fire Service, Parks, Forestry Tasmania, as well as the broader community and private land owners. Do you want to talk about the program?

Mr MOONEY - It is a program with a difference in that it is across multi-agencies. So we have the TFS, Tasmanian Fire Service, Forestry Tasmania and DPIPWE, notably Parks and Wildlife Service. They are all combining resources, and that ranges from all sorts of things like intelligence and skills and operational equipment on the ground. The whole idea is to be really cost-efficient and not duplicate. It also enhances the ability to use private contractors. That is especially important in the autumn and spring periods when those contractors do not have active forestry works on the ground, as they would in the middle of summer. It is utilising what resources we have in the state to be the most efficient in a planning and implementation context. Last autumn we burnt a fair bit of private land, which is a little bit unusual, but the new program requires private land to be burnt. That involved some decent negotiation with private landowners to get the confidence and mechanisms in place so that their assets are protected. Yet it can be a combined burn across tenure to allow the fuel loads to drop to a level that will significantly reduce wild fire capacity. We did those big burns for fuel reduction mostly north of Anson's Bay, Bicheno and Rossarden as a trial and they were quite successful.

CHAIR - When you look at areas like the Frenchmans Cap National Park and there have been some horrific wild fires go through it, do you do any fuel reduction burns in some of those iconic areas? I realise the east coast is a much drier climate but it can happen very much on the west coast too?

Mr GROOM - We do not discriminate, it is based on a risks assessment.

Mr MOONEY - Frenchmans Cap is a really classic example. We have planned burns around the infrastructure, mainly the hut nodes along Frenchmans Cap where people have fuel stoves and there is a risk of fire coming from that zone. There is also a high risk of people experiencing a wild fire coming across and will often go to the huts and refuge sites. It is not unusual for us to have small burns around those specific high use areas to provide better protection.

CHAIR - Minister, I applaud your initiatives regarding appropriate developments within World Heritage Areas and national parks and I have seen plenty of those overseas. I did note in your press release that you had a goal to transform Tasmania into the environmental tourism capital of the world. That is laudable, but could I suggest perhaps a bit hubristic. With all due respect, and you know I have walked most of Tasmania and done a lot of other stuff in the world as well. In Australia perhaps, but in the world? Do you think that is a little bit over the top?

Mr GROOM - No. Tasmania needs to recognise how extraordinary our offerings are. I think we can be. Some people misinterpret what I mean. I do not necessarily mean we are going to be Yellowstone - they have some extraordinary visitation.

Mr MULDER - Mind you, you can drive your car through it.

Mr GROOM - That is true. I am not saying that we are going to have visitation that equates to Yellowstone in all of our parks. I am saying we can increase our visitation significantly. The natural experiences that people enjoy in Tasmania, at their best, can be genuinely world class. There is something about the fact that people can drive around and experience the different parts of the state. I am a believer in that.

Mr MULDER - There is world class and there is the best in the world, the latter is a subjective judgment.

Mr GROOM - Lonely Planet thinks it is pretty good. We need to lift our sights, what is going on. It is like four o'clock on Friday afternoon and everyone has lost their ambition. I have been a Melbourne supporter for 40 years. I am optimistic and I am going to stick to -

Ms FORREST - And delusional?

Mr GROOM - No, not at all. I am going to stick with the Dees. I am also going to stick with this concept. All I am saying is the collection of nature-based tourism experiences in Tasmania can be a pretty extraordinary portfolio that a lot of places around the world would be very envious.

CHAIR - A lot of other places around the world are much more spectacular, I must say, and more accessible. They are. There is no comparison, sorry.

Mr GROOM - The Chinese make this point, I know we are not supposed to talk about Chinese people much, we recognise the fact we have issues in some of our cities in terms of air quality but a lot of people really do appreciate our air at its cleanest.

Ms FORREST - When you have been to Beijing it is not hard to compare. Seriously.

Mr GROOM - The contrast between Woolnorth and Beijing is about the most extreme contrast you could have, which is sort of my point. We have the cleanest air. We have incredible premium produce. That is the thing I loved about Rob Pennicott's experience. Rob Pennicott being cited as a legend of Australian tourism. His experience is you get to literally collect the produce and experience it. We have some of the best wines in the world and whiskies. You can enjoy a whisky on a long walk. This is very real and we should be ambitious.

CHAIR - In regard to one of our most iconic areas in my patch, and that is Cradle Mountain. The business centre, particularly on the northern end of the park, we have had all sorts of different projects there. There has been some criticism that there was a grand plan to establish a new visitor centre and it never materialised. Can you give me an update on where we might be there?

Mr GROOM - There is ongoing work on this. Basically, the next step is to develop a proper master plan for an upgrade of the visitor centre at Cradle Mountain. Once we have the opportunity to properly understand what it might involve, we can then look at various funding models. There are different ways we could fund an upgraded visitor centre. That is a consideration we need to look at in future. There might be the opportunity, for example, to

leverage off the private sector in a way we have not done before. We need to understand the master plan concept and that work is underway. I do not have that brief in front of me.

Mr MOONEY - The master plan just begun is a shared arrangement between the Cradle Coast Authority, the Tasmanian Tourism Industry Council and Parks and Wildlife Service. We have combined some small resources to contract a person to produce a master plan. It will involve a lot of consultation with the private providers at Cradle. There are a lot of private providers that have put a lot of capital into Cradle. They are very interested in the gateway to the World Heritage Area. They have indicated they are very keen to be in a partnership arrangement, where there can be a win-win situation. I do not think it will be an onus just on the Government to produce an outcome. The private sector will be very keen to have partnerships.

Mr GROOM - It is an important one, as you say.

CHAIR - There is something a little lacking there at the moment.

[4.00 p.m.]

Mr GROOM - If we are going to meet this ambition, we need to address it

CHAIR - Thank you. Any more? You are standing for a question, Ms Hiscutt?

Mrs HISCUTT - I was standing for other reasons, but if that is okay? On the back of Cradle Mountain, back to my point of park passes. I did try to get in to have a look at where a place might have been built on the edge of the lake there. It brings me to the access and the fee to get through, park passes. Had I done it in front of my computer I probably would have bought a parks pass instead of turning around and going the other way. It is obviously an easy way to do that. Have you had increased accesses through people purchasing online?

Mr GROOM - It has been a great success. One of the things we plan to do is make it easier for people to secure a pass. That is helpful from a Parks perspective because it can attract revenue. It is also a way of making it easier for people.

Mrs HISCUTT - Is there a discount for Tasmanians?

Mr GROOM - I will come back to that. First here is bit of basic information. An unprecedented number of visitor passes have been processed in January this year generating revenue of \$1.2 million compared with \$412 000 the year before. It is a significant shift. The latest figures for this financial year show revenue from parks passes at \$6.3 million which is up nearly \$400 000 on last year and up nearly \$1.3 million on the year before that. It has been a significant shift.

Interestingly, we are seeing quite a number of passes going to international visitors. They are securing passes through this platform. They include visitors from the United Kingdom, USA, Singapore, Germany, New Zealand, Brazil and South Africa, as well as a number of European and Asian countries. It has been a very positive process. It has increased revenue and as a consequence that revenue goes back then to Parks which can help support costs. For example, the Discovery Ranger Program as well as infrastructure projects in areas like Wineglass Bay and picnic facilities at Mt Field.

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We still make passes available through the more traditional methods. You can pick one up at one of the visitor centres or Service Tasmania shopfronts.

Mrs HISCUTT - So had I really wanted to have gone through the boom gates, I still could have got one?

Mr GROOM - Yes. You can get one on your mobile.

Mrs HISCUTT - The numbers have obviously increased but has the price increased as well to generate those figures?

Mr GROOM - There has been no increase for four years.

Mr FARRELL - You could use the Rene Hidding line that it was the change in Government that has increased the visitations. He used that a couple of times, didn't he?

Mr GROOM - Well, it has been an initiative of the Government.

Mr MULDER - An initiative of the Government not to do something - increase the fees.

Mr GROOM - No, the online passes have been an initiative of the Government. There has been no increase in the fees.

Mrs HISCUTT - Minister, back to my local question. Is there a Tasmanian access discount? Are you thinking about that? It would be good for families to take their kids up there for a day and go in there.

Mr GROOM - It is not a specific issue we have been looking at. What we have been trying to do is ensure we keep the cost low. I think the community is responding well to that. We are seeing increases. I mentioned yesterday a great outcome at Mt Field. I cite it because it is in close proximity to where we currently are. That visitation has increased quite significantly - a 29 per cent increase in 12 months. International visitation to Mt Field has increased notably.

I would like to acknowledge the initiative shown by Rachel and Greg in revamping the cafe restaurant area there and some other activities they are facilitating in conjunction with Parks. I think it is a great example of where Parks working with the private sector can have a really positive outcome. I should acknowledge the excellent work done by Parks up there.

Brendan does a fantastic job and in fact I would encourage everyone to get up there. When we launched our LOI process we took all the journalists to the top of Mount Field and asked the question, 'When was the last time you had been up that way?'. I think we had seven media representatives there and only two had ever been there before and most of them had not been there for years, so it is well worth a visit.

Mr FARRELL - If I may interject there, your numbers would increase even more if the railway line from New Norfolk to Mount Field was open again. You would get trainloads of tourists going up there.

Ms FORREST - And you would have a train driver ready to go.

Mr FARRELL - Yes.

Mr GROOM - You do not support the cycleway as much then?

Mr FARRELL - I do not support the lifting of the railway line. A cycleway could be integrated but it would be a terrible thing to lose the railway line. In the past, it has been proven that when school excursions went up, it was a very popular half-day destination from Hobart. All the bits and pieces are still there. There would be a great swell in numbers if we can get that going. Thank you for your indulgence.

CHAIR - Any more questions on Parks?

Mr MULDER - I have some on Parks. I noticed this morning that Peter Van Der Woude has a licence to operate a boat on Bathurst Harbour. He was quite pleased he can offer a service including accommodation for I think about 12 people. The plan was he would have his designed launch with accommodation and they would take runabouts to collect people from Melaleuca, of course, and ferry them around the Harbour. My question is, why do you need a licence to park a boat in Bathurst Harbour?

Mr GROOM - I think it was the mooring concept.

Mr WHITTINGTON - He is going to have a permanent mooring at the site so he has had to essentially lease a mooring site. He will have the ability to securely moor his boat on a permanent mooring in the Harbour and to do that he needs to lease part of that Harbour to do so.

Mr MULDER - He also talked about having restricted access to certain parts and things like that he was only allowed certain times so clearly there is a licence that has been issued for the mooring but does it include limitations on access to land?

Mr MOONEY - He has a business licence and a lease. The lease site is for the mooring; the business licence is to operate in a national park. He is running a commercial business so anyone operating a commercial business inside a national park or a reserve needs a licence. So there is a business licence for the lease.

Mr MULDER - You have put some conditions on that?

Mr MOONEY - On the business licence what we do not want to do is have crossover of different tourism providers because there are three or four providers down in Melaleuca who provide a similar service. The last thing you want is to have two groups operating in exactly the same location on exactly the same day. So we have a mechanism of making sure each operator has a use of a certain area when it is not crossed over with another operator.

Mr MULDER - I think the strip can only take light aircraft with a maximum of four or five on board?

Mr MOONEY - The main operator operating is Par Avion. They have three planes that can take nine passengers in each plane.

Mr MULDER - The potential of that area is so huge that I can really see a time when that air strip has exceeded its maximum. I do not know how a gravel strip with a bump at the end to help

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take off is going to meet appropriate standards for your world class experience, if we are going to bring people down on bumpy little planes in those sorts of volumes. I think if you are going to get any sort of approval from visitors in that area it would need some major airport upgrade. Has the department given any thought to how that is going to occur, given the fact also you have that conflicting issue with the orange-bellied parrot?

Mr GROOM -

Mr GROOM - I mean these are ongoing challenges, are they not? You are wanting to ensure your infrastructure supports the demand and we do want to see increased visitation into these areas. No doubt that will put pressure on infrastructure.

I might defer to Peter Mooney regarding exactly what he understands for the latest status of that particular strip to be. We are conscious of this and why we are seeking to partner with the private sector to attract investment in natural areas to make sure we have the best possible infrastructure. It is a different scale of concept to the one you are referring to but it is why we identified additional money to invest in infrastructure. The South Coast Walk, for example, \$2 million to upgrade. Obviously in the latest new announcements for priority infrastructure, \$8 million over two years, which together with the existing capital program represents the largest ever capital spend on infrastructure in parks.

Can you provide an update on the status?

Mr MOONEY - The air strip was extended about 12 years ago and the aircraft using it at the moment are within the legal framework of safety standards, et cetera. You are correct. To get a much larger aircraft in you would have to extend the airstrip quite significantly. It is physically possible but it comes down to a demand analysis and cost that would be associated with such an activity. There are larger planes that can land on the airstrip now, such as the Otter type aircraft. They are used extensively in Canada in similar environments. We know the Otters have landed on Melaleuca and it is quite okay and safe. It is a significant expenditure for a private operator to go beyond the current fleet of aircraft. They have been looking and thinking about getting a craft that takes 19 passengers, for example. If you can get larger, suitable, short take off-landing aircraft to land at Melaleuca, you use that window of opportunity for the weather at a greater capacity. That is what it is all about. To put a significant increase in the length of the airstrip will not increase the window of weather opportunity. That is one of the critical factors of decision making down there for aircraft.

Mr GROOM - We have seen the announcement of an additional \$525 000 to avoid the burying of the orange bellied parrots. I will just make that point. This is additional work for the conservation efforts for the parrot.

CHAIR - Thank you.

**Division 8 - Minister for Environment, Parks and Heritage
Output Group 8 - Parks and Wildlife Management
8.2 Crown Land Services**

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Mr FARRELL - There is a footnote that explains why there has been the change with the dollars here with the Aboriginal heritage and analytical services. You might be able to give us a couple of examples of what has been done in this area in the last 12 months and what has been planned. I know it is just maintenance, sales and that type of thing.

Mr WHITTINGTON - Most of the work has been around administering Crown land so a lot of transactional work in leases and licenses and the like. We put capital maintenance into various Crown properties on an as needs basis. I am trying to think where we spent our money in the last 12 months, I am scratching the surface.

We have about \$500 000 in terms of capital improvement programs and I am not aware what it was spent on this last financial year.

Mr MOONEY - The Crown Land Services is the government administrative body that looks after an awful lot of really important government buildings and infrastructure, such as the Theatre Royal and Salamanca Art Centre. They are very strategic, important historic buildings and infrastructure that require maintenance and updating to meet the modern building standards. That is mostly what the money is spent on.

Mr WHITTINGTON - There is a fair bit of work that goes into things like treating weeds, threat abatement for fire so all of that kind of work on Crown land, all that comes out of that money as well.

Mr FARRELL - That is good, I just wondered.

CHAIR - Any more questions on Crown land services, if not grants and subsidies?

[4.15 p.m.]

Grants and Subsidies

Ms FORREST - A question with regard to the tracks, there is money there and I think it is maintenance.

Mr GROOM - There is some additional money also in terms of conservation outcomes as well. Do you want to talk?

Mr MOONEY - There was some money put in the previous Budget and it rolls over to this year's Budget and that is for protection works associated with the Aboriginal heritage sites. Where the tracks are located are very close to the vicinity of Aboriginal sites and that is mainly to do the protection works there. It is also to work on erosion that has occurred in the multiple tracks that we have been able to close off in agreement with the community to better look after the area as far as access points. A lot of the headlands had two or three access points and multiple access points. We still do that sort of work.

Ms FORREST - The member for Braddon, Mr Brooks had grants that would open every track. No one wants that minister. You indicated that your Government policy was to open all the tracks. Tell us what you mean by that.

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Mr GROOM - I do not think there has ever been any suggestion that every track would be reopened as you have indicated.

Ms FORREST - Mr Brooks must have got carried away then did he?

Mr GROOM - Mr Brooks is very enthusiastic and a strong supporter of the coast and a big believer in the Government's policy. As you have indicated this has had a long history and people recognise that for those reasons certain tracks are not going to be viable for all sorts of reasons. The policy was to reopen access along a specified route and we have done some work in relation to that. We want to do it in a way which is sensible and respectful. The bulk of the broad community are on the same page on that. They recognise the need to be respectful of the natural environment and cultural heritage values of the area. Would you like to talk about the planning that was done?

Mr MOONEY - To use a slightly different tack is rather than try to do physical works on the ground to cover up Aboriginal heritage with matting and protection works we have tried to create routes completely around the Aboriginal heritage. It makes common sense in the long run. It might be a longer route but it is the safer better route to take. Most of our planning works is to create a location for the track which can be forever not affecting Aboriginal heritage.

Ms FORREST - As long as people stay on it.

Mr MOONEY - Yes that would be an important part of it.

Ms FORREST - So that is what some of the additional allocations are to enable that work?

Mr MOONEY - To do that planning and rerouting works, yes.

Ms FORREST - With regard to the west coast trails projects, you have \$180 000 to spend this coming year. How much of the total has been spent thus far on these projects?

Mr WHITTINGTON - The west coast trail projects, this is the Queenstown works.

Ms FORREST - They are not just in Queenstown though.

Mr WHITTINGTON - No they go down to the coast and around Zeehan. I will have to take it on notice.

Ms FORREST - Parks high-priority maintenance and infrastructure, where is the majority of this work being carried out?

Mr GROOM - We are going to go through a consultation process with local government, regional stakeholders and the tourism sector to understand what potential opportunities there might be. This is not the totality of our capital spend; this is an additional spend. It is designed to identify infrastructure investment within the parks that can support visitation and provide broad community benefit. That is a process we are commencing in consultation with -

Ms FORREST - So you have not identified those areas yet?

Mr GROOM - We do not have a prescribed list, no. As a government we have thoughts in relation to it. In terms of criteria, we want the priorities of stakeholders from the community, the tourism industry and other users to be considered. We are looking for works that improve visitor experiences and have community benefit; critical park infrastructure that has been assessed to be near end of life unless maintained or replaced; maintenance of roads that provide key access for tourists to visitor experiences; enhancement to visitor experiences such as track works, interpretation, signage, and toilet improvement. They are some of the criteria. It is intended to facilitate visitation. That is what the \$8 million capital spend is about.

Mr MULDER - Regarding the Three Capes Track, there is still a lot of community disquiet about what local benefits will accrue in terms of the way the thing is structured, or the way we are going to get a five-star hotel plonked by someone who manages some of the track, and things like that. I am not being negative toward Mr Farrell and the Federal Group. I have had meetings with them and discussions over this. There is a lot of disquiet in the Tasman area about how this is being plonked in the middle of it, but there may not be much local benefit with people being bussed or flown in, doing the circuit, staying at the big expensive hotel and flying back out. All you can do is say that is up to whoever ferries them down there.

There is also pressure on some of the small B&Bs and some of the small roadside operators. Some members of your department have expressed similar issues to me, such as, 'We do not want all these little businesses. We want proper, decent five-star ones.' We all got a letter the other day which was talking about accreditation, and ranting and raving against Airbnb, at the same time talking about Uber taxis.

As someone who has done a bit of travelling to some of the world's iconic sites, just targeting the top-end people is as fraught as thinking tourism is going to survive on backpackers. There really is a huge market in the middle, people who go on the internet, check out a few Airbnbs, a few taxis and things. I am concerned our policy is going to become, 'We are the world's best and therefore you need to be the world's richest to enjoy our facilities'. I am deeply concerned about this policy of leaning on the little business operator, saying you are not world class so go away.

Mr GROOM - It is certainly not a policy. I do not support that proposition.

Mr MULDER - It is certainly the mindset.

Mr GROOM - I am a little concerned to hear that feedback. From the Government's perspective, the first point is that this can be one of Australia's great walking experiences. That is a positive outcome for the peninsula and for Tasmania. We are not going to shy away from celebrating that. It is a quality experience. One of the great benefits of it is that it opens it up to a wider range of potential end users, in terms of their age and physical mobility. So that is a very positive outcome.

I will make the point that it will also support independent walkers. It is not just organised tours. Independent walkers might have all sorts of itinerates and be quite inclined to spend on the peninsula and elsewhere in Tasmania. It is not limited to organised tours. I would also say that with the organised tours themselves, there is the potential combining this experience, with things like Port Arthur, and other experiences around the peninsula. The opportunity to keep people in the area and therefore support a broader range of businesses and service providers.

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In terms of the local B&B s and the like, we want to be supportive, we want to facilitate, we want to encourage, and there are great opportunities. There is potentially an opportunity in how we structure the Third Cape experience as well, to make sure that we can encourage people to spend more time in the local areas. That is one of the things we are looking at.

Mr MULDER - Putting Uber aside for a moment, but focusing on the Airbnb, there is a very thin line between Airbnb and ordinary B&B Ass Strait. Some of the issues we get are that it lowers the standard, it lowers the quality. This is normally from one segment of the market which sees this as threat. I am just wondering whether the Government needs to bite the bullet on this and say, 'Okay here is an accreditation scheme'. The Government does not have to run it but it could say to people, 'You need your operation licensed. The licence is only a small fee, but you are not to promote yourselves in the business environment unless you have a RACT rating'. There are plenty of rating companies, where people can say, with confidence, that this meets that particular rating.

We had a letter recently, which had a parks logo attached, which turns out a private operator of [inaudible]. It was about this whole business of – I will send you a copy if you like.

A witness - I would like to see it actually. Because people are using it, that means -

Mr MULDER - But they are making a point. The point of this is we need an accreditation regime, so that people do not get sucked into coming to Tasmania, paying for this, and ending up in a hole. At the same time, we do not need to be saying only nice big fancy hotels that are owned by interstate people, who ship their profits overseas and turn the rest of it into coolies are welcome in this state. I am wondering if you would like to turn your thoughts to how we get an accreditation scheme for Tasmania, so we do not give people unexpected bad experiences. There are people who are quite happy to pay for the cheap room and take what they get; then there are others who get conned into thinking they are getting something they are not.

Mr GROOM - We are not seeking to encourage people to participate in the high end of town - that is not our objective at all. It is important that we have offerings right across the spectrum and this is true for tourism experiences as well. One of our objectives that we have the [inaudible] process was to not just secure opportunities for the high end but in fact right across the spectrum.

With issues like Airbnb, for example, my starting position is that it is about informing people. There are risks, and it is about informing, making sure that people are educated about it. From my perspective, we want to be encouraging a business environment in Tasmania that enables people to offer accommodation services, or any other services, relevant to tourism, right across the spectrum.

Mr MULDER - On the positive side of this one though, is that self-regulation occurs too, because if you have found the thing on the end, the chances are someone has made a comment about it. If it is really crappy, there will be some crappy comments on it. There is a bit of self-regulation. That is why I was asking.

The government has come out fairly strongly against the Uber taxis and I wonder if we are swimming against the tide here. Maybe we should turn around and say it is not that way.

[4.30 p.m.]

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Mr GROOM - It is the same issue really. It is a disruptive business model and if you find a solution for that disruptive business model there will be another one that is the nature of it. My starting position with these sorts of things is you give out education information.

Mr FARRELL - I had one linking on from Ruth's question with a high priority maintenance question. It is \$4 million and I know you, probably as minister, would like to have a fair bit more than that and I am being realistic.

Mr GROOM - It is a record spend.

Mr FARRELL - Yes. I imagine it is to look after things like the wildlife field centres around the state -

Mr GROOM - That is not specifically what the funding is designed for. As I mentioned just before we are seeking to have an engagement with local councils, regional bodies, the tourism industry to identify ways we can support visitations. So it is not prescribed. It is about an open consultation process to identify a list of priority investments.

Mr FARRELL - It was brought to my attention the other week that the Blowhole toilet block, and that is where it is located - maybe it could be a tourist attraction - there are issues with an ageing septic system and water use is up through the roof apparently, will places like that be targeted? Is it to look at that type of infrastructure repair around all the parks and wildlife areas?

Mr GROOM - We have an existing spend for maintenance and there is a lot of work that has been done and continues to be done by Parks. This is additional funding. Potentially it would be open to it. We want to have a consultation process to make sure we understand the priorities.

Mr MOONEY - The Blowhole toilets is a classic example of a toilet that is now not sufficient for the use. The new use which is obviously businesses like Rob Pennicott has up to three vessels departing from that jetty each day and that has only occurred in the last four years. Before that there was only local use and the game fishing fraternity. That is a classic one that is on our radar and we will look at it. It does not need a complete replacement; it just needs a refurbishment and upgrade.

Mr FARRELL - I am aware, from time on local government and other members will be, the money you can spend on these sorts of facilities is immense.

Mr MOONEY - Our main aim, as the minister has said, is that we want to work in concert with the community because it has to be done in a strategised arrangement. It is not just what Parks wants, it is what the community, tourism sector and parks believes is the best outcome. That will help the region and the state in a strategic manner rather than just quick fixes in certain locations.

CHAIR - On your auspicious note of the Blowhole toilet, minister, I think we are done for the day. On behalf of the committee, I thank you very much and your advisers on the different matters we have covered. I finally say may the Melbourne Football Club reach the dizzy heights of Tasmanian ecotourism.

Mr GROOM - Yes, hear hear.

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I take the opportunity to thank John, Peter and all the people who have contributed to the preparation from within the department and also my office. It has been greatly appreciated.

CHAIR - Thank you very much.

The committee adjourned at 4.35 p.m.