

UNCORRECTED PROOF ISSUE

Thursday 25 June 2009 - Estimates Committee A (Llewellyn) - Part 1

LEGISLATIVE COUNCIL

ESTIMATES COMMITTEE A

Thursday 25 June 2009

MEMBERS

Mr Hall (Chair)
Mr Harriss
Mr Martin
Mr Wilkinson
Ms Forrest

IN ATTENDANCE

Hon. David Llewellyn MP, Minister for Primary Industries and Water; Minister for Energy and Resources; Minister for Planning

Department of Primary Industries, Parks and Water

Kim Evans, Secretary
Michele Moseley, Deputy Secretary
John Whittington, Deputy Secretary

Robert Cockerell, General Manager (Corporate Services)
Stephen Godfrey, General Manager (Information & Land Services)
Wes Ford, General Manager (Primary Industries)
Penny Wells, A/g General Manager (Resource Management and Conservation)
Alan Harradine, A/g General Manager (Water Resources)
Kate Kent, General Manager (Strategic Policy)
Alex Schaap, General Manager (Biosecurity and Product Integrity)
Tony Wright, Deputy Director (Inland Fisheries Service)

Department of Justice

Lisa Hutton, Secretary
Michael Stevens, Deputy Secretary
Chris Jacoora, Department Liaison Officer
Peter Fischer, State Planning Adviser

Department of Infrastructure, Energy and Resources

Tony Van De Vusse, Director, Energy Planning and Conservation
Norm McIlfattrick, Chief Executive, Office of the Secretary
Bob Rutherford, Deputy Secretary, Energy and Resources
Tony Brown, Director, Mineral Resources
Michael Leonard, Director, Mining Projects
Graham Sargison, Chief Executive Officer, Private Forests
Graham Wilkinson, Chief Forest Practices Officer
Matthew Fitzgerald, Manager Royal, Finance and Administration
Andrew Blakesley, Director, Forest Policy

Ministerial Staff

Graham Wilson, Head of Office
Dr Kathryn Campbell, Senior Adviser
Simon Boughey, Senior Adviser
Nick Wright, Senior Adviser
Scott Bacon, Adviser
Karen Vadasz, Adviser

The committee met at 9.30 a.m.

DIVISION 10

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

CHAIR (Mr Hall) - Good morning. Minister. Welcome everybody to this committee.

Mr LLEWELLYN - The global financial crisis has had a dramatic effect on the State's Budget and all of our agencies face challenges in how they deliver services to meet the community and business expectations in these tough times. I am confident of my department's capacity to deliver on these expectations and its considerable contribution to our State development as an attractive place to live and work. As the Treasurer highlighted in his budget speech, the economic environment makes it even more important that we support the growth of jobs in Tasmania. The Primary Industries sector is one area offering great potential for growth, the creation of the Tasmanian Irrigation Development Board is positive, but it does not mean that my department is going to take the foot off the pedal in regard to development in that area either. We are proceeding in parallel.

In Securing Water Advantages, which is the program we have for securing water advantages, that initiative identifies key water management planning, national resource assessment and monitoring, and regulatory activities required to underpin the work of the TIDB. The next stage is turning access to water into high-value agricultural produce, and my department's innovation in agriculture projects will provide the information and support services to assist farmers in the new irrigation areas to maximise the opportunities that access to water provides.

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There are a number of other programs there and I am sure you will want to talk about the devil and the fox programs. I look forward to discussing with you today my department's contribution to Tasmania.

CHAIR - Thanks, Minister. You talked about the financial constraints on the Budget and the fact of 800 redundancies being required to meet across the government departments. I think with DPIW something like 60 per cent of your expenditure goes towards human resources. The question is how are you going to meet your share of that 800, and do you have a strategy in place?

Mr LLEWELLYN - Along with all of the other agencies we are taking our share. The Premier has made the statement that the frontline agencies such as Health, Education and Police, those public servants in those frontline activities will not be affected. We have some important elements within DPIW and the new DPIPWE also has responsibilities for frontline services in areas like quarantine, biosecurity, matters which I personally consider to be very important. We have, within our own framework, prioritised where we go, and we will be trying to meet those objectives and reductions through vacancy control and early retirements, and those sorts of things. I will ask the secretary just to add a little more if you wish.

CHAIR - Obviously there are very important components of your department which are frontline. Therefore I think it is fair to say it probably does put a fair bit of pressure on the remaining parts of your staff.

Mr EVANS - We are adopting a practical and comprehensive approach to how we manage the budget challenge before us, and that approach is around identifying the priorities of the organisation and making sure that we are able to continue to deliver the well-targeted services in line with the priorities. The way we are trying to manage down our salary costs - and there are a lot of things that we can do and are doing which are non-salary related - is to look at providing efficiency requirements on all divisions but also identifying activities that have the lowest impact on industry and the community, and targeting where we might be able to reduce services in some of those areas. It is not just a case of a common slice across the organisation. We are targeting those services we believe we can reduce without impact on community and industry. There are a couple of examples I could give in terms of those sorts of services.

There are certain areas that are high priority. Quarantine is one where we are ensuring that we maintain the support that the community is used to. We are using vacancy management as another tool. Every vacancy we get in the organisation is referred to one of my deputy secretaries.

CHAIR - How many vacancies a year do you usually get?

Mr EVANS - Typically, we get between 200-250 vacancies across the 12 months. This is not a typical year. We are getting far fewer resignations and retirements because of the circumstances. There are fewer opportunities outside to find a job so I could not tell you how many vacancies we are likely to get in this next 12 months but it has dropped off dramatically. Every time we get a vacancy we look at it critically to say, firstly, do we need to fill the job and if we do, is there someone else working in a lower priority area who could be transferred. We have had a number of cases where that has occurred.

CHAIR - Are there any financial incentives for people to retire early?

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Mr EVANS - Yes, and I was going to move onto the Premier's suite of measures that he has announced previously, including targeted voluntary separations.

CHAIR - What sort of payment would typically accompany one of those?

Mr EVANS - In every case, we apply the Government's agreed arrangements for separation.

CHAIR - There is a formula, is there?

Mr EVANS - Yes.

Mr WILKINSON - \$66 000 per position as I understood it a couple of days ago.

Mr EVANS - I do not know what the average would be but it relates to years of service. For a contract employee it relates to years left on their contract and we have strictly applied those agreed arrangements in terms of any separations we have been able to make. We are in the process of a number of those but I do not think that we have finalised them.

Mr WILKINSON - Do any of the redundancy offers have 'icing' on, so people take them as opposed to not taking them, especially considering it is going to be difficult to find jobs for next year and maybe the year after as a result of the economy?

Mr EVANS - No, we have not provided any 'icing' in terms of any separation. We have applied the arrangements agreed at a government level.

Mr LLEWELLYN - There is a range of efficiencies applied all our divisions. Activities with the lowest impact on the industry and the community have been targeted. Opportunities for services to be rationalised or trimmed where there is minimal effect on stakeholders and then all of the vacancy issues associated with it - travel, vehicles, mobile phones, advertising, consultancies, all of those things we have been looking at.

Mr WILKINSON - How many FTEs are there in the division?

Mr EVANS - In the department?

Mr LLEWELLYN - Do you want to know FTEs by employment category and gender, or by more than gender, or by salary profile by gender, or by head count?

Mr WILKINSON - If you could table it.

Mr LLEWELLYN - No, I cannot it is on my computer!

Laughter.

Mr WILKINSON - If you would not mind providing a breakdown of that, please? How many is the overall figure?

Mr LLEWELLYN - The total number of employees at May 2009 was 1 078.71 FTEs. That is permanent full-time, permanent part-time, fixed-term full-time, fixed-term part-time, fixed-term casual, people on leave-without-pay and secondments.

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Mr WILKINSON - I know you are probably unable to say exactly, but how many positions do you believe you can cope with over the next 12 months or two years?

Mr LLEWELLYN - Cope with? What do you mean by that?

Mr WILKINSON - In other words, deliver the same services in the way they have been delivered in the past. That is the issue you have to deal with, is it not?

Mr LLEWELLYN - I think what your question should be, how many positions do you think we will need to reduce in the agencies in order to meet the budgetary commitments?

Mr EVANS - It is a really hard question to answer because we are still working through that. For example, we have to save \$1.7 million or thereabouts in the efficiencies associated with the amalgamation of DEPHA and DPIW. We have had only a matter of weeks to work through that and we are making some good progress. We will need to reduce staffing and we are working out how we do that. We will be reducing by probably 25 staff as a result of the amalgamation efficiency. In terms of service reductions, we have identified some measures we can take in Information and Land Services, output group 1. With the number of property transactions reducing in the order of 20 per cent we are reducing our staffing levels in the Land Titles Office by 10 people. There are a number of examples across the organisation where we can reduce staff in that way. We have to reduce the number of senior executive staff, and a number of middle-level management positions. We are working our way through each of those areas systematically, and we are also looking for opportunities to make efficiencies right across the agency with vacancies as they come up. We have a known budget target. We have plans in place as to how we are going to meet that, but until we get a little bit further down the track we will not be able to say clearly how many FTEs we will need to lose in order to meet that target.

Mr WILKINSON - I do not envy your job at all. How long do you believe it will take until you can fully understand how many?

Mr LLEWELLYN - I think Kim and the department have realised the urgency of doing this. We have already taken some measures to meet our budget in 2008-09, with a view to addressing the target that we have for 2009-10 as early in the budgetary cycle as we possibly can. I was not able to say this in the House of Assembly, but one of the measures that we announced yesterday - and we want to go through the proper staff consultation and arrangements and so on - is a further progression of the very successful transition that we have had in our research and development and extension services when we transferred the dairy branch and the vegetable branch from Forthside to the Tasmanian Institute of Agricultural Research so we have looked at progressing further down that line with the horticultural area and the more extensive agricultural areas as well and have had successful discussions with the Vice-Chancellor.

Yesterday I jointly announced the creation of two key centres for research and development and extension in horticulture and extensive agriculture at the Tasmanian Institute of Agricultural Research. Negotiations are underway with the University of Tasmania about the move. The University has provided in-principle support for the centres subject to the finalisation of those negotiations.

CHAIR - So the employees will be shifted out of the department and into TIAR is that what you are saying?

Mr LLEWELLYN - Yes. I think that will actually minimise the amount of reductions that we would otherwise have had to make in the department. We will have to transfer money across as we have but you know very well that TIAR is a joint partnership between the government and the university for research, development and extension services. It makes sense to have as much of it as possible in the one area. We will need to maintain our policy branches and so on within the department and we will be discussing with the university how we can best utilise the Grove Research Station and the Cressy Research Station through that process.

CHAIR - I have questions about those later in the output. How many senior executive service people are in the department and has this figure changed much in the last 10 years?

Mr LLEWELLYN - If you are talking about the Department of Primary Industries and Water as it is at the moment we have 22 people on salaries classified at senior executive levels; 17 men and five women. Not a very good gender balance.

Ms FORREST - Better than Treasury, I reckon!

CHAIR - Do you have a list of their roles? Has that figure changed over the last 10 years? That was what I was asking as well.

Mr EVANS - It is very difficult to answer the question in terms of changes over the last 10 years because the agency has changed so dramatically with bits moving in and out, but there has been little change in the last 12 months. We will need to lose at least three senior executive service positions out of that 22. We have a couple of senior executive members who will be taking early retirement early next financial year.

Mr MARTIN - That will not have any impact on the provision of service?

Mr EVANS - We have reorganised around that to get the right people in the right jobs following those retirements. It creates some efficiencies, so there will be some structural changes as a consequence.

CHAIR - The Minister talked about the movement across of some aspects from DPIW to TIAR and I accept that is a good move. Within the department there may be some amalgamation of sections, some structural change?

Mr EVANS - I can talk about that in some detail because, in both the examples that I have given you, these are now publicly known within the agency. From early next financial year, as an example, Stephen Godfrey, who is here, will be taking early retirement. He heads the Information and Land Services Division. Kate Kent, who heads our Policy Division will be moving across to take on that role, and of course with the merger of the two agencies, we are now bringing together two policy groups. That creates an opportunity for us to rationalise in the policy area, so Kate's move to Information and Land Services is something that we can manage through the amalgamation.

The other change that is in the process of happening is that Dr Alan Harradine, who will be here later this morning, will be taking early retirement from early next year. Alan heads the Water Resources Division, and Wes Ford, who is currently the head of Primary Industries, will be moving into that role. With the changes that the minister has just outlined, with the rest of the

extension functions going from Primary Industries into TIAR, that leaves a very small number of people in the Primary Industries division.

One of those groups of people are the Marine Resources people, and they are moving with Wes across to Water, and we will be creating a smaller specialist agricultural policy group to provide policy support to the Government, manage the relationship with the university to ensure we get maximum value out of our investment into the TIAR joint venture. Provide policy advice in terms of the innovation strategy and how we can best utilise water. Manage things like the drought program because that is something for which the agency will still be responsible. Those functions will be done by a smaller agricultural policy group rather than the Primary Industries division, and that policy group will report directly to a deputy secretary.

So we are very organised around those two sets of changes to minimise the impacts on service delivery, and bearing in mind the minister's announcement yesterday of the move of extra staff to TIAR to create critical mass and improve service delivery in terms of research development and extension to the horticultural and extensive agricultural industry.

Mr MARTIN - I am going for the record today, I think. The decision to abolish DEPHA - the only justification for it has been the \$12 million in savings. Really, the only way that will be achieved is primarily the areas like corporate services and information management and so on. To deliver those savings, which is justified with the abolishment of the department, how many staff are going from those areas? Are they all going to be DEPHA staff or will there be some from the old DPIWE?

Mr LLEWELLYN - We are here to look at DPIW at the moment, not DEPHA.

Mr MARTIN - But that is now part of it, is it not?

Mr LLEWELLYN - Michelle O'Byrne, if you did not question her at the time then you have missed out.

Mr MARTIN - We did not have Michelle O'Byrne.

Mr LLEWELLYN - Oh, that is bad luck!

Mr MARTIN - But surely that is what we talk about; we could talk about it all morning.

Mr LLEWELLYN - We are not talking about the whole agency; the agency is divided into two or will be in the new year. Some of it is within Michelle O'Byrne's portfolio, that is Parks, Wildlife, Heritage and Environment -

Mr MARTIN - But we are talking about the budget Estimates for next year.

Mr LLEWELLYN - Yes, but not with me for Environment, Parks and Wildlife and Heritage. I am not the minister.

Mr MARTIN - I am looking forward to next year.

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Mr LLEWELLYN - Yes, but I will not be the minister for that; the minister is Michelle O'Byrne. You will have to restrict your comments to that part of the portfolio that I can answer.

[10.00 a.m.]

Mr MARTIN - But the areas of information management and so on will impact on your department, so why can we not talk about that?

Mr LLEWELLYN - I do not have any problem with talking about it, but I am just telling you what the facts are. I think there has been a bit of confusion about what will happen in regard to that. It is not much different to the responsibility I have within the Department of Infrastructure, Energy and Resources, for instance. You will have Norm McIlfattrick sitting here instead of Kim. He will talk about matters of energy, mineral resources and matters associated with forestry but he will not talk about those matters that you had Graeme Sturges talking about yesterday.

Mr MARTIN - This is the point. It worked a lot better when you had the seven super-department idea of the original Labor Government.

Mr LLEWELLYN - Super-departments?

Mr MARTIN - Yes, super-departments, one minister per department was much easier for all of us, was it not?

Mr LLEWELLYN - At one stage I was the Minister for Environment, Parks and Wildlife, Primary Industries, Water, Heritage - that was between 1998 and 2002. We have moved on since then.

Mr MARTIN - It is interesting to note, I have a photo of the original Bacon Cabinet and you are the sole survivor.

Mr LLEWELLYN - Me?

Mr MARTIN - Yes, the only one of the original Bacon Cabinet.

Minister, going back to my original question, I think it is relevant to the Estimates today because I am talking about corporate services and information management. The policy division also is exactly the same vote and we were just talking about that so I cannot see why it is an irrelevant question.

Mr LLEWELLYN - I am not trying to duck the issue, I was just trying to point out what the facts are. Kim can give you some information about that. In fact, he already has in some of the comments he has made this morning.

Mr MARTIN - It is obviously these areas where savings will be made when you merge the two departments if you are not going to affect front line performance, so this is obviously where the savings are to be made. How will you, as the secretary responsible for this department, make the decisions as to which staff? Is the pain going to be felt all from the original DEPHA staff? How will you decide that?

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Mr EVANS - You are quite right, we do have to make some savings by way of efficiencies generated from the amalgamation and the level of savings target is around \$1.767 million for next year. In the budget papers that is identified in the DEPHA side of the agency rather than the DPIW side. I will explain the way in which we approached the task. And bear in mind that the new agency has not yet come into effect and we have really only had a matter of a month or so to do the planning. In terms of the planning for how we bring the two agencies together, we set up what we call a 'transitional steering group' and that comprises myself and Scott Gadd, along with David Hudson from DEPHA and Michele Moseley from my agency. So we have two people from each of the agencies on that steering group and we have also included someone from the Department of Economic Development, given that some of the corporate staff will go to that agency with Arts going across to DED. The transitional steering group has set up nine transitional working groups and they relate to those corporate functions you identified: information technology, finance, human resource management, facilities, information management - which is records and libraries - communications, the secretariat, policy and organisational development leadership programs. Those transitional working groups have representatives from both agencies and their task has been to look at how each agency does things, what the resource levels are in each agency, identify the options for integrating each of those areas, look at the costs, potential savings, the benefits, the time lines that it will take to effect those changes and come back to the steering committee with some recommendations.

We are in the process at the moment, the steering committee two days ago, to consider some of those reports from the transitional working groups and start to make some decisions about how we bring it together. A key part of that will be to try to manage the staffing issues. DEPHA on their side have had exactly the same practices in place that we have in the DPIW side in terms of vacancy control, offering, in some targeted cases, voluntary separations.

Mr MARTIN - How many voluntary redundancies do you expect in this section?

Mr EVANS - I could not say at this point. I understand that there are a number in progress on both sides of the organisations. What we are trying to do is to bring the new agency together in a way that ensures that every single person is treated equally so it is not a case of DPIW taking over DEPHA. We are genuinely trying to say, let us look at the best of both agencies and build a new agency which incorporates the best of both and manage any of the staffing issues through that in a way that ensures that just because you are on the DEPHA side you are not disadvantaged in any decisions about where staff need to be located.

Mr MARTIN - That is what I am trying to get to. Looking at who has to take voluntary redundancy, will your former staff, the DPIW staff, be looked at as well, not just the DEPHA staff?

Mr EVANS - Absolutely.

Mr LLEWELLYN - That is what we have been talking about beforehand with Mr Hall.

Mr EVANS - We want to get the best people in the best jobs and there will be fair processes to ensure that happens. There will be a bit of pragmatism along the way. We might need to carry some extra staff in some areas where we do not quite need that number of staff for a while as we make changes and as we find other jobs for those individuals. Redeployment is an option, voluntary separation will be an option, job redesign will be an option. And we will look fairly

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pragmatically and sensibly at how we do that to minimise the uncertainties by the staff and the impact on the agency and its service delivery.

Mr MARTIN - Is the change over date for all staff 1 July?

Mr EVANS - The new agency comes into effect on 1 July but it is fair to say that for most staff they will not see any dramatic changes on day one. We will progressively work through and integrate as it is sensible to do. In some parts of the organisation that is easier to do than others. In the communications area, for example, I do not envisage that there will be too many problems in terms of bringing together the staff into one communications unit. It is a bit more difficult with information technology because we are operating on two different systems and we need to work out the costs and benefits of integrating IT systems. We are not about to make decisions that increase costs of the organisation, bearing in mind that this decisions has been taken primarily for budgetary purposes.

Ms FORREST - I think it was Kim who said that there were areas that were being considered such as quarantine was going to be quarantined but there were areas that were being considered as not being part of that frontline. Can you identify those areas where those cuts might happen?

Mr LLEWELLYN - It was I who said the Premier made announcements about frontline staff from Health, Education and Police not being effected. Although there was no mention of situations in other agencies, from my own point of view we consider there is some staff within my agency, DPIW, that effectively are frontline so we have taken that same decision, and they are the people who are interacting directly with the community, and people such as the Quarantine staff and biosecurity people, water monitoring, and those sorts of people.

We have tried to look at that issue on a priority basis with all the other measures that we have, vacancy controls, and all the rest, to minimise the effect in that area but everything else is subject to the provisions, so instead of saying which are subject to conditions, vacancy control, and all those sorts of things, I have indicated the priorities that we have established, and the areas that are going to be least affected, so we will try to minimise. With the announcement that we made yesterday regarding TIAR, we are in a position to probably be able to provide the same sort of services in a different way through a different agency, and achieve some of these outcomes at the same time. I think that is all important.

Ms FORREST - You mentioned earlier some of the cost saving areas would be use of mobile phones, travel and advertising, and so on. Can you provide the committee with how much has been spent on advertising and in what areas in the last financial year, and also on consultancies?

Mr LLEWELLYN - In regard to advertising, in 2009-10 we are going to have a reduction of some \$114 000 in advertising. That is the saving that we are looking at.

Mr HARRISS - Does that comply with the 30 per cent requirement of reduction?

Mr LLEWELLYN - I think it does. In regard to the other areas of telephones, and so on, in a moment I will find that. Consultancies first. DPIW payments to consultants with transactions aggregating to \$10 000 or more for 2008-09 financial year up to 30 April 2009 totalled \$463 210. There were 10 different consultancies that were made during the year, and -

Ms FORREST - Were they Tasmanian consultants?

Mr LLEWELLYN - Yes, mostly. The biggest was \$235 000, so it is about half the amount, probably a bit over half the amount was awarded to Sinclair Knight Mertz for development of models for Tasmanian ground water resources; Pitt and Sherry for -

Ms FORREST - Are you able to table a break down of all of this? You have not told me how much you spent on advertising and what the break down of that was, so are you able to provide -

[10.15 a.m.]

Mr LLEWELLYN - I told you what the saving was. In this area we have agricultural resource management for the feasibility of transporting water from Poatina to southern Midlands, \$25 300. Reyn Consulting is not a Tasmanian supplier, so there are two or three that are not Tasmanian suppliers. The development of an adjustment factor system for valuations, that was \$27 500; Hydro Tasmania for development of surface water hydrological models, \$26 000; Insight GIS, another Tasmanian consultant for the developing of web-based applications for conservation of fresh water ecosystem value project stage 3, \$10 700; Pitt & Sherry to undertake case studies test coastal risk management templates and guidelines and provide advice on coastal risk, \$43 000 - I have given you the information about Sinclair Knight Mertz, which was the largest one - Salient Solutions Australia Pty Ltd, not Tasmanian, provision of specialist groundwater advice, \$41 220; Pitt & Sherry for a project management service, Latrobe railway bridge demolition, \$10 780 - that is in abeyance at the moment. Mr Gaffney contacted me about that and there is a developer who has ideas so it is on hold at the moment before we finalise whether or not that goes ahead. There is also JND Consultancy Services, again Tasmanian, representing DPIW on steering committee providing advice to the Government and industry on the feasibility of large-scale dairy conversion in north-east Tasmania based on water development opportunities, \$11 800; and finally, Davey & Maynard, again Tasmanian, assessment of impact of the drought on farms, \$30 000. In regard to the advertising run, there is a break up: Vegetable Marketing program -

CHAIR - Is it a long list, Minister, or can you table it?

Mr LLEWELLYN - No, there is only three. To date, one was \$1.162 million for direct advertising and marketing costs; and corporate communications branch, \$773 000; and the other one was \$578 000.

Mr HARRISS - You said earlier, Kim, with regard to the Lands Titles Office that because of the downturn in activity you had identified 10 separations; is that correct?

Mr EVANS - What we have identified is that if you look at the reduction in the workload it equates to about 10 staff. There are about 60 staff in the Lands Titles Office and we have had a 20 per cent reduction in workload.

CHAIR - Is it the slowdown in the economy?

Mr EVANS - Yes. We believe that we can reduce the levels of staffing in that office by 10 people without impacting on service delivery to the community and to business. That does not necessarily equate to 10 redundancies. We are in the process of trying to find other jobs for those

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staff who want to stay with the organisation. Some may well want to take a redundancy. It comes back to this strategy we have of trying to reduce levels of services in a way that provides for the needs of the individual staff members as far as is practical in these circumstances.

Mr HARRISS - That was the matter I was going to get to, that whilst you have identified 10 as not being needed for the time being, I did not understand how that was going to be achieved given the voluntary separation principle, which has been mandated.

Mr EVANS - If anyone wants to take a voluntary separation in that area it would be on a voluntary basis. If they do not, we would try to redeploy them to another agency through the whole-of-government agency control process or find them other jobs within the agency.

Mr HARRISS - Since the mid-year financial review, the preliminary, there was a requirement imposed on all departments for efficiency dividends. Can you indicate to the committee what efficiency dividends you have been able to achieve since that December mid-year financial review?

Mr EVANS - The efficiency dividend of 3.5 per cent in 2008-09, the current financial year, we have been able to manage that through vacancy control and other measures to a point where, for this current financial year, we have been able to make the savings without any dramatic or any real impacts on service delivery. Next financial year we get full effect of the efficiency dividend and that factors into our planning in terms of how we meet the bottom line with the Budget. As the minister has explained, that is a combination of trying to reduce staffing levels where appropriate and where we can, as well as a whole range of other measures, including advertising, mobile phone, travel and vehicle fleet costs and so on. Reductions in senior executive service positions in middle level management.

Mr HARRISS - Against that then, the budget papers indicate that the department outcome is likely to run over budget by 10 per cent, as I recall. So you have made the efficiency gains and yet, the Consolidated Fund, adjusted, indicates about a 10 per cent overrun as against the budget struck last year. How do I reconcile those two?

Mr COCKERELL - Is that question in relation to the current financial year?

Mr HARRISS - Yes.

Mr COCKERELL - We are on track to come within budget for the current financial year.

Mr HARRISS - I just had a quick look at the Consolidated Fund on page A1.18 of budget paper 2 which indicates the department are \$9.3 million over budget which is about 10 per cent of the \$93.1 million which was struck for the 2008-09 year.

Mr COCKERELL - Can we take that one on notice please?

CHAIR - Is it a question, gentlemen, you need to take on notice or can you work it out now?

Mr LLEWELLYN - I think that is probably some transfer of funds in regard to the Irrigation Development Board or something related around a water funding arrangement. If you have a look under the note on A1.19, it might explain it. Expenditure for the Department of Primary Industries and Water in 2008-09 is anticipated to be \$102.4 million, \$9.3 million or 10 per cent

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above the 2008-09 budget estimate of \$93.1 million. The increase primarily reflects the change to the administration of Australian Government funding resulting from the Council of Australian Governments intergovernmental agreements on Federal financial relations of \$12.6 million for Caring for Our Country. This increase is partially offset by a decrease in interest payable of \$2.8 million due to the extinguishing of the loans to the Rivers and Water Supply Commission for the construction of irrigation schemes. So both those factors have resulted in that variation, but from an agency point of view the budget is hopefully on track. That is certainly where we left it, anyway.

Mr COCKERELL - During the year there has been a change in approach to the handling of Commonwealth funds, previously they were handled outside the Consolidated Fund through what is called the Special Deposit and Trust Fund and they were called external funds. During the year there has been a change in relation to what is called National Partnership Payments and they now come through the Consolidated Fund. In the first year they have not altered the budget for 2008-09, in effect it is going to be handled through, I think, a request for additional funds. So it is a change in accounting process.

Mr HARRISS - There is a requirement to identify savings from a review of boards and committees. How many boards and committees exist within the department? Have you identified any boards and committees within the department which will need trimming or chopping, or any other cost savings there?

Mr LLEWELLYN - Apart from the Irrigation Development Board and the Rivers and Water Supply Commission, which are GBEs in their own right, most of our boards and committees within the department are not large consumers of money. They pay for lost time or travel time and those sorts of things, otherwise they are voluntary in the way that they operate. There are a lot of them, as you know, particularly in the fishing industry. They have advisory committees for every dashed part of the fishing industry.

Mr HARRISS - Is there any intention to rationalise any of those, notwithstanding the savings might be minuscule, or modest?

Mr LLEWELLYN - I do not think so, not at this stage.

CHAIR - Mr Harriss talked about the drop of more than \$1 million in the Land Titles Office, and I think Mr Evans explained that there has been less demand recently. Back a few years ago there was a lot of frustration in terms of getting titles through. If titles are not coming through, conveyancing stops and commercial activity tends to slow down. I just want to be reassured that under this regime the level of service will be up to speed.

Mr LLEWELLYN - From a budgetary point of view we are trying to provide the savings in a way that has minimal impact on the delivery of services.

CHAIR - That is all I wanted to know.

Ms FORREST - The question I have is in regard to one of the other areas of identified savings - travel. Can you provide a figure for how much was spent on travel over the last 12 months?

[10.30 a.m.]

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Mr LLEWELLYN - The State Government, as part of the Budget belt-tightening process, has imposed a 30 per cent reduction in travel in 2009-10. I can give you an indication of the level of travel expenses in 2008-09 up to the present time: \$1.8 million in domestic travel and \$47 000 in overseas travel. We would expect about a 30 per cent reduction which brings it back to a little over \$1 million.

Mr MARTIN - Minister, in the document that you tabled regarding the staff profile. In attachment one, I was a little alarmed to see that permanent full-time and part-time staff had increased by 100. I then looked a little further down and noticed that the biggest reason for that was the number of fixed-term full-time, part-time, and casual staff had dropped by 78. Then I looked at the note that said that the move from fixed-term employees to permanent employment was the direct result of staff conversions under the fixed-term employees moratorium established by the State Service Commissioner. That number that seems quite staggering, that so many have gone from fixed-term to permanent status. Is it normal for that percentage of staff or is there a specific reason for that?

Mr LLEWELLYN - I understand that the Public Service Commissioner has indicated that if a person is in a part-time position for two years -

Mr EVANS - The simple answer to your question is that the issue of use of fixed-term employment and permanent employment is something that the State Service Commissioner has looked at. It is also something that we, as an organisation, have looked at because we have had a heavy reliance on external funds which roll on year-after-year and we had some instances where maintaining good staff was an issue, given the temporary nature of contracts, and it created uncertainty for the staff themselves. So we have had a concerted effort to review all of our staffing profiles and, where we have got people in fixed-term positions who could be classified as industrially permanent in terms of their expectation for ongoing employment, we have made application under the moratorium to have them converted from fixed-term employment to permanent employment. This is a one-off issue. It is not the norm but we are looking critically each time we get a vacancy as to whether we should accept the risk about the temporary nature of the funding and put people on permanently rather than on a fixed term.

Mr MARTIN - It just seems unusual, in view of the global financial crisis and the impact on the State Budget. Obviously it is much more difficult to manage the cost of redundancies with funded permanent staff than fixed term.

Mr LLEWELLYN - I think that is the point, under the criteria established by the Commissioner, even if an employee is considered to be fixed-term the same provisions apply.

Mr MARTIN - So were all these changes compulsory for you? Was this mandated by the State Service Commissioner?

Mr EVANS - The State Service Commissioner has become concerned about the use of fixed-term employment and, from a business perspective, we had cause to review the same issue. As the Minister said, if we have fixed-term employees who have an ongoing expectation of employment and hence are industrially permanent, we may as well make them permanent. We have gone through our staffing establishment of fixed-term staff and reviewed each on a case-by-case basis and, if after consideration they are what we would call industrially permanent, we have moved in the last year or so to make them permanent. It does not affect the current global financial crisis because even if we were to move to try to terminate some of those fixed-term

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employees they still have the rights of a permanent employee because they are what the State Service Commissioner would consider to be industrially permanent.

CHAIR - Minister, would you agree that the recent fire at Epping Forest, and particularly the family that was affected, they were dealt a fairly ordinary hand by the Government in terms of natural justice? I know you have things from the DPP, but had the slashing program been up to speed then you would have had a short green shoot there instead of that load of fuel that was alongside the road. We all drive up and down the highway and we see the damage concerned and that family was basically left to fund or borrow the money to fix it up. Do you have an opinion on that?

Mr LLEWELLYN - I feel sorry for Anthony Gunn and family in regard to that issue, but there is the question of mowing the verge and the road maintenance program. The fact that we were going through a major drought, although at Epping Forest the drought had not affected the countryside quite as much as it did further south from perhaps Conara onwards, I am not sure that the actual level of vegetation there was huge, although it did burn and the fence burnt along with it. We looked at the issue and I represented the matter from the TFGA's point of view to my colleague the Treasurer and also to the Minister for Infrastructure who has responsibilities in this area. My department does not have any funds associated with this. Cabinet considered it, it was discussed at Cabinet and we cannot see a way that would not establish a huge precedent of providing recompense for the farmer involved, even though it had a significant effect on him. It is the responsibility of individuals in our community to take out insurance on your house or whatever and it was unfortunate that he did not have that.

CHAIR - I would have thought that his public liability would have covered that. Anyway, as it turned out I think they had to borrow \$180 000 to fix their fences. It was a difficult scenario for them. I would encourage the Government if they could to re-look at it. If there was an avenue there it would show some goodwill, anyway.

Mr WILKINSON - I have a question on consultancies. Can you advise how many consultancies are we expecting in the forthcoming year? Are they going to be Tasmanian consultants?

Mr LLEWELLYN - By and large, as you can see from the 10 consultants that we had last year, I think all but two or three were Tasmanian consultants - two were interstate consultants. As part of the Budget reduction we would be trying to minimise the amount of consultants that we have. But any year some are necessary and we would be adopting the same principles to try to, if possible, employ local people with this work. But, of course, in some areas there are proper tender arrangements that you have to establish and you have to go through the supply and tender arrangements.

Mr WILKINSON - In relation to consultancies paid last year -

Mr LLEWELLYN - \$463 210. I did go through them individually and mentioned what they were about and also the amounts.

Mr EVANS - You could probably do it again.

Mr LLEWELLYN - I could do that.

Laughter.

Mr WILKINSON - I do not want that to happen but what I am wondering is, in relation now to the partnership and it seems to be more a partnership with the university, with TIAR, do you believe that will alleviate, to some degree, the necessity for the amount of consultancies you had previously?

Mr LLEWELLYN - It might in some respects. But, as you know, the arrangement will be with the University and the establishment of the institute enables us to access by putting in both the government money, university money and industry money, access corporations funds from, on a national basis, that the Government could not do if it was trying to do that in its own right because the State Government is not qualified, initially, to enter into those arrangements. So TIAR does and that, by and large, will increase the research capability because there will be more money coming in.

**Output group 1
Information and land services**

1.1 Land titles, survey and mapping services -

Mr WILKINSON - It seems to be up and down a bit, when you look at the Budget and the forward Estimates, as can be seen, \$16.3 million, \$17.1 million, \$16.9 million, \$17.2 million. Can I ask why there is that, as opposed to either a slight decrease because of the global financial crisis or, alternatively, a slight increase? It seems to be up and down and I just cannot understand why the forward Estimates have it as that?

Mr LLEWELLYN - We were trying to achieve a sine wave, every now and then.

Laughter.

Mr WILKINSON - That is what it seems like. It seems like the heart of Tasmania, doesn't it? It is certainly not straight-lining.

Mr GODFREY - The fluctuations in there are the results of the need to achieve the Government's financial management strategy and also the fluctuations in the amount of money that is in the grants and transfer of payments relating to the Crown Land Accumulation Fund, which is the money that comes in from the sales and rental of government properties which comes through ILS's books but, in effect, is administered by the Department of Treasury and Finance.

Mr WILKINSON - Is this the area to ask in relation to government properties? How many government properties have you?

Mr LLEWELLYN - How many government properties have we?

Mr WILKINSON - Yes, and the moneys that you are getting back as a result of those, being the landowner and leasing them out?

Mr LLEWELLYN - Crown Land Services?

Mr WILKINSON - Better to ask it there? It does not really trouble me.

[10.45 a.m.]

Mr LLEWELLYN - Crown-owned facilities and properties, structural maintenance - do you want to know about that?

CHAIR - No.

Mr LLEWELLYN - I have lots here about shack sites. I will bet someone will ask a question about that later on but I do not have the actual numbers, unless Mr Godfrey can give us the actual numbers -

CHAIR - Is that something that can be tabled?

Mr LLEWELLYN - Yes.

CHAIR - Are you happy with that?

Mr GODFREY - The question becomes what do you mean by crown land, because we administer those lands which are not allocated to other portfolios. For example, we have the land that is currently administered by us - reserved land which is not administered under the National Parks and Wildlife Act. We also look after a number of buildings, for example the Royal Engineers Building, Salamanca Arts Centre, which are not allocated to another portfolio and we also administer that land as currently being looked at under the crown land and assessment process which is under the CLAC process as before. It depends what the question is and how much. If you ask for all crown land, then you are looking across the whole of the Government which will have to go across each portfolio to try and extract it.

Mr CHAIR - No, it would be not the crown land; it would be mainly the buildings that I am looking at.

Mr LLEWELLYN - It is the same thing. In that area that I mentioned before, through the last financial year, funding has been provided to upgrade and conserve Tasdance buildings in Launceston, the Latrobe public buildings, the Beaconsfield museum, the Royal Engineers building, Narryna Heritage Museum at Battery Point, Silverdome in Launceston, Salamanca Arts Centre and the West Coast Pioneers' Museum. Joint ventures were formed with local councils who undertook work on some buildings; in the case of Silverdome in Launceston.

CHAIR - Are there many of those?

Mr LLEWELLYN - No, I have mentioned them all.

Mr MARTIN - Can I have some idea on how the CLAC project is proceeding? Last time we heard that a lot of land was being offered to local governments and I think it is a really good process for tidying up the pieces of unallocated land, et cetera, and the land that you do not need any more.

Mr LLEWELLYN - Yes.

Mr MARTIN - There might be something to be tabled but where is that up to?

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Mr LLEWELLYN - It has been completed in a sense. Through Parliament, we have facilitated quite a bit of transferring of land to councils and so on. There was quite a large slog of Crown land that we were going to transfer under the classification 'nature conservation' for further reserves and that has not been done at this stage because there have been some concerns between DEPHA as an agency on whether or not they are able to manage this additional land, even though it is only a very small percentage of their total land, as Parks and Wildlife, to maintain.

Mr MARTIN - This is why the merger happened.

Mr LLEWELLYN - You have put your finger on it. It could mean that under the new structure - I am not going to guarantee this but the secretary might be able to look differently at this particular land. I do not know.

Mr MARTIN - Is that the only part that has not been completed?

Mr GODFREY - The CLAC process was the identification of those parcels of land to make a determination of what we do with that crown land, whether it should be reserves, for its conservation and natural values, whether it is required for government for strategic issues, whether it is appropriate to go to local government and the left over was 'look at for sale'. We have identified and looked at all that land; we have identified the parts that have got conservational value or natural values. We have identified the land that the Crown wishes to keep; we have identified the land which is to go to council. Most of those transfers have been completed. What is left are some residual ones from councils which we are still negotiating on. The majority now relates to those pieces of land which have been identified as suitable for sale. That was only done on a desktop assessment. We now need to go through and look at each of the pieces of land in detail in a proper on-ground assessment to make sure that we have not missed anything, and we are proceeding through that process. That has now been allocated within Crown Land Services as one of its normal everyday tasks.

Mr MARTIN - How many properties fall into that category, roughly?

Mr GODFREY - There is a list of properties of identified parcels of land on the web site and I can table a summary of the land we have sold and the land that is yet to be sold.

CHAIR - Thank you, that would be useful.

Mr MARTIN - Some were controversial in that category. I cannot remember the name of the property, but it was the one at Battery Point - Secheron House - have ones such as that been sorted out?

Mr LLEWELLYN - It has been up to make decisions on, since I have been a minister in the Government in this portfolio area, two or three times. Right at the end there has been a plea from those people who occupy the building, along with suggestions as to how else it can be managed, and each time it has been not dealt with. I think that is still the status.

Mr MARTIN - I was mainly using that as an example. Are there many like that?

Mr LLEWELLYN - I think that is a one-off in regard to those sorts of situations.

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Mr HARRISS - Minister, with regard to titles and reserved roads across titles, I suppose you get the same sort of inquiries/complaints, and that has been the case in local government over the years, where freehold title exists, that there might be a reserved road across that title which was surveyed years ago. The actual road was constructed in a more appropriate location for topographical reasons so the reserved road is unlikely to ever be needed. You would be aware, Minister, that causes much grief to many landowners because if people are not aware that there is a reserved road on the land and it does not show up on title searches in the first instance and subsequently residents might built a house across the reserved road and it causes all sorts of difficulties. What constricts does the department operate under with regard to adhering that reserved road to the freehold title in terms of costs to the consumer? I suspect the value would go through the roof of a reserved road, so there are issues there that every member of parliament confronts at various times. They cause significant concern to people.

Mr LLEWELLYN - It is very pertinent that you asked that question. I sent out a folder to all members of parliament, although it may not have gone to Legislative Councillors. We are expecting a debate in the House of Assembly in the not-too-distant future based on a position paper with regard to the necessary amendments that might need to happen with regard to the Crown Lands Act.

CHAIR - Yes, I think we have that.

Mr LLEWELLYN - I am expecting to have an open debate in the House of Assembly about that and invite comments from members in that debate so as to give us some additional guidance on how we can do that. One of the aspects associated with that crown lands review is the question of reserved roads and those sorts of issues. It is a vexed question, as you say, because it comes up quite regularly. The need is there, as it has been with the CLAC process, to analyse to what reserved roads there are and to try to regularise them. If there are two properties involved, to look at perhaps tendering the reserved road. The issues of access are always very important. We cannot leave blocks landlocked and there is a government policy to try to provide access to every block. Often there are arguments about where the reserved roads go. In the case where reserved roads are no longer useful and they go through private property, just one person's property and do not lead to anywhere, it makes sense to sort those matters out and offer it to the landowner at the Valuer-General's suggested price and they would adhere it to their lands or it just becomes part of the title.

Mr GODFREY - It is one of the issues that has been highlighted in the review of the Crown Lands Act. It is a major issue and something that we purposely took out of the CLAC process to not make that overcomplicated any more than that process was. There are issues regarding so-called reserved road and there is no such legal status of reserved road, it is just a piece of crown land but on a survey diagram someone usually writes 'road access' or 'road reserve' but there is no legal definition of that. We would normally issue a licence for access purposes, but there have been some decisions made in the RPDC of recent times where they have indicated that they will not accept that as being a long-term legal access to a piece of land, which then inhibits the potential development and building applications on those pieces of land. We are looking at various options of how to come across and deal with this. In answer to your question, if as the minister rightly says, there is a piece of land that only affects one property owner and it is not used to access another person's property or the ability to access another person's property, we would normally adhere that to the title and the Valuer-General would put a determination of the price on that based on the fact that that is the only proposition you can use for that piece of land.

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We get about 700 applications every year to use road reserves, to licence it, but there are issues regarding how you deal with the management of reserved roads and how you link that in with the building approvals and planning processes and the like with councils and their planning legislation. We are looking at alternatives as to how best we can deal with this in the future.

Mr HARRISS - Minister, you mentioned that the Valuer-General gets involved there. Are you constricted by the legislation concerning the Valuer-General? Can he take into consideration mitigating circumstances, in that it may well be in a zoned area within a planning scheme which once was rural and therefore not worth much for that small piece of land but subsequently has been rezoned to some sort of village or low-density residential, which then heightens the value of the land and causes some inequity? Does the legislation constrict the determination of the value of that, or how does it constrict the determination of the value?

Mr GODFREY - The current legislation is fairly clear and precise on how you deal with this. The sale price, the lease price or licence price is determined by the Valuer-General, taking into consideration the market value at the time for that use of land. Therefore, he will take into consideration what its potential use is, what it can be used for. If it is a blocked piece of road, he will take that into consideration, but basically the legislation is pretty definitive on the way in which the Valuer-General determines those prices.

Mr HARRISS - Is there any process by which an objection can be pursued with regard to that valuation? Is there any forum?

Mr GODFREY - Yes. It is like any other piece of legislation. The Valuer-General will be able to determine the price. We give them the proponent who is trying to purchase that piece of land the opportunity to have their valuation experts discuss it with the Valuer-General, the Valuer-General will sit down and go through all the issues that they may raise and come to some agreement, if possible, but at the end of the day it is the determination by the Valuer-General.

CHAIR - Minister, is the Valuer-General available to come down for the next output group? We have some questions for him.

Mr GODFREY - Unfortunately he is in a meeting with his staff at Campbell Town.

The committee suspended from 11.01 a.m. to 11.19 a.m.

1.2 Valuation services -

Mr WILKINSON - In relation to valuation in recent times. I have had a number of calls from people concerned with the increase in the valuations that have come in recently from October through to February or thereabouts. The average increase has been between \$150 000 to \$250 000. Would that be about right?

Mr LLEWELLYN - I am not sure but the issue that I have had raised with me is that municipalities going through their cycle have had inordinate lifts in value ascribed to them when in fact we put in place a process of adjustment with an adjustment factor which enabled both land tax and council rates to be more closely aligned with the current market value with the property and enable an indexation process.

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Mr WILKINSON - That is each year. What has happened in recent times, as I understand it and please tell me if I am wrong, is especially in small townships like Oatlands.

Ms FORREST - Rosebery is a case in point here.

Mr WILKINSON - Where there has been a reclassification of small rural lots and they have been reclassified to vacant residential. Rural lots prior to being reclassified did not attract the land tax but since they have been reclassified as vacant residential they now attract land tax. Can I ask why there has been this reclassification?

Mr LLEWELLYN - Yes, I can give an answer: either the Director-General rather than the Valuer-General -

Mr WILKINSON - Director-General sounds impressive - anyone with pips on their shoulders.

Mr GODFREY - The Valuer-General contracts that out and they will value the property at the date of the valuation which was 1 October last year. There has been a significant shift in prices of land through the economic crisis since that date. That is the date that is set under legislation that is the date it is done by, based on sales information that comes through. So it is reflective of that point in time and we understand that the market has changed since that point in time. In regards to the changes in classification of the land that is a matter which the Valuer-General is advised as to what the classification is and the valuations are in accordance with those classifications. I assume that those classifications have been altered through the planning changes of the local government.

Mr WILKINSON - Are you able to give, at all, an average across the board of the increase in valuations for that period between October and February?

Mr GODFREY - We have not done any analysis of that because we have been concentrating on doing the analysis up to that 1 October date but I am sure that I should be able to get the Valuer-General to provide some information and some background. He gave a couple of presentations to the Australian Property Council on this and showed how things were changing over time and went back in history and showed the previous economic downturns and where the property market went. I will endeavour to get some information in regard to that and come back to you on that.

Mr WILKINSON - I understand that an approximate value, let us say a value of a property at \$850 000, attracts a valuation of \$14 000 that you have to pay by way of tax.

Mr LLEWELLYN - For transfer duty, are you talking about?

Mr WILKINSON - No, that is just the land tax you pay. That being the case, what I understand has occurred in at least one situation is it was a primary residence; the person unfortunately died therefore the house proceeded to go to the beneficiaries who were endeavouring to sell that because they could not pay with their other debts they had to pay they could not pay the tax on the house, the land tax, the \$14 000.

UNCORRECTED PROOF ISSUE

Mr GODFREY - I think that we need to make it quite clear that the Valuer-General sets a valuation of the property on the three values - capital value, land value and assessed annual value. Assessed annual value reflects the rate rental that you are to achieve for that property. When it gets to a certain level where the rent valuation goes above 4 per cent of the rental, in other words you cannot necessarily rent it out for the price of the valuation of the capital, it goes to a four per cent. We have endeavoured over a period of time now to put in those adjustment factors to try to take the bumps out. When it comes to setting the rates for councils and land tax, that is a matter for those authorities that set those parameters; Treasury in terms of land tax, and local government in terms of rates.

Mr WILKINSON - This was not just the adjustment factor though - in October and February - this was the revaluation from approximately five years previously.

Mr GODFREY - That is correct. There are a number of municipalities that have gone through a revaluation program and that program is on a six-year cycle. Every municipality will go through a revaluation every six years. We do that every two years - three times over that six-year period.

CHAIR - Are you talking about interim valuations?

Mr GODFREY - No, the revaluations are done on a cycle of two years. In between that we issue the adjustment factor to try to take the bumps out of it. The notices of revaluation that have just gone out would have been adjustment factors.

Mr WILKINSON - No, in relation to people I have been speaking with, the figures that they received were the revaluation as a result of the six-year cycle.

Mr GODFREY - That has just been in recent times, which are backdated to 1 October last year.

Mr WILKINSON - On top of that, each year there is the adjustment factor - is that right?

Mr GODFREY - Every two years there is an adjustment factor for rates purposes and every year for land tax purposes.

Mr WILKINSON - In relation to land tax, as I understand it, the adjustment factor is calculated from information on the sales within the area and, if it has gone up five or 10 per cent, whatever it might be, land tax goes up by five or 10 per cent - whatever the calculations say - for that area.

Mr GODFREY - The increases in the value of the land do not necessarily contribute to the rate of increase in land tax or council rates by direct proportion. You also have to understand the difference between adjustment factors and revaluation. The revaluations are done on individual properties, every property is looked at and assessed. For an adjustment factor you pick an area such residential, primary, industrial properties and make an assessment over that particular location and get an average across that location. So it is a locational adjustment factor, not based on an individual property, so it is not a revaluation, it is just an adjustment factor to try to take the bumps out.

UNCORRECTED PROOF ISSUE

Mr WILKINSON - I understand what you are saying. What I am looking at is both - the revaluation and the adjustment factor. In relation to the last six years, for one person whom I have been speaking with, their land values have gone up in excess of 140 per cent and in one area, 1 500 per cent. The adjustment factor, however, has gone up each year by 12 per cent. So over a five-year period, you are looking at 60 per cent. However when you compare that with the revaluation, you are looking at a much greater percentage. I am wondering about the fairness of this, because the revaluation states that it jumps from A to Z. If you worked it all out on the adjustment value, it would probably be an increase of around 60 per cent.

Mr GODFREY - In some cases that is correct, but you also have to understand that the adjustment factors have not been in for a full six-year period since the last revaluation was done.

Mr WILKINSON - What I am saying is there are a number of people who are feeling aggrieved at the moment because of what has occurred.

Mr LLEWELLYN - I have had a couple of queries in regard to that too. The object of the smoothing effect was to try to get to a situation where, between the six-year revaluation periods, the two yearly adjustment factor took into account the amount that is likely to be expected with the revaluation, or thereabouts. Obviously the revaluation is going to be a little different, but not significantly different, and that was what was hoped for.

Mr WILKINSON - I think that was intended by the legislation, but it has not occurred.

Mr GODFREY - That is still the intention but you have to understand that the adjustment factor has not been in place for the full period since the last revaluation.

[11.30 a.m.]

Mr WILKINSON - I see what you are saying. I am suggesting that since both have been in place you get quite marked differences between the adjustment factor and the revaluation.

Mr LLEWELLYN - When did we introduce the adjustment factor?

Mr GODFREY - There have been two sets of adjustment factors out, so it is roughly about three years ago.

Mr LLEWELLYN - So it is about half way through the revaluation periods.

Mr GODFREY - I will get some information from the Valuer-General, because some of the data he provided for the Property Council showed the differences between the valuations and the adjustment factor, and, if you readjust it down, what the differences are on those valuations.

Mr WILKINSON - Because of the problems within the economy, house prices could remain steady or they could fall. Are you saying that, as a result of this adjustment factor, the money payable to government could also be reduced? That would be a fair adjustment process.

Mr GODFREY - The adjustment factor can go both up and down. The adjustment factor is calculated at the same date as the revaluation, so next year, if the property value drops or plateaus, the adjustment factor would reflect that.

Mr WILKINSON - That is what I am saying. Therefore, if it is a minus -

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Mr GODFREY - If next year it is minus, the valuations will go out for the councils to give them the figures to calculate their rates and taxes, and it will show a decline in the valuation.

Mr LLEWELLYN - The revaluation is a matter that is done by the local government authority in the particular -

Mr GODFREY - In setting the amount of rates, yes, but the figures upon which they base that will show a decline if that is the case.

Mr WILKINSON - Last year, or it might have been the year before, on the east coast, there was concern about the way the valuations were done. A number of people complained about that, and as a result had their day in the tribunal. Can you explain what occurred? As I understand it, that valuation was done by interstate consultants.

Mr GODFREY - The contract was let out to an interstate valuation firm. There is only one valuation firm that is wholly Tasmanian, the other two firms are mainland firms located in Tasmania. There were some issues around the east coast and a number of other areas which resulted in a higher than expected objection rate. We have put in place far greater contract administration processes, additional conditions on the contracts, and also specifications which the contractors are supposed to abide by. This year is the first year that we have been able, under the new regime of the revaluation system review, to get the figures to councils on time so they have enough time to assess them before they have to determine their rates.

We are anticipating that, whilst the level of objections and the number of people who wish to have their valuations queried or reviewed will be quite high because of the property values, there should not be any significant increase on previous years to the number of valuations that may be adjusted.

Mr WILKINSON - So the issues on the east coast and other areas have been sorted and they will not be issues in relation to this recent revaluation, is that right?

Mr GODFREY - In that particular case, everyone has been through the objection processes. They have either accepted the valuation the firm has done and the adjustment. Those that wanted to take it through legal processes to challenge the valuations have done so. Those valuations are now set until the next time a revaluation is done, which is in another five years.

Mr WILKINSON - Can you explain very briefly what occurs during this revaluation period?

Mr GODFREY - We try to let the tenders out 18 months in advance, so that it gives time for the firm to collect all the data and to get all the information from us. We provide them with all the information that we have on those properties in particular municipalities.

Mr WILKINSON - Such as what information?

Mr GODFREY - It is information about the type of house, the current valuation on the property, and any comments that have previously been made. We give them the full history of the properties in the municipal revaluation. They are then required to put forward their methodology to the Valuer-General - that is how they intend to go about doing the revaluation - and they put in

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place a work program which is in accordance with the guidelines and the requirements of the Valuer-General.

Mr GODFREY - how they intend to go about the re-evaluation and put in place a work program which is in accordance with the guidelines and the requirements of the Valuer-General. It then goes through that process and gets ticked off and we will agree on when certain parts have to be in, what the time frames are. The valuation firm would then go and do some analysis of the market. They would get the whole records of sales. They will do an analysis of those sales to see what the trends are going through. They will then do an inspection of the properties and, on the basis of the work they have done, they would give preliminary figures to the Valuer General.

Mr WILKINSON - When you say an inspection of the properties, what do you mean by that?

Mr GODFREY - They usually visit every property. I do not go knocking on the door and walking through everyone's house. They would, at least, go along the road in the front to have a look to see if nothing substantial has changed from the information that is on them. We are also very heavily dependent on councils advising us of any alterations that have been made to buildings.

Mr WILKINSON - That was one of the issues, was it not, a couple of years ago? There was not this visiting of properties?

Mr GODFREY - That is under the contract. Every property has to be visited at least from the street.

Mr WILKINSON - But that did not occur a couple of years ago, as you probably would be aware?

Mr GODFREY - There are comments made that that may not have occurred. We have never been able to prove it, one way or the other. Once that analysis has been done and the Valuer-General receives the preliminaries, he would do some Q-A'ing across that and he would highlight some inconsistencies from his perspective and ask the valuation firm to go back and consider those. He would then get the final valuation which he Q-A's once again and accepts, and then it goes out for notices and appeals process.

Mr WILKINSON - Have you noticed a spike in appeals or in queries, as a result of the recent revaluation?

Mr GODFREY - There has been a large number of inquiries made and I think it has a lot to do with the fact that people do not quite understand the figures. Back on 1 October 2008, certain parts of the property markets dropped significantly. Since that date, they cannot understand why, say, a house is worth \$100 000 on the valuation and they know they cannot sell for \$100 000 today. It is because of the date back in October. That is the legislation.

Mr WILKINSON - Is that more of a spike than there has been with the queries and complaints?

Mr GODFREY - No, I do not believe this one is particularly greater than any other year. It might be slightly increased. Over recent years, the property boom has certainly lifted the

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valuation up. A lot of people link their increase in rates to the valuation which is absolutely correct but the councils have some responsibilities there and an ability to soften that, if they wish to. People get their rates and see a 15 to 20 per cent increase and say, 'This is all to do with evaluation.' A lot of people put in queries in regard to that, to which we have to say, 'I am sorry, but that is not grounds to appeal.'

Mr WILKINSON - Are we able to compare our land tax to other States? Are we higher than other States? Are we lower than other States in relation to properties?

Mr GODFREY - I cannot make any comment on that. That is a matter for Treasury.

Mr LLEWELLYN - In 2008-09, the municipal revaluation program was advertised in December of 2007. Nine municipalities comprising of approximately 80 000 valuation, 32 per cent of the State, and successful valuation contractors, and the municipal areas that they have undertaken valuation services are as follows - and the effective date of valuation is 1 October 2008: Value It Pty Ltd, for Devonport, Kentish and Latrobe; LG Evaluation Services for Hobart, Huon Valley, Kingborough and Southern Midlands -

Mr WILKINSON - Where are they from?

Mr LLEWELLYN - LG is from Melbourne; Statutory Property Services Tasmania Pty Ltd for Central Highlands municipality and the West Coast. The final valuations were provided to councils on 27 April 2009. The notices of valuations issued to landowners between 11 May and 14 May 2009 and the proclamation date for valuations is 1 July 2009. For the 2010-11 valuation program, tenders for the next round of municipal valuations will be advertised later this year for the ten municipalities of Derwent Valley, Dorset, Flinders, Glamorgan-Spring Bay, Glenorchy, King Island, Launceston, Sorell, Tasman, Waratah-Wynyard and the effective date of valuations will be 1 October 2010 with a proclamation date of 1 July 2011.

CHAIR - It is a complex matter and it is a matter which causes angst in certain areas. You would probably be aware, for example, that in Meander Valley, rural values have gone up across the board, in a blanket sense, 30 per cent for their last rate increase. My understanding, from the council, was that this was done through an interim valuation process and there were not any property inspections as to whether improvements were made or not but council has applied a 30 per cent increase right across. That is in variance with other rural municipalities but I stand to be corrected because I know Madam President is sitting in the back of the Chamber. I think Central Coast was something in the area of only 5 per cent. That has caused quite a bit of angst. Given that those significant shifts in weighting, particularly for rural properties over a number of municipalities, is the interim valuation index process, do you think that is working adequately?

Mr LLEWELLYN - The adjustment factors have been implemented in response to recommendations arising from the joint State and local government strategic review of the municipal re-evaluation system in 2004. The amended Valuation of Land Act 2001 provides for this to be done, the legislation underpinning for the adjustment factors in part 9A of that act. The introduction of the adjustment factors enables both land tax and council rate assessments to be more closely aligned with the current market value of the property. Market based adjustment factors are applied to government valuations in between the current six yearly re-evaluation cycle. From those dates it is only half way implementing this adjustment factor now, so we have not had the full time of a re-set and these factors will help to minimise the big fluctuations in valuations that can occur following the completion of re-evaluation in a municipality. In times of buoyant

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real estate conditions, the factor trends will generally increase. In the event of a declining property value, the factors will then decrease in accordance with the market trends.

Land tax is being adjusted annually, sometimes with single factors being applied to property classifications across each municipality. Adjustment factors since July 2007 have been refined and provide for a greater variety of property classes and locality factors where necessary within each municipality. Adjustment factors have regard to local market conditions rather than the broader municipal averages. To answer your question, it seemed an inordinate leap in that particular municipality. Mr Godfrey might be able to home in on that specific one.

CHAIR - Now the residential property market has flattened, there is probably a time lag. You could also argue that if the evaluations were done in rural Meander Valley when dairy prices and perhaps the same might apply to Circular Head, for example, when there was a spike there and things were running well -

Ms FORREST - And the West Coast with mining.

CHAIR - Now there has been a 30 per cent drop.

Ms FORREST - That's right.

CHAIR - You do not have to be Einstein to know that the market has flattened and diminished and contracted quite a bit in terms of the land values.

[11.45 a.m.]

Mr LLEWELLYN - Land owners can actually apply for a review within the period of 60 days following the publication in the *Gazette*. They may advise the Valuer-General any time stating price or locality.

Mr WILKINSON - Not a lot of people know about that, though. There is not much advertising about that. I know that there has been an advertisement in the *Mercury* talking about what I have been speaking about, saying review it if you wish.

Mr LLEWELLYN - I do not know if that is correct or not.

CHAIR - You are not getting incorrect advice, Minister, are you?

Mr LLEWELLYN - No. I am told that the Meander Valley Council only passed on some 50 per cent of the adjustment factor.

CHAIR - Yes, they have spread it over two years.

Mr GODFREY - The adjustment factor for primary production in the Meander Valley was a factor of 1.3.

CHAIR - They are rather sensitive about that.

Mr GODFREY - and if you look across the rest of the adjustment factors for primary production across the rest of the municipality, other than those ones that are being revalue, they range from a factor of 1.45 down to a factor of 1.15. There has been generally an increase across

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the whole of the State in terms of primary production. As the Minister alluded, the Council set their rates for primary production with increase around 17.4 per cent which includes the fire levy of which they only took 50 per cent of the factor rate at this time.

CHAIR - Is it possible for Mr Godfrey or someone in the department to supply to the committee, take on notice interim valuations that have been done by municipality? Can you do that just in the last 12 months, for example?

Mr GODFREY - I am sorry, I do not understand.

CHAIR - To demonstrate the shifts in residential, so residential, commercial and rural, is there a process whereby you could provide those just for some comparisons?

Mr GODFREY - I can provide you with a list of the adjustment factors across the whole municipalities broken down into areas of where they have gone in terms of the locations I can give that to you right here right now.

Mr LLEWELLYN - By applying only part of the adjustment factor they are skewing the purpose of the adjustment factor.

CHAIR - As Mr Wilkinson said, we probably need the revaluation as well to

Mr WILKINSON - To get an exact idea as to how the municipalities differ from one another if they do.

Mr GODFREY - I can get you some information on that. We will include that in the documentation that I said I will try to get the Valuer-General to do.

Mr WILKINSON - I know that it is in the legislation and all that is happening is in accordance with the legislation, but that is what is being complained about at the moment.

CHAIR - To what extent do the interim indexation figures correlate with actual valuations and in the event of a major discrepancy, what are the reasons for this?

Mr GODFREY - As I said a while ago, the adjustment factors are based on sale information that occur in those localities. For example, Hobart would be broken down into Battery Point, Sandy Bay, West Hobart, South Hobart. We would do an analysis of each of those types of properties to do statistics in term so the property movements that occurred and based on sales and look at it as a collective, they are not individual property valuations, they are the valuation of a type of property within a location. It is an average. We get rid of the really low ones and discard the really high ones and hopefully it comes out as an average based on sales data.

CHAIR - I think that is all the questions that I have. I would like to say, Minister, that I think that it is a matter that a lot of councils and the LGAT are wrestling with at the moment and to try to iron out some of these discrepancies. It varies from municipality to municipality. It is having some dramatic effects on particular sectors of the market, as you would understand.

Mr LLEWELLYN - I do.

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Ms FORREST - Has the Valuer-General received an abnormally high number of requests for revaluation on the west coast?

Mr GODFREY - I could not tell you exactly whether it has. When I said there has been a large number of inquiries I am talking generally. I could try to cite what the breakdown is but I do not have it with me.

Ms FORREST - I would be interested to know how many requests there have been for revaluation, and the success or otherwise of those -

Mr GODFREY - Appeals against the revaluation?

Ms FORREST - Appeals, yes, sorry, and the successful re-evaluations.

Mr GODFREY - They have not closed yet so we are still in the process of waiting for the final ones to come in. We are getting an enormous number of general inquiries from people and some of those questions we were able to answer. In most cases where we cannot answer it - in other words, a person says, 'I don't like my figures, I don't agree with them' and you say, 'Why?' and you go through a process. But eventually if it gets to the stage where we cannot answer those questions, we put them in direct contact with the valuation firm that did it. They sit down and go through it with them and then that person will make a decision whether to lodge a formal appeal against it.

Ms FORREST - As the chair adverted to with the dairy industry and the mining industry -

Mr GODFREY - Exactly the same.

Ms FORREST - Exactly the same. People bought properties in Rosebery and Zeehan and paid \$20 000 a few years ago are now being revalued. There are no brick houses in Rosebery, there is nothing bigger than a three-bedroom basic house, and they are being revalued upwards of \$250 000 - there is no way they can sell them for anywhere near that.

Mr GODFREY - That is what I am saying, the valuation is done at a point in time and at that time the mining industry was still okay and the demand for property was quite high and sales information would have reflected it.

Ms FORREST - So when a request for a revaluation -

Mr LLEWELLYN - If the shack owners wait a while they will get their tax cheaper than they would have otherwise.

Ms FORREST - Does the revaluation consider the current circumstance, or it goes back to that day?

Mr GODFREY - Under the legislation, it is dated as at that date. Those changes that have occurred since 1 October will get reflected in the next adjustment factor that is provided. This is an emotive issue about the difference between setting a valuation based on an equitable basis across the whole municipality in Tasmania - it is how you come up with a valuation for a like property - versus what councils do to set the rate.

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Ms FORREST - A like property in the same location?

Mr GODFREY - Yes, but we do that on an equitable basis across the whole of the State, where possible. So you should not find a variation, as you correctly say, between a three-bedroom brick house at Zeehan worth \$350 000 versus one for \$75 000, if they are alike.

Ms FORREST - You wouldn't have a brick house in Zeehan either.

Mr GODFREY - I know, I am just using it as an example.

Mr LLEWELLYN - By way of explanation to the question you asked. In 2007-08, no fresh valuations were issued as it was an off year for valuations - they are only done every two years. 14 044 notices of valuation were issued for supplementary valuations during that period, resulting in 34 objections, and on which 25 had an amended to the valuation made on objection review, representing 0.178 per cent.

CHAIR - I think that is what the budget document said.

Mr LLEWELLYN - Right.

CHAIR - I am saving your voice, you know it is not going all that well today.

Mr MARTIN - This might be a Dorothy Dixier -

CHAIR - Who gave it to you?

Mr MARTIN - I am doing it myself. From the adjustment figures for this year, and you look at Meander Valley, is it not true that the problem is that the category has gone up by more than other categories? You are going to have winners and losers when it comes to setting the rates. It is not local government's fault, it is not the State Government's fault, it is not the valuer's fault. In the case of Meander Valley, I notice the primary production land went up by 1.3 per cent, whereas residential land went up between 0.95 per cent and 1.05 per cent and commercial by 1.10 per cent.

Mr LLEWELLYN - It is all that irrigation we have been pushing around down there.

Mr MARTIN - Commercial went up from 1.1. When these figures are then applied by local government to send with the rates it means there are going to be winners and losers. The losers in terms of paying more rates will be the primary production land. I cannot see a way out of this that. As mayor it used to cause me great grief every five years when this happened. I went through it three or four times in my 15 years, but now it is happening every year.

CHAIR - You did not have any rural land, though, did you?

Mr MARTIN - I understand in Glenorchy the commercial properties dropped in value compared to residential; that means that when the rates are sent out the commercial properties rates will drop and residential will go up. Is that a fair assessment?

Mr LLEWELLYN - Yes.

Mr GODFREY - You are absolutely correct. If you go back and take Hobart for example, in the previous revaluation that was done six years, commercials went up dramatically and residential became the beneficiary of lower rates. This year commercial has stayed basically level and residential are the ones that are going to go up.

Mr MARTIN - The trouble is that the residential ratepayers will not remember the time their rates dropped.

Mr GODFREY - The trend this year is that commercials have either stayed steady or slightly dropped and residential and primary producers have gone up.

CHAIR - It is also true that councils have the flexibility or the ability to apply differential rating if they so choose, so that is another matter that can open a can of worms. Some councils have chosen to do that over time.

1.3 Service Tasmania

Mr MARTIN - I suppose the issue for me when I looked at the annual report of Service Tasmania in the Budget, it is fairly static – less than CPI, which I presume is the efficiency impact, yet I read on their web site about the welcome expansion of services being delivered to the community. How are they managing to do that when they do not have an increased budget?

Mr LLEWELLYN - Service Tasmania, from the Estimates debate point of view, DPIW - or the new department after 1 July - is the deliverer of service. We do not establish the policy associated with Service Tasmania. That is done by a board within DPAC and they establish the policy, where Service Tasmania centres ought to be, what additional services and so on. We then deliver those services.

Mr MARTIN - How can you add 11 new expanded services when you have no extra money?

Mr LLEWELLYN - We do that by very cunning rearrangements.

Mr GODFREY - The Service Tasmania shops item basically has an administrative and regional management overhead in it, which is very small. The rest of it goes into the operation of the shops. We have defined costs associated with running the shops: rental, electricity, communications, staff et cetera. There is some ability within Service Tasmania shops in regard to the number of transactions to increase those transactions within the existing staffing levels.

Mr MARTIN - My only experience with the local Service Tasmania shop is when I go to get a driver's licence or something.

Mr LLEWELLYN - We can tell about that one specifically because there has been a bit of a problem with motor registration, as you know. It was the new computer that DIER installed.

[12.00 p.m.]

Mr MARTIN - Are the service standards being met? There always seems to be decent queues there, but then I read the EMRS survey of customer satisfaction and it seems to be up. So, it seems to be all under control, is it?

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Mr LLEWELLYN - I think it is now. But there was an issue with regard to the motor registry system. As you know, it was implemented by DIER and rolled out, Service Tasmania Shop network, in 2008-09. The introduction of the new system resulted in processing delays which caused significantly increased waiting times for some customers, despite the best endeavours of the Service Tasmania front line staff. As a result, extra customer service operators were rostered on during peak times. They have been working with DIER to try to sort that matter out. In fact, I do not think it is completely resolved even at this time but I think it is much better than it was. That was really the only area there I think. Apart from that, things have been going very well within Service Tasmania.

Mr MARTIN - With the EMRS survey it seems to be. I do not have many question, given that.

Mr WILKINSON - Are there any new Service Tasmania Shops going to pop up over the State?

Mr LLEWELLYN - Shop development. The opening of the new Kingston Service Tasmania Shop in 2007, there are now 27 Service Tasmania Shops across the State. In addition to accessing this extensive network of Service Tasmania shops, customers are asked, customers are able to do business with government over the phone and over the Internet with many transactions and services available 24 hours a day, seven days a week.

Ms FORREST - But you cannot pay for your licence test?

Mr LLEWELLYN - No funds have been allocated to open any new Service Tasmania shops in the near future and you cannot pay for your licence test.

Ms FORREST - No. I have the Department of Infrastructure, Energy and Resources looking into that and they still cannot solve the problem. There have been a couple instances where learner drivers, going to get their test done, have had to go through the Queenstown from Strahan, Rosebery or Zeehan, which they do not have a huge issue doing. It is just that the person who takes them has to have a day off work to do it which is an issue in itself, but they are willing to do that for their child who is going for the test. If the child fails, which is often the case in the first test, that they then have to go home and then they have to drive back to Queenstown to make an appointment. That has been changed. The payment for that second test cannot be made over the phone. So they have to go back to Queenstown and pay for the test and then they have to go back again to undertake the test.

Mr LLEWELLYN - I do not know. I think that, surely that may well be an issue with the DIER computer and an anomaly in regard to that or DIER in general, rather than the system. I think Mr Godfrey knows a little bit about this.

Ms FORREST - He has a few letters from me or someone has.

Mr GODFREY - That is an issue and Service Tasmania provides the services on behalf of DIER in accordance with their procedures, laid down by them. We do not determine those procedures. Their procedures, at the moment, do not allow that to be done, other than what you have just stated and my understanding is, but I will not be held by it, but I understand DIER are looking at alternatives.

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Mr LLEWELLYN - As a result of your most strident representation of your customers and constituents.

Ms FORREST - That is right. I cannot believe that people have to take three days off work to try to get a licence.

Mr GODFREY - All I would say is that from the Service Tasmania shops perspective, which I am responsible for, we do that very nicely at Queenstown.

Ms FORREST - On that point then, I will take it down the next path to the Queenstown shop; because the Queenstown Shop is the only shop for the west coast and we know it is a quite dispersed population and parochialism reigns supreme down there. It is difficult for people who live in Strahan, Rosebery and Zeehan to get to Queenstown during office hours. There have been suggestions made to me that, if it could be opened on a Saturday morning or even extended hours on one evening or something, perhaps, to enable people to access it. I am not sure what time it is, 9 a.m. to 5 p.m., is it open? But it is a problem for people. Not so much for the shift workers and not perhaps so much for people from Rosebery who all tend to come up to Burnie if they have to do it in those office hours because they will come through for other business. But for Strahan people particularly

Ms FORREST - if they have to do it in those office hours, because they will come for other business. But for Strahan people particularly, and Zeehan people to a lesser degree, the office hours make it very difficult for them to access the services of the shop. Would the minister consider opening it on a Saturday morning?

Mr LLEWELLYN - Service Tasmania, shop opening hours, weekends. Customers can access different government services in a variety of ways, including via the Service Tasmania shops, the online service and over the telephone. Many bills can also be paid using B-Pay. These electronic options are available 24 hours a day, seven days a week.

Ms FORREST - There are things like getting your photo taken for your licence, that sort of stuff. You cannot do that over the phone.

Mr LLEWELLYN - No.

Ms FORREST - Or over the Internet.

Mr LLEWELLYN - In 2006-07, it was decided to only open Service Tasmania shops in the major urban areas over the Christmas and New Year break. There was minimum negative feedback about the closure of shops in other areas, with the exception of Triabunna where the local businesses identified a need for the shop to remain open to service the community's banking requirements. Current policy to open shops in Hobart, Launceston, Burnie, Devonport and Triabunna over the Christmas and New Year break is continuing but that is a policy issue with the Department of Premier and Cabinet. You should ask the Premier about it.

Ms FORREST - I did not talk to the Premier.

Mr LLEWELLYN - No.

1.4 Crown Land Services -

Mr HARRISS - The clarification I would like is with regard to the fluctuation in the outputs in 2009-10, and then the outer years. The note on page 11.9 indicates that as a result of transfers from the Crown Land Administration Fund to the Consolidated Fund, but I want to try to understand more as to why that is because there is a substantial difference with what is going on there.

Mr LLEWELLYN - In any year there might be a number of crown land properties sold, differing from other years. Treasury then determines how much money they want out of the Crown Land Accumulation Fund back into Consolidated Revenue. That would vary from year to year. In general, that is the answer to the question, we do not have too much control over that aspect of it. The responsibility for the CLAF system resides with the Minister for Primary Industries and Water under output 1.4, Crown Land Services. The Crown Land Accumulation Fund Special Deposit and Trust Fund which the council has created under the Crown Lands Act 1976, section 48B, the current balance of the CLAF special deposit and trust account, as set at 31 May, is \$53 million. The operation of CLAF received revenue for the sales, leases and licences of crown land. Payments for CLAF include activities from property sales, provision of services and preparation of crown land relating to the requirements of subdivision under the Local Government Building and Miscellaneous Provisions Act 1993. Sales, leases, licences relating to shack sites on crown land, and the assessment of public reserves and such other expenditure as Treasury may determine. The transfer from Crown Land Administration Fund to the Consolidated Fund, as of 30 June in each year, the Treasurer may determine an amount to be transferred from CLAF to Consolidated Fund. This amount may not be greater than the balance in the accumulated fund, so you cannot transfer more than what is there at that date, but that is the only restriction.

Mr HARRISS - You are not surprised.

Mr EVANS - Part of the reason for the discrepancies in those numbers is also about the program the Government has for selling major assets, which is now coming to an end. For example, last financial year we sold the Marine Board building. That has been part of a long-term deliberate program to dispose of major government assets such as some of our key buildings.

Mr HARRISS - What was the significance there, Minister, when you referred to the Local Government (Building and Miscellaneous Provisions) Act?

Mr LLEWELLYN - I was talking about the operation of CLAF and what sorts of services it provides and what it does. One of the activities was the provision of services and preparation of crown land relating to the requirements of subdivision under the Local Government (Building and Miscellaneous Provisions) Act.

Output group 2 Primary Industries

2.1 Agriculture industry development services -

CHAIR - Minister, I understand that the three-year integrated vegetable marketing campaign is virtually finished. Has there been an evaluation of that campaign's effectiveness? As you know, it has had some detractors over time.

Mr LLEWELLYN - The Tasmanian Vegetable Marketing Plan campaign is nearing the end of the advertising component. The last of the advertisements contracted through Clemenger Tasmania have been run in the food sections of the two Sydney daily papers and connected to a vegetable merchandising campaign in that market. A number of positive changes have occurred as a result of the campaign. One of these is the merchandising campaign being run through a Sydney-based merchandiser that specialises in fresh produce. The six-week campaign is under way and has been running since early May. The merchandiser is working with vegetable wholesalers, and 60 specialist greengrocers are known to stock Tasmanian vegetables. This will, hopefully, result in ongoing markets and supply chains. Through the advertising campaign, advertisements have appeared in the major national newspapers, lifestyle magazines, promoting the virtues of Tasmanian vegetables. This campaign represents an investment of \$1.9 million over the 18 months duration. The reach of the campaign and its impact will be measured by Clemenger Tasmania through standard marketing campaign techniques. This survey work will begin shortly.

Another positive development has been the creation of a consumer web site design to support promotion of Tasmanian vegetables. The site includes information about Tasmanian vegetables, recipes, what season they are available in, and where the consumers can purchase the vegetables using Google maps linked to store locations. The Government has continued to work with major producers to incorporate the 'Taste is Our Nature' vegetables logo onto packaging. It has been incorporated into packaging of packaged salads, cherries, truss tomatoes, potatoes, swedes and carrots.

[12.15 p m]

Within Tasmania, Island Fresh and IGA supermarkets are using and promoting the logo in store and on the sides of their produce trucks and vans. The Government has also assisted with the marketing process through its investment of \$850 000 in marketing projects which was commissioned by the vegetable industry marketing committee. This committee has representation from the various industry sectors on the Tasmanian Institute of Agricultural Research on behalf of the Government. The committee is chaired by Dr Susan Nelle, who has a role of implementing and overseeing projects under the framework of the Tasmanian Vegetable Industry Strategic Plan. The committee has a number of projects, either under way or completed.

The projects include promotion of Tasmanian vegetables at the Fine Foods Exhibition in 2008 and at Restaurant 09, the vegetable merchandising project through 60 specialist Sydney greengrocers, facilitating a trial of a market fresh promotion through north-west coast schools and investigating alternative business models with Tasmanian farmers. I think it has gone very well. It was the money that the Premier promised some years ago when we had the campaign to Canberra.

CHAIR - I suppose it is a matter of whether it maintains the momentum and whether we are still going to get a bang for the buck in the future, and you mentioned Island Fresh and IGA taking on those fresh logos. With respect, they do a good job but the big players are the Woolworths and the Coles and those major chains prefer to have their preferred suppliers; they have their safe quality food programs in place and they also have their generic labelling which has got nothing to do with Tasmania or where the product has come from. I have been down that track and I know that is still something that is being pushed heavily. We can produce fresh food and vegetables in this State that end up on interstate shelves or overseas but in mainland markets it is not branded as Tasmanian. That is something that I do not know quite how you overcome because they are selling about 60 per cent of the fresh fruit and vegetables in the State.

Mr LLEWELLYN - I understand the point that you are making and it is probably very true. I think the one significant thing is that this merchandising group in Sydney, with 60 specialist greengrocers is going to be a permanent ongoing arrangement and that has to be very positive to Tasmanian vegetable growers from a domestic point of view.

CHAIR - If I look at the budgetary part of this, it is more than halved over the forward Estimates and it is explained, in footnote one, that it is due to a reduction in some exceptional circumstances; interest rate subsidy, the completion of marketing for the vegetables that we just talked about. Can you provide a breakdown in detail of these reductions and are there any other reductions apart from these? I can take those on notice if necessary.

Mr LLEWELLYN - Under 2.1 the variance in the agricultural industry development services output in 2009-10 relates to a reduction in the Australian Government funding for the exceptional circumstance interest rate subsidy scheme for the drought issues, and the completion of the three-year integrated marketing campaign for the Tasmanian vegetable industry, a scheduled reduction in the forward Estimate funding for the promoting SMART Farming election commitment and the 2008-09 budgetary management strategy. All of those factors would have an effect but I do not think we have any more detailed break down than that, have we?

Mr EVANS - Not here.

CHAIR - But could it be provided?

Mr LLEWELLYN - Yes.

CHAIR - I will take that on notice, please. What about the innovation in agriculture project; any more detail on that please?

Mr LLEWELLYN - From the national accounts data we know that agriculture is more important to the Tasmanian economy than in any other State. In 2007-08 agriculture related to 4.6 per cent of the gross State product which is exactly twice the contribution that agriculture made on a national level. The Food Industry Council and the Government believe that there is great untapped potential in further increased production and employment across the State. More effective use can be made of land and capital by improving management practices and having more profitable enterprise mixes. An example, expanding dairy, vegetable, high value cropping businesses on productive land not currently used to its true capacity. An example of great success is the rising productivity of dairy farms in Tasmania. Today there are fewer dairy farms but larger and more efficient ones.

CHAIR - We are talking about the Innovation in Agriculture projects specifically here are we?

Mr LLEWELLYN - Yes we are, and that is why the Government has invested soundly in research and development in partnership with the university through TIAR. I did mention that we have made those changes and I made an announcement yesterday, with the Vice-Chancellor, about the creation of key centres of research and development and extension of horticulture and extensive agriculture from the Tasmanian Institute of Agricultural Research.

There are already two centres of excellence enhancing dairy and vegetable production for food bowl creation issues. There is a tremendous opportunity to harness the State's water resources. The State's Water Development Plan, a key plank supporting the food bowl initiative, is capable of delivering another 240 gigalitres of irrigation water that is enough water to irrigate an additional 60-100 000 hectares of high value crops and pasture. All of that is part of the innovation program.

CHAIR - In yesterday's *Advocate* there is a nice picture and it reads, 'Tasmania's food bowl vision gains strength'.

Mr LLEWELLYN - I have not seen that.

CHAIR - I am a strong supporter of agriculture but if you get things in perspective and look at the ABS figures you see how little we produce. In Tasmania we have some pockets of very good land but we have a lot of land that, in terms of agricultural use, is worthless, wilderness, which is good for bushwalking. I wish to put this to you as devil's advocate: would we ever be the food bowl for Australia when you look at some of those figures? Even the much maligned Murray-Darling basin still produces twice as many spuds as we do. Western Australia do. Spuds are our biggest vegetable processing crop. We are way down the line. When you look at all the commodities by output, we are minute. It would take a huge effort for us to ever really become the food bowl of Australia.

Mr LLEWELLYN - I do not know if we would use the words food bowl for Australia. We are a food bowl within Australia and I think that is important.

CHAIR - Excuse me, it does. It is here in black and white in the *Advocate*.

Mr LLEWELLYN - I take the point you are making but we can make significant inroads. You remember that when I was minister before, I made a statement, I think in about 1998, that over the next 10 years we could double the economic value of our primary industry products grown in Tasmania. You would have all seen a copy of the latest food industry scorecard. If you do not have one we can provide some for you.

CHAIR - It only goes up to 2007.

Mr LLEWELLYN - Yes, that is right, but I think you can extrapolate the figures in it. You can see that the gross value of food sales, overseas exports, net interstate trade and domestic sales was \$3.873 million. That is a very sizeable amount and well and truly exceeds the doubling of value of products in 2008. We talked about the 250 additional gigalitres of water, we could expect, just as Professor Jonathan West had to say in his paper, which was somewhat criticised in the paper that was leaked from Treasury, you might remember. We could expect probably twice, three times or even more increase in economic value from the new land that will be available under irrigation. I think we have a huge opportunity. We might not be able to provide food for all of Australia, there will be other centres in Australia as well, but I think we will provide a significant component of it. Already, as you know, just from one small area in the Coal River we have Houston's Farm that is producing those lettuce salad packs for Woolworths and Coles, both major chains, for everywhere in Australia apart from Western Australia. That in itself is a very good example of what can be done.

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CHAIR - I am supportive of that; however, I have been around agricultural commodities most of my life and I know what is produced and what is not.

Mr LLEWELLYN - You have heard me before saying that we emphasise high-value end products which are not commodities in that sense, although you could consider our major products such as milk powder, if you marketed it properly, from Tasmania could be considered as a market niche, not a commodity, although it is a fairly large component. We take advantage of our natural state and our clean, green quality products.

The committee suspended from 12.30 p.m. to 1.30 p.m.