

**Thursday 6 June 2013 - Estimates Committee A (D. O'Byrne) - Part 1**

**LEGISLATIVE COUNCIL**

**ESTIMATES COMMITTEE A**

**Thursday 6 June 2013**

**MEMBERS**

Hon Rosemary Armitage  
Hon Ruth Forrest  
Hon Greg Hall  
Hon Paul Harriss,  
Hon Leonie Hiscutt  
Hon Tony Mulder  
Hon Robert Valentine

**SUBSTITUTE MEMBERS**

Mr Ivan Dean

**IN ATTENDANCE**

**Hon. David O'Byrne MP**, Minister for Infrastructure, Minister for Economic Development, Minister for Innovation Science, and Technology, Minister for Police and Emergency Management, Minister for Workplace Relations

**Ministerial Office**

**Josh Bradshaw**, Head of Office  
**Evan Riseley**, Adviser for Economic Development  
**Janine Arnold**, Adviser for Infrastructure  
**Astrid Wootton**, Adviser for Economic Development  
**Simon Monk**, Adviser for Infrastructure  
**Phil Hickey**, Adviser for Workplace Relations  
**Cheryl Ames**, Adviser for Police and Emergency Management

**Department of Justice**

**Simon Overland**, Secretary  
**Chris Batt**, Acting Deputy Secretary (Corporate)  
**Chris Jacoora**, Departmental Liaison Officer  
**Roy Ormerod**, General Manager, Workplace Standards Tasmania  
**Martin Shirley**, Director, WorkCover  
**Stephen Morrison**, Director, Finance

**Department of Infrastructure, Energy and Resources**

**Norm McIlfattrick**, Secretary  
**Amanda Russell**, General Manager, Corporate Services  
**Gary Swain**, Deputy Secretary, Strategy and Policy  
**Bob Rutherford**, Deputy Secretary, Regulatory and Customer Services  
**Amanda Russell**, General Manager, Corporate Services  
**Stephen Long**, Manager, Resource  
**Martin Blake**, Director Operations (West Coast Wilderness Railway)  
**Shane Gregory**, General Manager Transport Infrastructure Services  
**Penny Nicholls**, General Manager Land Transport Safety  
**David Spence**, General Manager Infrastructure Strategy Division  
**Lia Morris**, CEO MAST

### **Department of Economic Development, Tourism and the Arts**

**Mark Kelleher**, Secretary  
**Jonathan Wood**, Deputy Secretary, Investment, Trade and Sectors  
**Fiona Wilson**, Deputy Secretary, Strategy, Enterprise and Regions  
**Craig Watson**, Deputy Secretary, Corporate Support

### **Department of Police and Emergency Management**

**Darren Hine**, Commissioner of Police  
**Donna Adams**, Acting Deputy Commissioner  
**Scott Wilson-Haffenden**, Director, Corporate Service

### **Tasmania Fire Service**

**Mike Brown**, Chief Fire Officer  
**Mike Gallagher**, Director of Corporate Services  
**Bruce Ludeke**, Manager of Finance

### **The committee met at 9 a.m.**

**CHAIR** (Mr Harriss) - Minister, we are ready to roll. Before we commence I indicate, and you might mention it to other people before they come to the table today, that we have some sound issues in this particular room. All of the microphones are active but there is only one channel which feeds back to Hansard so we need to be disciplined on both sides of the table in terms of banging things around on the table, glasses or whatever, and coughing and spluttering and the like. Hansard gave me something and I will quote it - 'Field Marshall Montgomery began his addresses by saying, "you may all cough now for 30 seconds but thereafter you must be silent".'

We do need to be reasonably disciplined. We will allow speakers from that side of the table to develop their points and if you extend us the same courtesy that would be good for the Hansard process. They cannot pick up the two-way dialogue that occurs, because of the one channel. If you please, minister, introduce the people at the table for the purposes of Hansard recording.

**Mr O'BYRNE** - We have Norm McIlfattrick, the secretary of the department. On my right we have Gary Swain, head of strategy and policy for the department, and Shane Gregory, the general manager of transport infrastructure services. Also with me is Simon Monk, my adviser.

**CHAIR** - Thanks very much. Minister, we are quite happy for you to make some opening

comments if you wish to do so -

**Mr O'BYRNE** - Yes I do.

**CHAIR** - And we will go into questions on the infrastructure portfolio first of all.

## **DIVISION 6**

(Department of Infrastructure, Energy and Resources)

### **Output 1**

#### **Infrastructure**

**Mr O'BYRNE** - Thank you, Chair.

The Department of Infrastructure, Energy and Resources, as one of the state's most diverse agencies, has responded to the state's financial challenges and has met its budget targets over the last three-year period whilst maintaining essential services in the Tasmanian community. This has been done by adopting a clear strategy that focuses on sustainable structure reform. Throughout this period the essential services provided by DIER have been maintained and this has been possible due to the support and hard work of DIER employees.

A prime example of how this strategic approach works well in my portfolio area is the area of registration and licensing. A strong focus on people management and workforce renewal in critical positions has enabled the important work of registration and licensing to continue without service delivery reductions to the general public. The agency has also put a strong focus on business improvement and customer service to ensure that we can maximise efficiencies in our operational cost structures. Agency-wide reviews of key business processes, introduction of workflows to assist our teams in working smarter, reviews of operational expenditure and efficiencies in the areas of vehicles et cetera are all examples of this approach.

Strategic planning and investment in Tasmania's transport infrastructure remains one of the major focuses of the department. The roads, bridges and other transport infrastructure we use are there to benefit all Tasmanians regardless of their wealth or lifestyle and it is therefore vital that we continue to invest even in these difficult budgetary conditions. This investment not only connects our communities but it makes them more resilient. It is important that we also support jobs for Tasmania and Tasmanian companies throughout the state, and support our regional and remote communities. In 2013–14 we will continue to roll out record levels of investment in road works totalling \$163.4 million including the last year of our \$800 million Nation Building 1 program and the bulk of construction under the \$110 million community roads program and west coast roads package, as well as ongoing routine maintenance and repair worth \$45.3 million. We have commenced and completed much work on our community roads package and we have also engaged a critical upgrade of the state's rail network rolling stock. That will continue in 2013–14 with an equity contribution of \$21.4 million to TasRail. This investment is about providing ongoing support and building an efficient and safe, competitive, state-owned rail company.

On the back of our successful Nation Building 2 program we have also been very successful in the Nation Building 2 program which includes \$500 million for the next stage of safety improvements along the Midland Highway. We will have time to talk about all those projects this morning.

We have also worked with the Australian Government in securing the future of the Abt railway with the Australian Government contributing \$6 million to fund immediate maintenance needs with the Tasmanian government also contributing \$3 million in 2012-13 plus \$3 million over the forward estimates to support ongoing operational costs for the next four years.

We are also focusing our attention on working with industry to develop a long-term and sustainable solution to assisting our exporters in getting their goods to market. To achieve this, government and industry have to look for practical and affordable measures at a local level, looking at not only the ways we get our products and goods out of the state but our on-island infrastructure as well.

The \$20 million export assistance package funding, which has provided \$14.5 million directly to our exporters, in a one-off grant program has helped them adapt to these changing situations. The remainder is being invested in the Burnie Port project and the strategic industry-led freight logistics co-ordination team for the primary purpose of providing expert advice on freight, logistics and supply chain issues and it is helping us to develop a long-term sustainable solution.

We are supporting the Tasmanian industry and Tasmanian community in a whole range of areas within the department. This budget represents a continued commitment to strategic long-term investment in Tasmania's infrastructure and we look forward to the hearing this morning.

If there are any questions on MAST, we are getting representatives from MAST along. We would prefer to allow her to come in towards the end of this session instead of her sitting here for hours.

**CHAIR** - We decided as a committee, and we may not have communicated this to you, that we did not particularly have anything on MAST.

**Mr O'BYRNE** - That is easy. We just need to let her know.

**CHAIR** - Let us think about that over the next 15 minutes or so.

**Mr McILFATRICK** - We would only need 15 minutes or half an hour's notice.

**CHAIR** - Yes. I suspect there will not be.

## 1.1 Infrastructure Strategy -

**CHAIR** - Rosemary, do you have anything in particular you wanted to raise?

**Mrs ARMITAGE** - There is not a lot. It is pretty well outlined and it says something about the Brighton hub. Could you just give us a breakdown of the forward estimates in the \$1.7 million and what you are looking to do now you have finished the Brighton hub and maybe a bit of detail on what is the extra hard stand?

**Mr O'BYRNE** - I will touch on the hardstand first. In 2011 we finalised TasRail as the manager of the hub and once we had done that we were able to commence discussions with companies about tenancies.

The key player is Toll, the major freight forwarder in the state's north and south, so we have in our discussions finalised that tenancy for Toll. Their development application is before the Brighton Council as we speak. In those discussions about their requirements, we have the rail coming in and the hardstand that has been established. But it became very clear in the needs of Toll for an ongoing basis that they needed an extra hard stand area provided for them.

That was not envisaged in the original plans and it is not uncommon when you actually start to

talk with a tenant about details of their requirements that things come up from time to time. As a part of the arrangement, it is a \$3 million hardstand. Toll is providing half of the money and we are providing the other half. It is then leased to Toll so it remains an asset of the crown. Essentially, it is about making sure the logistics of the hub work well not only for TasRail but also for Toll. In terms of the \$1.7 million, I will ask Norm to talk about that.

**Mr McILFATRICK** - We were lucky in the time after the state election in 2010 recognising we had Nation Building 2 coming and that is a five-year commitment from the commonwealth government. We got some money to look at having projects ready and for planning so that money is now coming off the budget because we have now been successful in Nation Building 2.

The ongoing funding of the infrastructure strategy area is really focused on people and projects that we initiate with local government and even at the federal government level. Some examples of the work we are doing at the moment are with Launceston Council and regional councils in that area on the transport planning initiative and the work we are doing with the federal government on looking at strategies through the ministerial council, such as the heavy vehicle changes at the national level. They are a group of people, averaging around probably 15 people, who are focused on infrastructure policy advice to the government, and ongoing projects. We have come off that high level where some major works went out to consultants for planning. We will steady down now and continue our work in strategy areas. It is more that we have come up to a peak and we are going back to the normal level.

**Mrs ARMITAGE** - Do you have a list of the projects? Does this area give you a list of the projects that you've got? Is this an area where I would ask you about the eastern bypass, or is that more in capital investment?

**Mr McILFATRICK** - It can be. Certainly the eastern bypass in Launceston is one of the projects that has come out of the work we have been doing on the car trip studies of Launceston. There are a number of options there. I guess the way it's worked is that group worked with Launceston council and worked together with Shane Gregory's group in infrastructure services to look at where the options were. We recognised that all the work that was going on would culminate in some projects that needed to be further developed, so the \$2 million commitment under the nation building program was to take those projects forward. That group in particular, together with infrastructure services, worked with Launceston council to further develop the options to take to the federal government for funding.

**Mrs ARMITAGE** - But, how are we looking at it? The federal government has promised \$2 million for the detailed scoping, design and planning work for a proposed heavy vehicle bypass around the eastern side of Launceston, aimed at alleviating traffic congestion. Vehicle movements through Launceston's CBD have increased by 27 per cent in the last decade, and heavy vehicle movements have increased by 43 per cent, but the budget fact sheets for the region list the same roads and upgrades; there are no additions. Is there a plan for an eastern heavy vehicle bypass in a future budget, or are we just spinning our wheels? Year after year we say we need a heavy vehicle bypass, but we never get any closer to it? Is there a possibility of getting on with it?

**Mr O'BYRNE** - In our discussions with the Launceston City Council and the general manager in particular, we are saying we have to have the evidence base. Whenever you go into any federal funding round, it's highly competitive between states. They referred all of our Nation Building 2 projects - all of the Midland Highway projects, and all of our major road projects - through the Infrastructure Australia sieve. It's a highly rigorous process and you really need to prove up the business case. Just because we have an idea, doesn't mean it necessarily gets funded. You go into a round with other states, so the business case needs to stack up.

It was by agreement with the Launceston City Council that the most important first step we needed to take would be to get the evidence and the data that's needed to prove up the business case.

We know, through the north-east freight routes negotiations, that, in upgrading a number of those roads for heavy vehicles coming from the north-east, we're directing a lot of them through to Bridport into the Bell Bay area. We know Wellington Street and Hoblers Bridge Road and the St Leonards area is an area of heavy vehicles, but it's important we have the evidence base to justify the project in terms of freight efficiency, and a positive pay-off for the Tasmanian economy, or the northern economy.

Safety is also a secondary consideration but primarily, when we're discussing these nationally funded projects, it is about freight efficiency and productivity for the economy. By agreement with Mr Dobryzynski, it was determined we needed to get the study done first. If the study shows that a lot of the traffic is coming from the western side of the corridor then we probably need to look at the Franklin Highway and the West Tamar area, as opposed to Launceston. As a Launceston boy, I remember it has always been talked about - that link between Hoblers Bridge Road, through to the top end of Invermay and Mowbray Hill. That's always been discussed and we're committed to getting it through, but you can't just roll up to Canberra and say, 'We've got this great idea and we reckon it will work'. So, it's about getting the evidence base.

**Mrs ARMITAGE** - I accept that but, as I said, the fact that the federal government has promised \$2 million for the scoping means they accept that it's an issue.

**Mr O'BYRNE** - Absolutely. Working with Mr Albanese, he's very cognisant of the fact there is a growing pressure on some of the arterial routes in Launceston and he genuinely wants to assist.

[9.15 a.m.]

**Mrs ARMITAGE** - So if we come back with some evidence you will put forward the money?

**Mr O'BYRNE** - Absolutely, and that has always been our position; if the evidence is there we will back it, as we have done with a whole range of projects around the state.

**Mrs ARMITAGE** - It won't be too far out? It won't be 2020?

**Mr O'BYRNE** - It won't be in Nation Building 2; we might be able to get it up for Nation Building 3, which is in 2018.

**Mrs ARMITAGE** - I guess it is a bit early.

**Mr McILFATRICK** - If I could use an example like the Bridgewater Bridge in the south, that project with the commonwealth has had three stages. One is investigation and there was, I think, a bit over \$3 million that we had for the detailed investigation. The next phase we have been successful in getting money for is the land acquisition and the detailed plan, and that is another lump of money. The bridge still will be possibly not constructed until 2018, 2019, 2020 and beyond but we have the steps in place and, as I mentioned to the council and you were there, this could be a \$50 million to \$150 million project so we need to get the facts right and the right project to solve the problem.

**Mrs ARMITAGE** - It is good to have a commitment.

**Mr O'BYRNE** - Absolutely; they are very happy about that.

**Mrs ARMITAGE** - I am just hoping that if it is another government the commitment carries through.

**Mr O'BYRNE** - We will not speculate on the 2014 election. That is for others to do.

**Mrs ARMITAGE** - We mentioned earlier the Mowbray connector and the northern outlet. I

have seen some correspondence that says that DIER believes that the seagull junction is adequate, however while I know there are not the statistics to say there have been accidents there, there are a mighty lot of near misses and one of those near misses would not be a minor accident. When they are near misses they are fairly major near misses and, of course, they are not in the statistics, which is an unfortunate thing. You hear all the time about near misses. We have all had near misses ourselves there so where do we go with that? It is a dangerous intersection.

**Mr McILFATRICK** - My response to a council who raised that issue with us is that we believe that the intersection is designed to Australian standards. However, both Mr Gregory and I will engage with the council to look at the problem and the issues you have you raised. I suggest that may not be a Nation Building-type project but something we would take to the state government as part of the Tasmanian future community roads project. The minister has given me permission to start looking at candidate projects for future community roads investment as that program finishes in 2014-15. Definitely my letter didn't say no, it said we would look at the issue with the council and work up again the evidence that is required to get major investment happening.

**Mrs ARMITAGE** - It is hard to get evidence on that when, as I said, you do not have the statistics on accidents. Near misses really in some ways are more important because they are major near misses.

**Mr McILFATRICK** - It is a risk assessment process.

**Mr O'BYRNE** - Also we need to take into account the fact that the study that we are doing with the \$2 million from the federal government from Nation Building 2 may very well result in significant heavy traffic from other potential connectors so we have to decide whether we spend in the next four to five years  $x$  million dollars on an upgrading which suits the current traffic levels or, if the connector is going to occur, do we then need to think about a far larger proposition and roll that into that project. I think arguably that is exactly the situation which we found with the discussions on the Brooker Highway with the Howard Road roundabout and the Brooker/Elwick intersection. We originally thought it would take  $x$  amount of money with  $x$  amount of the work being done. Then it became clear that would only be a short-term solution. Under Nation Building 2 we have been able to get that funded by the federal government for a much larger scope of work. I think we need to consider those things.

Safety is very important. We are not saying we are not going to look at it but we need to consider for the five or 10-year strategy what is going to happen.

**Mrs ARMITAGE** - Thank you.

**Mr HALL** - In regard to Bell Bay shipping and international shipping, which would fit better under Economic Development. I wanted to talk about the Bell Bay port.

**Mr O'BYRNE** - Virtually every waking moment there are issues around freight. It is DIER's because we have established the freight logistics coordination team. We can talk about it in DIER but I think it is probably more likely that we start talking about it here because it is road, rail, port infrastructure - it is a whole range of things.

**Mr HALL** - What progress has been made on the Bell Bay port expansion project identified by Infrastructure Australia and as worthy of funding and what is the latest update on that?

**Mr O'BYRNE** - Infrastructure Australia, as you would know, does not have any money. Their role is to make recommendations to the federal government on projects of significance. Essentially, the seven themes of Infrastructure Australia are: competitive international gateways; a national freight network; transforming our cities; water; energy; national broadband network; and indigenous

communities. The Infrastructure Australia themes, with any projects that any state puts up, must fit very strongly within one of those themes.

We have four projects as has been identified before. The Bell Bay intermodal expansion project is one of those and at the last update it was an approximately \$150 million upgrade of Bell Bay. I think IA, given the decision of Toll, is to focus their infrastructure spending and their upgrade in Burnie. That has meant that virtually all containers now go through the Burnie port. That is not to say that Bell Bay is not a busy port, it just has different products.

Most people agree with northern Tasmanian development. We have had the discussion that an immediate upgrade of Bell Bay under IA processes is probably not appropriate at this stage, but we still have a medium to long-term view that whilst the port access is constrained somewhat by the river and by the reef just outside of George Town, it is still a port which has significant capacity to grow.

A big infrastructure upgrade is probably not at the top of IA's list and they say it is a medium to long-term project, and that is the government's view as well. For the immediate upgrade we have allocated \$8 million with the Australian Government for a hard stand redevelopment, an upgrade of Bell Bay port, to create greater efficiencies on the waterside. That is predominantly making sure that there is flexibility not only for bulk materials and forestry products but also containers so it has the capacity for containers. I think the latest figures are there were about 174 port calls to Bell Bay per year, so it is still quite a busy port.

**Mr HALL** - Is there any capacity to facilitate larger vessels by removing part of the rock wall? Part of that has already been done, I understand. Is that a proposition?

**Mr O'BYRNE** - Anything is possible, Greg. The last time we had a lengthy debate about this because it is not just about the reef, it is also about the river. You need to straighten the river and that is possible, absolutely, you could take it out - but, without having fully understood the environmental impacts, the entire project to do that, to allow the larger vessels in, would be close to a billion dollars.

**Mr HALL** - You would probably be aware of the proposal - it is only in embryo stages at the moment - with the bauxite people -

**Mr O'BYRNE** - Yes.

**Mr HALL** - near Campbell Town and they want to move raw material in a bulk form out of Bell Bay. Is there any way they are going to be accommodated down the track?

**Mr O'BYRNE** - They are talking with TasPorts as well and there are some minor upgrades that TasPorts may be able to do to accommodate them. We are talking with Australian Bauxite; we are very excited about their proposition. They are also looking at some other solutions as well that may involve, instead of dealing with it port side at Bell Bay, they are doing some - unfortunately it is double-handling - multiple handling wharf side but out into Bass Strait as well.

Again, that is logistics that I would rely on engineers' advice to do but whatever we can do to accommodate them we will, and we think the Bell Bay port is a good port for them. They may need to think about their logistics and about the size of vessels they would use and which swings they are going to hook into with some of these clippers but we are talking to them. From TasPorts' perspective and our perspective, there is no show stopper there.

**Mr HALL** - Turning back to the issue of international shipping, we're a state reliant on exports.

**Mr O'BYRNE** - Yes, absolutely.



**Mr HALL** - We do not need to go through all the problems - they have been well aired in the *Mercury* for some time. So where are we at?

**Mr O'BYRNE** - We have established the industry freight logistics coordination team. It is industry led, and they have a number of consultancies to understand. There is fair bit of work, and I might get Gary to have a chat because he has been leading the work with our team. The work they are doing is about understanding supply chain logistics and understanding where the costs are, but also benchmarking the costs on Bass Strait.

International shipping comprises about 15 per cent of the total export challenge for Tasmania, and 85 per cent goes domestically. We have been trying to work out the international challenge, but also deal with all the challenges - how to drive prices down and drive the cost of freight out of Tasmania. It is a complex issue because certain things are within our control, such as infrastructure spend on-island, to promote efficiencies here. There is support we could provide to shippers, but the AAA consortium decided the volumes out of Tasmania were not enough for them to sustain a regular 12 to 18-day swing.

We have been talking to a number of private sector organisations and private shipping companies. Swire is a shipping company we have had extensive discussions with. They have already started a limited international service out of Bell Bay with Bell Bay Aluminium, with some break bulk cargo, and on top of that there are some containers. I know they have put some advertisements in the papers recently to advertise for more capacity.

We want to make sure we get the facts right. A number of organisations such as the TCCI, and several freight logistics experts are saying that the work we are doing with the coordination team is probably the most important bit of work in freight logistics out of Tasmania in a generation. Instead of just throwing money at the problem and hoping it will go away, we are trying to break down and understand the challenge for all exporters and then see if there is any intervention the government can make to assist. We already have one limited service up and running now and that has got up on market terms, which I think is the most sustainable outcome. We are hoping to really fully understand the challenge.

We talked about the hub and spokes model for international shippers, because we cannot tell them what to do. International shippers are going to larger vessels and fewer port calls. Partly, that is about international maritime economics but it is also partly about the Australian government reforms in terms of shipping, and maintaining an Australia-based labour force. A lot of the logistic experts are telling us the challenge that Tasmania is facing is exactly the challenge that New Zealand will face in 10 years. They may very well have to tranship all their exports, probably through Sydney.

It is a real challenge. Every time you think you have come up with a solution, something else pops up. People say we just need a single international service, but some people do not want to ship to Singapore - they want to ship to Shanghai, or Taiwan, or Japan. They can get exports to Singapore, but there is an extra transshipment cost from Singapore. It is not a one-size-fits-all approach. We have a range of different products, and some are time sensitive. Well, virtually all products are time sensitive - even break bulk cargo is time sensitive. Time is important for Bell Bay Aluminium, for example, to get to their markets. We really are trying to understand the diverse nature of our exports.

One international exporter said to me, 'I'm not sure what people are saying. I'm fine. It's cheaper for me to get cargo from Hobart to Burnie, then Burnie to Melbourne, then Melbourne to Rotterdam, than it is to ship it 150 miles down the coast from Rotterdam'. With the product he has and the timing he needs to reach the market he just uses an existing service, which is nice and cheap because everyone else is paying, but, unfortunately, there is no service between Rotterdam and

150 miles down the coast, and that is the biggest cost. It is a complex web of supply chain logistics and cost, but I will get Gary Swain -

**Mr HALL** - Bass Strait is still probably one of the most expensive stretches of water in the world, is it not?

**Mr O'BYRNE** - Yes and no. For some people it is cheap; for some people it is expensive. We are an island state of 500 000 people, and there is no other island we can find of our size, with the kind of volumes we move, that effectively has a service every day. You can pick in the morning, process it at lunch time and either get it on a TT Line, a Sea Road or a Toll vessel and get it into Melbourne virtually within 24 hours of picking - very few other islands get that level of service.

I am not being disparaging, but some people refer to it as a bit of a milk run because there are low volumes of specific products that you move in and out. The biggest input into Tasmania is empty containers, because northbound is far stronger than southbound. We thought about matching the shippers so the containers have something in them and we can move them, but the type of container they use to take stuff north is a container that fits nothing heading south. It is just not fit for purpose. We are dealing with all of these variables and all of these different needs. You plug one hole and fix one issue and then all of a sudden four more pop up on the other side and then you try to deal with it. Some companies do not care about the time they take to get their product to market. Many Tasmanian companies do and they will not accept a 19-day swing. I will get Gary to talk about the work of the team because that is where the bulk of the work is heading.

**Mr SWAIN** - First, our team has a lot of expertise - it has representation from industry groups, from exporters, and from people in the supply chains. There is a lot of knowledge we can draw on from within the team.

To get the best out of that we are running two consultancies. One is looking at supply chain quality and cost benchmarking across Bass Strait. For the reasons the minister articulated, they are looking at particular supply chains. Rather than averaging costs across supply chains, they are looking at some specific flows of product out of the state.

We are also having a look at the demand side, following on from what the Australian government has said about freight volumes in Australia being expected to double by 2030. We are looking at what the dispersion of the freight task will look like in tiny Tasmania. Agriculture and mining are two growth areas and there is a lot of prospectivity in the Burnie/North West region and across the north.

Those two consultancies will start to be reported on next week - there is a meeting up in Launceston next week. The idea is to get a common information base across that team of about 20 people, and allow them to debate and bring their knowledge to the discussion. There is a strong focus on shipping, but they are also looking at land issues. The work of the team will identify those factors we have no control over, and those factors we do have control over. Of course, we have more control over the capital spend on an island like Tasmania, than we do off island.

Being a member of this team was quite organic, from the first couple of meetings - they really are looking to build up an evidence base, and there is a lot of awareness because of the level of knowledge of these people.

This is part of a set of work streams, so they know about the submissions to Nation Building 2 focusing on a freight corridor, they know about the rail spend, and they know about the capital spending in Burnie and Bell Bay. This group is looking forward over a future period of some decades - what are the future issues in Tasmania and how can we address them? They are taking a long-term view.

**Mr O'BYRNE** - I am pretty pleased we have people with skin in the game making investments, so you know the advice you are going to get is ingrained in a bit of market and economic reality. It is not just a group of academics coming up with an idea - not being disrespectful to academics, but sometimes, in the absence of market reality, you get some perverse recommendations. We have people who make decisions day in, day out - exporters like Petuna, for example, who understand the costs and the different parts of the supply chain. This is the biggest issue in this portfolio, apart from making sure we get our infrastructure spend right. The issue of supporting our freight exporters is probably one of the biggest issues that we are confronting.

**Mr SWAIN** - There is one other thing. The point the minister made about reliability has come out quite strongly. There was quite a lot of discussion at the first meeting around price but then that was parked and pretty much universally the room acknowledged the level of service and the reliability that Tasmania now gives across those three providers. That is important to mention because it means that you have to look holistically at the whole freight task, not international versus the domestic component because anything that happens internationally, you also have to consider what it might mean domestically and what it might mean for the 85 per cent of Tasmanian businesses who are affected by those services.

We have Port of Melbourne involved on the team. I have personally had more discussions with them because of that process. They are very aware that Tasmania is a major customer for them - we are 25 per cent of the port's unload at the moment.

**Mr O'BYRNE** - We are one of the few customers that grew in the last 12 months in terms of their business beyond the transfer -

**Mr HALL** - So that surcharge they have put on, are they likely to -

**Mr O'BYRNE** - The port levy? We have had arguments with them. The Liberal government over there has basically told Port of Melbourne, 'We need  $x$  amount of money, you go and levy', so they are following instructions, as they say.

**Mr HALL** - The shocking Liberal government, you can't trust them.

**Mr O'BYRNE** - You can't, mate, I agree.

**Mr MULDER** - We would never do such a thing.

*Laughter.*

**Mrs HISCUTT** - On this fee, have you thought about whether it is an unconstitutional fee?

**Mr O'BYRNE** - Yes. We made a very public threat about the fact that we were getting legal advice about it.

**Mrs HISCUTT** - And we might?

**Mr O'BYRNE** - No, we're not, because the levy is applied equally regardless of where you are from or who you are. If it was a particular Tasmanian levy, then we would have a leg to stand on. Essentially anyone who goes through that port has to be charged a licence fee, whether they are private or public sector. We tried that, got the advice, and the advice was, 'You can give it a go', as most lawyers would want you to say, but we were not going to waste our money. We did try. I met with the minister at the time, who is now the Premier of Victoria, and he basically said, 'Mate, I've got a budget blackhole, it's this amount and this is how I'm going to fill it'. We had some really good discussions with the Port of Melbourne. There are a number of charges that are levied for port users and we were able to get some concessions in the first round of the port licence fees. We were able to

minimise the cost, particularly for the TT-Line.

**Ms FORREST** - Following on from Greg with the Burnie Port, and particularly as we hope we will get Venture, who plan to use Burnie Port, up and going, where are we at with the upgrade there?

**Mr O'BYRNE** - The optimisation plan you refer to. We have been in lengthy discussions with TasRail transports and Toll about the different requirements. At the moment it is quite an inefficient port, with lots of shunting at awkward times at night. Also there are three, four and five points of handling, not just in terms of the rail activities but also on the waterside getting the Toll stevedores moving containers around. I believe we have finally settled on a plan. We have been talking to the Burnie City Council. It is an \$8 million project and I've told the crew a couple of times that we just need to get this done. We need to make sure we get it right. There was an issue with the Cradle Coast Water Authority regarding one of their assets, which I think we have resolved now -

**Ms FORREST** - Soon to be a state asset.

**Mr O'BYRNE** - No, councils.

**Ms FORREST** - Not all councils, but one.

**Mr O'BYRNE** - One entity, yes. I think we have worked through that and we are in the final stages. Again, we have three competing needs: TasPorts needs to be resolved, or their issues need to be dealt with; TasRail and Toll, which will get a significant improvement in productivity efficiency. They will make a contribution of \$2 million to the upgrade -

**Ms FORREST** - Toll will?

**Mr O'BYRNE** - Toll will.

**Ms FORREST** - Where is the other \$6 million coming from?

**Mr O'BYRNE** - There will be \$4 million from when the international shipper, AAA, is removed out of Bell Bay; we lobbied the federal government and were able to get a \$20 million assistance package and \$4 million of that has gone to Burnie port optimisation. The other \$2 million will come from TasRail and TasPorts.

**Ms FORREST** - Let us look at TasRail. How is TasRail going to find anything?

**Mr O'BYRNE** - That is part of their budget.

**Ms FORREST** - Let us look at the equity injection into TasRail and the cashflows on page 6.33. The injection of \$21.38 million noted as being equity restructuring is an outflow in the cashflows statement. I am not really clear where it comes; if it is restructuring, has it come from other GBEs as it has in the past? But where is it in the cashflow statement if that is the case?

**Mr O'BYRNE** - Yes, there is a \$21 million injection, which is consistent with the agreement we reached with the Australian Government for above- and below-rail investment. In terms of the connection to the Burnie port, TasRail sees a significant improvement in productivity efficiencies but also with the mines coming in on the west coast and the increased usage of the port, this is a part of it, and also with Nation Building 2 we were able to get a \$119 million commitment from the federal government for more upgrades for TasRail. We see that as a part of their capital upgrade to ensure that we can meet the needs of their customers but I will talk about the equity.

**Ms FORREST** - I will put another couple of points while you progress your response, Norm.

Some of the TasRail grants are seen as grants and others as equity injections, so can you explain what is what and why it is different?

**Mr McILFATRICK** - The government made a decision a few years ago that to leverage the investment by the Australian Government in the below-rail assets we would invest in the above-rail assets of TasRail. The commonwealth government gives grants, not equity; they do not want to be an equity holder in state-owned corporations but the funding for the above-rail assets effectively came from a transfer of equity from Transend to TasRail. That was accumulative over the forward estimates and the \$21.3 million in there today is that fund. Most of that investment will go into above-rail assets but some of it will support infrastructure upgrades that are about improving the logistics chain. If, for instance, we did have some project funds available and say it came out to \$8.5 million or something like that, we may look at transferring some of our capital projects from around the state but at the moment it is funded on the basis the minister has indicated - \$1 million from TasPorts, \$1 million from TasRail, \$2 million from Toll and \$4 million from the federal government.

**Ms FORREST** - So is this \$21.38 million equity injection the last equity injection that you will receive from Transend?

**Mr McILFATRICK** - No.

**Ms FORREST** - There is nothing in the forward estimates, that is all.

**Mr McILFATRICK** - I would have to go through it but I think in the accounting, the way it has been shown in the budget papers differs from previous years, but there is a forward commitment to equity from the state government.

**Ms FORREST** - It is not in the cashflows.

**Mr McILFATRICK** - I will need to take that on notice and go through where exactly it is in the papers.

**Ms FORREST** - Seems to be missing in action.

**Mr O'BYRNE** - We are not missing in action.

*Laughter.*

**Ms FORREST** - We need to know where the money has come from in Transend. I am sure Transend would like to disappear.

**Mr McILFATRICK** - There certainly was a commitment of equity from the transfer of Transend to TasRail over five years from last year of \$100 million. That will be profiled as equity over the previous and future years.

**Ms FORREST** - We have had \$52 million in the first two years according to the cashflow statement here, so there is another \$50 million to come over the next three years.

**Mr McILFATRICK** - The best way would probably be looking at TasRail in the GBE scrutiny hearings but they have income coming in, some from the federal government, some from the state government, some is treated as equity, some is treated as grants but effectively the state government commitment was that \$100 million transfer of equity from Transend to TasRail - and it is profiled differently across the years.

**Ms FORREST** - So the \$21.38 million equity injection this year is for the above-rail assets - is that just to replace the rolling stock and that sort of thing?

[9.45 a.m.]

**Mr McILFATRICK** - TasRail has a capital program. The capital program includes the low rail assets such as the rail upgrade, above-rail rolling stock and engines, but also in between those two might be buildings and structural changes at their terminals. The funding coming in is all about capital investment; how they then disperse those funds including that equity. Some of that equity will be used towards the Burnie port.

**Ms FORREST** - So, the below rail then?

**Mr McILFATRICK** - The Burnie port is a bit of a mix. Some of it is removing a building, for instance, to allow the logistics of fork trucks moving around and some of it is about hardstand area. One of the big things about Burnie - as you know, there's shunting across the foreshore - is changing the arrangements inside the port so that we stop the shunting across the foreshore but also we get a 300 metre-plus hardstand area where, if a train loads up in Brighton and it's nicely loaded in one go, it can go to Burnie and be unloaded in one go rather than shunting backwards and forwards because of the short area.

The mix of capital investment is funded from different sources but it will be managed totally by TasRail.

**Mr O'BYRNE** - I think TasRail's is before the Legislative Council this year. We can organise a briefing. I can get Bob Annells and Damien to come and meet with you to update you on the activities at Burnie.

**Mr McILFATRICK** - I've found a list. It is in a different place from last year. It's on page 6.28. It shows the minister's expenses investment into Tasmanian Railways Pty Ltd and it shows the funding profile. So it was upfront.

**Ms FORREST** - Are you looking at table 6.13?

**Mr McILFATRICK** - Yes; Tasmanian Railways Pty Ltd.

**Ms FORREST** - In your cashflow statement it is a different figure.

**Mr McILFATRICK** - There will be a combination of those figures. We'll get that to you.

**Ms FORREST** - Okay.

One of the key points of this output group is the coordinating of participation and development of strategic infrastructure solutions across all levels of government and developing transport infrastructure, strategic policy and planning frameworks. This is an area that I've commented on in the past; we seem to have this disjointed approach to major projects and we don't appear to get all the key people in the room, like all the infrastructure, the water and sewerage, energy, roads, rail and whatever it is. Is there any work going on to try to streamline this process? That could make such a difference to projects.

**Mr O'BYRNE** - Absolutely. That's why we established, about 18 months ago, the Infrastructure Advisory Council that is chaired by Philip Clark[✓]. All of the statewide entities engaged on that advisory council are secretaries of key departments - Transend, the water corps, Hydro, Aurora, TasRail -

**Ms FORREST** - IT? Is there any IT involvement, like broadband or -

**Mr McILFATRICK** - NBN Co.

**Mr O'BYRNE** - NBN Co, okay. You're right.

**Mr VALENTINE** - Any academics at all?

*Laughter.*

**Mr O'BYRNE** - I am sure we will be engaging them at some stage for some expert focused advice, Rob. In terms of the strategy, you're right. When I was elected in 2010, one of the biggest frustrations I had was the silo thinking. That is not being critical of people making the decisions because they're in a particular area, they have a particular view and they are making good decisions based on that particular area. What we tried to do is elevate that. There are two areas where I think we've made significant moves forward in that area. One is the Industry Advisory Council. All those key in together to come up with an infrastructure strategy for Tasmania. So it's populated; all of the entities are fully aware of the different needs of the different organisations and that then feeds into the Economic Development Plan. The Economic Development Plan has an implementation strategy. A key part of that is the economic development subcommittee of cabinet chaired by the Premier and all the key ministers and key secretaries of the department are around the table. We meet quarterly and receive regular briefs on a whole range of matters, including the formulation of infrastructure strategy for the state - not just roads, rail and ports, but infrastructure as a broad concept.

**Ms FORREST** - I do not know if this is a part of the plan or even if it happens, but it needs to be considered perhaps: how often do the council meet now and what is the purpose of their meetings? A group like that, when I was in Vienna they were talking about their Smart City Initiative. They have a group like this that sits and meets very regularly. Every possible project that could be carried out within the city goes through the filter of this group so that all things are considered. Is this a possible use or function of this council and do they do that sort of thing?

**Mr O'BYRNE** - They meet regularly and they are finalising the strategy. There have been a number of drafts so it is not far away.

**Mr McILFATRICK** - The strategy is updated annually; it was a 2010 document. One of the examples of how it worked is with the Nation Building program and with Infrastructure Australia. We are conscious that my agency really is only responsible for the road and rail [9.51.36] but we went to Infrastructure Australia we had got the irrigation process for the food bowl, we had the waterfront projects for the Antarctic gateway.

The council played a huge role in endorsing the strategic priorities that linked with the Infrastructure Australia priorities and the chair, on behalf of the whole council, wrote to Infrastructure Australia saying these are the projects that we support as a council. That reinforced their coordination. We have local government on there, we have the Tasmanian Chamber of Commerce; we have not just the heads of their own silos so I think that has been the biggest advantage.

If Michael Deegan, the head of Infrastructure Australia, feels any doubt about a project priority he will ring the chair, and also the minister, but he has Phil Clark there as a sounding board to say, 'Tell me more about this'.

**Mr O'BYRNE** - If I can add to that answer, Infrastructure Australia both at the chair and at the CEO level, has said the way that Tasmania is approaching the Infrastructure Australia process now is probably one of the best states in the country because we have aligned all of our submissions consistent with the methodology that Infrastructure Australia uses - similar language, similar ratings

and similar processes. They said Tasmania's submission is a quantum leap forward because of the work in Infrastructure - not only the work of the department with Norm but also because we have Phil Clark in the Infrastructure Advisory Council really applying an external government rigour to some of the proposals.

**Ms FORREST** - Is there possibility then for the key stakeholders in the proposed developments to present to the council 'This is what we are thinking of doing; we want hear from all of you' - is that one of the purposes of the council?

**Mr O'BYRNE** - A lot of the projects are known; obviously it depends on the size. We are not going to put a project up worth \$5 million or so because really we can deal with that in the state. The minimum for a submission to Infrastructure Australia is \$100 million.

**Ms FORREST** - I was thinking of, for example, the Venture Minerals proposal. They knew their location at Mount Lindsay had the road, the rail, the energy, water, everything there, but that was not available to them then so they came to see me early in the piece and said, 'Who do we need to talk to?' 'You've got to talk to this person, that person and that person,' rather than going to one place.

**Mr O'BYRNE** - That is exactly what we are trying to achieve. Under the economic development implementation strategy, what we are trying to create is a cross-departmental single-point contact for big developments. We have been working very well with VDL, for example, in having a single point. Either it is someone from DIER or it is someone from Economic Development, but they have one person who helps them work through all the different elements. That is not saying that they are not doing some of the compliance work they need to do with some departments, but we have one point of contact for them at a senior level to work them through that so that if the project does not get up it is not through our work but because they have not raised finance or -

**Ms FORREST** - We need to have all those people in the room together at times.

**Mr O'BYRNE** - At times, absolutely.

**Mr MULDER** - Getting back to the port, and then on to the freight equalisation scheme, the first observation to make is that all this promising for Bell Bay has to be market driven. At this stage, from what I can work out, the general freight movers - Searoad and Toll - are both preferring Burnie and Devonport.

**Mr O'BYRNE** - Yes, they are.

**Mr MULDER** - I think we need to get the market to make a need for Bell Bay before we make Bell Bay compulsory to the market.

**Mr O'BYRNE** - You are right, and the market is the key determiner. When you have Toll and Searoad with such significant investment in your infrastructure at those ports, it is not a simple thing to say, 'Well, Bell Bay will be a port'. You need to work with the exporters and work with the supply chain -

**Mr MULDER** - It depends on whether you are a central command economy or a market-based one, I believe, minister.

**Mr O'BYRNE** - I went to China a couple of years ago and saw their centre and I must admit at times you are attracted to it.



**Mr MULDER** - At least they get the infrastructure built first.

**Mr O'BYRNE** - Yes, exactly.

**Mr McILFATRICK** - Minister, the biggest change at Bell Bay has been the drop-off in container traffic but if you look at the tonnage at Bell Bay, it is only going there. It is still a viable port, though.

**Mr O'BYRNE** - It is still a very busy port.

**Mr MULDER** - I was of course talking general freight, which is basically containerised cargo and that is what expansion of Bell Bay should be about.

It seems to me that there are two rubs with the freight equalisation scheme. One is that it is limited domestic cargo, which simply means that it is in everyone's interest to value-add in Victoria rather than here because if you want to tranship it through Melbourne to an international port, you don't get the freight equalisation scheme. That is one issue.

The other issue is that it is not sufficient yet to compensate for transshipment costs, loading and unloading, and I think if we are going to be a nation that does not have barriers, as the constitution requires us, we need to lift the quantum and remove the limitation to domestic cargo. Can I have your views on that?

**Mr O'BYRNE** - Freight equalisation has been hotly debated since the early 1970s. At the moment it is a federal government scheme and federally administered. The federal government contributes just slightly over \$100 million in freight equalisation subsidy, or support to Tasmanian exporters. There is a passenger payment as well. Depending on the volumes, because it is uncapped, it is anywhere between \$120 million to \$140 million a year that Tasmanian exporters and passengers receive to reduce the cost. That is a significant payment.

We know that there are some perverse outcomes, like the one you talked about, and we have had discussions with a number of exporters of, particularly, live animals and hides and those sorts of products. The perverse outcome of the federal scheme makes it arguably cheaper than the process in Victoria and Tasmania. That is a perverse outcome but, having said, that there is over \$100 million worth of support for Tasmanian companies.

When the AAA service was removed, we had extensive discussions with the federal government around freight equalisation and around their appetite to have a conversation about including more companies into that. There were three considerations: one, in 2008 there was a Productivity Commission report which effectively said to remove it, it distorts the market, it's a subsidy that modern economy wouldn't support. Of course there was a lot of political angst about that from Tasmanian senators and Tasmanian politicians from both sides of the fence and of course exporters. We were able to maintain a bipartisan support at a federal level for freight equalisation.

The other issue is, in terms of the subsidy for international exporters, that there is strong advice that any direct subsidy to international exporters would fall foul of WTO obligations. There is a concern at one element about how you subsidise exports. What we have been talking to the federal government about is how we can try to ensure that the support for exporters is fairer out of Tasmania so that the outcome you refer to is no longer encouraged by virtue of paying some people but not others - but again, it is a complex scheme. It does support a lot of exporters and there is a view that some exporters are saying to us, 'Do not touch it and do not go anywhere near it because we might lose it'.

[10.00 a.m.]

There is a whole range of debate around Bass Strait in the role of freight equalisation; people are

saying we need to call Bass Strait part of the National Highway and, on the face of it, you are attracted to that proposition. When you actually look at the infrastructure spending on the National Highway on the mainland, there is no section of 400 kilometres that gets up to an uncapped \$140 million spent on it year in, year out. The federal people have said, 'If you ask for the highway, we will reduce your money and we will pay you exactly what we do on the National Highway in other parts in other states', so that is not an outcome we are encouraging either.

The second argument is: how do you equalise costs out? That means, what is the level of freight equalisation to support? We had lobbied for some changes, which meant more money into Tasmanian exporters' pockets but the federal Treasury had a strong view and we were not able to get an extra allocation through the federal Treasury. Freight equalisation in its current form provides over \$100 million of support for the Tasmanian economy and exporters, which is significant, but we have some challenges in some areas.

If you talk to some companies, depending on their product, they say that freight is just a cost of doing business but because they have a certain kind of product and because they are at the higher end of the market, they have a price point where they compete on quality not on price, so price is not the determinant of your decision to buy; it is the quality of the product and they are saying, 'Ah well, freight and labour costs are what they are but we flow that through to our customers, but we know not all exporters can flow that cost through - it comes straight off their bottom line.' Again, it depends on who you are, it depends on the volume of your product, it depends on where your markets are and you are competing - it is a complex matter. So we support and we will always engage for more support for freight equalisation, but there are a lot of arguments up there and some companies are saying do not go anywhere near it because they are worried about losing it.

**Mr SWAIN** - Minister, if I could add some detail. I note that the average over the last three years has been about \$100 million but in the forward estimates in the federal budget they have \$114 million, \$116 million, \$118 million, \$120 million in the out years, so it is uncapped and it is reinforcing the point that there are some design elements of this scheme which are fairly unique and advantageous to Tasmania.

**Mr MULDER** - Getting back to the point though, it is a fact that value-adding under the arrangements of the scheme, irrespective of the subsidy, is a huge disincentive. It gets to the point where it is cheaper to ship your frozen vegetables in bulk to Melbourne to get the packaging done there before you send them off to the international markets. It seems to me, that sort of fooling around with the market is unnecessary and it would require simply a change of the rules to make that point that, quantum of subsidy aside, we are exporting downstream processing - and I thought we were absolutely committed to try to do downstream processing in this state.

**Mr O'BYRNE** - We are and we are encouraging it but ultimately it is federal scheme, and we have had discussions with the feds about this but we are not able to debate for it.

**Mr MULDER** - Not very successful by the sound of it.

**Mr O'BYRNE** - Also you have to understand that in terms of processing there has been close to half a billion dollars of investment into Tasmania in the last 18 months to 2 years in dairy, virtually all in downstream processing powderised milk and cheese - that is the value-adding. There are some companies that compete at the lower end and some companies that have existing facilities in Victoria where, regardless of freight equalisation, they will always ship it to Victoria because they hook into a much more efficient processing system where they have volumes coming Victoria, southern New South Wales and South Australia, and they aggregate their activities. Unpicking and understanding some of those decisions by companies is also very important but, going back to your point, it is a perverse outcome of freight equalisation and we have raised this with the federal government. Previous ministers have raised it with the federal government and previous governments of both sides. I welcome your support in that lobbying, Mr Mulder.

**Mr MULDER** - Sounds like you need some support.

*Laughter.*

**Mr VALENTINE** - Over a lot of years we've had issues with rail, with the rail infrastructure not being properly cared for below-rail. It's been degraded over time. Where does responsibility for the depreciation and maintenance of below-rail sit? We can't continue to rely on commonwealth grants to pull us out of the proverbial. TasRail operates, but does it also take into account the maintenance component and are they forced to do so?

**Mr O'BYRNE** - Yes, they are - being a government business enterprise. This is the first time in the state's history that we own all the rail - above and below. The Melba Line on the west coast was always private sector. You're right; over many years in private hands, instead of investing in the assets, they gouged out the profits and left us with, as Bob Annells once referred to it, a heritage freight rail, which was not very efficient and not very safe and didn't do the job for our exporters. So, as you know, we are spending a lot of money upgrading, and I'll get to your point - it's a continuum.

**Mr VALENTINE** - You're right.

**Mr O'BYRNE** - We'll try to invest significantly above and below to get us to a point where the business operation can be as self-sufficient as possible. There will always be a role for state government support, but if we can get this piece of the jigsaw puzzle right and get TasRail up and running and moving lots of volumes - which they are now. People left them in droves because of either poor customer relationships, or they just couldn't get their product to the port on time. We've got the bauxite proposal and we've got the west coast mines and there are increased volumes north and south with bulk materials and a whole range of other materials now. The goal, over the next five to ten years, is to get TasRail to a point where their revenue stream not only covers above rail but they can start then to allocate -

**Mr VALENTINE** - Basically sustainable.

**Mr O'BYRNE** - That's the idea. I'm not sure if we'll ever get there, given the size of Tasmania and the volumes they move but that is absolutely the goal, and with Bob Annells and Damien White we've got a fantastic leadership team in there who are doing some great stuff. I'm more confident now than I've ever been that we might get to that self-sustaining position.

**Mr VALENTINE** - The other aspect is the Antarctic gateway; the other issue I want to ask about. What steps are being taken, in terms of infrastructure, to make sure that can continue to expand?

**Mr O'BYRNE** - We can also talk about that in scrutiny with Tasports. We have the Mac 2 facility, and a purpose built facility for their logistics is extremely important. Also, with regard to economic development, federal minister Burke is talking to the Chinese and making sure they see Hobart as a viable port for them, particularly with their new base being built in the east Antarctic region. Hobart is the closest port.

**Mr VALENTINE** - It's got to be in the right area.

**Mr O'BYRNE** - Exactly. That also impacts on the Macquarie Point redevelopment. At the moment, the development space is surrounded by port activities. There was a view that it would be nice to have a bit of waterfront. If you do a mock-up of say, a French icebreaker, the Australian icebreaker and a Chinese icebreaker and maybe one cruise vessel, you've got Macs 1 to 6 covered. We need to make sure we future proof those two activities - Hobart port's future is Antarctic related

and tourism related, with all the port calls we get.

**Mr VALENTINE** - Especially when you are dealing with the second deepest port in the world.

**Mr O'BYRNE** - Yes, exactly. We need to maintain that wharf infrastructure.

**Mr VALENTINE** - That's okay, as long as it's on the radar and it's in the strategic framework.

**Mr O'BYRNE** - Absolutely.

**Mr VALENTINE** - Thanks.

**Mr O'BYRNE** - When TasPorts comes to scrutiny, they have a 30-year infrastructure and maintenance strategy across the state and it's pretty impressive.

**Mr VALENTINE** - But is that feeding into this other committee that you -

**Mr O'BYRNE** - They are on the infrastructure advisory committee.

**Mr VALENTINE** - Are they on that?

**Mr O'BYRNE** - Yes they are.

**Mr VALENTINE** - That's important. Just finally, with regard to that particular committee, are they coming up with a strategic framework? Will all the different entities create their strategic plans from that, or is it -

**Mr O'BYRNE** - It's a bit of both because ultimately entities will make their own commercial decisions to make sure that they're sustainable. It's about the Donald Rumsfeld, the known knowns. It's about bringing all of their activities to the table so we understand what they are and then we can plan around it. If we know what, for example, Tas Gas strategies for the next 20 or 30 years, that's very important, especially around the debate of getting gas to Smithton, which we're pretty keen to facilitate. Understanding what their business strategy is, you can then start to pull it together and they then become of other activities, either private sector or public sector developments.

**Mr VALENTINE** - And build off that.

**Mr O'BYRNE** - They can build off that. It is about elevating their conversation so that the knowns are known.

**Mr VALENTINE** - The reason for that question is to make sure that what we are dealing with here is the capacity to be able to build a framework that's going to deliver really good outcomes across the state and not just individual priorities that they might see they're going to make more money out of.

**Mr O'BYRNE** - I don't think we'll ever break down the parochialism in Tasmania; we'll have different sections of Tasmania making sure that their piece of the pie is looked after. The state does better when all regions are humming well and that's why we try to have regional strategies but also make sure that those regional strategies are not ringlocked, that they're involved in the discussion around state strategies. That's where you look at the west coast and the infrastructure corridor up to the northern ports, the salmon industry and where their export corridors are and understand that they move through all of Tasmania. We need to have that single conversation.

**Mr VALENTINE** - We're too small an island to do it any other way.

**Mrs HISCUTT** - Just picking up on the comment from Rob with regard to repairs and maintenance, where I live at Howth, if it's not a car off the roundabout, it's a train off the track. How are you going with the maintenance in that area to the back of Ulverstone?

**Mr O'BYRNE** - With the re-ballasting and maintenance?

**Mrs HISCUTT** - Yes. Is it nearly done?

**Mr O'BYRNE** - We're going pretty well. TasRail had a few issues with penguins but we're working through that issue.

**Mrs HISCUTT** - Is that the blackspot of the railway or are there worse places?

**Mr O'BYRNE** - We're progressively upgrading, focusing our infrastructure spend on where the challenges are. Coal Valley is obviously another area where there's some pretty steep terrain and it's pretty bendy; it was built 100 years ago. We have some challenges and that's one of the sections we're focusing on.

When you look at the amount of derailments we've had recently compared to what was happening before TasRail took over, there was one each week effectively. Now, I think we've had two this year. They're tremendous for reliability.

**Mrs HISCUTT** - Thank you, that was all.

**Mr HALL** - Minister, there are some concerns around the construction industry generally. Some of our bigger contractors or businesses are concerned about what's in the pipeline and some of the smaller engineering businesses that hang off them; we talked to several of those people. Anecdotally I'm hearing that some people are moving some of their staff to the mainland so they don't have to shed jobs and they're going there to pick up work. Can you give the committee any indication of what the major tenders are imminent? I know we haven't got them before the Public Works Committee.

*Laughter.*

**Mr O'BYRNE** - We're keeping them coming.

There's local, state and federal infrastructure spends on roads across the state. We've been in discussions with the civil and construction industry and a lot of the consulting firms as well. We know that it's a bit of a challenging time for them but, again, we've got to acknowledge that we've just come out of these last 12 months with the biggest infrastructure spend the state has ever seen. We had the Kingston bypass, we had the Brighton bypass, the Brighton hub, the East Tamar Highway and the Dilston bypass all happening at the one time. The Brighton bypass is a \$179 million or \$181 million project. That's the biggest project the state has ever done since the Tasman Bridge, so it was a big project.

All these companies were up and running at the same time and then the pipeline of the federal money is finished. We have had our Community Roads package and our West Coast Roads package out there again, \$20-30 million, rolling out each year. Now that we have the decision on Nation Building 2 we are going like the clappers to do all the design, planning and preparation work to get some of these big projects up and running. It is a similar conversation with the civil and construction industry where we have money and we are getting it out the door as quickly as possible. Our Community Roads package and West Coast Roads package, which is \$110 million in total, have been keeping to budget. Some projects we have brought forward and last year we had a record amount of money spent in civil and construction on roads.

**Mr HALL** - In other words there are no big projects coming? We have the Community Roads.

**Mr O'BYRNE** - With Nation Building 2, we have the Perth to Breadalbane which is \$80 million. Community Roads this year, to the end of 2012-13, is just under \$40 million expenditure, for 2013-14 it is \$45.8 million worth of projects but now we have the decision out of the feds on Nation Building 2, we have upwards of \$400 million worth of projects across the state. Perth to Breadalbane is going to be a biggie.

I might get Shane Gregory, who is Infrastructure and manager, to talk through the phases of the work that we need to do so that people understand.

**Mr GREGORY** - With Breadalbane those finances involved in Nation Building 2, that funding does not kick in until 2015 and we will have a process to go through. At the moment it is not identified as a project. We worked to the Australian Government phases of project; we use the best practice cost estimating standard that is used in all federal projects and we have adopted that for all state government projects. The next phase will be the scoping phase where we identify all the constraints like the environmental investigations, heritage investigations, aboriginal heritage investigations, extensive community consultations, and we work through the project and define what it is and how it fits and what land we need and what other things we have to do. That typically is an 18-month to two-year process. We will be starting on that now even though the funding for the project does not kick in for delivery until 2015. We will start the early work, getting that project ready, so we can get it out to the market as quickly as possible on the Nation Building 2.

**Mr HALL** - Our annual 'ginger beers' report card, how have we fared there?

**Mr O'BYRNE** - I am sure we are going to go very well there.

**Mr MCILFATRICK** - The last report we had probably lagged a bit because it included the rail program before the upgrades had started. I am reasonably confident we will get a better tick this time but I do not believe we have seen that engineer's report. They do not do it every year and there is a lag with that with surveys over a couple of years and then there is a report. As soon as it is available.

**Mr O'BYRNE** - I was in the seat at the time and I copped a whack.

**Mr MCILFATRICK** - Given the amount of infrastructure spent since 2010, we should get a reasonable upgrade. The rest of the nation has had upgrades as well so we do not know how we will fare.

**Ms FORREST** - Can we move on to the next line item and it is rail safety?

## 1.2 Rail Safety -

**Ms FORREST** - The budget allocation drops right back because of the transfer of the regulatory role to the National Rail Safety Regulator. What is the allocation and appropriation in this area? Is that the contribution to that organisation or what, because there is nothing else left as far as road safety goes?

**Mr MCILFATRICK** - The Rail Safety regulator started business early this year. Two of our staff who were working as the local regulator have been seconded to the National Rail Safety Regulator so we still have a presence in Hobart but that is funded by the Regulator and then we basically pay a capitation fee to the regulator.

**Ms FORREST** - So the \$305 000 for this year.

**Mr McILFATRICK** - That is the estimated contribution to the national regulator and it is proportional. The regulator would cost a lot of money to run but it is proportional to the state. The only thing that fluctuates up and down year to year is investigations - if we were to have a major incident.

**Ms FORREST** - On that point, can I mention the unfortunate incident on the Abt railway a couple of days ago? It is probably under investigation, so I had better not say too much now.

**Mr McILFATRICK** - That will be investigated by the Transport Bureau - they are on site. They will look at the issue and determine whether a full investigation is required, or whether they hand it back to the jurisdiction.

**Mr O'BYRNE** - They have categories. They categorise the incident and a certain level, I think it is level 4, triggers a national investigation.

**Mr McILFATRICK** - We will obviously be doing our own safety investigation on that, under our safety management scheme.

**Ms FORREST** - If there is a national investigation, are we required to contribute to that?

**Mr McILFATRICK** - The cost of a national investigation is one of those things that might not happen every year, so we would have to cope with it at the time. If it was a state-owned corporation that was being investigated, we may send the bill to the state-owned corporation.

**Ms FORREST** - That is not the case here, though.

**Mr McILFATRICK** - It is not the case here. The Abt Railway Ministerial Corporation will cover this.

**Ms FORREST** - So if that is beyond their capacity, they will have to pay - which is probably likely -

**Mr McILFATRICK** - No, not likely.

**Ms FORREST** - Not likely?

**Mr McILFATRICK** - As the minister said earlier, we have been given interim funding to run the corporation - \$300 million in this current financial year - and our current budget shows us able to operate the railway while we are transitioning to a new operator. We hope that \$3 million has a fair contingency in it. Investigations are not hugely expensive. I would need to get it put on notice, but it might be \$20 000 or \$30 000 - not millions of dollars.

**Ms FORREST** - The only other question - is there is no allocation at all for the Abt railway next year?

**Mr McILFATRICK** - The state government will match the capital investment program by the federal government, which is a \$6 million commitment -

**Ms FORREST** - That is this year coming?

**Mr McILFATRICK** - We already have \$3 million of that in this year's budget.

**Ms FORREST** - So the \$6 million - that is allocated -

**Mr McILFATRICK** - From the federal government.

**Ms FORREST** - from the feds, in grants and subsidies. So, there is no money coming from the federal government in 2014-15?

**Mr O'BYRNE** - Our 2013-14 money - the \$6 million from the federal government - is all about capital upgrades. So, it is the state government's responsibility for the ongoing support over the four years.

**Mr McILFATRICK** - The \$6 million is already with the state treasury and will be drawn down by the corporation, as we do the capital works. We already have \$3 million from the state government in the corporation for this year, which will roll over into next year.

**Mr O'BYRNE** - We allocated it this year on the basis that we wanted to get it into the bank straight away. We needed it as working capital, to start the work of taking it over. We really are very focused on making sure we can save it and I'm supremely confident we will.

**Mr VALENTINE** - Can I ask a question on the below rail again? Sustainability of value for the future - is this going to be written into the lease cost?

**Mr O'BYRNE** - At the moment we are going through a due diligence process. We have organised KPMG, and we have a number of parties interested in taking it on. That will be a part of the negotiations. It was under the Federal Hotels -

**Mr VALENTINE** - It obviously was not done last time.

**Mr O'BYRNE** - There was a different arrangement. I was not privy to the negotiations back in 2000, when the arrangement was made. We want to make sure we can put it on a sustainable footing, so those negotiations need to take place.

**Mr VALENTINE** - Excellent, thank you.

### 1.3 Road Safety

**Ms FORREST** - One of the major concerns here is the speed limit on rural roads, and I have lots of rural roads, as well the member for Western Tiers, who is not here.

**Mr O'BYRNE** - Yes, you do.

**Ms FORREST** - Can you give us your policy position on that at this stage and where we are at with the ongoing threats that, it seemed to be suggested, are being made?

**Mr O'BYRNE** - Threats?

**Ms FORREST** - To reduce speed limits on rural roads.

**Mr O'BYRNE** - It is pretty well acknowledged that 40 per cent of crashes occur on 100 kph roads and whilst you would hope people would drive to the conditions all the time, as a government, we have a responsibility to make sure that we make the road environment and how we travel across those roads as safe as possible. We are looking at some of the crash indicators in some areas and the understanding of, or a lack of understanding of, the issue of default speeds and what that means to Tasmanians - how we sign it to people - for example, if you leave an 80 kph area and we say 'end zone' and as part of this process we are going to get rid of the 'end speed limit' signs because they are confusing. It has been one of my bugbears for years - if there is one thing I would do in this job, it is to get rid of those signs and sign the actual speed limit.



With the default system, essentially we are telling people that on long stretches of road you can go to 100 kph. I am not saying locals, but for a lot of the tourists and people who are not familiar with the roads, we are telling people that the default speed limit is 100 kph and you can travel at 100 kph all this section of the road, and that is clearly not appropriate. There are some sections of the road, for example, at The Sideling; if you can go more than 80 kph on The Sideling between Scottsdale and Launceston, or another section of road in my electorate, which is between Geeveston and Dover, they are windy, the topography and geography of those roads are not easy. We are telling people the default speed limit is 100 kph and you can travel at 100 kph but what we are trying to do is to say we want people to drive to the conditions. There are certain sections of our roads where you cannot get to 100 kph - we are not saying that we are going to 50 kph everywhere - but if we can slow people down by a small margin from 100 kph to 90 kph, that is 10 kph on certain sections of road, then we give them more time to react and we make the road safe for all road users and we can reduce the road accident stats.

I know it is controversial and I know people are getting worked up but let's have a look at some of the facts.

**Ms FORREST** - We are doing it at the risk of having a sign every 100 metres.

**Mr O'BYRNE** - Not every - chopping and changing is an issue too. I will give you a couple of examples. The roads that currently take 70 per cent of the state's traffic will not change.

**Ms FORREST** - The Bass Highway through to Smithton?

**Mr O'BYRNE** - We need to work with the local community because there are sections. We need to make sure that we have an infrastructure response as well. We cannot, overnight, spend over \$100 million on upgrading all of our roads putting in shoulder sealing, marking, signage and all that sort of thing, immediately to resolve it. It sends a message for a period of time that certain roads can take 110 kph, certain roads can take 100 kph but on certain roads you will have to slightly decrease for a period. For example, if you look at the Fingal Valley, we know that on an independent assessment and independent advice, it is unsafe for a default speed limit of 100 kph along that whole section. We have committed \$8 million of upgrades for a large section of that road to create the shoulder sealing to get that speed up to 100 kph. That will occur. We are talking to -

**Ms FORREST** - But in the meantime, will it drop back to 90 kph until that work is done?

**Mr O'BYRNE** - No, it won't because we have committed the money. We are not going to go chopping and changing. We have identified an infrastructure strategy to upgrade certain roads to enable them to do it, to enable them to maintain 100 kph, but there are certain sections of Tasmanian roads - we try to assess 10-kilometre sections. We are in discussions and I have just written a letter to the Frenchman from Freycinet, Mayor Cadart, about the section between Sorell and Orford, because we know there are a couple of overtaking sections there where it is perfectly safe to travel at 100 kph but, because in the initial cut of the initial assessment, it was not a full 10 kilometres as per the instructions from the Road Safety Advisory Council, they just assumed you cannot - that is not a 10-kilometre section. I think the overtaking lanes go in for about 8 kilometres or 6 kilometres.

The initial recommendation from the Road Safety Advisory Council was that all non-urban speed limits be reduced to 90 kph. We did not accept that. We rejected that advice and said hang on, we think there is a bit more of a flexible approach we can take to this and we have created an independent assessment which is more favourable to higher speeds than in other states but it gives us a point of reference that we have assessed the roads. We are going through, council by council, having a look at the roads and coming up with a recommendation.

[10.30 a.m.]

We know that certain people just will not accept that. On the roads where 70 per cent of the traffic is, there will not be a change, so 70 per cent of the road traffic will have no impact whatsoever. We have had long discussions with the transport industry and they are fully accepting of this change. They say well it will not make much difference at all to them in terms of travel times. That is what Robin Philips from the Tasmanian Transport Association is saying to us.

It is difficult as a minister when you get expert advice from people who live and breathe road safety and understand the different initiatives that have saved lives, when you front and sit down with victims of road trauma and they beg you to do anything you can to save lives. For the 30 per cent of traffic on the roads, if we save one life, if we save two lives, I think that it is worth it.

We know people will speed. We have policing and other measures and education to try to stop that. We know that if we can give people that split second of extra time to respond, and if the speed buy of 10 kilometres - which is 10 per cent of the overall speed - gives people the extra ability to respond, and we know by virtue of all the studies done globally that it reduces the impact of the crash, we could potentially save lives and reduce the significance of the trauma that that person will suffer.

It is one of these emotional issues that people have and we are trying to work through and get the balance right.

**Ms FORREST** - I understand. One of the issues that was raised in the road safety committee we had a couple of years ago was if you have a closing velocity of 220 kilometres an hour or a closing velocity of 200 kilometres an hour are you just dead or deader? This is the point here. The speed aspect I am not saying is right or wrong. I am just saying what has been raised here. A case is before the coroner at the moment. Immediately people assume speed is the cause of a crash that resulted in a fatality when all evidence points to that not being the fact. As you say, it is a very contentious issue.

**Mr O'BYRNE** - It is driver inattention as well, but you can give people that extra time to slow down in certain areas. There are sections of road that we are going to invest money in and they will be maintained, as we have done with the Fingal Valley and we are going to do on the east coast as well - maintain large sections of that road at 100 kilometres - for example, at Black Charlies Opening and the section between Colebrook and Buckland. We know that is a pretty bendy road and everyone acknowledges you cannot go at 100 kph there.

**Mr MULDER** - Colebrook and Buckland?

**Mr O'BYRNE** - Is that the one?

**Mr MULDER** - Do you mean Runnymede?

**Mr O'BYRNE** - Sorry, Runnymede.

**Mr MULDER** - I know it is not in your electorate, minister, so I will give you a hand here.

**Mr O'BYRNE** - It is not in my electorate. We all agree no-one can go at 100 kph there so I think that is okay. We want to sign the actual speed limit for that section but there are other longer sections like the overtaking lanes, for which the initial proposal was for a reduction to 90 kph. We have already started to have a conversation with the local council to say we think that the 7 or 6 kilometre section of road can take 100 kph and we will accept that. We also get requests from councils to reduce speed limits even further because of development needs. They do not want to spend money on certain roads so they ask for speed reductions. We are trying to respond to local government areas where we can.

**Ms FORREST** - You have to admit though, that we could all drive at 40 kilometres an hour and no-one would die -

**Mr O'BYRNE** - But we are not proposing that.

**Ms FORREST** - When you use that argument though you have to temper it with how -

**Mr O'BYRNE** - I agree. I get a bit frustrated when people say that between 200 and 220 you are dead either way. No-one is proposing to lift it to 200, I am not -

**Ms FORREST** - When I say 'closing velocity' I mean two cars hitting head on at 110 kilometres each.

**Mr O'BYRNE** - Yes. I am not proposing to bring it down to 40 or 70 or 60 kph. It is a small reduction for sections of road that do not take a lot of traffic and there are certain parts of the road network that need upgrading and we will upgrade over progressive years. Once we have done that, the speed limits will increase.

**Mr McILFATRICK** - In regard to the member's question, when you take [inaudible] under current assessment also -

**Ms FORREST** - You have spent a million dollars on that road.

**Mr O'BYRNE** - The roads that take 70 per cent of the state's traffic, no change whatsoever. No replacement or change and over the coming two, three, four years, more roads will move into the hundreds because we now have a focus of where we spend our money. We cannot do it overnight; we have already committed \$8 million to the Fingal Valley and we will also commit millions of dollars for the east coast roads to upgrade them.

**Ms FORREST** - Do we have a proposed upgrade, with large maps? Is there one that gives some indication?

**Mr McILFATRICK** - This is a draft but what the map shows is the volume roads which would stay basically at their 100 kph or 110 kph and there are a couple of indicators on here of where we already have funding in place which would maintain the road at the 100 kph or where we have proposals which would extend the road to 100 kph, once those proposals were initiated. They would be in areas like the Fingal to St Marys, a small section of the Bridport Road. It has been released but I am happy to table it again. It was tabled in the committees.

**Mr HALL** - This line of questioning and the minister's answers - we have a select committee going. You are putting a lot of stuff on the record and whilst the select committee is still doing its work I am not prepared to engage in that at this moment. We ought to be cutting that short at this stage.

**Mr O'BYRNE** - Let me be clear: this is the policy of the minister, working with the road safety advisory council, to progress a policy agenda. At no stage do I want to undermine the rights of the Legislative Council committee and the role it plays. We will respect the report you produce.

**CHAIR** - I do not have a problem with where the questioning has gone because it is to the policy issues. I understand the select committee and matters associated with that. This is all about road safety and the policy position. I understand that there is going to be some developments as we go forward but it is recommendations at this stage. There is nothing wrong with where the minister has been responding and the questions that have been posed.

**Ms FOREST** - The question was could that be tabled.

**CHAIR** - The minister is happy to table it.

**Mr McILFATRICK** - And also electronically for Hansard.

**Mr O'BYRNE** - We are still in negotiations and discussions with local government areas and as recently as a conversation I had with the mayor of Glamorgan Spring Bay, we have made changes to the proposal that was circulated, based on the conversations with local communities, so no final decision has been made. The role of the committee and the role of local government areas will be respected.

**Ms FORREST** - I notice the appropriation for this period drops away over the forward estimates when, in spite of the payroll tax -

**Mr O'BYRNE** - Which page are you at?

**Ms FORREST** - The appropriation on page 623. There is an increase in 2013-14 in this output and then it drops away. There is an explanation - the decrease in road safety reflects the large component of the road safety levy being spent on infrastructure projects. Is this a shifting of the funding as opposed to a reduction?

**Mr McILFATRICK** - It really is a profiling so from appropriation to state funding with the underlying road safety activities. We also have revenues coming in from the Motor Accidents Insurance Board for road safety programs, but the major change in the appropriation is because there is more work going into the capital program from the road safety levy. We are taking the money from the levy and putting it into capital projects such as the work going on at Symmons Plains at the moment, and the work at Gunns Hill on the Bass Highway. These are road safety projects funded totally from the levy. We need less appropriation from general funds because we are putting capital works in through the levy process. All of those projects, and the allocation of anything that comes from the levy, is approved by the Road Safety Advisory Council and tracked by them.

**Mr VALENTINE** - The question I have is in relation to line markings, and it is not about the local government/state government split. It is about passing when solid lines and dotted lines are side by side. How often do you review that, because I have travelled a lot of roads in Tasmania and on many occasions there is no way you could pass when the road markings say you can?

**Mr GREGORY** - We undertook a review about five or six years ago. It was a fairly extensive task - it was a whole-state review of the roads. That was more a process of driving around and checking when sight distance is available. To physically measure all the roads, we would be on a constant cycle, over a decade.

**Mr VALENTINE** - That is exactly right. It would be like painting the Sydney Harbour Bridge.

**Mr GREGORY** - There are locations where the line markings get changed, if we feel that there is an issue or we get reports or there are accidents occurring - we do make changes.

**Mr VALENTINE** - I just wonder whether people walk those roads rather than drive them, the way the dotted lines are. There was an accident the other day where someone was killed. It was head-on - a motorcyclist was coming one way, and a car pulled out and hit them head on. I went past that spot - if that person thought they could move out and pass where the dotted line said they could - there is just no way it could happen safely. I thought, 'That needs review, or you need new lines'.

**Mr GREGORY** - That is also very much about the driver's perception. People have very different views, when they are driving, about what they feel is safe or not safe. You can see this

when you are driving up the highway. You are behind the traffic and think it is perfectly safe to overtake, so why aren't they overtaking. People have very different views that do not always tie up with the technical requirement for overtaking.

**Mr VALENTINE** - I am not so much thinking about the people that are tardy in overtaking. I am more concerned about the people that go too early. That is fine. I just wanted to know whether you review it, and I think it is something that is certainly worth some attention. That is it. I have one more question - I have forgotten what it was.

**Mr MULDER** - The way you explained the reason for removing the 'end of' speed limit signs and replacing them with 90 kph signs, I think you said the -

**Mr O'BYRNE** - Or 100 kph.

**Mr MULDER** - 'end of' speed limit sign says it is okay to travel at the default speed.

**Mr O'BYRNE** - At the default speed.

**Mr MULDER** - Yes, of 100 kph, but you then go on to say that putting up a 90 kph sign is sending a different message, which is 'drive to the conditions'. I thought the other way round would be the case.

**Mr O'BYRNE** - The new sign will say - here is the speed limit but a cautionary note - drive to the conditions. It is a maximum - it is not a competition. So you are right, I see your point, and that is why we are not just going to have the speed. It will be: drive to the changing conditions and that could be winding roads, or rain.

**Mr MULDER** - Could not the same result be achieved by an 'end of' speed limit sign with 'drive to the conditions' written under it.

**Mr McILFATRICK** - I am a member of the Road Safety Council, which also includes the RACT. The RACT was getting very strong messages from their members that the 'end of' speed limit signs were confusing, and we came up with an agreement that we would remove the confusion. The RACT have also endorsed the need for that message, which gives a clear message, particularly to people who are not used to driving on the roads.

**Mr MULDER** - Since we are taking the advice of the RACT, what about the advice on putting a 100 kph limit instead of 90 kph, and drive to the conditions?

[10.45 a.m.]

**Mr McILFATRICK** - The RACT has endorsed the strategy.

**Mr MULDER** - The other point is, you're reviewing the Sorell to Orford because there are overtaking lanes there; you're going to review the Smithton area because of your intention to spend money - did I pick that up?

**Mr McILFATRICK** - No, the Smithton area has already been upgraded and will stay at 100.

**Mr MULDER** - Sorell to Port Arthur; you're spending \$18 million on there. Is that still slotted to be 90 kph all the way?

**Mr McILFATRICK** - My information is that it's currently slotted at 90 kph but the community has requested a review because of the works attached to it when the works are underway. We'll do that.

**Mr MULDER** - For the information of the select committee, we might be jumping at shadows if we released our report immediately, since the policy seems to be changing as we speak.

**Mr McILFATRICK** - The policy isn't changing.

**Mr O'BYRNE** - No, it doesn't change; it's a consistent assessment based on the independent assessments established. We will work with local communities about certain sections of road and, if there is an upgrade or an investment upgrade then that will determine the speed limit or the recommendation on the speed limit.

**Mr McILFATRICK** - For instance, the Midland Highway at Bagdad was 80 kph and is now 110 kph because of a new piece of infrastructure. That will be a constant need, as infrastructure is upgraded, to go back to the evidence and say what should it be now that we have an upgrade.

**Mr MULDER** - The next point is that 40 per cent of reported crashes are within the 100 kph zone, which I don't think anyone disputes that. Does that mean we will have to put 40 per cent of infrastructure spend or 40 per cent of enforcement activity into those roads?

**Mr O'BYRNE** - As you know, Mr Mulder, we don't tell police where to go; it's a matter for Tas Police to deploy their resources as they see fit based on either activities or changes in behaviour or -

**Mr MULDER** - So law enforcement activity is operational and not policy driven?

**Mr O'BYRNE** - We'll have that argument this afternoon, mate.

**Mr MULDER** - I'm sure we will. I'm just saying that if this is a road safety issue, it's not just infrastructure. It's also education and enforcement. So those things do come under this line item of road safety.

**Mr O'BYRNE** - Point taken. I suppose in the framework that we're approaching all of that infrastructure spend and its competing interests, it's making sure that the freight strategy and freight corridors are as efficient as possible, that we have the roads that are most used at a high standard, the P100 standard, that we work with local communities to identify their priorities and where the traffic volumes are and then the money will flow as the budget allows.

This government has been very proud of the fact that we have had record infrastructure spend, obviously with the support of the federal government, over the last couple of years. We've had significant dollars spent. The community roads package across the state has focused on areas of our road network that have been wanting to be upgraded for many years; sealing of Lake Leake, the South Arm Highway upgrade which will commence very soon; and we're looking at the Port Arthur and Taranna area in the coming season. Roads across the state are upgraded on the basis of volumes and local community needs and that will continue to be the case.

**Mr MULDER** - On this rural road speed area, wouldn't we be able to achieve the same result simply by signposting a reduced speed on those sections of road where it is unsafe to drive at the higher speed signposted for the rest of the road? It seems to me that having identified a tight bend and reducing the speed you have applied that speed limit to the whole 10 kilometres. Couldn't you say this is safe, in general in good conditions, at 90 kph or 100 kph, and then just use your warning sign system to advise slowing down in those sections where it is necessary, as is the case today?

**Mr O'BYRNE** - It's a balance between chopping and changing. The 10 kilometres seemed to be a point of reference that gave us a bit of a broad-brush view of the roads. As I've indicated before, we're already in discussions and we are flexible on that.

When you look at the road between Sorell and Orford, as a result of negotiations with the local

councils you will see probably three or four changes of speed limit in that area on that road. We have to be mindful that we don't want to do it every couple of kilometres but there needs to be - then that confuses people.

**Mr MULDER** - As a general principle, that could be achieved by saying: this road is generally 100 kilometres except for these areas where you put an advisory sign saying 'winding road ahead' or 'narrow road ahead' or 'single lane bridge' and all the other things that you do today. I am wondering why we need to be fiddling with the default system when you already are going to replace the signs at the end of the townships with a number. Why couldn't the same objective be achieved simply by changing signage?

**Mr O'BYRNE** - The advisories are just that, advisories. What we are trying to do is reduce the speed in areas where you cannot go at that speed because it is not safe. In the independent criteria, there are sections of our roads - we are trying to get the balance right between not chopping and changing but giving people an appropriate speed limit to get from A to B.

**Mr McILFATRICK** - As a member of the council, the evidence put before us was that implementing this program was likely to save 100 serious injuries or fatalities over the next five years.

**Mr MULDER** - We will leave the sums behind that to the committee; I think that is the purpose of having it.

**Mr O'BYRNE** - It is a big part of the motivation, Tony, when you get this expert advice from people who are extremely well regarded and their motivation is to save people's lives and reduce road trauma. This is not some mad, harebrained scheme; this is about trying to get the balance right. We are not saying 50 kph on all roads; what we are proposing in certain sections where it is not safe to go at 100 kph, is bringing it down by 10 per cent, which will have an impact on your travel of minutes and sometimes seconds.

**Mr MULDER** - The thing is - I was not going to go here - if the objective is to lower the speed that cars are travelling on certain sections of a highway, isn't it a fact that in your two trials in Tasman and Kingborough councils the result was the average speed of cars remained virtually the same despite the lowering of the speed limit because people are travelling at that speed anyway? They are driving to the conditions, on average.

**Mr O'BYRNE** - There will naturally be a problem when you want to change.

**Mr HALL** - Just a small aside, minister, I think Mr Mulder made a reasonable point, particularly for the roads in the northern Midlands, which are long, straight roads. You would notice that the Northern Midlands Council have put a solid white line with a definitive arrow pointing around the corner. You can very safely travel at 100 kph for a few kilometres; you know that you have to slow down.

**Mr O'BYRNE** - We are talking to the Northern Midlands Council on some of those issues.

**Mr HALL** - On car and bicycle interactions, have we seen much in the way of more incidents, given that cycling is probably the fastest growing recreational sport in Australia?

**Mr O'BYRNE** - Yes, close to your heart.

**Mr HALL** - We have a lot of tourists who now ride bikes. It seems to me, and we have taken evidence on Public Works before, that the main highways, between the white line and the edge, is swept two or three times a year. Being a road cyclist, I am afraid I have not seen much of that. If you are on a road bike, that is why it makes it very difficult because of those stone chips and

everything else. I know there is an expense in it but that is what we were told.

The other matter is: is there perhaps more education needed generally because, having ridden in a lot of other jurisdictions, in Europe and in England, right up through Yorkshire and other places like that and in Asia, the road manners of motorists here in Tasmania are the worst I have ever seen. People have no perception of cyclists and it is quite disconcerting.

**Mr MULDER** - It is actually a strategy of ours.

**Mr VALENTINE** - They know you.

*Laughter.*

**Mr O'BYRNE** - You can pick a figure as you are riding up on the horizon.

There are two issues here: one is infrastructure and one is education. In relation to infrastructure, as we upgrade and as we undertake our infrastructure spending, it is now a part of the planning and design that we will accommodate more space for cyclists - pedestrians in some areas but predominantly for cyclists. That is something that is taken into account now with road upgrades.

In terms of education, you are right there are some real concerns about people's views and it is not just in Tasmania. I did not think I would ever quote Shane Warne in the upper House but he is very vocal about his view of cyclists in the CBD of Melbourne so there is always this angst that occurs between road users. What we have to do is elevate that discussion about saying everyone has a right to be safe on our roads, particularly a cyclist.

At a recent ministers' meeting with federal and other state ministers, we lobbied to host a vulnerable road users forum, which is a national road safety forum, and that will be in Tasmania in July and bring together a debate and experts from all over the world about the issue of vulnerable road users. It is not only cyclists, it is also motor cyclists and pedestrians because we are seeing, particularly with iPods and all that stuff, people are not following the green or red lights and they are walking on the roads and we are seeing, unfortunately, more pedestrians being hit. What we are trying to do is lift the level of debate and lift the education about that. We see that forum as a key springboard to have that conversation in Tasmania, to start to educate drivers and educate road users and make sure that they understand it is a shared space and they need to show some respect for cyclists.

From an infrastructure spend, we cannot change what we have already done but since the Brighton bypass and others, all of the new roads, and the Mud Wall Road is an example of that, of where we are trying to create that extra space for cyclists but it is also about education.

**Mr HALL** - We have been through that issue quite a few times in Public Works about that extra space and I understand the costs involved.

**Mr O'BYRNE** - It is not cheap.

**Mr HALL** - I am pleased to hear that there is that forum coming.

**Mr O'BYRNE** - We will invite the Legislative Council. It will be great.

**Mr HALL** - Thank you.

**Mr VALENTINE** - It is tourism as well. We have a lot of touring cyclists.

**Mr O'BYRNE** - Absolutely.



**Mrs ARMITAGE** - Has consideration been given to putting speed limits on road surfaces in areas where it is difficult to know the speed limit? Coming into Hobart, you go from 100 kph to 80 kph. It changes, and you are looking for a sign and sometimes there simply is not a sign for you to know and if you have not a GPS to tell you. Some places have the number on the road surface.

**Mr O'BYRNE** - That is something that has been considered. Shane is our expert on road signs.

**Mr GREGORY** - We have tended not to go down that path. When people raise it they say, 'I am driving along, there is lots happening around me, I am in a busy area, lots of signs, and it would be great to have markings on the road'. The problem is when you are in those areas, that is generally when you have a lot of traffic, and you potentially do not see the markings on the road either. We have had people raise issues around having colour coding or line marking and it just introduces another inconsistency. One of the best things we can do is be consistent and this has been raised a number of times - do not chop and change speeds, be consistent, make the colours consistent. If we introduce too many different things we distract people from what they are doing.

If you talk about metropolitan areas when you have lots of traffic, you might get a few seconds opportunity to notice that there is something painted on the road and read that is says 80 versus 90, so at this stage we do not see the value in going down that path.

**Mr McILFATRICK** - The things that have been more effective in urban areas have been work that we have done in places like Moonah where there is a change in speed from the day time to the night time during the peak shopping period and those high visibility signs have been very successful in bringing people's attention to the change, like the school zone signs. It is more likely we would head in that direction over time than to a static sign on the road surface.

**Mrs ARMITAGE** - It must be very difficult, for tourists particularly, when you are coming down the highway and you are on 110 kph and then you come to a section where there is one little sign that says 100 kph and if you have not happened to see it you could still be travelling at 110 kph, the speed that you see before you come up to it?

**Mr McILFATRICK** - If you are travelling at 110 kph you are tending to be looking quite a way forward and you are not looking at the road surface just in front of you. Your sightline is more likely to pick the sign up than it would on the road.

**Mr GREGORY** - The other aspect of that is we do not just put speed signs at the change, there are repeated signs, and you might miss one but you will only go a certain distance before you should see the next one.

**Ms FORREST** - They are more likely to pull you up after that.

*Laughter.*

**Mr GREGORY** - If you manage to drive past two or three I think there is probably another issue.

**Mrs HISCUTT** - I am not sure this is in the right place, but I asked a question earlier about the Forth fire fighting infrastructure that is going up in Ulverstone. I want to know whether you are planning on putting career fire fighters in there. Is this the right place to ask that, because I was referred to ask the question of you?

**Mr O'BYRNE** - That will be in the Tasmania Fire Service section this afternoon.

**Mrs HISCUTT** - Thank you.

**The committee suspended from 11.02 to 11.15 a.m.**

**CHAIR** - Can I raise one question - is it possible to table expenditure on projects from the Road Safety levy?

**Mr O'BYRNE** - Yes, it is possible.

**CHAIR** - Maybe if we go onto MAST now and then we will come back to the infrastructure.

**Mr O'BYRNE** - I welcome to the table Lia Morris.

**Ms FORREST** - I am aware that MAST has a Boatwise app. It sounds like a good initiative but is it intended you will use it to raise new revenue to help the bottom line of the budget?

**Mr O'BYRNE** - It is not a big consideration. It is fantastic and the first in the country that we are aware of, called Boatwise. Basically it is about connecting into your smart phone. We can circulate that. It is designed to assist anyone who goes out onto the water, to make sure that they have a good checklist to prepare but also it provides up to date information on weather et cetera and they are able to use the app to maintain their contact and they can plot their course to people that they identify as their main contact points. In terms of water safety, it is about providing information and education and it is about supporting people whilst they are on the water and making sure for those people that are aware that their loved ones are heading onto the water that there is a clear plan.

**Ms FORREST** - Is it free? I am going to have a look.

**Mrs ARMITAGE** - I am looking now Ruth.

**Mr O'BYRNE** - It is free. I have downloaded it and it is tremendous. The message is be prepared and safe in, around, and on the water. There are lots of activities - sailing, boating, kayaking, jet skiing and scuba. If you go to boating, it asks you if it is a yacht, if it is a boat greater than six metres, less than six metres. Or the personal devices - you have the jet skis or kayaks - so if you are on a yacht you can register. You can put all your information in.

**Mr O'BYRNE** - We have interest from other jurisdictions. We are leading the country.

**Ms FORREST** - Maybe you can sell it.

**Mr O'BYRNE** - Maybe the iPad but I will let Lia speak.

**Ms MORRIS** - We own the IP in conjunction with Surf Life Saving Tasmania so we have worked closely with them on this issue. We are in discussions with two other jurisdictions at the moment in terms of buying into that IP so there is a potential to raise some revenue but the issue for us was to provide an app to promote the safety on water and save peoples' lives so that is where the intention lay initially.

**Ms FORREST** - The cost of developing and getting to a marketable stage that has been borne within the current budget?

**Ms MORRIS** - Yes. Through our recreational boating fund - through the boat registration side of things; part of the interest we use to educate the boating public.

**Mr O'BYRNE** - We could get them to push up the wi-fi.

*Laughter.*

**Mr MULDER** - Is it a local developer?

**Ms MORRIS** - No, it's a New South Wales developer, Alive Mobile. They did it in conjunction with us.

**Mr VALENTINE** - Can you log your trip?

**Ms MORRIS** - You can. You can put a time in when you leave and a time that you predict to get back and that will send some details back to your onshore contacts if you're not back within that time. It's got lots of little tricks. It can text where you are in terms of latitude and longitude by just shaking the phone.

**Ms FORREST** - Does it work under water?

**Ms MORRIS** - Not yet. It pushes through weather alerts according to where you are as well, so it's pretty clever.

**Ms FORREST** - Do you have to let it know that you are back or does it -

**Ms MORRIS** - Yes, you do, and then if you are not back it will actually -

**Mr O'BYRNE** - There are various prompts.

**Ms MORRIS** - Not everybody likes to know where you are going. We have had some people say that they don't like to tell people where they are going.

**Mr VALENTINE** - Especially if they are pulling crays up out of someone else's pot.

*Laughter.*

**Ms FORREST** - We can be tracked wherever we are with these things now.

**Ms MORRIS** - It links to a lot of our market TV stuff too. There are a lot of safety videos to educate the public about servicing your moorings, your inflatable life jackets and things like that.

**Ms FORREST** - When was it launched?

**Ms MORRIS** - We launched it at Agfest.

**Mr O'BYRNE** - Unfortunately we didn't get a lot of media coverage on it, which was disappointing because we think it is leading-edge stuff and it is really trying to adapt new technology to traditional pursuits. The capacity of it is significant too.

**Ms FORREST** - So, prior to five minutes ago, how many downloads have there been?

**Mr O'BYRNE** - We had four in the last six seconds.

**Ms MORRIS** - We had a set of data sent to us from Alive Mobile and there were over 500 about two weeks ago. That was the last set of data we got so hopefully it's increased since - at least by four.

**Mr O'BYRNE** - Through all the people watching now - the live broadcast of this House,

thousands of people now all of a sudden downloading. We think that's something of significance. There is a level of support and the fact that it's free is a good thing for our recreational boaters and others.

**Ms FORREST** - Is there any intention of trying to raise some revenue from it?

**Mr O'BYRNE** - No.

**Ms MORRIS** - That was not the initial intention. We are using the money that we get from boat registrations and licences to put back into the safety message; that's what we do. There was no intention, initially, but certainly with other jurisdictions showing some interest we don't see why we necessarily need to share that IP with them; they should probably put some money into it as well.

**Mrs ARMITAGE** - When you go into it, it asks for your name and email address. It says it will be used for your account recovery purposes. Some people may see that as wanting money.

**Mr O'BYRNE** - Right.

**Ms FORREST** - Some people don't understand what account means, I suppose.

**Mrs ARMITAGE** - Well, that is what I am saying.

**Mr MULDER** - Of course not; why would they think that about the government?

*Laughter.*

**Mrs ARMITAGE** - Some may think that in time it will become a cost and all of a sudden you -

**Ms FORREST** - It will be nice when you don't get a bill, won't it.

**Mr O'BYRNE** - We're not asking for credit card details; we're just asking for a name.

**Mrs ARMITAGE** - No, just name and email address but it still identifies the person that's taking the app, which is unusual.

**Ms MORRIS** - There is an intention with the app to do some analytics with it. At the moment we survey our recreational boaters on a consistent basis to understand the length of time they spend on the boat, how many times they use the boat per year, whether they service their life jackets regularly, et cetera. This app will provide us with an opportunity to do that into the future, so the analytical tools that come with this app are really good too. You do have to sign a consent.

**Mrs ARMITAGE** - I think the wording may put some people off, that's all.

**Ms MORRIS** - We can have a look at that.

**Mr VALENTINE** - It's a good educational opportunity, though. You have all the different safety gear and so on.

**Ms FORREST** - I can't see the area where the weather warnings come through.

**CHAIR** - Let's not spend too much time going into the details.

**Ms FORREST** - On the jetty infrastructure and boating facilities and services, is there any major work around the state at the moment?

**Ms MORRIS** - We get some appropriation from government for maintenance of facilities. We have a three-year structural audit, which is the way we set a program to maintain the facilities across the state. We have just completed our most recent structural audit and the report is due soon, and that will set the maintenance program in the years ahead.

**CHAIR** - Thank you.

**Mr VALENTINE** - This is with respect to ferry operations - are you in conversations with anyone about providing jetties or ferry landings? Is there any conversation happening about this?

**Ms MORRIS** - We have had some initial discussions with an individual who was potentially interested in running some fast ferries in the Derwent. That was only on the basis of what type of vessel would be suitable on the Derwent River.

**Mr VALENTINE** - So there is nothing happening?

**Ms MORRIS** - Not to my knowledge.

**CHAIR** - Thanks Lia.

#### **1.4 Registration and Licensing -**

**Mr MULDER** - Just a couple of things. I noticed that the projections for revenue from registrations and licensing are down. I noticed that the footnote talks about the cessation of the national heavy vehicle regulator. Can you explain to me what that is all about?

**Mr O'BYRNE** - I will just touch on it and then I will hand you to Norm. As a part of COAG reforms for road, rail and marine transport and registrations around the country, we have come up with a suitable national approach. We have already implemented the rail, which is based in South Australia, and the heavy vehicle regulator, which is based in Brisbane in Queensland. There is a national approach being taken in terms of our role. I will hand over to Norm to talk you through.

**Mr McILFATRICK** - The national heavy vehicle regulator has been a COAG agenda project. As a small jurisdiction, we have probably had to do more, proportionally, than some of the larger jurisdictions to line up the new regulations and legislation. The federal government allocated \$1 million to assist with the transition - to assist with putting together the project to integrate Tasmania's safety management system into the regulator. That occurred last year. The drop off in funds is because that \$1 million was only a one-off - it was not continuous funding.

**Mr MULDER** - Are there any savings for us in moving to the national system and letting the Brisbane people do it?

**Mr McILFATRICK** - For a small jurisdiction, it is unlikely there will be savings. There will be savings for the bigger jurisdictions through removal of duplication. We will have a service level agreement with the national regulator and do most of the activities. Transport inspectors out there looking at heavy vehicles will remain as DIER employees, but the services will be seconded. They will be carried out through an SLA with the regulator.

**Mr MULDER** - So the only real savings are any fractions of an FTE you might have had in the policy area here. Is that correct?

**Mr McILFATRICK** - When you go into national regulations it is about consistency and it is driven by industry. They do not want seven sets of rules around the country, particularly if they are on a national highway driving from Queensland through New South Wales to Victoria. They want consistency.

**Mr MULDER** - We don't want seven governments either, but we will talk about that at a later date.

**Mr McILFATRICK** - My minister has been very supportive of the national regulation from the point of view that industry, and drivers in particular, want consistency.

**Mr MULDER** - I also note in the expense summary that this particular line item includes fees as well as charges - fines was the word I was looking for. What sort of fines are hypothecated back to DIER?

**Mr McILFATRICK** - In some cases there was a promise to allocate some of the speed camera revenue to road safety initiatives and that was under a previous election promise and that was for a period and some of the change in funding will come to an end.

There are some fees retained by the department in relation to our compliance activity, such as escort for heavy vehicles that may be transporting wind farm material but generally we do not keep hypothecated revenue.

**Mr MULDER** - The initiative in this area, with registration, was the removal of labels from light vehicles. What sort of dollar figure did that save?

**Mr McILFATRICK** - The saving on the label itself has gone from a complicated label postage system but what this is really about is taking registration into a regular payment system. The customer, a bit like dealing with their local government bill, they get it, they can pay it, they are continuously registered as long as they pay the bill. It may have cost saved about \$100 000 but what it does for us in the future is allow us to have much more flexibility of how people can pay their bills. With the introduction of automatic number plate recognition seven or eight years ago, we have consistently been able to reduce and detect a number of people who are driving unregistered and that is now below about 0.7 per cent of the population and it is consistently around that number, whereas 10 or 15 years ago it was around the 3 per cent.

**Mr MULDER** - Have you thought of e-tagging as a way to do that? That would be a low cost way of achieving monitoring speed over distance. You would be able to stick a unit on the side of the road and measure a car by an electronic signal as to whether or not they are registered.

**Mr O'BYRNE** - At some stage those sorts of things will be brought into place. We do not have the capability at the moment but might through another opportunity that has been presented by the SenseT project that is under Economic Development working in collaboration with CSIRO, University of Tasmania and others, which has the capacity to sensor. At the moment the original proposition is talking about food production and creating efficiencies but it could have an exciting opportunity in terms of infrastructure spend and usage and understanding where the volumes are and also tracking vehicles.

**Mr MULDER** - Much better to identify which cars are travelling at what speed on what parts of your road than your current -

**Mr O'BYRNE** - Real time data gives you more information.

**Mr MULDER** - There are a lot of business benefits about moving to such a thing, not to mention other areas such as the mini bikes and unregistered small bikes where you could confiscate some of the vehicles because it did not have an active.

**Mr McILFATRICK** - An area that is under very active study at the moment is for heavy

vehicles under the national heavy vehicle regulator and heavy vehicle reform in Australia. They talk about having a process of mass distance location and to do that you need global positioning, a whole range of things, but going to the light vehicle fleet at this stage is a little way off. We are currently putting similar technology into our local school bus fleet.

**Mr MULDER** - That would be a great way of making sure people did travel to the speed limit.

**Mr O'BYRNE** - And we can know that information in real time.

### **1.5 Vehicle operations -**

**Mr MULDER** - I do not have anything.

### **1.6 Traffic management and engineering services -**

**CHAIR** - The variable speed limit introduction on the Tasman Highway - is there an intention to expand that system? If so, what roads are targeted, please?

**Mr O'BYRNE** - This is the first time we have rolled these out in the state. They are in a number of other states already. Again that is an area of road that has high volumes, particularly at two points in the day - morning and evening - and that road occasionally suffers from variable weather and other conditions so it is important, given it is a major arterial route. At this stage, we are still assessing the impact.

We have seen in other jurisdictions it has had an enormous increase in not only the efficiency of the system but also reducing crashes and trauma. We will have an assessment. If it works in Tasmanian conditions we will look at other roads. But we are a long way off that, I think. We have really only just them up and running so we want to have a good period of time in all kinds of different weather conditions and environments and then have an independent assessment done of their impact before we would move. The only other section of road which carries that sort of volume is the Brooker.

**CHAIR** - The main focus of the viability or the benefit of having such a system seems to be traffic volumes.

**Mr McILFATRICK** - Yes. In other states it is about congestion management. There is this counter-intuitive thing that if the traffic was congested with long lines of traffic that actually slowing the speed actually speeds up the journey because you do not get the stop-start happening. Also it has the beneficial impact of maybe reducing some of the shunting accidents that happen.

A lot of the accidents that happen on those types of thoroughfares are rear-ending from people not paying attention due to that stop-start. The theory is that it should make the journey safer and potentially remove those bottle neck congestion points. There would be a few areas of Tasmania where it would be applicable such as the Brooker and maybe some of the Launceston traffic.

**Mr MULDER** - Are there any early indications in relation to accident rates?

**Mr McILFATRICK** - It is much too early. It has only been a few months. Our anecdotal evidence from our transport monitoring area is that the traffic does seem to be flowing more smoothly but by the end of the calendar year we could maybe have a better idea..

**Mr O'BYRNE** - We will see how we go during winter as well.

**Mr MULDER** - It is interesting as part of this study no doubt, because I know you have been measuring compliance with the odd speed camera on there. Fortunately, you were not issuing tickets

but you were at least monitoring compliance. It would be interesting to note whether they have any effect on the average speed that people actually travel there.

**Mr McILFATRICK** - It obviously is about the longer term and we will have to go through periods of school holidays and other things to get a general trend. So far it appears to be working.

**CHAIR** - Under this area the only other matter I am interested in is the specific projects which have flowed out of the road safety strategy projects. The budget papers clearly indicate a couple - the Midland Highway and Devon Hills which has already been spoken about.

**Mr O'BYRNE** - Yes and what I can do is submit to the committee 'Our Safety Our Future' which is a Tasmanian road safety strategy, pages 7 to 2016, which indicates all expenditure to date and planned.

**Mr McILFATRICK** - This is the quarterly report that goes to the Road Safety Council. One of the most recent council sign-offs for infrastructure was to look at future projects that may assist the Safer Rural Speeds project. We have been allocated \$100 000 over the next few months to look at some of the pinch points on the Tasman Highway on the east coast and we have also forecast that we would like to look inot further at the Esk main road because they are generally linked to the Safer Speeds program.

The two big projects are Gunns Hill and at Symmons Plains. Actually, if you look at the numbers we will use about 75 per cent of the levy funding over about 18 months to two years so when those are finished we will be looking at the next projects. They are typical of the projects we would be looking that are very much about reducing the safety risk on major routes.

**CHAIR** - Any other questions on 1.6? We will go to the transport subsidies and concessions.

## **Output group 6**

### **Transport Subsidies and Concessions**

#### **6.1 Bruny Island Ferry Services -**

**CHAIR** - I do not have anything there I need to raise that I cannot get from direct contact with either the minister's office or ferry operators so that is a done deal. We go to 6.2.

#### **6.2 Furneaux Shipping -**

**Ms FORREST** - On that line it seems to be working well at the moment with no issues.

**Mr O'BYRNE** - That is good.

**Ms FORREST** - Yes. I can imagine you feel good saying that.

**Mr O'BYRNE** - When you look at the freight issues, large or small, it is volume space and is making sure we get the infrastructure and tonnage right and an operator we can work with and understands our proper business model and if it is appropriate as well. Both of the islands, although with King Island there has been a couple of challenges there and I think with potential retonnage of Sea Road we will need to work with the King Island community about how we maintain that level of support.

**Mr McILFATRICK** - I may advise the minister on Flinders we do have the safety net there that says, a contingency safety net.

**Ms FORREST** - That is what this is, is it not?



**Mr McILFATRICK** - Yes.

**Ms FORREST** - This are not the funds to support the services.

**Mr McILFATRICK** - No, this is just for the island community. It was there, if you remember, some time ago that we needed to inject a contracted shipping service. At the moment the commercial service is providing that gap and we agreed, through the minister, that any residual funds annually would be put into on island shipping improvements. We have just agreed to six projects for 2012-13, which will use the residual funds.

It will not require topping up the shipping service so there is an ongoing benefit. They have a contingency and if they do not use it they can then put it into such things as the purchase of stock crates or looking at on land infrastructure and at one stage we used money to do some dredging at Bridport so it has been a good outcome all round.

**Ms FORREST** - It is basically a contingency but if it is not spent it will be -

**Mr McILFATRICK** - It is allocated to the island.

**Ms FORREST** - What about King Island, particularly as it is a significantly less amount?

**Mr McILFATRICK** - We have used that contingency for King Island as well on a similar basis. There was a period a couple of Christmases ago where the ferry went into maintenance and we used that contingency to assist some of the operators to meet the extra expense of getting another vessel.

**Ms FORREST** - Why is it not the same for both islands?

**Mr McILFATRICK** - The allocation of funds came out of an agreement on the shipping agreement between the government and the Flinders Island Council.

**Ms FORREST** - That was when it was when we used to subsidise the shipping service?

**Mr McILFATRICK** - The agreement was a shipping agreement and we are currently still negotiating that shipping agreement with King Island Council. They have asked us to delay that while they consider some other options but it is a smaller contingency because generally King Island has been serviced, for a long period, by a commercial venture where Flinders Island has been more problematic.

**Mr O'BYRNE** - In all of these services the ideal goal is to allow the market to play a role and the government underpins the service if there is a market failure. I know we have allocated an extra \$100 000 under the King Island partnership agreement to do a study into King Island shipping so there are levels of support that we provide in different communities.

**Ms FORREST** - It would have been nice to have that a year or two ago but it is happening now. We all know that ship is going to be taken off the run most likely at some stage by Toll.

**Mr O'BYRNE** - SeaRoad.

**Ms FORREST** - SeaRoad I mean, sorry, and that can only operate because it has a special pilot to get it in when it can. Obviously if there was a failure of that service, \$49 000 is not going to go anywhere.

[11.45 a.m.]

**Mr O'BYRNE** - Agreed, and the government will obviously have to play a role to try to resolve those issues but, again, SeaRoad is not the only shipper.

**Ms FORREST** - Well, \$49 000 would be a good start but it would be that the government would stump up from somewhere.

**Mr O'BYRNE** - We would have to play a role to facilitate and respond to a market failure like we did at Flinders Island.

**CHAIR** - We will move to the capital investment program.

### **Capital investment program**

**CHAIR** - Minister, could you provide a breakdown, please, of commonwealth money and state money on the major infrastructure announcements in this budget?

**Mr O'BYRNE** - Do you want that by way of notice?

**CHAIR** - That would be an easier way to go about it. I refer specifically to the capital investment program as listed in the budget papers and just that breakdown, please.

**Mr O'BYRNE** - This is the 2013-14 state and Australian Government budget by region. In the north-east there is a total budget of \$67.5 million, the state government is \$37.2 million and the Australian Government is \$30.2 million. In the north-west, there is a total of \$45.400 million in total. The state government is \$38.9 million and the Australian Government is just over \$6 million. In the south, there is \$60.8 million expended. The state government contribution is \$56.3 million and the Australian Government is \$4.5 million, so there is a total budget of \$173.392 million. The state government is the vast bulk of that at \$132.564 million and the Australian Government is \$40.828 million.

**CHAIR** - That was regionalised. Could that be provided as to project specific, please?

**Mr O'BYRNE** - Yes, we will undertake that.

**Mr MULDER** - This might be the second or third year I have asked this question. In the past I have asked for plans and not been able to get them. Perhaps I should ask for high-level engineering drawings and site plans for the Arthur Highway developments at Port Arthur, Dunalley and Murdunna, the Rokeby Road or south of Howrah as they call it, which is actually Merindah Street to Diosma Street and which will include the deferred Buckingham intersection. I understand there has been survey work and things done there. Also there's the federal project that the state government is intimately involved in, the Tasman Highway bridge to Gordons Hill Road including off ramps.

**Mr O'BYRNE** - I will undertake to get those for you.

**Mr MULDER** - They are up to that drawing stage and I know that that particular one in the past was not past any concept plan.

**Mr GREGORY** - The detail of the Arthur Highway has been finalised. The Rokeby Main Road plans concept is available through the Internet on our webpage.

**Mr O'BYRNE** - That is okay, we can provide all of those.

**Mr MULDER** - The other question which I ask from time to time and I know it is always promised to be reviewed is the future of the Sorell bypass. I am wondering whether any more thought has been given to that given the traffic volumes and the issues that surround that township

and your abiding concern with pedestrian and cyclist safety.

**Mr McILFATRICK** - There is always a dilemma about bypassing versus keeping the community happy that the town is vibrant. We did some work in Gloucester Street to the Arthur Highway and that seems to be working but we haven't, at this stage, got a proposal to do further work on the bypass.

**Mr MULDER** - I just seek an assurance that you won't relinquish the road reservation.

**Mr McILFATRICK** - I guess, having done the link to the Arthur Highway, we are giving that time to make sure it works and then we will consider other proposals but there is nothing on the books at the moment. I will note the request to maintain the corridor.

**Mr MULDER** - I am not too sure whether any of these projects fit the bill but there has been some concern that a lot of the projects announced in the budget are actually re-announcements of previous projects. I am not too sure whether that is necessarily the case with the road one.

**Mr O'BYRNE** - I don't think so. Occasionally some of the final pay-off slips over into a different financial year.

**Mr MULDER** - Rolls over into a new year.

**Mr O'BYRNE** - We have had a conversation with Treasury and how they treat it; they say it is still a project that is worth this much so it has to be mentioned. Sometimes there is a bit of slippage in different financial years but it does not actually break it down that this was in 2011-12, 2012-13 or 2013-14; it is just listed again.

**Mr MULDER** - All the money allocated in 2012-13 was spent?

**Mr O'BYRNE** - No.

**Mr MULDER** - Or will be?

**Mr O'BYRNE** - There has been a bit of slippage in some areas. Other projects have been brought forward and re-profiled. For example, down in the Huon, there has been some money spent but the profile that we allocated has changed because the projects have changed in consultation with local communities.

**Mr MULDER** - Overall, there is no money except rolling-over for technical purposes.

**Mr O'BYRNE** - Yes, exactly right.

**Mr MULDER** - So all the money that is allocated has been or will be spent.

**Mr O'BYRNE** - Yes.

**Mr McILFATRICK** - This is not a political answer, but if you are an infrastructure provider, you would like to get yourself in count with an election cycle process. So, with the Australian Government, we have a five-year agreement which happens to run out in 2014-15 and it is not in the election cycle process. The state government community roads projects also run out to 2014-15 so we have good longevity of our projects for costs, both the state and federal funding. The NB2 process has given us more longevity and I am very hopeful that the next community roads, after 2014-15, will give us more of that. At the moment we are very much in planning mode to look at what the next projects will be to take to the minister on community roads after 2014-15.

**Mr MULDER** - Nice to see the government focusing on infrastructure.

**Mr VALENTINE** - A very quick question in respect to Davey Street as a highway. There is significant degradation of the road past the Aberfeldy. I notice it is not breaking up the surface but it whips and wails like a -

**Mr O'BYRNE** - Corrugations, yes.

**Mr VALENTINE** - Is anything being done about that?

**Mr GREGORY** - Davey Street is actually a Hobart City Council road.

**Mr VALENTINE** - Is it ours now, is it?

**Mr GREGORY** - It has been for many years.

**Mr VALENTINE** - Ours?

**Mr McILFATRICK** - Even while you were there.

**Mr VALENTINE** - I am in the Hobart City Council area.

*Laughter.*

**Mr VALENTINE** - I might not be on the council now.

**Mr GREGORY** - DIER does make a maintenance contribution to Davey and Macquarie streets but they are under the control and maintenance of the Hobart City Council.

**Mr VALENTINE** - Okay, and the Brooker swapped across, didn't it, at one point. I think it was in exchange for the Brooker, wasn't it?

**Mr GREGORY** - Davey and Macquarie streets have been in Hobart City Council for a long time.

**Mr VALENTINE** - Have they? Okay. I must direct it to them, then.

**Mr O'BYRNE** - So if you know someone in council.

**Mr McILFATRICK** - These things often take time to come to fruition; they may mistakes of the past, you never know.

**Mr VALENTINE** - Could well be.

*Laughter.*

**Mr O'BYRNE** - Also, trying to swap.

*Laughter.*

**Mr O'BYRNE** - Talking of timing of the year, people - Rob, as you know, we only have certain windows where we can do a lot of this work because of the weather. On the mainland it is a bit different, although, in northern Queensland in the wet season there is not a lot of road construction. On the west coast there is a window of something like 21 to 25 days where the weather is suitable to do road sealing and pavement restoration.

**Mr HALL** - White cloud seeding -

**Mr VALENTINE** - The west coast has those problems -

*Laughter.*

**Mr HALL** - Don't start.

**Mr O'BYRNE** - Don't start.

**CHAIR** - Correct - don't start.

**Ms FORREST** - Alluding to the push back of some of the funds, it is clear that some of the funds for the Tarkine Road and the Murchison Highway upgrade have been pushed back. Was it a budget balancing exercise, a cynic would say that.

**Mr O'BYRNE** - The issue has been, particularly with the Tarkine Road, getting federal approvals for issues around devil mitigation so it has taken some extra time to do that with the federal government but this building season - have we announced the tender?

**Mr GREGORY** - We have awarded the Tarkine project under a contractor arrangement with Hazell Brothers and the team is working through the detail of the designs now. We had hoped to get some work done this season but we did not get environmental approvals from the Australian government until recently so that has pushed that one out. We have a number of projects that have fallen into that category. Rokeby Main Road we had a delay on because the environmental offsets we had identified for federal government approval were burnt in the Coles Bay bushfire and we had to find some more. We have had a bit of a knock-on effect with some of our projects with the incredible response of Aurora to redeem payback on the Tasman Peninsular which meant that a number of our service relocations had been delayed by three to four months so that has had an impact on our program.

We were able to make sure that we spent money on the network by bringing forward some cyclical maintenance programs, some rehabs and some resealing. We brought forward a bigger program in the summer just finished and we will catch up but we have not taken any money out of the program we have just had to deal with some delays.

**Ms FORREST** - The Murchison Highway upgrade?

**Mr McILFATRICK** - The Murchison Highway upgrade, because of the seasonal impact, has always seen completion in 2014-15 in our minds, because of the difficulty in getting access so they are underway and all planned. Have they gone to tender?

**Mr GREGORY** - The tenders have closed but there is one package that has been awarded already and that is Mount Black.

**Ms FORREST** - Who is doing that?

**Mr O'BYRNE** - I think it is Shaws.

**Ms FORREST** - I have not seen a plan for it. I would be interested to see how many passing lanes there will be.

**Mr GREGORY** - We can provide those plans.

**Ms FORREST** - The Bass Highway Junction at Stanley?

**Mr O'BYRNE** - We have had some extensive discussions with the local council and we have resolved the design to their satisfaction and we are bringing forward the Mawbanna intersection so we will do those two together.

**Ms FORREST** - So what is the solution for the Mawbanna junction?

**Mr GREGORY** - There will be some general upgrades to get more room and delineation and redefine the turning. Making the intersections more obvious and making people more aware of where they need to go. That is primarily the problem with most of those locations.

**Mrs ARMITAGE** - Under the Treasurer we were looking at the sum of between \$17.5 million to \$25 million for the ports infrastructure and she indicated that she only gave the money and it was you who could tell me where it was going and how the ports were classified and ranked for work.

**Mr O'BYRNE** - This is Bell Bay upgrade?

**Mrs ARMITAGE** - No, this is \$17.5 million.

**Mr O'BYRNE** - That is money - we can get a brief for you. Tasports has their maintenance and upgrade strategy over the next decade and beyond they have a longer strategy, so part of the allocation is to upgrade that. I know for a fact there is some Stanley wharf activity. I think there is a bit at Strahan. It is around the wharves here - the Murray Street Pier activity, Elizabeth Street Pier, and Macquarie 1 and 2, so -

**Mrs ARMITAGE** - Perhaps you could table something - the detail of where they are and how they were ranked.

**Mr O'BYRNE** - Yes we can do that.

**Mr HALL** - Minister, for a decade I have been harping on about the Lake secondary road - that 19 kilometres of unsealed gravel - and I am having another go. Is there any progress? Are there any plans at all to upgrade that piece of road?

**Mr O'BYRNE** - We think this might very well be a strong candidate for community roads two. I know we have done -

**Mr GREGORY** - We did four or five sites that contributed to a seven kilometre continuous section of sealed road.

**Mr HALL** - I am aware of those, but it is the bit that is left. There is a whole stretch left. As you know, tourists get in there with their GPS - it's straight through the middle of Tasmania - and they come adrift on the gravel road.

**Mr O'BYRNE** - Yes. We have already been in discussions with Mayor Flint and I think this is a strong candidate for community roads two, but we need to go through that process.

**Mr HALL** - I will be able to report favourably to all those people in the Central Highlands?

**Mr O'BYRNE** - Yes you can.

**Mr MULDER** - The mirror is looking into it.

*Laughter.*

**Mr O'BYRNE** - You know what I am saying.

**Mr HALL** - Yes, thank you.

**CHAIR** - Thanks very much.

## **DIVISION 1**

(Department of Economic Development, Tourism and the Arts)

### **Output group 1**

#### **Economic development**

**CHAIR** - Minister, we are ready to go if you can formally introduce the people at the table for this area.

**Mr O'BYRNE** - Chair, I would like to introduce the secretary of the Department of Economic Development, Tourism and the Arts, Mark Kelleher; the deputy secretary, corporate support, Craig Watson; and with me is my adviser, Astrid Wootton. Instead of introducing the other advisers, if they come to the table I will announce them as they arrive, for purposes of supporting Hansard. I will start with an opening statement.

The department has completed a very successful year, showing strict adherence to budgetary constraints whilst continuing to deliver on major projects and initiatives. Some of the highlights have been the launch of the Invest Tasmania map showing about \$4.4 billion worth of public and private investment projects under construction or in the immediate pipeline and a further \$6.1 billion in projects under consideration.

We have launched the three regional economic development plans that align with the state's economic development plan that create a distinct framework for each of Tasmania's three regions that plays to the strength of the region and will help it develop its own distinctive and strong regional economy into the future.

We have also spent considerable time helping businesses in bushfire-affected regions to recover and rebuild with face-to-face contact including placing a full-time departmental officer on the Tasman Peninsula for 12 months and initiating a \$600 000 bushfire recovery loan program.

We have also delivered two highly successful rounds of the new Tasmanian government innovation investment fund which awarded \$5.3 million in total funding to 35 Tasmanian businesses and leveraged over \$22 million of private investment to create a total of 470 jobs in the next two years. Further, this state budget announces another round of \$2.5 million for round three.

With the passage of the Tasmanian Forests Agreement Bill through the Tasmanian parliament, a major focus of the department in the coming months will be the coordination and delivery of the TFA's economic diversification tranche of \$100 million. Tomorrow I will be meeting with minister Albanese and the state's regional reference groups to finalise the process by which this funding will be distributed.

During the past year and despite its own budgetary constraints, the department has shown great dedication and commitment to the task of assisting Tasmanian businesses and driving investment in the Tasmanian economy in a very tough global and domestic economic environment as well.

I would like to put on record today my thanks to all the hard-working staff of the department who deliver a wide range of programs and initiatives very effectively. With those opening words,

Mr Chairman, we are open to scrutiny.

### 1.1 Business growth -

**Mr VALENTINE** - I am interested in the Business Tasmania service. It is obviously a pretty important little service that you run. Could you give us a briefing on what the activity has been like in that area this year? I am interested in the statewide aspect of it, how you help businesses across the state rather than just in any particular region.

**Mr O'BYRNE** - The Business Tasmania initiative - and there is a whole range of levels of support. Business Tasmania, as we see it in terms of the output, really is about making sure our online presence is strong and we have launched a website - and I think you were at the launch -

**Mr VALENTINE** - Probably.

**Mr O'BYRNE** - at the Lark Distillery where Bill Lark spoke about the new website. It is a single portal for business in Tasmania where we can provide them with checklists and assistance if they are wanting to start a business or they have some challenging time in businesses. It is a nice and easy and navigable web portal where they can provide and gain assistance. I always love quoting Bill Lark. He said that if this had been around when he first started out in business he would be far further down the track than he is now. It is so handy and it is such a large online resource for businesses. It is for just practical questions similar to the discussion we had about the MAST app. There is that online information support to answer questions. Sometimes when businesspeople start up they don't know what they don't know, so having a range of resources and support online is crucially important. Of course, Business Tasmania is broader than that in terms of the services we provide to Tasmanian businesses - small, medium and large - across the state. We support the enterprise centres across the state but we also have people within the department who provide that support in running different programs like the Digital Ready program and various business support programs across the state.

There is a fair bit of activity within that. The website is receiving about 1 500 unique visitors each week, which is significant. Essentially the work of the department has been realigned, significantly supporting the economic development strategy and the economic development plan, and Business Tasmania providing templates and structural support to businesses is a crucial point.

**Mr KELLEHER** - Just a few extra things. I suppose this has been a major step in bringing the interactions of government and business into the digital age. It is not to replace the face-to-face which still needs to happen. The fact is that particularly with small business, the ability to have those direct interactions is quite a challenge. So Business Tasmania, particularly the online arrangement, is a way in which the business owners can interact, get information and ask questions. Indeed, there is sort of social interaction as well. There are blog pages and things like that where they can interact with each other and share ideas - all at times that are convenient to them.

**Mr VALENTINE** - It is business helping business, is that you are saying?

**Mr KELLEHER** - It is business helping business as much as government helping business. It is creating a platform on which those engagements can happen. It is really the first 'gov. 2.0' approach for interaction; it is not just a one-way information hub but an interaction. We are basically seeing a quadrupling in the contact that we are now having between businesses and government.

That is certainly not everything but it is a really important point because that also provides awareness of the other programs that are going on, such as Digital Ready, Market Ready, Investment Ready - all these things that are providing them with opportunities and information services that help. The group itself then has also undertaken other things that start to implement smart form



arrangements so that the regulatory interface that business has with government can be done in a way that means they do not have to troop down and queue up and fill out paper and so on; it can be done online.

**Mr O'BYRNE** - There are practical ways to reduce the compliance burden for businesses.

**Mr VALENTINE** - What are the key ways you are actually getting the message out there that this thing even exists? There are lot of small business people. You only have to go round the farmers' markets and things to see how much activity is out there. How are they getting to know that this exists and the help is there? Are you promoting it in any other way?

**Mr KELLEHER** - We are promoting it widely through the regions, through enterprise centre contact making sure they are aware.

**Mr VALENTINE** - Enterprise centres, okay.

**Mr KELLEHER** - It has not been their sole purpose by any means but another means it has had a big impact on awareness as the 'business-in-action' advertising process we have had going on for the last five weeks. That is very much a call to action. There are videos and print ads about how businesses succeeded or have taken this next step. It is saying if that is relevant to you, then here is the contact point. The contact point essentially is the Business Tasmania website.

**Mr O'BYRNE** - We have been advertising this also through the Tasmania Small Business Council, and the various chambers. The fact that we have 1 500 unique visitors regularly to the website shows that there is a high level of interest. There has actually been quite a strong support and visitation to the website.

**Mr VALENTINE** - This really is Tasmania's future; this is going to be a very significant area. I am just looking at the line item. In 2013-14 you have got the \$300 000 - obviously to do with payroll tax relief, is it?

**Mr O'BYRNE** - Yes.

**Mr VALENTINE** - In 2013-14, it is \$9 437. It then goes back down to 2014-15 as \$9 118, and then up to \$9 224 and back to \$9 196. It is not getting a lot of extra funds to actually promote what might be considered to be a burgeoning area. I wonder whether you have given it consideration.

**Mr O'BYRNE** - Which table are you referring to?

**Mr VALENTINE** - 2.15 is the page and it is table 2.10.

**Mr O'BYRNE** - You are right; you would always want to have more money.

**Mr VALENTINE** - I understand that, but it is a real opportunity for you to actually get some returns as well, is it not?

[12:15 p.m.]

**Mr O'BYRNE** - Yes, absolutely. When you look at the broader strategy, the economic development plan and the regional strategy what we are trying to do is to make that, in the first instance, we lift the capacity of Tasmanian business to understand the opportunity that an online presence presents, so initially it is really having that conversation broadening. We have had NBN for Business working with TFGA, working with the tourism associations, for a group of councils and really working through how we lift the capacity of people's understanding of the opportunity.

Obviously NBN Co and the various service providers have their own marketing as well and are

starting to look at this, so we think, in terms of the digital space, that we have a lot of catch-up because not enough businesses have an online presence; not only an online but an online presence capable of conducting business and exchanging. We think there is a bit of front-end loading to this and once it becomes part of the conversation and you talk to some people who are starting a small business and you say, 'What is your online presence?' and they have not thought of it; you say, 'Crikey, you are in a whole world of trouble if you have not even thought about your online presence.'

**Mr VALENTINE** - Mind you, they are probably thinking about whether or not they can deliver the goods if they get too much attention, so it is a two-edged sword.

**Mr O'BYRNE** - It is in some respects; there are some people who cannot meet demand, meet the supply equation. Again, I suppose it also looks at the liveability advantages of Tasmania and understanding online presence; if you do not need to geographically be anywhere in Australia, Tasmania has broader liveability advantages as well. We think there will be plenty coming into Tasmania who will be citing this element - that they have chosen Tasmania as their base because of the NBN and the liveability advantages of Tasmania, so they will prefer to be here. I think capacity and the internet-literate people will grow in terms of the forward estimates.

**Mr KELLEHER** - You are comparing the years from now; really, last year was the big year of change where effectively we had pretty much a substantial change to the whole way in which the economic development portfolio was delivered. We had every part of government needing to deal with budget reductions but what we did was, rather than 'Where do we cut and take a slice off here?' we turned it the other way and said, 'Here is what we have. What is the best way in which we can utilise those funds?' and that resulted in this type of approach. It is not about any more to put into this; we have effectively taken the resource we had and applied more to establishing, as the minister said, this platform and now that work is done; the work from now will, as the efficiencies come out of those interactions, show it is a much cheaper way as well.

**Mr VALENTINE** - Marketing and whatever is a lot easier, of course, and not that much cost. Thanks for that, Chair.

**Mrs HISCUTT** - I would like to say your community awareness is very good because I get it all the time and I pass it on, so that is good. Your digital program was excellent; I took part in that too with Polly McGhee so I am pushing all the businesses in our area to take that up because really the digital awareness is fairly low in some places, so that is good.

**Mr O'BYRNE** - That is good feedback.

**Mrs HISCUTT** - For the life of me I cannot understand why you went down the road of Sirolli. Why would you duplicate something that is already there and have any tangible jobs come out of that? I see that as at 5 May 2013 there were no jobs in the George Town-Scottsdale area and there are another 100 000 going out this month.

**Mr O'BYRNE** - Again, there is a whole range of different kinds of support government can give communities. We have enterprise centres, we have the Digital Ready Program and we are getting more understanding. The Premier was particularly keen on areas that were impacted by the restructuring of the forestry industry - Circular Head, the north-east and down in Geeveston and Huonville. It is not a duplication. Business enterprise centres play a role. The concept behind the Sirolli program is not so much about plugging holes and responding on a service basis; it is about building the overall capacity of communities in a facilitated way to connect people.

I was at an event in Huonville recently - it was actually a business enterprise centre and they have been in Huonville for many years. At the beginning of the night, about 80 or 90 people would

go around the tables saying, 'I am such and such and this is my business. I live in Cygnet or Craddock or Geeveston or wherever'. Someone came to me at the end of the night and said, 'I had no idea that there were so many different businesses in my community. I am going to talk to such and such because I think I have got an idea for them'. That does not necessarily fit into a formal business enterprise centre model but rather into the facilitation model. What we have is people on the ground essentially establishing an organisational mind map of the community and the different kind of businesses, then having people sitting down over a cup of coffee saying, 'What do you want to do with your business? What could make it better?'.

**Mrs HISCUTT** - With all due respect, minister, we do that within our Chamber of Commerce and Industry anyway.

**Mr O'BYRNE** - With respect, we think that there needs to be extra focus in those regions because it is a Sirolli model and a Sirolli facilitation approach has worked in other regional autonomies where chambers of commerce -

**Mrs HISCUTT** - Which one?

**Mr O'BYRNE** - In Western Australia.

**Mrs HISCUTT** - In Esperance? It does not seem to have.

**Mr O'BYRNE** - Governments do a whole range of things with the best of intentions to support local communities. What we did not want to do was just to have a business-as-usual approach to the challenges facing those communities. In the Sirolli model there are boards that have been established in each of the regions of local community leaders and business leaders. We have facilitators in place and it is not an immediate fix. It is a slow-burn capacity-building approach to those local economies. I do not apologise for trying to put extra effort into those regions.

I know there is a whole range of strong views on both sides about the Sirolli program. What we have in those communities now is not only the traditional and normal way we provide support to communities that are facing challenges. We have got this new model to see if it can make an extra difference and support for that community.

**Mrs HISCUTT** - You do not mind the 30 per cent consultancy fees that go to him? That is the game?

**Mr O'BYRNE** - If you want to go on a bus, you have to pay for the ticket. That is the price of the ticket to get the model and the support. We have established facilitators in the three regions. We will have an independent review of the Sirolli approach. The Premier has made it very clear we do not apologise for putting extra support into communities that need it.

**Mrs HISCUTT** - So there is a beginning and there is an end.

**Mr O'BYRNE** - There is a two-year funding model and we will make an assessment then.

**Mrs HISCUTT** - Thank you.

**Ms FORREST** - On that point, it seems to be a good thing for Circular Head. There are a lot of discussions going on down there and people talking to each other who perhaps have not in the past. So I do not think it is all bad.

**Mrs HISCUTT** - The Progress Association down there works really well.

**Ms FORREST** - It is basically the same people doing things a bit differently.

**Mrs HISCUTT** - They have been doing it already, haven't they?

**Mr O'BYRNE** - They have. We have traditional models of people coming together and some people do not like engaging in chambers; it is not for them. So it is about asking, 'What are the other options? If you do not want to take advantage of what we have currently, is there another way we can help you?'. I suppose more shoulders to the wheel is a good thing.

**Ms FORREST** - The Circular Head community is always very engaged, anyway.

**Mrs HISCUTT** - Yes, I will agree with that, Ruth. The Progress Association up there has been very good.

**Ms FORREST** - Yes.

**Mrs HISCUTT** - But they were before this thing.

**Ms FORREST** - Yes.

**Mrs HISCUTT** - The subsequent changes were imposed by government groups.

**Ms FORREST** - Minister, with this output group do you have figures on the number of small to medium enterprise businesses that have started up in the last 12 months and those that have closed or ceased to function?

**Mr O'BYRNE** - We pull them out of the ABS stats, predominantly. I do not have them in front of me. We have the number of the enterprise centres we work with in.

**Ms FORREST** - No, I am talking about businesses that have started - new businesses and -

**Mr O'BYRNE** - We can get them for you but it is under the ABS. We just use those as our measure.

**Ms FORREST** - How do you actually measure success under this line item? We are putting significant dollars into this line item, how do you demonstrate value for money to the taxpayer?

**Mr O'BYRNE** - We do look at jobs facilitators and broadly speaking our key performances have been downgraded. We had set some targets prior to the global financial crisis. We have now recalibrated, based on economic growth forecasts. I suppose one of the key measures is job facilitator and that is a measure that we have pulled together. It is also projects facilitated as well so we have been working with, over the period, hard rock coal, the Lion cheese factory, the Macquarie Harbour salmon proposal, the Van Diemen's Land Company; we've worked with Vodafone and Montpelier Retreat development.

There are a number of developments and projects that we've been working on and playing an active role. An indicator of success is when those projects get up. Sometimes it's a very subjective or objective measure that we take. In working with a whole range of businesses, getting them from the first time that we talk to them and having a concept idea and actually getting to fruition does take time. Sometimes there are quick wins; sometimes the project can't obtain finance for whatever reason.

For example, one company that we have been working with and have supported under the government innovation investment fund is a company called Burlington Berries. It is a fantastic example of the value proposition of Tasmania playing to our strengths and making sure people understand why would you move to Tasmania to do business - I know the company is investing

significantly in Tasmania. About two years ago I sat in a pretty spartan house in northern Cressy where the company Burlington Berries had bought a bit of grazing land; there was nothing in the ground. They showed me a PowerPoint about what they wanted to do and the jobs they were going to create. As economic developers, we get a lot of those pictures and a lot of those propositions. We have been working with them, facilitating conversations with DPIPW and others and they were successful in the second round of the Innovation Investment Fund. In a very short period of time, 18 months, they have planted out 15 hectares of that property. Last season, their first season, they produced 350 tons of raspberries and berries, employ directly 37 people and around picking time that grows significantly. They also built a fantastic processing facility at Cressy and they are looking at growing another 10, 15 or 20.

When we say we have been working with companies, jobs are a key indicator. The government innovation investment fund is very clear because, as a part of the submission, to be successful you must articulate what jobs will be part of the project and that is written into the agreements we have with the companies in terms of the timelines. Everyone believes the government takes credit for everyone else's work but we'll stand by, shoulder to shoulder, with companies and celebrate with them in the good and the bad times. Sometimes you can't say we did that but we can say the company did it and we helped; we did our bit. That's what we do.

**Ms FORREST** - Can you table a list of the businesses that you have been working with across agribusiness, mining, mineral processing, advanced management and science and research.

**Mr O'BYRNE** - Beyond the Innovation Investment Fund?

**Ms FORREST** - Yes.

**Mr O'BYRNE** - I am sure we can provide that. There would be hundreds plus the thousands of businesses that we deal with over a 12-month period, if that's what you're after.

**Ms FORREST** - Yes, in the last 12 months. I don't know whether you can identify the ones that have progressed. Part of the success is encouraging businesses not to go ahead when it's not going to be financially viable. Do you keep a record of that as well?

**Mr O'BYRNE** - All the interaction with businesses is tracked to a point. Sometimes if you sit down with a company we say maybe this is not for us. We don't necessarily track every conversation but we track the companies we work with.

[12.30 p.m.]

When you look at the challenges to the Tasmanian economy, I can stipulate - not now but once we have finished the session - the various strategies across the state. We are unashamedly about making sure we support all businesses but we must also support businesses that we know have a strong future and allow them to grow. That is why the salmon industry has doubled in the last five years alone and will be a billion-dollar industry for Tasmania.

In the work that we do with the salmon industry, for example, we look at what their infrastructure needs are, what their freight needs are, what their market facilitation is, and that is why the Macquarie Harbour expansion is so important. Everyone says that we are just talking about wine and dairy and agriculture and that we are not worried about any other business; we work with the ICT industry but we also work with the forest industry as well in transitioning to a new operating environment and new markets. Sometimes the debate in forestry - and I am not going to rehash it here - is at the supply end as opposed to the market end so the work that we are doing with Norske Skog is that we have provided them with the Australian Government's significant support to refit one of their machines so that they can have a higher grade print quality. There is a current gap in the Australian market so both the state and federal governments are supporting Norske Skog to provide FSC-certified product. It is a revamp, it is an old factory but the refit will be significant and that is a

part of the forest industry that has a strong future because they have a good-quality product, it is value-added and it is meeting the needs of the market as the market changed because there is no market anymore for the low-value product that they had before.

The work that we are doing is not just with what I suppose some people call the sexy industries like wine and cheese, but it is about looking at our traditional industries and supporting them. It is the one that gets a lot of the media but we are also working with our major industries as well. With the strength of the Australian dollar there was a period a couple of years ago where all four of them were looking at closing down. That would have been a massive shock to the Tasmanian economy and one which I do not think we would ever recover from, but at the same time they were all facing the same issues.

**Ms FORREST** - And now we have Grange moving their head office to Burnie.

**Mr O'BYRNE** - What a fantastic result, and so working with these traditional industries - and all industries - making sure that not only we grow new jobs but that we protect existing jobs is crucially important for us as well.

**Ms FORREST** - On that point, is the industry development program focused on brand and market development and this is very different from advertising, as I am sure you are well aware, minister, so what are you actually doing in the brand and market development area?

**Mr O'BYRNE** - There are two elements to this. Each individual company and organisation will want to make sure they maintain the integrity of their individual brand and they will need to make decisions about which markets they want to approach, either domestic or international, is it niche, is it volume? Ultimately, we need to work with private companies that make those decisions.

We have provided extra resources and certainty to Brand Tasmania. Traditionally, we have had a 12-month agreement where we give \$400 000 to Rob Hazelwood and others. With the Brand Champion strategy that we have with Tetsuya and others, what we have tried to do with the Brand Tasmania council is now give them a three-year arrangement so they have certainty in terms of year-in, year-out of their activities. We have also given them extra support from the department to really prove up the Tasmania Inc. and what the brand represents. Ultimately, within that, individual companies will make their decisions but we think there is a premium on the Tasmanian brand in a whole range of sections of our economy -

**Ms FORREST** - As long as it is consistent.

**Mr O'BYRNE** - We can have a view of the Tasmanian brand but that may not suit one company that wants to go off and build a niche so we have to be flexible. I think people know the broader concepts of what Tasmania means to people, particularly in our food sector, but again, we need to be able to work with different industries so that they are able to massage that to their strength - we want to play to our strengths. Do you wish to add to that, Mark?

**Mr KELLEHER** - I will add a little bit. It is a very complex topic, as you are alluding to. It is not just about some advertising things, it is inherent in the messages of people's companies, services and products deliver. It is the stories that come into people's heads when they have an experience with that, and that is what the whole approach is trying to do - that whilst the individual company's products with their own story but the aggregate of those is really about promoting Tasmania as a great place to live, work, invest, trade, study and visit - all those sorts of things. That is the enhanced charter that we have agreed with the Brand Tasmania Council as to their role about and they really go about that by telling the stories in a variety of means, whether it be their e-newsletter, video clips or other events they are doing to tell those stories; that is one means.

We invested significantly last year and continue to do so in the Taste Tasmania campaign in particular around encouraging Tasmanians to buy local in order to not only help in direct sales but also for them to become better ambassadors for their friends and relatives elsewhere. That has been a very important one and that is building. It is also going in much more direct ways. Securing the international cool climate wine conference here last year really brought the world to Tasmania not only to sample the wine but the visitor program that was arranged around that symposium and the press we got that ended up in the key global leading wine journals and magazines has been enormous.

**Mr O'BYRNE** - We have now been rated the second-most attractive place in the world to invest in wine behind China. Leading magazines in Europe are calling Tasmania the Champagne Island and the Pinot Island and the value of our product and supply and demand equation of wine is just so much working in our favour. With the wine expansion program that will be announced effectively we are bringing forward five years' worth of expansion on existing vineyards and that will not even scratch the supply and demand equation. The mainland bottles are \$2-3 a litre and Tasmanian values are in the high \$20s, so when you are competing in that sort of market one demands -

**Ms FORREST** - As long as the quality's right.

**Mr O'BYRNE** - The quality has to be right. I know people are saying that we need to quadruple it within a couple of years but we want to grow the industry. There are two definitions of organic. We want to make sure there is sustainable organic growth and do not want to repeat the mistakes of other jurisdictions where there were mass plantings so the volume went up but the quality dropped significantly and therefore trashed the brand. What we are trying to do is bring forward that expansion and with the \$1.2 million we have allocated that is around 200 hectares across the state in wine orchards and we think that will have no impact whatsoever on the supply and demand equation. The price point and the quality will still be high.

**Mr KELLEHER** - We funded and brought across a number of Tasmanian businesses, about 14, to the Taste of Sydney, and the Tasmanian marquee was by far the best attended. The whole of Centennial Park was completely covered with marquees of fine food, wine and other beverages and the Tasmanian one was fantastic to go in and see it really pumping. You had the whiskey cluster of four or five whiskey players, you had the wine, Flinders Island lamb and wallaby, Cape Grim beef, and it was amazing to see the focus. There are definitely things happening with the Tasmanian brand and we just have to use every avenue we have that will impact people's perception.

The impact that MONA is having has added a new sort of pillar to the brand story and that is being built upon. It is not just about MONA. The latest Brand Tasmania Council championed the stories of Finegan Kruckemeyer, the very successful young Tasmanian playwright. Have a look at his story there; it is not about him as a playwright but about why he has chosen to live in Tasmania and write plays that are going all around the world. It is the attributes of Tasmania and Tasmanians that has got him moving. It is something that is fundamental to the future of all our businesses and it is a really key priority for us.

**Mr MULDER** - You made reference to the support for the bushfires, and having an agency down there. Was any thought given to running the NBN link out to Dunally, given the fact that all the power poles between Copping and Dunally have been replaced. It was just a matter of adding a fifth cable to the lines.

**Mr O'BYRNE** - I think you are right. It was an opportunity, but NBN Co is a private organisation that we have no influence over, apart from encouraging them to roll out safely, and to more communities.

**Mr MULDER** - Given the fact that the energy companies were already doing it, why didn't the state government add to it?

**Mr O'BYRNE** - I suppose the main focus at the time was getting energy, and we are talking about Aurora's activities. The initial assessment, when the bushfire went through, was that it would take possibly two months to reconnect, but Aurora workers did an amazing job there -

**Mr MULDER** - I am not going there.

**Mr O'BYRNE** - We have the value of hindsight, but if you added that sort of activity at the time, it may have slowed down the provision of power.

**Mr MULDER** - Of course it is not too late - there are brand new poles, and the tracks are cleared, why don't we connect. If you really want to support the business community, connect a magnificent sea change village like Dunalley, whose businesses and enterprises have basically been destroyed, and make it part of the new information super highway at minimal cost.

**Mr O'BYRNE** - It would cost NBN Co, and they have to make those decisions. I am not sure of the timing of the rollout for Dunalley. Again, it is a matter for NBN Co and the federal government to facilitate that. We can encourage them as much as we want. We want a whole range of business districts across the state rolled out yesterday, but we do not make those decisions.

**Mr MULDER** - I will take it up with Mr Adams, will I?

**Mr O'BYRNE** - Mr Adams?

**Mr MULDER** - The member for Lyons.

**Mr O'BYRNE** - Yes, or may be minister Conroy as well.

**Mr HALL** - Minister, is the department at the moment in any discussions with larger Tasmanian businesses that might be at risk and are having real problems? Can you provide any information without causing any issues?

**Mr O'BYRNE** - Yes, we are. There is no imminent threat, but we are in discussions with Simplot at Devonport. The window we have to work with them is between three and five years - we have to work with them and look at their market reality.

**Mr HALL** - Have they guaranteed they will stay that long?

**Mr O'BYRNE** - They have indicated to us there is no imminent closure, but they want to review all their operations in Australia. This has been happening since late last year. The announcement yesterday was to say there are some real challenges with that plant, and efficiencies.

**Mr HALL** - Did you have any discussions prior to that announcement?

**Mr O'BYRNE** - Not on that decision. They made that decision internally. We knew there was a review of their operations, but as far as a decision about going to the next phase is concerned, we found out at the same time as they announced it to the stock exchange and their workers. We are now in pretty intensive discussions with them to get an understanding of what their processes are and what it is going to take to maintain their integrity.

**Mr HALL** - Any others, without naming them?

[12:45 p.m.]

**Mr O'BYRNE** - We are always in discussions with companies at various stages. When you have a shock to the operating environment and the terms of trade, like the high Australian dollar, you



find a lot of companies are competing with cheap imports into the mainland. They are squeezing our domestic markets. There is a change in consumer choice based on price and many Australian-made products are slightly more expensive than imported products. Unfortunately consumers, despite all the brand Australia and brand Tasmania campaigns, make a decision purely on price point so we work with companies - small, medium and large - to adjust to the new environment. The example I gave earlier of Norske Skog and the work that we have been doing with them because they were facing a decision - the fact that they are closing down a New Zealand plant and focusing their activities on the Boyer Mill - is one example of where if we know that a company is going through some tough times because of external circumstances and we are providing assistance to allow them to retool and to recalibrate their activities to a small, sustainable model so there are no major imminent shocks that we are aware of across the state.

I meet regularly with the major industrials; we are seeing two at Bell Bay, Norske Skog and also Nyrstar - and that is close to 3 000 direct workers in that pocket alone. We meet with them regularly about how they are travelling - they are always concerned about the Australian dollar and the metal price - but there are no shocks on the horizon as far as we are aware.

Ultimately, you get a lot of these companies that are publicly listed and sometimes we find out at the same time they address the stock exchange and that is completely appropriate.

**Mr HALL** - To go on from that - and you spent a lot of your time pointing out all the positives; that is obviously what you have to do and that is good - we do have some endemic problems in Tasmania in that we have some very long transport links. If you are still in business, we have the highest wage structure, probably, in the world now in terms of -

**Mr O'BYRNE** - Australia?

**Mr HALL** - Yes.

**Mr O'BYRNE** - Not necessarily - the Scandinavian countries and European countries -

**Mr HALL** - Yes, some of those but in agriculture there are certainly some of the highest.

**Mr O'BYRNE** - You are right; labour costs and Australia being a first-world country, we do allow workers to get a dignified wage. Obviously, sometimes with some of our products we compete with countries that pay people - either there is indentured labour or there are very low wages and higher levels of poverty in those countries.

**Mr HALL** - I am not disagreeing that people should not have a dignified wage, however -

**Mr O'BYRNE** - I am not saying you are.

**Mr HALL** - there are some issues with flexibility and some of that comes from a federal -

**Mr O'BYRNE** - The Fair Work -

**Mr HALL** - You talked about a New Zealand company. McCain has left Tasmania - or has partially left - and they have gone to New Zealand because they have flexibility in their wage arrangements and that makes it -

**Mr O'BYRNE** - That could be a part of their decision and also volume is a key issue for some of those bulk companies. There is a whole range of reasons why people make those decisions. There is no doubt that Australian labour costs have an impact on decisions that companies make.

**Mr HALL** - Our manufacturer, Ford - it is showing right across the board and that is an

unfortunate matter.

**Mr O'BYRNE** - I think Ford's inability to export was the key issue for them.

**Mr HALL** - You mentioned the TFA before - that \$100 million over four years, and your department will be overlooking that. What sort of forms of scrutiny and rigour will be put into the process to make sure that any applications are underpinned by very robust business plans, because we have seen in regional Australia a lot of this stuff which goes straight up against the wall, to use the vernacular -

**Mr O'BYRNE** - Yes

**Mr HALL** - It has happened for decades.

**Mr O'BYRNE** - You are right, and ultimately with the intergovernmental agreement the final signing off is with the two ministers, so that is me as Economic Development minister and minister Albanese as the federal minister. We have made it very clear that any proposal has to pass muster and that it is connected to the economic development strategy and there is consultation with the regional reference groups; that is where we have worked extensively with those groups to produce the regional strategies.

We have copies here, which I will leave. There is a north-west one, a southern and a northern and within those documents there are lists of projects, ideas or concepts that people want supported. Of course, we get ideas pitched from different regions and different companies and industries virtually every day of the week, but I think if you can see by way of indication that both the Australian department and the state department will go through an extensive assessment process to ensure that the business model and the value proposition stacks up. If there is any indicator of the work that we are doing in the first round of money in the \$27 million, that has already been pushed out under the first round.

When you look at the industries and the propositions we have supported, all of them have gained in value. With the structure of the intergovernmental agreement, the regional reference groups will be consulted, and there is an economic development reference group that is established under the IGA and advice will be sought from both the state and federal departments but ultimately the decision will be taken by myself and Mr Albanese, in concert with the Prime Minister and the Premier.

**Mr HALL** - As a general rule, with that grant money, what percentage would be a grant and what would be input from the business?

**Mr O'BYRNE** - It depends on the nature of the project. With the Government Innovation Investment Fund, we have capped our contribution at \$250 000 and the minimum must be dollar for dollar but the average across all of those projects, we have managed to lever at 1 to 5. Whenever \$1 of the Tasmanian government is invested, there is \$5 of private sector investment. That is the different project under the program, under the TFA. It is the importance to regional economies, the ability to create jobs but also the ability to allow industries that have been identified under the state and regional strategies as important industries for those economies.

**Mr HALL** - So, it could be a 3:1 ratio or similar. Who knows?

**Mr O'BYRNE** - It depends. In the first round, we provided \$3.5 million for the Channel for the two salmon companies down there, Tassal and Huon Aquaculture, for infrastructure which builds capacity. They are constantly investing in their business and in their industry and what we have been able to do is provide a level of funding to get a pipe out to the pens to increase productivity efficiency and, therefore, the more licenses they currently have that they cannot use because it is not

efficient, it now opens up more capacity for production. That has an impact from go to whoa: from the hatchery, to the growing of the product, to the processing and to the sale. The greater capacity you put within the supply chain, the bigger impact that it has.

The overriding principle is how do we invest strategically or at an intervention point strategically, regional communities and in regional economies and economy across the state, that makes the most difference. It is not about propping businesses up; it is about growing and significantly building capacity.

**Mrs ARMITAGE** - Looking at the major initiatives statement, you list Blundstone Arena and with the \$15 million to be spent by the state on this arena, what are the estimated monetary gains to be made from this investment and over what period? In other words, how will it value add?

**Mr O'BYRNE** - That is under sport and rec -

**Mrs ARMITAGE** - I understand that it is under sport and rec but I am wondering about the economic gains.

**Mr O'BYRNE** - I will speak broadly on it. Having facilities that enable you to attract events of international standing, and we have seen with York Park and Aurora Stadium and with Blundstone Arena over time, that they have been progressively upgraded over a number of years and we have been able to attract events which create jobs and activity, tourism dollars, not only jobs in terms of the construction phase but we know with Blundstone Arena, that will mean that we will be able to have world cup international cricket matches. At an arena like Aurora the bigger capacity you have, the better opportunity you have to attract international and national events.

**Mrs ARMITAGE** - What evidence do you have to suggest those seats will be filled in view of the fact that with Aurora Stadium the seat attendances have been reduced, likely as a result of football now having been played at Blundstone Arena? Do you think it is a case of revenue shifting? Shifting numbers from Aurora Stadium down - because the numbers at Aurora Stadium, as you mentioned, have decreased since Blundstone Arena has been operational with North Melbourne.

**Mr O'BYRNE** - I think if you look at the individual games, when you have Freo - they have never been a bigger puller of crowds; when you look at Greater Western Sydney, they do not pull crowds anywhere they go -

**Ms FORREST** - That is very unkind, minister.

**Mr VALENTINE** - Are you a Greater Western Sydney fan?

**Mr MULDER** - We look forward to the Collingwood match.

**Mr O'BYRNE** - Again, when you look at the memberships of the respective clubs - I am not going to buy into this north - south argument -

**Mrs ARMITAGE** - I am not either.

**Mr O'BYRNE** - I do not accept the view that growing the pie in Tasmania is bad for Tasmania. When you look at scheduling we had two games in Hobart last year and the biggest crowd we had in the state was the Sydney versus Hawthorn game in Launceston, which was close to a sell-out. To say having two games in the south has massively impacted on Aurora stadium is ridiculous. Look at the games, the weather and look at the last game - Greater Western Sydney - and for some reason AFL Tasmania scheduled an SFL versus NTFA game. I do not know why they did that but that attracted a couple of thousand people at the NTCA ground on the same day as you had Aurora stadium. Sometimes we shoot ourselves in the foot. As a passionate Tasmanian and someone who

played footy for many years, my view is there are many people who want a Tasmanian team. If we cannot sustain six or eight games we do not deserve a team. The strategy has always been about getting AFL Tassie, AFL product into Tassie and building up the case, the value proposition, the business case to say we can have a Tasmanian team based in Tasmania and that is 100 direct jobs and tens of millions of dollars.

**Mrs ARMITAGE** - At which oval, minister?

**Mr O'BYRNE** - I think we can do both. You have to be able to sustain the games but when you look at the crowd that Hawthorn and Sydney had last year in Launceston -

**Ms FORREST** - I was caught up in the traffic going back to Hobart and a lot of people came from Hobart for the game.

**Mr O'BYRNE** - The Hawthorn Sydney game attracted a large number of people and I do not accept that Hobart is undermining Launceston, it is scheduling and people go to see good games.

**Mrs ARMITAGE** - That was not my question. It was purely what was the economic basis for the \$15 million of taxpayers' money?

**Mr O'BYRNE** - Getting world cup cricket matches was a big key.

**CHAIR** - We will break at the moment, we have a few more questions lined up, minister, in this area and we are going across business growth and industry development, which is fine in terms of the context of those two line items.

**The committee suspended from 1.00 p.m. to 2.00 p.m.**