

UNCORRECTED PROOF ISSUE

Thursday 9 June 2016 - Estimates Committee A (Groom)

LEGISLATIVE COUNCIL

ESTIMATES COMMITTEE A

Thursday 9 June 2016

MEMBERS

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

IN ATTENDANCE

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

Ministerial Staff

Sean Terry, Chief of Staff
Will Joscelyne, Deputy Chief of Staff (attending DPIPWE)
Adam Saddler, Adviser State Growth (attending State Growth)
Adam Foster, Adviser Skills (attending State Growth)
Mike Connarty, Adviser Energy (attending Energy)

Department of State Growth

Kim Evans, Secretary
John Perry, Coordinator General
Bob Rutherford, Deputy Secretary, Industry and Business Development
Amanda Russell, Deputy Secretary, Business Services
Chrissie Berryman, General Manager, Workforce Development and Training
Alex Tay, Director, Industry Policy

Department of Primary Industries, Parks, Water and Environment

John Whittington, Secretary

Tim Baker, Deputy Secretary

Adrian Pearce, Manager Finance

Peter Mooney, Deputy Secretary, Parks and Wildlife

Wes Ford, Director, EPA

Peter Smith, Director, Heritage Tasmania

Climate Change

Wendy Spencer, Director, Tasmanian Climate Change Office

The committee met at 9 a.m.

DIVISION 10

(Department of State Growth)

CHAIR (Mr Hall) - Welcome, minister, to today's proceedings. We are having some trouble with the audio for Hansard, so first, please project your voices and speak into the microphone when responding, and, second, so I can hear.

Minister, today we will start with State Growth. The timings are around about 9.00 a.m. to 12 noon on State Growth and then Energy, 12 noon until 1.00 p.m. We will have a lunch from 1.00 p.m. to 2.00 p.m.; from 2.00 p.m. to about 2.30 p.m., we will finish off on Energy; and from 2.45 p.m. to 5.00 p.m., we will go through the rest of it. Are you happy with that?

Mr GROOM - Yes.

CHAIR - We have those three very separate segments of your portfolios.

Mr GROOM - The only question I have on that is dealing with climate change. In the other place, we dealt with that by allocating a specific time at the back end of Environment, Parks and Heritage allocation. That is the way we have done it in the other place, but I am in the committee's hands in terms of how we deal with climate change.

CHAIR - I see.

Mr GROOM - Notionally we have included that in the Environment, Parks and Heritage allocation but I am totally in the hands of the committee in terms of when we want to do that.

CHAIR - All right, we will move through the other bit and wind up. We will think about that. Mr Gaffney has a question. Minister, if you do not mind, we will start with state roads. Would you like to make an overview statement?

Mr GAFFNEY – Chair, I appreciate the opportunity to talk to the State Growth budget. It has been a positive year in terms of further progress. We have seen a lot of positive indicators in the Tasmanian economy - the ongoing growth of the economy, the fastest growth in six years. Some

specific indicators are important because they represent a reasonable basis for continuing confidence in further growth in the foreseeable future. Construction was up 15 per cent and we continue to see significant, positive signs in the construction sector. Primary product was up by 8.6 per cent, and accommodation and food services were up by 7 per cent.

This reflects the strength of the Tasmanian brand. Tasmania has a good brand, but I do not think there's any question that over the course of the last couple of years it has started to go to another level both nationally and internationally, but I will come back to that. It also represents the increase in Tasmania as a tourism destination - we have seen very significant positive movement with tourism, 80 000 more visitors last year. The domestic increase is about 8 per cent, and the international increase is at 20 per cent; a significant Chinese component is associated with that.

We have seen further positive signs with investment, and consumer spending has been very positive, up 3.4 per cent, which is another positive one. The most significant indicator giving us cause for optimism is the general level of business confidence, which we all recognise is very high in a historical context. We have seen that in a number of different surveys. It is true also for small business in Tasmania, which rates its level of optimism in the economy as very high in the national context.

We have seen some positive movement from a population perspective - we have had the fastest growth rate in four years, including the third-highest growth rate in four years, the third highest net inflow from interstate migration, which compares to 16 consecutive, negative quarters. I will not overstate that. We all recognise we continue to have population challenges, but the fact that we have seen that negative trend come to an end and return to positive net inflow is a positive sign.

In terms of the Budget, the Government continues to focus on supporting further investment and growth - we put the \$425 million jobs package, \$1.8 billion infrastructure investment, and there were a number of specific and the initiatives in the State Growth portfolio - Business Enterprise Centres, \$400 000 over the next two years - I will be doing some further work in support of small business, which we are working on at the moment - and the Community Infrastructure Fund, \$13.9 million to support our community infrastructure initiatives around the state.

A very important one, which the Coordinator General has been working very closely on, is the Northern Cities major development initiative, which is a \$90 million commitment by the state. This genuinely has the potential to be transformational for each of the northern cities - Launceston, Devonport and Burnie. Hopefully we will have the chance to talk a little about that.

Supporting small businesses specifically with apprenticeships and traineeships, a \$600 000 commitment, is one of the great challenges that we have to provide further support for apprenticeships and traineeships. There are difficult national trends in that area and we have to try to find ways to make it easier for small businesses, in particular, to make the commitment to take on apprentices and trainees. We have seen additional investment in TAFE training infrastructure of \$3 million. We have the Work Readiness for Growth Industries Program, a \$900 000 commitment over the course of the next two years. Again, this is a focus of the Government at the moment in working with employers and potential employees, in ensuring that they have the basic employability skills to be able to hit the ground running, so to speak. That is a very important initiative and we are doing a number of things in that area at the moment.

We also have the very exciting, new announcement of a \$15 million partnership through the Beacon Foundation and the Paul Ramsay Foundation, working in disadvantaged schools to have a

more focused and tailored program to help kids in those schools find employment opportunities and identify pathways to make sure they have the basic skills.

That gives you a sweep of some of the specific initiatives in the State Growth portfolio. The basic point is that we continue to head in the right direction. One of the things that we focused on over the course of the last couple of years has been increasing the level of international engagement and we have had a heavy focus, deliberately, on China in that context. As we have discussed here before, it is important that we have a broad engagement to maximise the potential for increased export and trade. In the international context that needs to be more widely focused and that is why we are looking at undertaking an Indian trade mission which will go to India, Sri Lanka and also Indonesia and Singapore. There will be other engagements in the wider region, including Japan, through the course of the year.

Very importantly, we need to ensure that we are focused on the national opportunity. We are going to be pursuing that through the course of this year. The a new market expansion program to assist businesses that are looking for increased export opportunities, including in the national context, is an important opportunity in that sense. There are a number of specific efforts that we have made through the course of last year and that we will do again this year to make sure that we are seizing the opportunity to leverage off the growing awareness of the Tasmanian brand and all the great products that we have here. That will be another important focus through the year.

CHAIR - Thank you minister, that was a succinct overview and we will continue on that vein all day both sides of the table if we can, being it three-quarter time in Estimates. I have a couple of overview questions to start off. I always like to look at the budget paper 1, which paints a picture of where we are at, and you did talk about population. I was having a quick look this morning and I could not quite find it. There were some objectives as to where our population growth would be by 2050 or 2030, I cannot recall where it was now. I am looking at that and note that we are still only at about 0.5 per cent whereas the national average growth is about 1.5 per cent, so we still have only one-third of the national growth. I suppose that is the way it is.

Do you have a view where our population should sit as far as critical mass? We are a small economy; where should we get up to? I believe we need to increase our population, not exponentially, not like Melbourne putting on 60 000 people a year, but we need to get ourselves into a situation - how do we do that? I also noticed that there was, in the 15- to 29-year-old age group, which is a critical demographic, that we had a net outflow.

Mr GROOM - No, that is right. As we have discussed before, we do have a challenge when it comes to population. That is why the Government has set a target of 650 000 by 2050. As I have discussed before, people will have different views on what the appropriate target is. The most important thing from our perspective is that we recognise that we have to grow the population in order to be sustainable from an economic perspective.

If, in the absence of population growth, and in particular in those key areas, we do run the risk, based on the experts' advice, of going into terminal decline. That is the notion when the working age population is not sufficient to be able to support the basic functions that people need in order to be able to live here. There is the threat, if we do not see growth, that we could get into that cycle. In a sense, Tasmania is at the front edge of that challenge in an Australian context. In an international context you might look at a country like Japan, for example, that is very much at the front edge of it. I think they have very real challenges. It is an important reminder for us to take the population challenge seriously.

In terms of the current data, you are right in saying that our population growth rates are lower but in fact we have had periods of decline. Some mentioned 16 consecutive quarters of negative net flow of migrants. The fact that we have had a positive net flow is a positive sign. It reflects something positive about the state of the Tasmanian economy. That net position was, as I understand it, the third highest. But it was still small, I would not pretend otherwise.

As we have expressed also, the population challenge is a long-term one. While we are looking at specific policies to address this issue right now, the truth is that it is going to take a long time for us to have a meaningful impact in the long-term trend for population in Tasmania.

CHAIR - From where I sit - and without being disparaging, we need those people - but I noticed in regional areas the people who do come in often are tree changers and retirees, which is fine. We need them as well. But you could argue then that, as they are past their use-by end of working life, we end up with more of a drain. What we need is more younger people. How do we attract those younger entrepreneurs to come in and stimulate the economy? That is what we want.

Mr GROOM - Chair, without wanting to sound desperate, we will have everyone. Tasmania can present great opportunities for anyone wherever they are in the journey of life. But you are right in saying that we have a challenge when it comes to the working age cohort, and in particular that key cohort of those in their 20s, young people who might be establishing a family. That is why we are focussed on working with university, international education, while we are focussed on doing what we can to support further migration.

It is also why we are focused on trying to encourage young people into employment, create a good environment for employment, including encouraging a starter culture here in Tasmania. I think there is no reason why we cannot do that, and encouraging a greater sense of entrepreneurship and innovation. I think that is the key to making it an attractive place for young people. I might hand over to John on this because this is one area that has caught the attention of the Coordinator-General, it is fair to say. He is very focussed on it, working with the university, the BSchool and various other groups.

Mr PERRY - One of the things that we have really tried to focus on is creating a start-up ecosystem, which will encourage younger people to create their own jobs rather than to look around for jobs to be provided for them.

Using \$500 000 of the money that was allocated for digital futures and using that to seed this start-up ecosystem and set up innovation hubs, one in Launceston and one in Hobart in partnership with, in the Launceston case it was Launceston City Council. There was some fantastic work undertaken by a range of people, predominantly from James Riggall to have Macquarie House refitted out as a suitable co-working space. Also the Mercury building we have worked with, detached in Hobart, to provide space and create an umbrella organisation that can add additional hubs as we get more demand in other places around Tasmania and perhaps additional ones in Launceston and Hobart, to be able to encourage that start-up ecosystem.

We are setting up a not for profit organisation. It is set up by a partnership, as the minister said, with the University of Tasmania but also Foundry, which is another educational provider in Tasmania, focused in digital design and B-school, pulling all those things to things together to create that hub.

Very interestingly, we have retained a consultant who set up an accelerator in the centre of London many years ago and has recently moved back to Australia. He has been working across Tasmania to see what is already there in the Tasmanian context. We had a pitching event in Launceston where 55 people turned up to the first of those events where we thought there were a few people operating in this space. It is enormously exciting and it is something we are continuing to work on.

CHAIR - That is interesting, minister, that an hour's flight north and you move to a totally different environment and I was talking about Melbourne. Fortunately we have Melbourne and Sydney there as two almost world cities.

Mr GROOM - We are better than them.

CHAIR - I know. What I am saying is, we can leverage off and at least it creates a demand for our products and those things.

Mr GROOM - Yes and more than that. That was the point I was making before about how we have to make sure we are focused on the national opportunity because we have growing cities, nationally and they present opportunities from a trade perspective. Also we can make a pitch. If you are young person in Melbourne or Sydney and you are trying to break into the housing market and you look at the opportunities that exist in a place like Tasmania, which I think is a very good, long-term bet, from an economic perspective for lots of reasons and you look at the cost of housing, you look at the quality education you can get, you look at the beautiful environment. You look at things and we all complain about it, I am sure but traffic congestion, as much as we want to complain about it in Tasmania, you compare it to Melbourne or Sydney and we are very fortunate still. We have to keep an eye on that to make sure we continue to be liveable; the most liveable place we can be.

My point is, there s a good pitch Tasmania can make into those population centres. You have cited Melbourne a couple of times already and I can say, from my own practical experience, when I lived in Melbourne for about 12 years and every time I go back I am stunned by the extent to which they are grappling with the opposite of our population challenges. That is, traffic congestion and costs associated with living in that city.

There is the opportunity for Tasmania to present a very positive pitch to young people in these major centres and encourage them to come and consider Tasmania as a place to settle. There are people doing it.

CHAIR - Tasmania is changing slowly but we are almost a mono-cultural society. Where as you go across there and it is very multicultural.

Mr GROOM - I would like to talk about that, Chair.

CHAIR - It seems to me a lot of groupings from overseas and I embrace that, I love multiculturalism and all the things that brings. Many that I know who have come to Tasmania, they would prefer to go back to Melbourne or Sydney where they are in their own, larger ethnic grouping. They find us a little bit isolated here. How do we try to accommodate some of that?

Mr GROOM - This is an important point. We have stronger and more vibrant multicultural communities in Tasmania than we tend to celebrate and reflect and it does vary in different parts of

the state. We need to raise the profile of the success of our many multicultural communities in Tasmania. There are great examples of really positive contributions that have been made by some of the different migrant groups, so we are looking at a number of things. We have established a safe haven hub which is providing additional support, including pathways to employment and additional interpreter support and settlement support for asylum seekers and refugees and this is really important. New arrivals come to Tasmania; they want to make sure they feel supported and have assistance in finding their way into employment and broader support mechanisms that might be available.

We are working with the Multicultural Council of Tasmania to support Harmony Week. It used to be Harmony Day. It has been reverted to Harmony Week, and that is a great chance for us to tell a lot of the positive stories and I was really pleased with how that went this year.

We have been undertaking a number of workshops to assist Tasmanian businesses to increase their awareness of the opportunity that they have to take on new arrivals into their workplaces. Again there are great examples of businesses, including small businesses that have had great success, very loyal, hardworking employees that have added a cultural depth to the workplace which makes it an interesting place to work and increases the opportunity to attract other people.

We are also investing \$500 000 to attract skilled and business migrants to Tasmania under the boost in business and skilled migration program which is another important opportunity we have. We have increased the basic architecture to support migration with the development of a new Migration Tasmania website, streamlining our state nomination application processes.

Ms FORREST - What areas of conformity are you focusing on now?

Mr GROOM - Any opportunities for growth and we can get you the details in terms of the specific ones. I have also have stats in terms of the number of state nominated visa applications. I think it has increased something like 70 per cent over the last 12 months. This is where we have identified the areas of skill shortage and when seeking to attract people into those opportunities. We can get that data for you, Ms Forrest.

This an important area, making sure that we are an attractive place. You were right, Chair, when you say the general trend has been when new arrivals have come, a disproportionately high percentage then go on to Melbourne, Sydney or Brisbane and that is because of established networks and communities and support groups so it is a really important area that we understand what we need to do to provide the support for people to establish themselves here and commit to Tasmania over the longer term.

CHAIR - That is why I raised the question. I have observed it so many times, particularly people who come into rural areas and then move on.

Mr GROOM - One last comment. We are working with the university on the northern cities university project and they have targeted an additional 10 000 students, domestic and international. That is a pretty bold ambition but that is the nature of the project that they have embarked on. A very significant potential increase in international students as a result of that, and that is an important opportunity to encourage more people.

CHAIR - Mr Mulder has a question on that.

Mr MULDER - On the population issues you were talking about, one of the great attractors of getting people here is to have jobs for them. I am wondering, minister, where are those jobs, why do we in Tasmania think it is appropriate to pay people less than they do in other places and what steps are we trying to reduce the need for 457 visas into low and medium skilled jobs?

Mr GROOM - We have to do everything we can to find opportunities for Tasmanians. There is no doubt about that. Let's be practical about it. You get a lot of feedback from businesses that struggle with the people's basic employability skills. That is the true, and one of the great challenges we have as a state - to get more people who have been out of employment or young people who may have been brought up in a household where they have been disconnected from employment - their parents never had a job, even grandparents and even anyone in their wider family, in some instances. A lot of work has been done on that.

We did a pilot program, which we are expanding this year, with the TCCI on the north-west coast. I believe there was also one in the south where we identified a group of young people who either had never had a job or people who were long-term employed, and a group of employers who were looking for people for employment and sought to find the skills gap - that is, the basic skills people did not have that the employers identified as the reason they could not give them a job. We then designed specific training to fill that gap. A lot of that was very basic, such as understanding the concept of turning up to work at a certain time, being able to use a cash register or being able to present to a customer - so those basic skills that might be the difference between someone being able to get a job or not are often a big issue. We have rolled out with the Work Readiness Program - a \$900 000-commitment. We are also doing a lot of work with Beacon in that space.

Mr MULDER - That is all right if the jobs were there. My question was: where are they? Your answer would suggest there are huge vacancies, for example, in the retail sector.

Mr GROOM - The anecdotal feedback we get is that in tourism and retail - I can provide the data on it - is that there are clearly gaps in construction. They are a few obvious examples.

Ms FORREST - Those jobs in construction wouldn't be unskilled jobs, though?

Mr GROOM - There are a lot of entry-level jobs. We have identified specific programs to take people from no skills to basic entry-level skills, and then provide a path to increase their level of skill in order to get their foot in door into that sector. It is important we find opportunities for young people to get into the construction sector. There are very immediate needs in that sector and the alternative is to bring people in.

Mr MULDER - In those areas where there are vacancies - I am getting it constantly - 'We have gone to the mainland because they pay much more than in Tasmania.' There is this concept of the 'Tasmania wage' that seems to infiltrate. If you have market forces, maybe if you offered more money to these people, you might get some of these ideal people back.

Mr GROOM - That goes back to my earlier point, which is I think we have to put our pitch to the nation more effectively. That is some of the work we are doing around the brand investment. There is a \$650 000 allocation this year to have a look at how Tasmania presents and some of the opportunities we have to better promote Tasmania in a national as well as international context. You cite wages, and I understand that, and for some people maybe that is a point of disadvantage for Tasmania, but there are lots of other opportunities for advantage.

If you are a young person in Melbourne or Sydney and not in the housing market, that is a frightening proposition. There are opportunities for people in Melbourne or Sydney to set themselves up well in Tasmania, including participating in sectors that have good growth prospects and a future, and we need to present that case nationally.

Mr MULDER - What about the visa 457 issues? It seems to me that in Tasmania every time there is an industry or someone wants to grow something, suddenly we have to have people on 457 visas coming in. An example of that was a few years ago when John Holland took over the contract on refurbishing the 330 kilowatt live transmission system. We had people who had been doing this sort of work for a long time - John Holland got the contract, and the next thing you know we've got 150 Filipinos coming down here doing work that used to be by other people. It is those sorts of issues. Where are the jobs? Why are we paying all this, and how come, when we do have a vacancy, we tend to be bringing in people under 457 visas?

Mr GROOM - Again, my point is that there are opportunities for employment in Tasmania in the sectors I have just described. I agree that we have to better market ourselves and get the pitch right in order to make sure that we are attractive, both for Tasmanians that might otherwise be wanting to interstate for employment and for attracting people back to the state, but also new arrivals, people who aren't from Tasmania, to emphasis the opportunities that exist here. I would cite, based on feedback we are getting from business, that we do have a practical issue in Tasmania with the basic employability skills of a lot of people in Tasmania who have not yet entered the market or have been long-term unemployed. That is why we have focused on that area in terms of skills training, and I think that it is important.

Ms FORREST - In term of marketing, I live in Wynyard. I can walk to the airport and I do. I can be in the centre of Melbourne at 8.30 a.m. There is another marketing opportunity for people in that you don't have to deny yourself the benefits of the big city. You can still go to shows and do everything you like over there. I have three kids living there now. I can get all the benefits of living in Tasmania. The north-west coast provides a lot of opportunities for growth. How do we look at marketing? We have all the engineering up there, the agriculture - when the water recedes it will be fine. A lot of the soil is out in the ocean at the moment. There is an opportunity there to look at different ways of marketing these and trying to attract people back. It is young people and working people we need in that region for the construction, engineering and advanced manufacturing, which is amazing up there, as you would know. Has that been considered in this whole picture?

Mr GROOM - Yes, it is part of the pitch. We recognise as a state that we have to take our pitch to another level. We have to talk about all the benefits. What you have cited is right. You can have your cake and eat it. That is the truth. The north-west coast presents a wonderful opportunity. If you are in the outer parts of Melbourne, in some respects, you are better off living in Wynyard.

Ms FORREST - That is right. You get to Melbourne quicker.

Mr GROOM - It is a very real thing. You can have all of the benefits of the larger city. We live in a pretty accessible place. It is a quick flight.

Ms FORREST - With three or flights a day each way just from Wynyard.

Mr GROOM - Launceston or Hobart, it is the same thing. From Launceston or Hobart, you can get up to Melbourne pretty quickly. For the right people who are in the right form of employment, that may well present an attractive opportunity. We do not want to limit our pitch to that.

Ms FORREST - I am saying you should expand it.

Mr GROOM - Expand it - that is right. What we also want to say to people is 'Look, depending on what your preferred form of employment is, whatever you are currently doing in Melbourne, you can probably do it in Tasmania and still be connected.'

Ms FORREST - We need NBN in the main street in Wynyard, which is another area.

CHAIR - The other problem I think we have is we undersell ourselves with salaries and wages here in Tasmania. Apart from the high corporate end of the world, if you are living in the middle of Sydney or Melbourne, and you are in the legal or whatever, you can be paid much more than you can here in Hobart or Launceston or whatever. Aside from that, from my research, our public sector is pretty well up on parity with our mainland colleagues and with Fair Work Commission, most of our employees are standardised across the country. There is not much difference in that respect, but we have a lot cheaper rents.

Mr GROOM - I agree with that and I would add there is no reason why you cannot start a business in Tasmania. Really, the world is your oyster. Effectively you can operate a global business in Tasmania and have all the benefits of the lifestyle, all the benefits of the brand, which I think is potent and increasing, and it goes back to the work John has been doing in encouraging that opportunity. John has a view that Launceston can be one of the more significant centres for start-ups in Australia. I love that ambition. Why not? Why shouldn't we do that? I think we can adopt a broader approach and identify all the assets.

Mr EVANS - I was going to make the point, minister, one of the key actions under the population strategy is to focus on marketing and we are in the process of developing a website to connect with ex-pats and help them to be ambassadors for Tasmania and connect with others who might want to come to Tasmania and see the opportunities. Having all those qualities around liveability, and the other benefits we have talked about, are critical, but job creation and job opportunities will be important too. Connecting the market with the jobs is a key feature of the population policy.

CHAIR - I was going to follow on with some of that in a second but I think Mr Farrell had a question.

Mr FARRELL - This follows on from our previous 18 days of Estimates, it seems like, but trying to navigate our way through who is responsible for what area is complex, and with due respect, the Department of State Growth is a difficult thing to navigate. It has a lot of shareholder ministers.

On job creation, yesterday I tried to get some answers about opportunities with the funding for Metro to produce buses in Tasmania. Apart from doing the fit-out and a small amount of money allocated to Metro, there didn't seem much more of a bigger plan from Infrastructure and I don't know if that is Infrastructure's job to do that planning or whether it is State Growth or whether it is

Treasury. Years ago, we did build buses in Tasmania and there was a plan at that time to have that continuing forever.

There was a replacement program for ex Metro buses going to school buses and the whole thing seemed a fairly clever idea that would have employed people in Tasmania. It seems, with recent issues like the contract for the new police boat and the fitting out of ferries, very difficult to involve Tasmanians in those employment generation programs. I think there is a whole lot of opportunity that has not been seized upon and I am not sure who should be looking down this path.

Mr GROOM - We are very focused on this but I agree, historically it has been something that has been under done. I am very optimistic about the future of advanced manufacturing in Tasmania and one of the things we have not done well in the past is talk about the extraordinary capacity we have in advance manufacturing. I think anyone who visits some of the success stories in Tasmania cannot help but be wowed by that skill set. Talk about Wynyard - it is genuinely at the front edge, globally, of what is happening in advanced manufacturing. You look at those workplaces and their adoption of lean manufacturing,

Ms FORREST - Southern Prospect, a lot of those engineering firms. They should be named up. They are fantastic.

Mr GROOM - Elphinstone now, they have changed their name back, which is a great thing to celebrate such a wonderful name on the coast. There are great examples in the southern part of the state and right around the state, they are well known: your Incat Liferaft Systems; the new little one that we have managed to attract, One Atmosphere, a very exciting young company that we have been able to nab from Western Australia that is doing some really exciting stuff with buoyancy arrangements for helicopters of the Australian Defence Force.

We have great capacity, but we need to tell the stories and promote. That is why, under the action plan we are finalising, one of the things we have been focused on - and also through the work with the Caterpillar Taskforce - was putting together some of the stories, promotion videos, and working on ways we can ensure that people interstate are aware of it. We have done a lot of work with Defence in that area. The Land 400 one is potentially a very significant opportunity for the state. All the anecdotal feedback we have had is that there is a genuine recognition of the real advanced manufacturing capability that exists on the north-west coast of Tasmania in the context of that particular bid.

This is why we are working on training. The concept of encouraging a greater take up of lead manufacturing and front edge skills training in the sector, through the establishment of the Tasmanian Manufacturing Centre for Excellence. That is why we are also encouraging the development of a statewide advanced manufacturing industry association to better represent and take advantage of collaboration. That was one of the other things that came out of the Caterpillar experience. It is amazing how from a negative you can get a positive. We had the forum post the Caterpillar announcement and one of the key pieces of feedback in the sector was the need for greater collaboration, working together, and making sure we are utilising all of the collective skillsets we have in Tasmania to make a pitch for large-scale opportunity.

There are lots of other things we are seeking to do as part of that plan. We will be releasing that plan shortly.

In the context of buses, I think there are very real opportunities for Tasmanian businesses. I would be very hopeful that we can see Tasmanian businesses seek to participate in that. Did you have anything to add?

Mr EVANS - The minister is right. This is a fantastic opportunity. We have already had some discussions with a number of Tasmanian businesses who might be able to participate and contribute to that tender. They will need to be competitive, but we will work very actively to ensure there is a competitive Tasmanian opportunity once that construction goes to market.

Mr FARRELL - I tried to suggest yesterday that maybe rather than saying here is X amount of dollars for x amount of buses, it could have been an opportunity to create a business to build the buses, to invest in the start-up of a manufacturing plant here. There is still that expertise, as you have said, minister, even hanging over from the old Ansair days. There are still people around. If you talk to those people they say, 'We built 200 buses. We could have been sustainable on a small scale, building just eight buses a year.' Some of the buses were exported from here. Chassis and things like that are imported, but we have the expertise. Even I know in the north-west and in Moonah there is a great operation that is fitting out buses. A lot of the people who work there were former employees of the other place.

Mr GROOM - I am very aware of the potential for Tasmania to be very heavily involved in the Bus Replacement Program. I would like to maximise that opportunity. I would not underestimate the potential that it has to support significant further investment in advanced manufacturing in the state. We will go through a process and people have to be competitive, but I feel confident that we have the skillset to be very heavily involved in that replacement program.

CHAIR - We could have replicas of your big red bus.

Mr FARRELL - That could set the state up for the long term, because there is always going to be a need to update our public transport no matter what it is, whether the future is on rail or buses or whatever. It sets us up well for that.

Mr GROOM - I can assure you, Mr Farrell, the potential opportunity for Tasmania from the Bus Replacement Program is not lost on the Government. We are very focused on it.

Mr EVANS - We have seen a similar success with the fit-out of ambulances, where we have created a business fitting out ambulances which has moved on to being an export business.

CHAIR - Mr Farrell might have raised this yesterday in terms of the buses. When it comes to the crunch time and you have a very good tender in from China, and they are good quality buses, what do you do if they are half the price? That is always a risk, I suppose.

Mr GROOM - We can be competitive - that is the thing. You go and have a look at Elphinstone on the coast. What they do is globally competitive. There is no subsidy in it; it is genuinely globally competitive. They would argue - and I would believe them - that even the stuff that is transferred to Thailand they are globally competitive in. They would have considered that to have been the wrong decision from Caterpillar on a completely objective assessment.

When you look at the potential bid for Land 400. There is no doubt they have the capacity to be able to deliver a world-class product that is genuinely globally competitive. There is no reason why Tasmania cannot be ambitious in this space. We have many examples of businesses that

genuinely are competitive. What we to do is work together to maximise opportunities because in some instances it is true collaboration of multiple skill sets across the state we are best placed to be able to pitch. Also, we have to promote ourselves. We have to tell the story. That is some of the work we have been doing with the defence force.

The minister came down recently and was fully acknowledging of the recognition within the defence force of the genuine skills set that exists. As I have mentioned before, Ms Forrest, almost anyone who has had an exposure to the north-west manufacturing sector is just gobsmacked by the quality of it.

CHAIR - You are talking about advanced manufacturing and trying to leverage off some of that. I fully support that. The other dimension of that is that we have been milked dry of our personnel units and everything else. They have all moved to the mainland over time. Tasmania, as a state, provides more ADF personnel per capita than any other state in Australia. So it would be great - and it is something that should be looked at - to try to get the hierarchy of defence to relocate one or two of their units down here in Tasmania. You are talking substantially numbers of personnel, with flow-on effects to the community and everything else. For the communities that have an ADF presence, it is a big spin-off. It is a great part of their economy, in fact. I thought I would pass that point across.

Mr GROOM - I completely agree and this is a big part of our fair share of defence strategy. I make no apologies for the title of that strategy - some people have been critical of it. I think Tasmania has a case to say we have been underdone. Let us be blunt about it. There is a lot of politics in the way defence spending is distributed. Defence is a huge percentage of the commonwealth budget.

Often we cop a bit of criticism from states like Western Australia, for example, in relation to GST distribution. I have always loved the concept of trying to work out what the genuine distribution of Commonwealth expenditure is across all the states and to have a look at it. When you look at defence, we are massively under-represented. We have about 2 per cent of the population and our percent share of the national expenditure in defence, including the capital expenditure, which is a huge component of it, is something like 0.002 per cent. It is a fraction of our per-population equivalent.

You mentioned the representation we have in the defence force. I know the statistic in the navy is something like 7 per cent or 8 per cent of the total personnel we contribute. Besides, we have a heritage in boat building.

CHAIR - We are exporting our people but we are not -

Mr GROOM - There is a whole range of areas we need to focus on.

Mr MULDER - A heritage in wooden boat building, perhaps.

Mr GROOM - Not only wooden boat building.

Mr MULDER - Seriously, minister. You trot this out about our 'fair share of defence spending'. When we try to get it, we end up with critically non-compliant manufacturing processes. That is an area we should be focusing on.

Mr GROOM - We are focused on that. I agree, as part of the defence strategy we are working with the sector to make sure we increase the skill set so that they understand what the requirements are from a defence procurement process and are best placed to be able to pitch for it. We have spoken directly with the defence force about ensuring Tasmania is invested in raising awareness.

Yet there are great examples. If you look at Taylor Brothers, for example, they have done great stuff. The patrol boat you are referring, I think Taylor Brothers still have an involvement in it. That is an example of a Tasmanian business that has found a way, notwithstanding how that tender went, to participate in the economic opportunity of that particular bid. They do extraordinary work, Taylor Brothers.

Yes, we need to invest in the skill set. We need to work together better. We need to tell the stories about capability better, and engage more closely with defence. We need to look at opportunities through things like the bus replacement program and advanced manufacturing more broadly. I continue to be very optimistic about the future of advanced manufacturing in this state.

Mr FARRELL - Sometimes we are our own worst enemies. We are saying to the federal government, 'Come here and build stuff', but as we have seen with the police boat replacement, we have gone to Western Australia. We are actually feeding that whole argument against ourselves, in some ways. It is a pity about that. I do not know what the process was because there were several stakeholders in that process.

It would have been great to see everyone get together and ask what we need to do to produce this boat in Tasmania. Then we also point out to the other states how well we can do things here. Maybe some investment should have been made to make sure they could reach those compliance levels.

Mr GROOM - I agree it was very disappointing there was not a Tasmanian outcome with that. Obviously, it was a process. It is why I make the point. You have to make sure you have competitive bids. I agree with you that we need to make sure that we, as a government, but also the industry, are working together to maximise the opportunities we have. With the bus one, the government is very aware of the opportunity that exists there for Tasmanian business. Certainly we will be doing what we can to ensure that every opportunity exists for Tasmanian businesses. I have no doubt at all that the sector - we have been working very closely with the sector and lots of opportunities in recent times - will be very focused on that opportunity also.

CHAIR - We talked about branding. As you are aware, the dairy industry has taken a bit hit. That is cyclical and outside what this Government can do. One of the biggest issues I want to explore is that 90 per cent of our milk production in Tasmania goes either through Fonterra or Murray Goulburn and it is nationally branded. It is not Tasmanian branded. That is the way it is through those two big co-operatives.

I have had people approach me to say that we need is the formation of another co-operative. I do not know quite what the answer is but there are a lot of people who want to talk about it, so that they can leverage off the Tasmanian brand. It does not have to be organic, but clean and sustainable, and with that Tasmanian brand rather than all being lumped in, generically, as it is at the moment. Is that something your department would assist with?

Mr GROOM - We are very aware of the challenges our dairy sector has faced. We have been working with the sector through the Skills Response Unit as a consequence of some of the

challenges. I am aware of some thinking in this area that it could be organised differently. New Zealand has been more in this area but I don't know whether some people would argue that has been successful. Some people would say it has been but they are also experiencing significant challenges in outcomes.

CHAIR - Whilst world commodity prices are high it works okay in that commodity, but when it doesn't we need a buffer, we need a mix. Some companies do it already but the bulk is still going into that generically branded market.

Mr GROOM - To the extent we can assist with that, we would be very keen to do it. I don't think there is any doubt at all that we need to make sure we are doing what we can to leverage off the Tasmanian brand. I know it is a frighteningly competitive market and a lot of it is traded as a fairly generic product. I am no expert but I would have thought there is an opportunity there of examples of businesses that have leveraged off the Tasmanian brand in milk-related products. I would have thought there is an opportunity for us to maximise that.

CHAIR - It is an issue with a lot of our agricultural products. We produce far more than we can consume here in little old Tasmania so it has to go to national and international markets. That is a fact of life. Some small companies do it very well. They have the niches and sometimes those niches are battered around a bit as well. For example, in the north-east or another region where they closed down their factory, potentially they could do something up there. I don't know what the answer is but there are perhaps some solutions out there.

Ms FORREST - On that point, I am declaring an interest. There are businesses out there doing this, and without the support of government - not all private enterprise wants or needs the support of government - but the problem for some of these businesses is, if they are trying to expand or access decent facilities to expand their business, with all the regulation and planning and the difficulty around that, it all becomes too hard. That is where government needs to help, not with the business itself but with all the other stuff. We are not seeing that happen and that is a planning issue more than anything. That is where the barriers are and State Growth needs to take a role in that, too. What role can State Growth take in that?

Mr GROOM - We have been doing work through the Coordinator-General with the Red Tape Reduction Initiative. The state is looking at trying to streamline the planning process. There will be people who say it is not happening fast enough and that it is still too difficult but we have a clear policy intent to try to streamline other planning processes. The Red Tape Reduction Initiative portfolio responsibility is a matter for Mr Brooks.

Ms FORREST - Is the red tape reduction his responsibility now? I thought it was still under the Coordinator-General.

Mr GROOM - It is done through the Coordinator-General's office and Mr Brooks has portfolio responsibility for red tape reduction. It is a very important area. If you speak to most businesses in Tasmania, one of the first things they will cite is the myriad regulations and compliance obligations they have to deal with. We fully recognise that in the modern world there are often policy reasons why you have to have regulation and compliance obligations but it is incumbent on government to be very mindful of the impact this has on businesses. There is the impact it can have on a business that is trying to invest but there is also the impact it has on a small business trying to survive. There are a lot of small businesses in Tasmania that really struggle with compliance. It is

hard just running the business, so I think it is a very serious issue. That is why the Government has had a clear intent in that regard.

CHAIR - To add onto that, even some of our more niche products like the in soft-fruit industry - strawberries, raspberries and blueberries, for example - are seeing a massive exponential increase in tunnels and everything else. Still, most of that is marketed under - some of it as Costa's but others as Driscoll's - and it is still not branded as a Tasmanian fruit. That is fine at the moment whilst the varieties and the protective covering have increased the shelf life but once again, as soon as the saturation point ends up in that market, then the price is starting to be driven down, so therefore you do need some sort of extra branding there to -

Ms FORREST - Value-add.

CHAIR - To value-add, yes.

Mr GROOM - We have seen this successfully in a number of our products in the international context with salmon, and the apples and cherries in China. There is no doubt at all that the Tasmanian brand presents a premium, not to say that it is not still a very competitive place. There is no question at all that there is brand value in the Tasmanian brand. I would have thought there is opportunity to extend again that government work with industry to better leverage off that. That is something we will need to do. Again, that is some of the work we are looking to do through the brand project investment.

CHAIR - Yes. Have we got a crystal ball with the exchange rate at this stage coming up?

Mr GROOM - I certainly do not.

CHAIR - The risks and the outlook. I have highlighted -

Mr GROOM - I cannot predict the rain and I cannot predict the exchange rate.

CHAIR - Yes. I will highlight that bit there.

Ms FORREST - What are the RBAs going to do?

Mr GROOM - All the RBAs -

CHAIR - Obviously if the dollar goes up, it is not a good outlook for us. Anyway, that is the way it is.

Mr GROOM - It is hard.

CHAIR - That is the way it is. I just thought you might have known.

Ms FORREST - Just on a point the minister raised in his opening comments regarding the growth in tourism, particularly from the Chinese market, your budget paper 1 clearly states that is a risk for the Chinese economy not necessarily continuing to grow at the same rate it has, which is almost inevitable in some respects. The budget papers say that the numbers could decline as a result of that. How are we going to try to avoid that as a state, and perhaps maximise our opportunities

for other markets, not just - there has been big focus in the Chinese market since President Xi was here but there are plenty of other places we can encourage tourists from.

Mr GROOM - I certainly would agree that we have to spread out efforts. One of the points that I would make on China is, first, we are still talking about significant growth. It is somewhere in the order of 6 or 7 per cent, something like that. It is still significant growth. I think because of the specific profile that Tasmania has had in the Chinese market, for the foreseeable future we have a reasonable basis for thinking there is likely to be further growth opportunity in inbound tourism from China.

The key to that is making sure we are servicing that opportunity well. We have still got some way to go in that regard, making sure that we have appropriate tourism experiences that are well packaged. The Chinese tourist market tends to like an identified itinerary with very clearly packaged holiday opportunities. It is really important that we make sure that we are doing that well right across the spectrum, from more modest itineraries up to the higher net-worth opportunities - language, food offerings, accommodation.

This is a challenge we have with tourism generally in the supply side. There is some of the work that John has been doing with the accommodation surveys. I see the Chinese opportunity as the more significant challenge in the short to medium term in terms of that opportunity. I absolutely agree that you cannot put all your eggs in one basket. I think we have had significant increase in international visitation in other parts. I might be able to get those statistics.

Ms FORREST - The country of origin?

Mr GROOM - Yes, outside of China.

Ms FORREST - Yes, you can provide that?

Mr GROOM - Yes, I think we can provide that breakdown. I believe we are seeing the Tasmanian tourism offering resonate as a consequence of awareness and promotion in international locations much more broadly than just China. Again, this is one reason I have the point that in terms of our international engagement and brand promotion, we want a spread from the heavy focus that we have had on China, which has been very deliberate - I have been very honest about it - and make sure that we are widening that. That is why we will be looking at India, Sri Lanka, Indonesia and Singapore on the trip that I will be doing with the Premier in September. I think the Deputy Premier is looking at Japan and a couple of other locations.

Ms FORREST - There is another opportunity here for a start-up business too, with development of apps and things like that that could assist our tourists.

Mr GROOM - Yes, no doubt.

Ms FORREST - There are huge gaps in it, I think. When you travel overseas yourself and you go to places, into China, you can put the English address in it, then it converts it to Chinese and show it to the taxi driver. I do not speak Chinese and they do not speak English. There are so many opportunities there. It makes travel so easy. Are we doing anything in that space? It is probably more the Coordinator-General perhaps as well.

UNCORRECTED PROOF ISSUE

Mr GROOM - I'll come to the Coordinator-General. I am aware people are looking at this. I do not necessarily see it as the function of government, to be honest.

Ms FORREST - Making those spaces available, like start-up businesses and things like that?

Mr GROOM - I think there are great opportunities in this space. You are absolutely right with the Chinese market. I think in particular they are so tech-savvy that the provision of information the way we traditionally think of it is very different to the typical Chinese tourists, who are used to utilising a phone device. The potential for the development of apps to support that, I think, is very important. My understanding is work is going into that, not through government, but through the private sector.

Mr PERRY - I think Kim now has some statistics.

Mr EVANS - I do not have the tourist statistics with me; I have some information around international students and whether we get those. I should know the tourist numbers off the top of my head because I've heard John Fitzgerald make a lot of presentations about -

Mr PERRY - One of the biggest growth areas has been the US, and Europe is growing as well. I think it is that we are seeing growth right across the board.

Ms FORREST - Asia is so much closer in terms of time to get here. If you have limited time to travel, you do not necessarily want to go to the other side of the world. Europe and United States fit that category, coming a long way. Maybe they stay longer because they have travelled longer to get here.

Mr GROOM - I make the same point I made earlier about trade - we need to take every opportunity, really. I think there is a great opportunity in some of the traditional markets for Tasmania, like the United States and also the United Kingdom. Our brand is very current and held in high regard. Also in little niche opportunities - for example, golf tourism; I would not underestimate the golf tourism.

Ms FORREST - Those people have lots of money.

Mr GROOM - They do. We were on King Island recently and went to Cape Wickham, which is extraordinary -

Ms FORREST - I wouldn't want to play it; it's too hard.

Mr GROOM - No, particularly in windy conditions. Ocean Dunes is the other one up there. Even the existing course at Currie is a beautiful little nine-hole course. At Cape Wickham, there were a couple of groups there. One of them was from Canada and another one from Argentina or something like that. That has only just opened. It shows you that there is already an awareness of Tasmania as a golfing destination. That is an example of niche tourism. I think we can get that around food and wine as well.

Ms FORREST - That is building on Barnbougle and Lost Farm and all those. There is more growth potential there, I think, as well.

UNCORRECTED PROOF ISSUE

Mr EVANS - In terms of tourist numbers, the international sources, China is still our most important market, also along with the US. China is up 14 per cent, as John has reflected. The US is up from 20 200 to 28 000, a 38 per cent increase.

Mr GROOM - In 12 months?

Mr EVANS - Over the last 12 months.

Mr GROOM - That is significant.

Mr EVANS - The UK, up 37 per cent; Germany, up 22 per cent.

Ms FORREST - Helps the dollar where it is, doesn't it?

Mr GROOM - Yes, but also it says to me there is something very positive about our brand.

Ms FORREST - Let's hope the dollar does not go up, otherwise we will all have the leave.

Mr GROOM - Yes, it makes it harder. Historically, when there had been favourable exchange rates, a lot of people would have come to Australia but not contemplated Tasmania. Those statistics would suggest Tasmania has emerged on a lot of itineraries and it is a very positive sign.

Mr EVANS - Interestingly, Indonesia, Malaysia, Singapore and India, by significant percentages, it has to be pointed out that is off a lower base.

Ms FORREST - Yes, but they are to Tasmania, not national figure, we are talking about. The figures for the international students - where do they come from?

Mr EVANS - Most of our international students come from China, 1 493; India is also an important market for us, at 722; Malaysia, 631; Nepal, Singapore, South Korea, United Arab Emirates, Hong Kong -

Mr GROOM - This has great growth opportunity. Some of the work John is doing in partnership with the university is exploring the potential of this, including through the northern cities projects, the relocation projects.

We are historically still underdone in the international students. The national average is about 23 per cent and we are about 15 per cent still. That suggest there is a natural growth opportunity for Tasmania. There is no doubt at all, as we have discussed, that the opportunity offered by international students is exciting because not only do you get the benefit of the investment, which is very direct - and often the families come out and spend time in Tasmania - but you also develop that connection.

I went to Indonesia last year and met with a group of alumni from the University of Tasmania, and it included some very high-profile people within Indonesia. To hear them talk as passionately as they did about the state, promoting all the opportunities and encouraging people to visit, shows you the benefit you can get with having a global network of ambassadors through that opportunity. It is not to be understated.

1.1 Coordinator-General -

Mrs HISCUTT - Minister, can you tell me how many FTEs are employed in the office?

Mr GROOM - Thirteen.

Mrs HISCUTT - The money has gone down from 2015-16 to 2017-18 - \$750 000 this year and \$250 000 the next financial year. That is because of the completion of the Northern Cities Major Development Initiative. Is that consultants who are not being employed anymore?

Mr GROOM - We have not completed that. That work is still ongoing, and it is a very important. We have committed an additional \$30 million to the northern cities -

Mrs HISCUTT - It says that the decrease reflects the end of additional funding.

Mr GROOM - There is an allocation of \$450 000 over two years. That was a specific allocation. The work of the Coordinator-General is ongoing in that space, and it is a very important initiative. The Tasmanian Government contributed a commitment of \$90 million of capital funding to that project. It is a very important project for the north of the state.

Mrs HISCUTT - What is the reduction in the money there?

Mr GROOM - There was a \$450 000 specific allocation over two years.

Mrs HISCUTT - That is gone, okay.

Mr GROOM - It comes to an end.

Mr EVANS - There was a \$1.5 million allocation last year dropping to \$750 000 this year.

Mrs HISCUTT - Yes, that is what it is.

Mr GROOM - The project is ongoing and it is a very important project for the state. The university projects, there are three projects involved, one is the University of Tasmania's Launceston Campus Relocation and Education Transformation Project, the second is the Devonport Living City Project and the third is the Enhancement of the University of Tasmania in Burnie Project. The uni projects themselves are expected to have an economic impact of more than \$428 million and create 3110 jobs. The objective of the university is to facilitate an additional 10 000 students through that opportunity, domestic and international, including offering industry-aligned courses. It will facilitate the development of centres of excellence in areas such as food and agri business, sport science, contemporary manufacturing, tourism and health.

The Devonport Living City Project is also very importantly revitalising the city there and is expected to contribute more than \$112 million annually and create 800 construction jobs and 830 ongoing jobs. The opportunity through the enhancement of the University of Tasmania's presence in Burnie is also important. As well as part of their transformation project is the development of associate degrees. This is a really front edge development being promoted by the university based on research that they have undertaken in the United States.

Mrs HISCUTT - I was talking to Janelle Allison. She was on that trip.

Mr GROOM - Right, okay. You have had a direct exposure to it. This is the model in the United States where a number of the universities have established community-based universities that offer sub-degree offerings, including associate degrees. They present a less intimidating and more manageable entry point for people who might otherwise find the concept of going to university a bit confronting. It has been very successful in the United States. Do you want to talk about your exposure to that?

Mr PERRY - I could address the point that you were asking in relation to funding that is allocated specifically for northern cities.

Mrs HISCUTT - I am quite across the associate degree and I did not really want to push that much further, but I do have more questions on the university.

Mr PERRY - There is a specific allocation there for northern cities, which is really around staffing. Although everybody in our office works across whatever comes in we have a Director of the Northern Cities and some other people who are really working predominantly on those projects.

Mrs HISCUTT - That is going to wind down.

Mr PERRY - That is in place for this year as well and then the funding finishes at the end of this year.

Mrs HISCUTT - Minister, there has been a fair bit of dissent with the movement of the university. We have been lobbied by groups of ratepayers in both Burnie and Launceston. I have been filled in on a ratepayer-initiated council meeting in Launceston that wanted to discuss that. I think the dissenters on the Burnie side have been overwhelmed so they have given up. How do you handle that? Are you sure that you are moving in the right direction with the movement of the university?

Mr PERRY - There was a meeting due to be held yesterday or the day before in Launceston and it has been adjourned because of the floods. It will be held in two weeks. Their focus, I believe, is not so much around the university relocation, but their concern is with the Launceston City Council's granting of land in relation to that.

Mrs HISCUTT - I think it is basically the same in Burnie too, it is the giving.

Mr PERRY - There has been a large focus of all of the team, including myself, to talk to all the different community and business groups, particularly in Launceston, around what is proposed and the advantages that will result? The initial perception from some people in the community is there are perfectly good buildings at Newnham, why do you want to do it?

Mrs HISCUTT - The same in Burnie. It was a greenfield site not that many years ago.

Mr PERRY - Slightly different circumstance in Launceston because the buildings are very dated and have some of the poorest utilisation in terms of people per space, as well as significant maintenance bills and those sorts of things. It is looking at identifying some of these opportunities which the minister addressed. What is going to be distinctive and differentiated about those two campuses? How, the associate degree in particular, is it going to be more linked to industry and it will be critical for those pieces. We spend a lot of time talking to different groups and explaining

UNCORRECTED PROOF ISSUE

some of plans and the potential. As the minister said before, the planned additional 4000 students includes 1700 international students and 500 interstate students.

Mrs HISCUTT - One of the big arguments in Burnie is it is crowded onto the point. Where are they all going to go? I am sure you will get across these things. The same with Devonport Living Centre, there is always a group for and against. We have to work our way through that. I have quite a list. Did you want to have a break or I can plough through?

CHAIR - We are going to have a break in a minute.

Mrs HISCUTT - I will continue then.

Mr GAFFNEY - The Devonport Living City one, I would like to ask a couple of questions on that specifically. There is a group that is quite concerned about where it is headed and without having a major tenant, the council is getting itself into hot water regarding its loan. That is all well and good. I am wondering how the government keeps its finger on the pulse - \$10 million is a lot of money - on how that is travelling? When they put out a prospectus saying there are 860 jobs, if they don't have a tenant for the major area most companies wouldn't touch it with a 10 foot pole because they don't have a major tenant to continue with the development. I am wondering how you guys protect the funding you are putting into a project such as that? How do you evaluate how it is travelling? How do you evaluate whether your money is being well spent and whether the place can afford it?

Mr GROOM - I understand where you are coming from in relation to it. From our perspective one of the things we have looked at doing is to transfer the existing LINC site across to the Devonport City Council to help facilitate it. Free up the land to enable them to proceed to the next stage. We have reached in principle agreement in relation to stage 1 funding but we are still working through those. I understand these projects are not easy but the Government had a policy commitment to be supportive. A lot of work was done in developing that project. One of things they did well was their community engagement piece. I understand from a commercial perspective it is difficult and from our perspective we want to be supportive and make sure we are not the reason that project can't proceed. I would acknowledge there are difficulties and challenges in terms of attracting retail opportunities. Did you want to have something in terms of your engagement with them?

Mr PERRY - There is fairly significant infrastructure behind ongoing engagement. Part of it is any funding will be subject to a grant deed with details around how that is managed over time. There have been intensive negotiations around how the money will be used and how it will be structured. There has been work, as you pointed out Mr Gaffney, in relation to what is the economic impact that was done some time ago. There are three stages with the Living Cities Project and one of the critical ones is the development around the foreshore and a hotel that will be part of that. Work has been undertaken looking at the potential for that and what hotels may be interested. There is a lot of behind-the-scenes as well as documented and contractual pieces to make sure that that money is protected.

Mr GAFFNEY - How do they sign off on the \$10 million? You give them \$10 million and the feds have come up with \$10 million, so what is your expectation on the return for that money from the Devonport City Council?

Mr PERRY - The \$10 million that the federal government has provided is in relation to stage 1 and stage 1 will be underway relatively soon. From our perspective we have looked at the economic benefits and the overall financing of the project. There has been a lot of discussion with analysts within Treasury and looking at the affordability et cetera. The return is the ultimate output but that involves all of the different components, which includes the concessions around the market place and there was originally a plan around a tenancy for the conference centre. That is also being looked at and how that is going to be tenanted. All of those different components are part of the reason why the Government said that they were prepared to put both property and funding behind it.

CHAIR - At this stage we will take a break. We will adjourn for 15 minutes.

The committee suspended from 10.31 a.m. to 10.50 a.m.

CHAIR - We will resume and we have Mrs Hiscutt, we are still on 1.1 Coordinator-General.

Mrs HISCUTT - Can I firstly touch on the expression of interest? Your round 2 for your sensitive tourism projects - how is that going? Do you have many people looking to start up a business?

Mr GROOM - We have continued to see good progress with the EOI process. It is a very important initiative of the Government in supporting tourism and economic activity including in regional parts of the state. I was able to announce yesterday that the fifteenth project was approved to enter into lease and licence negotiations. That is the Cradle Mountain Canyons Eco-tourism experience which operates a unique heli-canyoning experience on the Harnett River, south of Cradle Mountain in northern Tasmania.

The venture would see clients offered the opportunity to fly in by helicopter to a remote gorge on the river, spend the day negotiating the canyon by means of walking, swimming, jumping and abseiling with two experienced, qualified guides. Clients would then be guided along the length of the Harnett River to the River Forth, staying in an overnight temporary camp followed by a river raft down the River Forth to pick up point by 4WD. That is the fifteenth.

There are 25 that went through to stage 2. Of the 25 there are 15 have now progressed to lease and licence negotiation. Four have completed the lease and licence negotiation.

Mrs HISCUTT - Do you anticipate the 25, how are you feeling? Do you think they are going to comply? I am looking to see how many people this may employ.

Mr GROOM - We are still working through a number of the other projects, as I have said all along, it is very difficult for people to make these projects work. It is not easy. The process has been very effective in attracting ideas and encouraging people to come forward with ideas.

Mrs HISCUTT - There is not a lot of employment with the four already approved?

Mr GROOM - No, it is still emerging. A number of them are expected to commence operation toward the end of the year. We have one that is operating, the boat charters at Port Davey. The total estimate, if all of them were to come to fruition, would be a \$75 million injection and about 275 jobs. It is not an easy thing for people to get some of these projects up.

Mrs HISCUTT - It is good to see they are diligent.

Mr GROOM - Yes. I think it is important we have been able to attract ideas. That was the intent of this particular process.

Mrs HISCUTT - The Coordinator-General is also responsible for the Red Tape Audit Report. I have seen the report and it is quite thick. A lot of it is legislative change, some of it is regulatory change. Do you have a program for the coming agenda to look at legislative change and get a few of them through?

Mr GROOM - There has been a lot of work on the red tape initiative including the Red Tape Audit Report, done through the office of the Coordinator General through the red tape coordinator. It does not sit within my ministerial portfolio responsibility, and is a matter for Minister Brooks.

Mrs HISCUTT - We are talking to the Coordinator General of the minute.

Mr GROOM - Yes, I am just making the point that Mr Brooks does have overarching responsibility for it, but it is a very important initiative of the Government and has identified a number of opportunities for red tape reduction.

Mrs HISCUTT - When I was looking through it there was a couple of things there as a farmer I have seen happen, which is good. The motor tax on vehicles we do not have to go to Service Tasmania every time we register a vehicle now which I thought was wonderful. The crop protection licences also helps.

With the regulatory change do you have a program to progress these things, to get rid of them and legislate them? You do.

Mr GROOM - Yes, there certainly is an active program to pursue it. We have identified in the order of 70 opportunities to date and we are continuing to work through this. It is a really important initiative if the Government and I know some have thought to criticise it. Some of the practical issues that people have dealing with regulatory arrangement and compliance is very real.

Mrs HISCUTT - The Building Bill was a prime example, was a good one to see it come through.

Ms FORREST - Will the regulations sit below that? We are yet to see.

Mrs HISCUTT - Yes but this is a good start. Industries like the whiskey industry I will be discussing with you, they want regulations so there are horses for courses.

Mr GROOM - No one would suggest we can do away with regulation and is why the objective of the program has not been to just remove all regulation. It is to remove red tape, by red tape we are talking about regulation or compliance obligations that create barriers to investment. It is also disproportionate in terms of the broader policy objectives that may underpin them and where they create a burden to business disproportionate to the broader policy benefit. That is the concept of red tape and is what the Government is seeking to reduce through Minister Brooks.

UNCORRECTED PROOF ISSUE

Mrs HISCUTT - Chair, just before I move on and we do have other things other members might like to speak about. Red tape? No.

The Coordinator General is a course to attract business, to get it up and get it going or assist. Can you provide or can he provide a rough list of some of the better achievements underway?

Mr GROOM - As outlined previously, there is a lot of work the Coordinator General has been doing through the office in the Northern Cities Major Development Initiatives, is a significant one. In total we are talking about half a billion dollars of economic investment, more than 5 000 jobs. The office have also been working on a \$45 million boutique hotel and training facilities as part of the \$65 million Kangaroo Bay redevelopment. They are doing important work assisting with the Cradle Mountain Master Plan which potentially represents a \$100 million reinvestment at the Visitor Centre.

Mrs HISCUTT - The spin off on to my area on the north-west coast.

Mr GROOM - Yes, it would attract an estimated additional 59 000 visitors resulting in more than \$100 000 additional visitor nights and contributing more than \$29 million annually to the economy. The office has also working on tourism accommodation studies so they have been involved in the development of the King Island Destination Management Plan.

I had very good feedback when I was up there, in terms of the engagement, the Office of the Coordinator General. As I mentioned before the golf tourism opportunity on King Island is quite extraordinary and there is recognition the time is now.

Mrs HISCUTT - They need accommodation.

Ms FORREST - They are staying at Barnbogle, travelling over the day and going back again.

Mr GROOM - Yes and the office of the Coordinator General has been doing very important work, they have been looking at opportunities on the east coast and they have been involved in accommodation assessments in Launceston and Hobart also. The work in international engagement has been very important. The office is involved in quite a number of delegations. I think there were 20 substantial delegations it has managed in recent times. The work they have done with Chambords represents a potential partnership opportunity. The Kangaroo Bay project has been very important. You have mentioned EOIs with potentially \$75 million of investment; it is very exciting as to where that is heading. Another one to mention is the start-up and innovation hubs. It is a bit different but it is really important as a state that we encourage innovation and entrepreneurship. The work the office has been doing is quite exciting.

Mrs HISCUTT - Is the office of the Coordinator-General involved with the CollabLab and the university in Burnie?

Mr PERRY - We are aware of it but have not been involved with it. We have had conversations around where we could have additional hubs as it grows. That is one area that is possible. In the start-up community there were a number of people who were instrumental in the CollabLab, such as Rob Vernon who is heavily involved in that sector.

Ms FORREST - This is my favourite topic - performance indicators. We have discussed it before but we still don't see any outcomes-based performance indicators. We discussed these KPIs

for the Coordinator-General position when it was established. You have read through a list of things that are going on. Some of them relate to projects that require federal money, otherwise they won't go ahead. Some of them are potentially pie-in-the-sky, unless the feds come on board.

What I would like to see about performance information in terms of outputs is the number of engagements, meetings and that sort of thing that the Coordinator-General has facilitated. You can read all this now, but some of them will probably get up but some of them won't. It is all well and good to talk about this and have it on the record, but unless we are seeing real outcomes, what are we measuring? Are we measuring value for money? You say yourself that the Coordinator-General's position has been criticised - not the person, the position. If you are to defend that position, you need to provide some meaningful performance information - and we still don't see it.

Mr GROOM - I take your point in relation to the KPIs. However, I would suggest that there are specific outcomes that are meaningful in KPIs that have been delivered. For example, the work with the EOI process is tangible. We have projects that are fully approved now as a consequence. One of the other things I would say is that there is a lot of material that is developed through the office that is very important in promoting opportunities for the state. They have been working, for example, with the Tasmanian investment opportunities list - which lists \$4.6 billion of Tasmanian investment opportunities - and the development prospectuses to attract investment. A lot has been done on that - the Bell Bay industrial precinct, the Translink prospectus, and also one for Meander Valley. I take the member's point about the KPIs; it is a fair point. As to some of the work the Coordinator-General is doing, which is about future opportunities, I would not be too dismissive of that. It absolutely is the function of the Coordinator-General to be involved in that. Not all of it will come off. I have just made the point in the context of the EOI process, for example.

Ms FORREST - I am not suggesting it should, but there needs to be some sort of reflection of the work and efforts that have been put in by the office. Even where there aren't outcomes, there could be very good reasons why there aren't. It is good to see what the outcomes are; otherwise I could argue that we shouldn't have the position.

Mr GROOM - I would strongly argue against that. One of the things I would say is that the notion the office of the Coordinator-General should be measured solely by the concept of identifying specific projects and the number of jobs is not a fair reflection of the nature of the role, which is an interface with business. I would argue that Coordinator General has played a role in the improvement of business confidence. I have had feedback from businesses that appreciate the fact that there is a point of contact where you can talk about these opportunities.

Ms FORREST - The number of contacts are also outputs. Also the number of external investments and people who have come to the office knowing it exists.

Mrs HISCUTT - Projects in progress could be a KPI as well.

Ms FORREST - They could be. These are things we need to report on. I will look forward to your annual report this year.

Mr GROOM - You make a fair point. There have been 20 high-level international delegations that have been managed through the office of the Coordinator-General. That is an example of something that could be reported against -

Ms FORREST - Then we should know what the flow-back is from that. It is not just outwards; it is inwards as well.

Mrs HISCUTT - The CAT Taskforce - how is that going the placement of those workers? I see J Bent has picked up quite a few. I have seen the video from the CAT Taskforce for manufacturing for Tasmania. That was a very good outcome.

Mr GROOM - There have been some positive things to come out of the Taskforce. I mentioned the forum before. It has been an opportunity for the industry to come together and talk about some of the opportunities they have, which it was very significant. In addition to that, there have been a number of activities and recommendations from the taskforce that are being incorporated into the advanced manufacturing plan.

The Government announced a \$3 million package to support the taskforce. The majority of the funding was allocated to advanced manufacturing transition fund grants to be awarded through an expressions-of-interest process to develop jobs in manufacturing. The results of the transition fund were that in round one, which occurred last year, there was a commitment of over \$1 million to fire projects. We have created 61 jobs.

In round two, which was completed in April this year, there was a commitment of \$510 000 in six projects creating 55 jobs. The Deputy Premier also hosted a delegation to Thailand, which included 11 Tasmanian manufacturing companies, along with Mayor Anita Dow and other senior representatives. As a result of that mission, they were able to demonstrate to Caterpillar the ongoing capacity of Tasmanian businesses to be able to supply -

Mrs HISCUTT - I have had some feedback on that mission from some of the people who went and it was very good.

Mr GROOM - That is excellent. As I have mentioned before, there are a number of opportunities we have been pursuing as part of the advanced manufacturing action plan, including the development of the Tasmanian Advanced Manufacturing Research Centre of Excellence. We are also increasing the opportunity for expansion through the new market expansion program.

In addition to that, the Government is assisting the development of the advanced manufacturing sector with the Metro Tasmania replacement program. We have had the discussion about the broad opportunities that could present for the advanced manufacturing sector.

Mrs HISCUTT - I talked about the reduction in the funds. It says here that 'it reflects the end of additional funding relating to international engagement, investment attractions and facilitation'. I would have thought that it would have been an ongoing thing. Do I understand that correctly? What international engagements are winding down when we have an Indian trip and a Singapore trip coming up? Is that a different set of money?

Mr GROOM - It was more to do with a specific allocation for it but it is ongoing work in the office and is done in conjunction with the Department of State Growth.

Mrs HISCUTT - You have a Singapore trip coming up in September, and the Indian trip. That would be most important and I just -

Mr GROOM - It is a very strong ongoing commitment of the government and we will be pursuing that -

Mr EVANS - We have a budget allocation for the trade union.

Mr FARRELL - In the IT space, if that is the right area to talk about it. What has been done in that space, and what are your expected outcomes? What opportunities are there for Tasmania in that area?

Mr EVANS - It is probably more - do we have something on that?

Mrs HISCUTT - I don't know why they don't just give it all to you. It is counterproductive - IT rather than every other portfolio.

Mr FARRELL - Through the committees, I think. They are being done through the Coordinator-General's Office. Is that right? It probably is under Mr Ferguson but it comes under the Coordinator-General's Office.

Mr EVANS - I am not sure whether it was before this committee or another, he would have spoken about all of the government's initiatives with respect to innovation and ICT, the digital ready program wi-fi roll out and a range of other initiatives.

Mr FARRELL - Just with the technology hubs, we did not have the Coordinator General at the table with us at that time. It is seen here but it was not called up. It is trying to come to terms what fits where.

Mr PERRY - I guess in relation to the things we are focusing on are around investment in that space so we are responsible for putting up the data centre attraction strategy and we are also working with minister Ferguson on remote working and how to encourage - we talked a little bit before in the opening comments about population strategy and attracting businesses here. One of the things we are looking at is what is the underpinning infrastructure needed so that an agile workforce, someone working for companies that are really focused on allowing their workers to work wherever. Telstra or at Deloitte have excellent underlying infrastructure but thinking about some of the other organisations to attract people to have the lifestyle or the connectability to be able to work out of Tasmania and link into wherever there are businesses. We are working on that at the moment and are expecting that will be released quite soon.

On the entrepreneurship and innovation hub side, our work is in bringing together all of the different partners because it really needs to be start up community led but the government has put in some seed money in order to encourage that activity to happen.

The timing is great because there are a number of organisations that are getting first stage and early stage funding and being based in Tasmania. Buyable got \$1.2 million recently in early stage funding for development. The yield, for example, attracted \$2.5 million from Bosch only a few months ago so that sorts of things are great stories to be able to tell but then encourage people to set up their businesses here.

Mr FARRELL - It is more and I understand now the link through IT and through State Growth and through infrastructure. It is all tied up and I wondered how that process worked through State Growth.

Ms FORREST - On that point, minister, the NBN and the need to get it out into all our towns. I can get it at home in Wynyard which is spitting distance to my office and to the airport, but I cannot get it in the office that is in the main street. You look at all these other opportunities. The west coast is another issue with NBN - so important for generating opportunities around the state - so what is your role in this area?

Mr GROOM - It is a very important opportunity; it is something that Mr Ferguson takes the lead in and we are very focused on it and engaging very actively with the Commonwealth government to secure a timely rollout, including into different regional parts of the state, like the west coast. So we're very aware of the importance of having opportunity that it can present.

DEPUTY CHAIR - There's nothing specifically that you're doing?

Mr GROOM - Mr Ferguson takes the lead on the NBN. From our perspective, we recognise that it is a very important opportunity for Tasmania and it is very proactive, our engagement with the commonwealth government to try to facilitate an effective rollout of that.

1.2 Industry and business development

CHAIR - Minister, the first question: last year, the loading in the budget allocation is at the front end and does represent a decline as we go down in the forward estimates. Can you confirm that these projects are on track? Also detail any new initiatives that have been funded this year. Do you see where I'm coming from? In this particular line item you pick decreased quite significantly over time from 2016 down to 2019-20.

Mr GROOM - That's a consequence of the number of initiatives that we've got through the business attraction program. Population growth initiative, the Caterpillar Transition Taskforce. Regional revival fund is included in that and a number of other ones. I think there's SEPA funding that is also included in that. They are rolled out through the course of the forward estimates and so there's a change in the funding profile that reflects that.

CHAIR - ICT strategies in budget note 10. Papers there note the state's funding for ICT strategies that are the responsibility of the minister for IT and Innovation as is worded in this output. What's the role of your department?

Ms FORREST - We just did that while you were out of the room.

CHAIR - Did we? I won't pursue it any further then. We'll move on to Tasmanian Development Board loans. Can you detail the amount of funds that have been provided as loans to their board and the purpose of these funds? You may have a list, or you may have to take it on notice.

Mr GROOM - The board plays a very important role in terms of facilitating various opportunities. As of 31 March, there were 60 loans outstanding, totalling approximately \$31.3 million. Most of those loans were long-standing loans. The board is responsible for all loans in Tasmania under the Australian Government's Finance Concessional Loan Scheme. Since it's inception, 29 finance loans totally \$40.6 billion have been approved by the board. As at 31 March there are 24 loans in place totally \$11 million. The board is responsible for all loans under the Tasmanian Government's AgriGrowth loan scheme. As at 31 March there's been 24 firm enquiries

for finance with six loans totalling \$1.8 million being approved by the board and subsequently accepted by the applicants.

The board recently took on responsibility for the approval of loans under the Tasmanian government's \$5 million Pacific Oyster Mortality Syndrome concessional loan scheme that was announced by the Government, very important support for that sector dealing with an extreme situation. As of 31 March there were several application that had been pursued in relation to that and nearing approval stage.

During the current term of the Government the board has recommended to the Government that it provide several loan assistant packages, including a fully secured \$15 million commercial loan to the developer of Myer in Hobart. The developer has subsequently secured private sector finance for the project and has advised that the loan is no longer required. It was very important at a critical point to facilitate that. A \$6 million commercial loan assistance package to support the restructured operations of Hazell Brothers, \$75 000 commercial loan assistance package to support the re-establishment of the Red Velvet Lounge business in Cygnet. And the Government providing guarantee support to facilitate a \$52 million reinvestment in Nystar.

Mr EVANS - We have also provided recommendations for an assistance package to Copper Mines of Tasmania to support its reopening when market conditions and metal prices improve. There are a number of active projects like that we have considered and provided recommendations to the Government about.

CHAIR - Minister, with interest rates at historical lows - personally I am pleased about it but it depends where you sit - is there room for you to be doing much in the development board loans? Do you see where I am coming from? It is probably commercially much more attractive.

Mr GROOM - It depends on your circumstance. We are not seeking to compete with the private sector in the provision of finance; that is not the purpose of the board. There can be gaps. While interest rates are low, the commercial rate for loan has a significant margin, so there is the capacity through the TD board to provide loans still at a lower rate. In addition, there can be security arrangements and a risk profile that is a bit different to the commercial sector.

A good example of that was Myer where there was difficulty in fully financing that in the private sector in the first instance. Some people would have different views about that. Some people would argue that there is a different risk profile that is given to some of the major banks to Tasmania. They would deny that but some would say that is their practical experience. So in that instance there was an argument because of the strategic significance of that opportunity to facilitate it. Since there has been progress, they have been able to secure that in the private sector, so the order has been able to withdraw and the private sector has filled that spot. It is a good example of where there can be opportunities that are justified from the whole-of-state perspective for the board to play a role. But it is not intended to compete with the private sector.

CHAIR - In regard to the recent Cadbury money, what role did your department play in that?

Mr GROOM - Mr Evans is probably better placed to respond to that. There was an assessment process. It has been a very successful program. It was done independently of me, it went through the Premier and was done in conjunction with the Commonwealth. I might hand over to Mr Evans.

Mr EVANS - The process was run by the federal department, the local office here, the Department of Industry, Innovation and Science, they administer the fund but they do that in partnership with us. They called for applications in accordance with criteria established jointly between the federal and state government. They undertook the detailed due diligence and assessment of all of the projects with our staff. Those assessments were considered by an assessment panel chaired by an independent person, with myself and state Director of the Department of Industry, Innovation and Science. We took all of the officer assessments and then consolidated recommendations to the Tasmanian Government and the federal government. All of our recommendations were accepted by both governments as part of that process.

Mr GROOM - It has been very successful. There were 56 successful projects with a total investment of \$92.6 million, expected to create 774 new jobs. That is a fantastic outcome for Tasmania. The Commonwealth contributed \$16 million which is the reallocation of the Cadbury money and the state Government has committed \$8 million to support it. What was even more pleasing was the board's success in the number of applications. To participate in this you had to contribute private money. There were 141 applications which reflects the appetite for investment in Tasmania.

CHAIR - I have a different view of this matter because sometimes we end up interfering in the private market place and I have had disgruntled constituents come to me who are fine but their competitors received a bucket load of money and not only once, but twice, three times, and some of those businesses had very strong cash flows. They had the resources to put in strong submissions.

Ms FORREST - Like Cadburys.

CHAIR - Their competitors, who are left in the wake, you could argue, are disadvantaged. They are in the same market space. They are competing against somebody who has a bucket load of grant money and it doesn't go down well. I know all parties do it. It has been a political pork barrel. The process would be much better if it had a development fund but the capital is repayable so you have a revolving fund of capital put back into rather than just the hand out.

People often don't value the hand outs. I know, minister, you have mentioned it will create so many jobs and in the *Australian* newspaper there was a great exposé on how a lot of those things haven't worked in the past and where is the performance measurement at the end as to what they have created and what is planned and it is often quite negligible. Whilst it is easy for the parties to sell good news stories, it creates angst out there when you see businesses which have very strong balance sheets roll over and get another few million dollars and other people say give us a break.

Mr GROOM - I understand the point you are making. I understand that sometimes in specific circumstances there can be concerns expressed about that. I would still strongly argue that we can't be too purist about it. I subscribe to the pragmatic in these things. We are not a wealthy state. Through an allocation of \$8 million we are going to see almost \$100 million of economic activity. I take your point in terms of measurement. That is the assessment that has been given. There are some very successful examples of projects that have been facilitated through the provision of grant funds. We were talking about one before – with Barnbougle under the previous government, for example. I take a more pragmatic approach.

I understand your point. If I can see a scenario where the State of Tasmania can leverage of \$8 million of investment - even if you took a conservative estimate of the economic benefit of the investment out of this program, I think it is a pretty good outcome for the state as a whole.

CHAIR - I understand it is inflow and cash and everything else. Perhaps there is a different methodology, a better way of doing it.

Ms FORREST - Has the Government considered that approach?

Mr GROOM - There are examples of that through the TD Board. It is how the TD Board operates. That is an example of where we have facilitated opportunity, but it is not simply a handout - the money is paid back, in fact.

Ms FORREST - Perhaps the greater use of that could be considered? That sort of approach rather than the grants that there is no requirement to pay back? Under the TDB, that model may be broadened rather than using just grants, as the Chair was saying.

Mr GROOM - The TD Board sits there. Applications can be made; businesses can approach the state in relation to that.

Ms FORREST - The problem with the Tasmanian Development Board - and I think we might have had this discussion last year - is that it does not really help startups. One of my constituents had a business and had to demonstrate previous cash flows, but it was a new business and you cannot do that with a new business, so they were immediately out of the game.

In terms of that, maybe some of that methodology needs to be looked at. My constituent had a reasonable case, needing financial support, they were willing to pay it back - there was not a problem with that; it was a cash flow issue for them. They had a heavy front-end investment, but the cashflows would have been able to pay it back, but they were out of the game.

Mr GROOM - That is a very fair point. We were talking before about trying to encourage the startup sector and also business startups more broadly. It may well be there is an opportunity for us to look at that. I do make the point that again there are different views on these sorts of things. Sometimes we are criticised for utilising the blind book of the TD Board because of the risk profile that is taken by government. When you are talking about a startup business with no established trading history, it is a very difficult risk assessment. You are making quite a subjective risk assessment in many instances.

Ms FORREST - The government is known for a very conservative risk approach in this, according to Treasury. Very conservative.

Mr GROOM - It is a fair point.

CHAIR - Thank you. I have gotten that off my chest. As Ruth said, perhaps there ought to be an examination of the methodology we use in approaching some of these things. Craig had a question as well.

Mr FARRELL - Linking on from this, minister. I take on board that some of the businesses are supported to help establish them. There are small groups - particularly in my electorate, if we are going to talk about our own electorates, which I think other members have - that have projects they want to get up. It is very hard.

I talk in particular about the tourist railway group based in New Norfolk. They have tried through Infrastructure, they have tried through Tourism. They get to a certain point, and then everything seems to stop. There is an opportunity with you as State Growth minister and also Parks, because this would be an opportunity to have train trips to Mount Field. The real risk is - and I will get to the question shortly - that through infrastructure, there are cycle groups making approaches to use a section of the line, which is fine if that is left there, but I think their plan is to lift the line and turn it into a bike track. They have all the bits and pieces, but they need some assistance and some guidance. I do not know whether it is the role of the Coordinator-General or Development Tasmania or whose role it is, but every time they go down a departmental silo, it stops, because it is related to infrastructure, it is related to tourism, it is related to parks - it is the whole big picture.

A lot of small volunteer groups not only need financial assistance but also assistance in getting off the ground. Particularly when we are looking for tourism opportunities in the state, I wonder how we incubate these groups. There are other groups right around the state that are trying to get there, but cannot get the impetus and the assistance they need to get things going.

Mr GROOM - I am certainly happy to follow that up and make sure that we provide an opportunity to have a discussion with them about it. Your specific example is one of those ones where there are competing interests. Some people are saying we should use it as the train line; others say that it should be used for a different purpose.

Mr FARRELL - I think it can be shared; there is no issue there.

Mr GROOM - Potentially, yes. I am making the point that that obviously adds a layer of complexity. From my perspective, I would support anything that encourages further visits to Mount Field, which has seen incredible success with significant increases in visitor numbers again this year, off-the-back of an extraordinary 18 months or so.

We need to think of more creative ways to connect the Mount Field experience, not just to New Norfolk, but also to Hobart so that people coming to Hobart might see that as an obvious tourism experience even on a short visit. I certainly agree from that perspective, but in relation to the specific concept, I am happy to have discussions. Obviously I cannot represent here and now any specific position, and no doubt it will have been looked at by different parts of government.

Mr FARRELL - Sometimes we have these small opportunities, and because of the way the government is constructed and the various different agencies, sometimes it is very challenging for - particularly - volunteer organisations where people have their day job and this is something that takes additional time. If the Government found a way to assist this group and other groups in a similar circumstance, I think they would probably find that a lot of good things would come out of it.

Mr GROOM - I will take that on board.

CHAIR - This is more in the purview of the Commonwealth - and Mr Mulder mentioned 457 visas before. Where we have growing industries and horticulture obviously - the exponential growth in berry production, cherries and all of those sorts of things - we need large amounts of casual labour. The 'backpacker tax' has been considered at a federal level - I think it has been put on hold - but it has created an enormous amount of uncertainty. I have been around horticulture for a long time over the years, and without that labour force and without being able to provide the accommodation facilities and everything else, virtually the Australian horticulture would collapse.

Even if you pay above award rates, it is very difficult to get local people in most cases to take part in that work. I have no doubt your department is aware of that.

Mr GROOM - I am very aware of it. The Commonwealth recently made statements about this, I suspect, based on feedback that they have received in relation to that policy concept. It is challenging. I have seen it up close through family members and it is really challenging to get reliable people at the right time. It can be quite competitive and Tasmania can sometimes have challenges attracting people. I would like to do anything I can to encourage a policy position that is supportive and helpful, rather than creating another challenge.

CHAIR - From an economic perspective it bolsters the state. During that summer harvest period, into the autumn and even back in the spring it is terrific to see the protective covering that has extended. In particular, in our smaller rural towns the number of overseas students and workers are in the supermarkets and accommodation areas. Generally it is a very positive thing to have those extra people working in some of these regional communities.

Mr GROOM - As we were reflecting on earlier it can add a little bit of cultural depth by attracting people from different parts of the world. That is a really positive thing. The people who come to visit Tasmania through those job opportunities get an introduction to Tasmania. I have no doubt some of them come back at some point.

CHAIR - They do come back. We have had some of them. When it first started four or five years ago and you went into Woolworths in Deloraine, for example, people would look and say, 'What are these Asian people doing here.' Now it is a matter of course. Fifty per cent of those people shopping and partaking of the services are adding to the cultural diversity, which is good.

Mr GROOM - At the same time, there is a practical side from the business person's perspective. Often you have to make decisions to pick your cherries, for example, at short notice and you need people. It cannot be easy. It is important that governments are very mindful of the need to help businesses confronting those sorts of challenges and make sure they do not make it harder.

Mr MULDER - It is all very well to say we make it easier to import labour, but the fundamental question surely becomes why is it? What impediments are there to our kids? Why aren't they going in there? What has State Growth done in terms of trying to find what those blockages are and how we can possibly overcome them? Don't get me wrong, my kids have often done that during the school holidays and summer breaks and there are times when they are not available. We have some of the highest youth unemployment. If you talk about commonwealth spending and Tasmania not getting its fair share, I can tell you we are getting more than our fair share of the welfare bucket. What are we doing about identifying the blockages to business and to employment rather than waiting for someone to come up with a new beautiful idea and then breeze their path into the system. That is the question I would like answered.

Mr GROOM - I understand where you are coming from. It is a challenge. We seem to have difficulty getting young people into certain opportunities. We are talking very seasonal opportunities. A lot of local people might be looking for a different type of employment. Nonetheless, it can present a great opportunity for a young kid, for example, over the summer to have work experience and secure some additional money. We have challenges with it as we do from the anecdotal feedback in terms of the cafes and so forth.

Mr MULDER - We have challenges, but has your department done any work about identifying, describing, analysing and then going forward to see how we can deal with those challenges? We can sit here and discuss the challenges all day long but what are we doing about them?

Mr GROOM - We are doing something and I have already mentioned it this morning. We have been identifying people who are out of employment, young people or long-term unemployed and try to identify the gaps. We did a pilot program at Geeveston that included these types of opportunities as well as opportunities in aquaculture and other tourism experiences around Geeveston. It was a practical thing. It had the strong support from the local community and they literally went to the employers and said, 'Tell us about your opportunities, we might be able to employ someone with basic skills.' They then spoke to the kids and made an assessment of their employability. They identified the skills gap and put in place specific training opportunities to try to close that gap.

We also did that on the north-west coast. That has now been rolled out with the readiness for growth industry. That is a \$900 000 commitment which is rolling out that type of concept. That is a practical example.

CHAIR - Mr Mulder makes a fair point and he told it as it is. In many cases when we are employing a lot of younger people, it is their first job and they did get a work ethic out of that and lots of them moved on.

You mentioned the long-term unemployed and that is unfortunate. You will find the experience of most employers in that industry, unfortunately, a lot of those people will turn up for a day or two and they are gone. I do not know how you solve that but it is because of the welfare net and it is very difficult when you have done a lot of the administration. Unfortunately, it is a cultural thing in Australia.

Ms FORREST - I suggest they have some good models out there. You look at what Lee Whiteley was doing at Southern Prospect.

Mr GROOM - Yes. I was going to sight Southern Prospect. There is a broader point I would like to make and I will hand over to Mr Boulous in a minute on tourism. Mr Mulder is right, government has a role here and we have been doing work in this space and one of the great challenges is to encourage more of our kids to get into employment and for long-term unemployed to get into employment to deal with the basic employability skills. That is the reality, including things like rocking up to work.

It is not just government. We have to confront this as a community because we have some challenges here. There have been some great examples of the private sector stepping into this space. Lee Whiteley is a good example where they have taken on a bunch of employees that have had challenges.

Ms FORREST - Are they all long-term unemployed?

Mr GROOM - Yes, long-term unemployed and dealing with difficult situations. In some instances dealing with drug and alcohol dependencies or mental health. It is extraordinary to hear Lee Whiteley talk about this. He is inspiring. One of the points he makes is that it has been positive

for his business because he has secured very loyal employees as a consequence. There have been some great stories of people whose lives have been turned around. It is a positive example.

This is a whole-of-community issue and we all need to work together to try to address some of these issues.

Mr BOULOS - The constraints to matching skills to people and job opportunities varies significantly sector to sector and can vary over time. Often the approach has to be on a sector by sector basis and through the skilled and business migration programs, we have been working through sector by sector, looking at those constraints. One of the highest priorities for us was for chef skills shortages. That has come up time and time again.

The department, together with the Tasmanian Hospitality Association, did a series of round tables across the state with employers of chefs. We found they were using quite intensively the 457 visa framework simply because that is what they knew and were aware of. They were not so aware of alternative visa schemes that would be better for the state, for instance, the regional migration scheme.

We are working with the industry to move them onto regional migration visas. It means the migrant is more likely to stay in Tasmania and become a resource for other employers as well. Where we identify our need to utilise migrants to fill skill shortages, that is associated with strong investment through Skills Tasmania.

The skill migration framework is designed in a way to attract migrants that are more likely to bring their own jobs with them or bring a support network with them. Two examples of that are the guaranteed state nominations we provide for graduates of Tasmanian entities so the University of Tasmania and TasTAFE graduates get a state nomination. The evidence there is a very large proportion of them end up starting their own businesses rather than filling job opportunities.

The other example is the announcement earlier this year of the family skilled migration program where we provide state nominations for extended family members of skilled migrants that have settled here. We know from the data that if they already have family here, they have a ready made support network.

1.3 Skills development

Mr GROOM - I welcome Dr Chrissie Berryman to the table. I think we have drifted into the skills.

CHAIR - Minister, there are recurring skill shortages so what are the main ones in Tasmania at the moment?

Dr BERRYMAN - The skills that are on the official skill shortage list often are slightly different from the skill shortages that are experienced in the local labour markets. The feedback that we get from our strategic industry partners, who advise us on skills, is that at the moment its middle management skills, certainly skills across the tourism and hospitality sector, and skills in agribusiness management.

There is also just emerging skill shortages within the construction industry as the building industry has picked up. There are local instances of skill shortages in automotive as well.

CHAIR - What are you doing to assist with that?

Dr BERRYMAN - We work really closely with the industry peak associations so we have an advisory framework where we have an MOU with each key industry peak association. Taking on board their advice, we changed the nature of how we design our programs. We also get industry validation as part of our selection process when we allocate skills funding. For example, we have been working very closely with the disability sector and the aged services sector. One of the things we have done quite recently - there is a predicted and very significant job growth in those areas - we have issued a special funding round of our skills fund. It was targeted at exactly the types of skills needed for the jobs the industry peak association told us would be forthcoming in the next 12-14 months.

Mr GROOM - We have been doing a lot of work with the workforce development plans, which is anticipating the future needs. We have done good work with the aged and disability sector. It is a significant growth opportunity for the state. We have done it with the agricultural sector and other important sectors.

Dr BERRYMAN - When you are working with the range of stakeholders it takes to support a work force, not only for the current jobs we have but for the jobs we think we are going to have in three, five or 10 years' time, it is important to support industry associations and employers to understand the types of jobs they are going to need in the future. That is in relation to how they should plan now to start to acquire the skills they are going to need in five years' time. For example, we have been working with the players who will be involved in the advance manufacturing strategy and I have heard Lee Whiteley's name mentioned. On 17 June we have supported a workshop where we are going to get those key employers in the room and get the intelligence from them. These are the technical skills we need to play an active role in the advance manufacturing area. Then we are going to map those to what they translate to under the vocational education and training sector.

Once we have that strong mapping we will go out with a special release of the skills fund and have the industry sector advising us on the validation of those applications. Bringing the employers in to this body of work builds their knowledge on how they can communicate and articulate the exact skills they are going to be needing. We support them to do the mapping. We will give them, as a result of that workshop, a toolkit that puts back in training terms the intelligence we gathered from them, then we use that to inform our program design.

Ms FORREST - That is okay for the existing industries but a lot of our young people leaving school in the next 10 years will be going to jobs that don't even exist at the moment, so how do we provide for that?

Dr BERRYMAN - The advice we are getting from a lot of industry players that are working in areas subject to IT disruption and other forms of technology disruption, is that if we can provide individuals with the broader foundation skills - such as teamwork, being able to use technology, advance communication, and adequate numeracy - then employers can start to approach us with the technical skill requirements at a point in time when they become known. There is strong feedback, both nationally, internationally and from our own peak associations, when we are preparing for the workforce of the future, we need to recruit well for individuals with the attitude and broader employability skills.

That is why we are working as much with employers through the Employer of Choice program where we are using the program as a vehicle to educate employers how to recruit better and how to plan around recruitment. It is like an adaptive approach. We take a step. We get more intelligence. We use that to inform our programs. We take another step, constantly feeding back with industry. We have run out this program. Are we going in the right direction?

Ms FORREST - It is important to acknowledge disruption is not just in the IT space. We often think disruption is all about technology, but it is not. This needs to be considered in these things.

Mr MULDER - If we are looking at needs, about having to work with industry and as Ruth points out sometimes, we do not even know what the jobs will be, so how can we train people? This comes back to the fundamental about whole of life learning. Not waltzing out of TAFE with the qualification to do you for life. You can not be a builder now, without going through professional development every year. What are we doing saying - these 457 skill gaps - is there supposed to be a market test to see if the skills are in the market place? Quite often the only skill you need, is the capacity to acquire the skill. We get someone who wants to build a new robotic dairy and suddenly we are talking about 457 visa people to build a dairy. I am sure there are some technical aspects of it, but why can't we up skill people? I know of a few cases where the people had been recruited. They had done a skill upgrade in their own country and then come here to do the work. Why can't we provide those sorts of opportunities to up skill our people to do our work in the first instance?

Mr GROOM - Gaye and I agree and we have to do better. A good example of it was the construction work we did. Where we identified some immediate shortage and the feedback we were getting was, you take a person off the street, they do not have the basic skills to be on a worksite, so there was a project developed through TasTAFE which was about giving the kids in a short compressed time basic skills to get them on a worksite.

Mr MULDER - It is a pre-apprenticeship course. It is nothing scientific. It is nothing new. It is a pre-apprenticeship course. It qualifies you to be a builder's labourer.

Mr GROOM - It is a good example of how you take a kid with no skill and get them onto a worksite and then provide them with the pathway.

Mr MULDER - The other thing is the capacity to bring people in. My son is an example. Qualified Certificate IV Building and Construction, done about 1.5 years in the trade, and basically, despite the fact all you talk about is the building boom and the massive skill shortages, you are still paying peanuts. He is out of the industry at the moment. His real temptation is if he wants to earn some money is to go to the mainland where they pay you properly. We are letting business getting away with a little bit of murder here under the pretext of our people have not got the skills. It is supply and demand. You motivate people to get their skills and if they have better opportunities they will go elsewhere. How do you attract them back? Pay them.

CHAIR - In regard to the registered training authorities or organisations. Back a year or two ago, it found there was only about one in three of those organisations compliant. There were all sorts of different issues. You may have some comment on that, minister, and whether that situation has improved at all.

Mr GROOM - Tasmania's experience is better than the rest of the country. Again, I might hand over to

CHAIR - In Queensland some of those were very dodgy. Security and those sorts of things, providing skills.

Mr GROOM - There were some serious issues with that construction.

Dr BERRYMAN - For the funding delivered under the Tasmanian Government subsidies, we have two forms of key controls, then some softer controls. They all work together. The first one is there is a national regulator, the Australian Skills Quality Authority. You have to have registration under this regulator to be able to operate as a registered training organisation. We have a really strong relationship with the national regulator. We meet with them about monthly and we exchange information and intelligence around quality providers and those that perhaps are not so high quality.

Then you go down to the second tier. All of the Tasmanian Government programs, you cannot access our subsidies unless you have achieved the status of what we call a Tasmanian Government endorsed training organisation. Now, this is like a quality audit that is designed around what is important for Tasmania. Do you understand the challenges faced by Tasmanian individuals, particularly those perhaps from the more disadvantaged backgrounds? If you do, what do you wrap around services and the actual model of training delivery when you are supporting these learners?

Then the RTOs have to demonstrate that they have really sound relationships with Tasmanian employers, and they can customise their training to the needs of the workplace where the Tasmanians are going to be deploying those skills. Then they have to demonstrate an awareness and the services aligned to Tasmanian Government policy priorities. 156 at the last count, endorsed providers, of which about 99 are currently accessing training subsidies. We would prefer all of those were only Tasmanian for example, but if we do, because we have a really thin market - and signwriting is a classic example, as is dental prosthesis - we may only have four or five students a year who want to go down that training pathway. Now, that is not going to be a viable business model.

So to get our employers the full choice of training options to meet their niche markets and the products they deliver, we do have some interstate providers on the list. But those two controls are really important. Then we come to the soft controls. I have a program called Conversations. This is where we meet maybe three or four times a year and hold webinars, picking up on the technology disruption, with all of our endorsed training organisations. We are using that as a soft self-regulating quality assurance network, because through this network, when there are training organisations not doing the right thing, we get to hear about it. Because of the strength of our relationship with the national regulator, the first thing we do is exchange information with the national regulator.

Mr MULDER - What are some of those outcomes? We are dancing between Federal and state and Commonwealth programs, but in spite of all this walk, I still find people running through Clarendon Vale, sending business management courses to people who are functionally illiterate. How does that work, with all of your intelligence and all your moves and all your lagging?

CHAIR - We have to move onto energy shortly. A quick reply to Mr Mulder, thank you.

Dr BERRYMAN - There was a program that was operated by the Commonwealth government called VET Fee Help. That program was an extension of the HECS style model for universities. They extended it into the VET sector. This program was entirely federally run. We had no access

to detailed information about who this involved, in that program. This has since come to light through the press and you would have seen those stories.

We are now working with the federal government in providing feedback into a complete redesign of that program. We also have access to information now that we did not have in the past. Our input captures all the experiences, including the type you have raised. From our local knowledge, the types of rigour and control around program design and contracting you will need to have in place to stop such a thing from happening again. We are putting together our draft submission at the moment which will be submitted through the minister's office.

CHAIR - Thank you. The minister requires a short break.

The committee suspended from 12.11 p.m. to 12.15 p.m.

Mr GROOM - The circumstances of this portfolio have been the subject of a lot of attention over the course of recent times.

We had the very significant news yesterday from Basslink confirming that the cable repair process has been successfully completed. We are now going through a process of recommissioning and also reburial, earth to cable. That has been a very significant outcome in reducing the immediate challenges we have from an energy security perspective.

We have seen a very significant turn around in the water storage levels. Over the course of this week we have seen the power of nature in reverse to the circumstances we have been dealing with over the summer period and also the spring period of last year with some extraordinary rainfall which has created a lot of difficulty and continues to be a very difficult and dangerous circumstance. That has been the subject of a lot of ongoing attention and we want take the opportunity to thank all who are involved in those efforts because a lot of people were put in difficult and dangerous circumstances in seeking to protect people and property. There is no doubt that as a consequence of the increased rainfall through May, which was in excess of 250 per cent of average inflow, and through the course of this week we have seen a significant shift in the water storage levels in the dams. As at yesterday, the water storage levels are 26 per cent.

That is a fairly dramatic shift from a bottom of 12.5 towards the end of April, start of May. That has meant that our situation has been dramatically changed over the course of recent weeks from an energy security perspective. We continue to have to be very careful and prudent in monitoring our situation. We still want the storages to continue to rebuild. As yet we haven't seen the cable import electricity into Tasmania so we will want to see that, or export. We have to continue to be careful and prudent as we manage our way through this.

We also announced yesterday the commencement of the demobilisation of the temporary diesel generation, so that was the first tranche of that. Hydro has confirmed 87 megawatts of diesel generation will be demobilised through the course of June and July in accordance with contracts and other requirements.

CHAIR - Did you say you are going to decommission those at this stage?

Mr GROOM - Demobilise, remove them. The first four sites to be demobilised are Catagunya Power Station, Meadowbank Power Station, George Town Substation and Port Latta Substation. A further decision in relation to the balance of the temporary diesel generation will be made over the course of the coming weeks. There are judgments that are yet to be made.

In terms of the cost, Hydro Tasmania have spent approximately \$50.5 million on the installation and lease costs of the temporary diesel generation and in the order of \$8.5 million on operating the diesel generators through to the end of May. The planned demobilisation, the first tranche of diesel generation, will result in some avoided costs, approximately \$2 million per month.

In assessing the overall costs, there are a number of other factors that need to be accounted for, such as sales revenue, as a result of power that is generated. Also, we need to take account of the offset in the avoided Basslink facility fee, which is in the order of \$40 million based on the advice we have received to date. There are other issues that will need to be worked through from a legal perspective. There will need to be an accounting reconciliation of all of these impacts and that will occur in the finalisation of Hydro's accounts. It is important, from our perspective, that people understand that this has had an impact on Hydro's financial position as there have been significant costs.

A significant impact for Hydro this financial year is not just the direct impact of the Basslink outage per se but the lower inflows. From Hydro's perspective, that in and of itself impacts their financial position. There will need to be a full reconciliation of all of those matters. There will be some legal matters that will need to be worked through over the course of future months.

One of the other pieces of advice I can give is, I know there has been concern about environmental impacts as a consequence of low storage in the Great Lake. I have been advised today that Great Lake is now sitting at approximately 19 per cent and is now outside the medium risk zone from an environmental perspective. That is another positive development.

Ms FORREST - I know this line item is about energy policy advice but in your overview you have gone a bit broader than that in terms of the operations, which is fine. In opening, there is a significant increase in the allocation for this line item for 2016-17. It is referred to in the footnotes as the case for the second interconnector and I assume it is mostly related to that. In 2017-18 it drops back \$1.8 million, which is less than the budget allocation for this year. The increase is related to that body of work for the second interconnector, unless there are other things there as well, but why the significant reduction beyond what you are using this year?

Mr TAY - This goes back to previous budgets. The total allocation for the second interconnector work in previous budgets was approximately \$2.5 million but I would have to confirm that. I do know that it was spread over two financial years. The amount that is embedded in the 2016-17 year is \$1.9 million according to those previous budgets. When you take that back out when you get to 2017-18, you basically get back to a baseline without that funding in there. I would have to refer back to last year's Budget to check the numbers. My understanding is the \$300 000 to \$350 000 was 2015-16. Once you take that back out of that number then you get to a better baseline of approximately \$1.8 million for 2015-16 as well.

Ms FORREST - Minister, will all the work be completed by the end of this financial year on the second interconnector?

Mr GROOM - At the end of 2016-17 year?

Ms FORREST - Yes.

Mr GROOM - The current proposal is that this work will be completed through the course of this financial year. There are a number of different elements to this. It has evolved a little bit so we now have work of the joint study between Tasmania and the Commonwealth looking at the circumstances of a potential second link.

The precondition study that State Growth, together with Hydro Tasmania, have been working on will be fed into that work. It is the work that is being led by Mr Warwick Smith. It will also integrate with the work of the Energy Security Taskforce. In addition, there is a financial commitment through the Budget to the work of the Energy Security Taskforce. It is looking at a range of things. It is undertaking an energy security risk assessment looking at things like water management but also, very importantly -

Ms FORREST - The task force is looking at that?

Mr GROOM - Yes. Also, very importantly, the potential for further renewable development in Tasmania, understanding the circumstances nationally and providing advice back to government on how we can best respond from an energy security perspective, as well as things like the appropriate position on prudent water management. Those three pieces integrate in the work that is being done on a second interconnector.

Ms FORREST - You are not doubling up then?

Mr GROOM - No, it is not a doubling up. The precondition work is very important for the joint study. State Growth will be working in consultation with Mr Smith on the work they are doing through the course of this year. It will be supported through State Growth.

The Energy Security Taskforce is making a broader recommendation. They are looking at broader things like prudent water management and the potential impact of things like battery storage or the likely take-up of embedded generation like solar. Their remit is a broader one and is heavily focused from an energy security perspective. These pieces are part of a puzzle and it is important they understand that and they are properly informed on it.

Ms FORREST - Who is on the task force?

Mr GROOM - The task force is led by Geoff Willis, who has a strong background in energy in Tasmania. It is very important to have that corporate knowledge, including with Hydro. There is Sibylle Krieger, who is a very experienced person with a background in energy regulation nationally. She worked in the equivalent economic regulator in New South Wales and is currently director of Australian Energy Market Operator. Mr Tony Concannon has about 30 years of experience in the energy sector, both nationally and internationally. He has been exposed to almost every aspect of energy, including all forms of energy generation. He has recent exposure to solar which is important in the sense it shows he has an open mind to where the future of energy is heading. He also has considerable national experience through being the Chair for three years of the Electricity Supply Association of Australia.

Mr FARRELL - What was the date the repair to the cable was completed?

UNCORRECTED PROOF ISSUE

Mr GROOM - I would need to confirm the exact date. We can probably confirm that. The statement was made yesterday so my understanding is that it towed up for the weekend but it was confirmed by Basslink yesterday.

Mr FARRELL - Yes we have taken a note of that so you can get back to us on that one.

Mr GROOM - I should point out on that there was the physical repair that is the third joint and now obviously there is a testing process. My understanding is that the testing process is what they referred to as the 24 hour high voltage test or the soak test as I understand it. That completed the designer standard of Basslink about 8 am yesterday. I know repairs could not place before because of high seas in Bass Strait with the weather we have had lately. I did not know if the boat was able to work in those conditions.

Mr GROOM - The final joint was clearly completed before the worst weather came in and they then had to undertake a testing process which is what they refer to as the 24 hour high voltage test or the soak test. The advice I have received is that testing was completed and it completed successfully yesterday morning at about 8 a.m. and that was the advice I had.

Ms FORREST - The testing was completed yesterday?

Mr GROOM - Yesterday morning.

Ms FORREST - When do you expect to get advice of that back because I know when the Scottish interconnector had a similar experience, when it was recommissioned it was recommissioned at about half the capacity that it was previously running at?

Mr GROOM - Yes so the advice I have received is that that test was successful.

Ms FORREST - They are expecting it to be at the capacity it was before?

Mr GROOM - That is the advice I have received. It is going through a work initiating process that they go through in internal procedures and then there will be a process of reburial of the cable and that is what will take place over the course of the coming days.

Ms FORREST - Going back to what we were talking about before the task force and you mentioned in your opening remarks about some of the money not spent in that the Basslink facility fee did not have to be paid, during the time of the shut down of it. As I understand it you still have the facilities to swap the agreement that would need to be paid because that is a separate arrangement, that is not with Basslink that is with Macquarie isn't it?

Mr GROOM - My understanding that is a separate arrangement.

Ms FORREST - That would have continued to be paid during this period.

Mr GROOM - I do not have specific advice on that. We can follow that up. My understanding is that under the Facility Agreement which of course is with the Basslink entity, for the period the link was out, there are some adjustments around the edge of it but essentially the period that the link was out, that facility fee was not paid. In terms of the other financial arrangements I do not have any specific advice but I am not aware that there was any relief in relation to any other financial arrangements associated with the asset.

Ms FORREST - That looks to be costing about \$600 million to the state over the 25 year agreement which has been in some respects quite disastrous because it was fixed for that length of time, obviously before your time as minister but you are responsible for it now. That is going to have an impact too, having to continue to pay that facility swap fee during all this time.

Mr GROOM - As I say I am not aware that there is any relief in relation to the border financial arrangements that have been put in place associated with the asset. The only relief that I am aware of is the avoided facility fee.

Ms FORREST - That will all come out in the wash won't it?

Mr GROOM - As I have indicated there will be some legal issues that will need to be worked through.

Ms FORREST - That is with Basslink not with the Macquarie Bank I would not think.

Mr GROOM - I am just making the point I am not aware of any (12:34:18) in relation to the broader financial arrangements but in the context with the arrangements with Bass link there will be some legal issues that will need to be worked through obviously over the course of coming months.

Ms FORREST - There has been some concern raised in the fact that your Chair of your taskforce was involved and basically guided a lot of the decision making regarding the first Bass link cable. You do not have any concerns about someone revealing their own decisions that they have made over the years in terms of looking to the way forward.

Mr GROOM - I am pleased that we have secured Geoff Willis. I think he is a highly respected professional with a lot of experience in the energy sector. The main focus at the Energy Security Taskforce which would be different obviously to the Public Accounts Committee, potentially our opportunities are forward looking. It is a risk assessment but it is forward looking. The primary function of that Energy Security Taskforce is not is not to do some retrospective in terms of all the board are decision making.

For example, reviewing Basslink arrangements is not the purpose of the Energy Security Taskforce. I think it is important that on the taskforce we have someone with corporate knowledge. We have someone who knows the energy sector very well. I think he is very well placed to participate in that.

It was important that we had broader experience including non-Tasmanian perspectives. It is in that context we have secured the assistance of Sybil Kroeger (?) and Tony Kincarren. I think they are very high quality, well experienced professionals that will do a very good job in providing advice.

Ms FORREST - Do you have terms of reference for the taskforce?

Mr GROOM - I can go through the terms of reference. I am not sure I have the physical document here. I will go through it here -

UNCORRECTED PROOF ISSUE

The security risk assessment will be undertaken having regard to best practice water management including consideration of water requirements across a range of stakeholders.

One of the things we might look at specifically in that context is for a water management regime. This was a regime that was put in place when Tasmania entered the National Electricity Market and Basslink was commissioned back in 2006. As part of the response to that, whereas previously energy security had been a statutory responsibility of Hydro, the Government abolished that statutory requirement. There was a technical responsibility for energy security that was transferred to the predecessor of AMO, now AEMO (Australian Energy Market Operator), under the national legislative framework.

Due to the fact that in Tasmania hydrological risk is a pretty central component of energy security, the Government included in the ministerial charter for Hydro a requirement that they prudently manage water, having regard to the long run capability.

CHAIR - Just to clarify, was that to do with the thresholds of the water levels in our storages?

Mr GROOM - They have identified risk bands and a preferred operating minimum. That is the work that was done in response to this, the Prudent Water Management Guidelines.

CHAIR - Anecdotally, I understood, minister, it was 35 per cent and it was brought down to about 25 per cent. Is that correct?

Mr GROOM - The advice I have is when the Basslink was established in about August 2006, the minimum was set at 30 per cent. That is on 1 July. I should make the point that it has a seasonal profile. It sort of moves over the course of a season. The low point, technically on 30 June, was set at 30 per cent. In September 2012 a decision was made to reduce that level to 25 per cent. That is one of the issues they will look at. They will also undertake an assessment of future low growth opportunities and risks and the likely impact that will have on projected energy supply and demand.

Ms FORREST - You are not looking at low growth, not low reduction.

Mr GROOM - Risk.

Ms FORREST - Risk growth?

Mr GROOM - No, the low growth opportunities and also the risks. For example, the potential for a major industrial to lead the state. That is an important assessment in terms of understanding the future expectation for energy supply and demand.

Ms FORREST - It is bigger than that, minister. One big energy entity moving out or closing down would be a huge issue. So is reducing demand we have seen and continue to see, nation wide and not only in Tasmania. As well, people are choosing to go off grid or to go in grid generation.

Mr GROOM - You are absolutely right. This is a multifaceted area. One of the things, I make no apology for it, the Government is seeking to work with Tasmanian households and small businesses on being more energy efficient. Historically we have been inefficient. My hope is that there will be greater efficiency. As a consequence of that, it potentially represents a threat to the

energy sector in the state but it is a very important thing from a household and small business perspective.

You have the concept of the potential uptake of imbedded generation and technological developments such as, for example, battery storage and the impact that might have. There are significant potential shifts that may emerge over coming years and some of them are developing very rapidly. We need to understand what the load growth opportunity is in Tasmania - that is, attracting more industry to the state, growing the population, and the risks - the loss of a major load, for example, or some of these broader trends that have emerged over time. That will be part of their assessment.

They will also be considering the opportunity for further renewable energy development in Tasmania including wind, solar, biomass and other renewable technologies considered in the context of anticipated transition of the National Electricity Market and the potential for the second interconnector. This is where this dovetails into the work being done by the Government on the second interconnector and the joint study that will be done between the state and the Commonwealth.

There is one argument that says we have significant further renewable development potential and, if you take that to its full extent, potential for Tasmania to play a significant role in the transition to low carbon generation nationally through a second link. If we were to realise that opportunity, that means we have a significant increase in on-island generation and that is a very material piece in understanding our energy security risks.

Ms FORREST - Clearly, the mix of sources is very important. Having forced myself to get better up-to-date with the sector, you need a certain amount of inertia in the system and wind and solar don't provide that; hydro does. When people hear the Government talking about increased renewals they think solar or wind, but we can't just do that.

Mr GROOM - It is important for system stability that you have a stable base load form of generation to support intermittent generation. Hydro is one of the best forms of base load generation you can have, so there is a strong argument. This is one of the reasons that if you look at this nationally Tasmania is a logical place for there to be substantial further development of our renewable potential. We are better placed to manage this than other places.

For example, South Australia has 30-40 per cent of wind and they have real issues from that perspective. I am not saying it is not a technical issue that needs to be looked at but we still have the capacity for further intermittent generation because of hydro base load. You are absolutely right, we have to look at those types of issues, but it is a very important part of our risk assessment. We have a real potential for substantial further renewable development and that means we have substantial further generation on-island if a link were to go out at a future point.

They are going to be looking into likely developments in technology such as battery storage and electric vehicles as to load profile. Electric vehicles is another technology that may emerge. They are going to be looking at Tasmania's future exposure to gas price risk. We have seen this as an issue nationally where we have significant upward pressure in gas prices. What does that mean for Tasmania's energy and cost pressures not just for government but also for businesses in Tasmania?

CHAIR - Are you saying wind doesn't provide the base load? You referred to South Australia and I have seen the massive wind farms up the Spencer Gulf. Are you saying they have overdone

that? They are reducing their reliance on Leigh Creek coal, for example, and closing Port Augusta. Are you saying that could happen here?

Mr GROOM - No, I would not pass a judgment on what South Australia has done. South Australia has responded to national policy incentives for a greater take up of intermittent generation including very largely wind. I am a strong supporter in private take up of renewable energy nationally. We have to do this. We need to transition to lower carbon forms of generation.

There is no doubt at all that renewables will play a very significant role in that. It is absolutely proper that states on the mainland have responded to that. I am leveraging off a point made Ms Forrest which is to recognise that it is not simple. There are technical issues that you have to be mindful of and in South Australia they have had some technical issues as a consequence of the high penetration of wind because it is intermittent.

The difference between South Australia and Tasmania is we have Hydro. If you compare it to for example coal base load, coal base load and Mr Tay might be able to talk about this with more authority, takes hours to start up. Hydro is just like that. There is no greater marriage in addressing the technical issue associated with intermittent generation than the marriage of intermittent generation with Hydro base load. It is the best model you can have and it is another example of one of the great competitive advantages Tasmania has and why we should as a state be having a conversation with the nation about the role Tasmania can play in solving the nation's problem. The nation has a problem.

Ms FORREST - As long as it rains.

Mr GROOM - This is another thing that we have to look at. My next terms of reference is the potential impact of climate change on an energy, security and supply. You are right. Who could question over the course of the last year that something is up. To me something is up in our environment that we do everything we can to understand how our weather is changing and the extent to which these are ad hoc events or may represent a broader trend.

There has been a broader trend over time in relation to rainfall in Tasmania. What we have seen over the course of the last year has been extraordinary. What we have seen over the course of the last week is an extraordinary event. We have seen records all over the place. That comes off the back of the wet warm. In terms of hydro inflows, we had the highest ever inflow into the hydro catchments in May in record keeping. That comes off the back of a record dry. The period from September to December of last year was not just the lowest ever inflow into the Hydro catchments, it was less than half the previous recorded low. We are talking about extreme events.

The bushfires was another example of it where we had a record number of dry lightning strikes on a single day and we have seen it with the water temperature impacting on the oysters. Something is up and we have an obligation to understand it more. That is why we are looking into this including any potential ships and rainfall.

CHAIR - From an agricultural perspective we often see that balancing thing happen. I have seen it happen over many decades.

Mr GROOM - People have different views about it. If you look at the last year there has been a sequence of very extreme events in multiple directions.

UNCORRECTED PROOF ISSUE

The last one was a review of energy security oversight arrangements. That is the advice in how best to manage energy security. It is an important area.

Ms FORREST - Can you give us the time frame for the work of that taskforce?

Mr GROOM - An interim report will be delivered within six months and a final report within 12 months.

Mr MULDER - What we are talking about here is diversification of our dependence upon two sources with fairly high risks. What is the future role of the Tamar Valley Power Station in relation to all this? Are we giving some thought to the Yolla gas field which is located off Port Latta which I understand is proven up and capped? Given the rapidly rising price of bringing gas in from Victoria, I am wondering if they are to be included.

Mr GROOM - From my perspective, we need to understand the broad spectrum of opportunity. I could not speak authoritatively about gas resources.

Mr MULDER - I am not asking to speak authoritatively, but are you including those things in the mix of your energy security?

Mr GROOM - There needs to be a broad assessment of energy options to understand it in a state context and also in the national context. Our position in relation to the Tamar Valley Power Station has been pretty clear - that is, we are not going to sell it.

Mr MULDER - We have our own gas supplies. That leads on to what a lot of the people in energy are saying, but no-one in the agricultural sector is prepared to look at - the fact that places like the United States reduced their dependence on oil imports by moving to fracking.

Mr GROOM - We have a current policy position in relation to that.

Mr MULDER - They have become oil independent.

Mr GROOM - Yes. We have a policy position in relation to that. There is an existing moratorium, and it was a policy position we took to the last election.

Mr MULDER - I want some comfort we have not forgotten about Yolla because it did get bypassed because it was not at the right time of the election cycle, when Tony Rundle had to go to the people with a vision for the direction of Tasmania and signed up to the Latrobe Valley thing, I think, about six months before Boral was due to prove up the Yolla thing.

Mr GROOM - We have to have broad assessments, and we should understand all our energy opportunities. Tasmania has the capacity to be an energy powerhouse - there is no doubt about that - with its natural resources. In my mind, the renewable potential, particularly in wind - we have very substantial, further untapped wind potential. For the reasons I have already cited, if you stand back from the challenge that Australia has with energy generation, it would be remiss of the nation not to reflect on the opportunity of Tasmania to play a significant role in that transition.

From a national perspective, we have to play to our natural advantages. Tasmania is a smallest state. Traditionally, it has been an economy that struck -

Mr MULDER - There is wave energy.

Mr GROOM - Yes, potentially wave.

Mr MULDER - We are sitting in the Roaring Forties, which is the wind factor, but those Roaring Forties are also kicking up almost a minimum constant two-metre swell that pounds with monotonous regularity on our southern and western coasts. Yet we do not seem to factor into the mix of the future.

Mr GROOM - I would definitely include wave in it. I was making the point that Tasmania's economy has historically struggled relative to the rest of the country. One of the great things we have seen in Tasmania over the course of the last couple of years is our return to growth. In fact an awareness that Tasmania is a positive place with a growing economy, strong brand and great opportunities. I still would argue that looked at nationally, it makes sense that there be national incentives that encourage Tasmania to play to its natural strengths. Renewable energy is an example of it. I would extend it to wave. I know there have been studies done before in Tasmania in relation to wave. It is still an early-evolution technology. We have to understand the potential for early-evolution technologies like wave and tidal.

CHAIR - Is there not an oversupply of power right down the eastern seaboard at the moment? I think you mentioned it last year in an answer, that in Tasmania our problem was that we had -

Mr GROOM - Yes, that is right. The supply-demand balance in the forward projection has shifted over time. If you go back a chunk of years, the expectation was for there to be a shortage of supply relative to demand. The profile in more recent years has seen the forward projection of demand taper off. This is in the national context.

Having said that, I would make two basic points: one of the lessons of energy is that you cannot assume things stay the same. Anyone who thinks the experience of the last couple of years will be the same in 10 years' time, I think, has missed the story of energy.

Energy is in a revolution. It is transitioning dramatically for all the reasons that Ms Forrest described, as well as many others. I think it is really important we take a broad view of these sorts of things. One of the things the world will have to confront, and Australia will have to confront, is the transition to low-carbon generation. We have reached crunch time nationally in that context. Again, if you go back a bunch of years, this was the theoretical concept in many respects. People liked the idea of supporting renewables, but the real hard work was seen as something well into the future. We have reached a point now where we need to know how the country will transition.

If you accept that there has to be a significant further uptake of renewable generation in Australia, and we may well see, and we have seen indications to this extent quite recently, substantial coal capacity coming off. There may well be an acute need for further renewable development. You have to ask yourself the question: What technologies, and where? By far in the renewable sweep right now wind is still the best place to fill the bulk of them. I am not saying it will fill all of it, because I think you do have to have a broad spectrum, but it is still wind. If you look at where wind can happen, for all sorts of reasons Tasmania is a natural location for it.

We have the best resources in the country; we have a heritage in renewable energy that does not exist in other parts and we have the capacity to undertake substantial renewable development in locations that do not have some of the high population density pressures of some of the locations

UNCORRECTED PROOF ISSUE

identified in Victoria and New South Wales, which have generated strong local community resistance. In Tasmania, we have pressure to undertake wind development - political pressure - whereas in Victoria and New South Wales, the pressure is the other way. Their local communities do not want it. I think a really important broad assessment needs to be undertaken in terms of where this is going to happen. That is why I think this joint work being done between the Commonwealth and the state is so important.

CHAIR - Have you been speaking to, for example, the proponents of the west coast wind farm? I notice that the federal minister came down and talked about the member for Murchison's area as well, which I will be talking about - Robbins Island - but I was specifically referring to Granville Harbour. There was that proposal running round in the wind, so to speak, for a while. Where are those at at this stage?

Mr GROOM - The most significant challenge for Granville Harbour is obviously the offtake arrangement, and there are ongoing discussions between Hydro and Aurora with the proponents. We have made it clear from our perspective that we would support those discussions. Obviously there need to be commercial arrangements proposed there, but we are supportive of those discussions.

CHAIR - As you say, for low population densities and the amount of wind, it would seem to be an ideal location.

Mr GROOM - Granville Harbour is a fantastic project. I have no doubt at all that Granville Harbour will happen; it is a question of when it happens. In terms of facilitating substantial further renewable development in Tasmania, we really want is to not just have to a proponent go and talk to Hydro or Aurora, but in fact have a competitive opportunity for offtake. That is where the second interconnector is also an important piece of the puzzle. I am not saying it is easy and it is a very long-term project, but if we could marry the need for the transition nationally with the renewable development potential of Tasmania and justify a case for a second link, you may well have a situation where competitive opportunities will exist for project proponents in Tasmania to secure offtake arrangements. That is certainly what we would like to encourage.

In terms of Robbins Island, I think that it is earlier in its development than Granville Harbour, but it is a very exciting potential opportunity. There are multiple examples - we have examples at Cattle Hill as well, and there are others.

The committee suspended from 1 p.m. to 2 p.m.

DEPUTY CHAIR - Minister, I will get you to introduce your next guest at the table.

Mr GROOM - I would like to welcome Bob Rutherford to the table.

DEPUTY CHAIR - I have to inform you, minister, that you win the prize for the most unhelpful set of performance indicators in the Energy portfolio here. If you look at them on table 10.5, what do they really mean? To me, they are meaningless. We really want to know how this area is working and whether the advice you are getting is helping to make efficient decisions and making a difference. We have had such challenges and this is pretty meaningless. I would hope we would see something better in the future.

Mr GROOM - I take your point. They have history to them, as these things often do. As I have indicated to you before, we want to look at all of the oversight arrangements from an energy security perspective. Obviously, the energy policy area is broader than that. We can probably sharpen that up. That would be a fair point.

DEPUTY CHAIR - There have been a few up there with you, but I gave you the prize. Sooner or later, they have to start producing some output that is outcome-based.

Mr GROOM - They are very longstanding and a review is timely.

DEPUTY CHAIR - The former Auditor-General made a comment a number of years ago about the need for better outcomes-based performance indicators. Hopefully, we will see that soon.

Thanks, Mr Chair, you are back and you can take over.

CHAIR - Minister, Basslink has not been recommissioned and we do not have any juice flowing through it yet. If and when it is back and operating efficiently, do you intend to just meet demand, or will you close down some of the turbines and try to increase some of our lake level stocks? Is that a strategy you might use?

Mr GROOM - The intent at the moment, which we have discussed with Hydro Tasmania under the Energy Supply Plan, is to continue to seek to rebuild storages. Obviously, we are going to have to make broader judgments going forward in terms of what the appropriate response is to what we have experienced over the course of the spring, summer and autumn. Also, in the context of Basslink itself, we need to understand the risk profile and what the appropriate response to that is. I have already alluded to the fact that one of the things we looked at will be prudent water management levels. I have no doubt that Hydro will undertake that and we will, through the Energy Security Taskforce and maybe other sources, assess the feedback we get. That is important work.

CHAIR - Prior to the breakdown I think it was delivering 40 per cent of our energy needs, wasn't it?

Mr GROOM - That is right. It started to ramp up in response to the really sharp fall-off in rain. We had significantly below-average inflows since September of last year, and then it fell off a cliff. In October was about 7 per cent net average inflow and November was about 15 per cent of average inflow. So through that period Hydro ramped up the use of the import across the link. My recollection is that at around the end of November it was somewhere in the order of 40 per cent or maybe a little below.

CHAIR - Is there an expectation that that is what the percentage of power coming through may be, in order to shore up our money in the bank, so to speak?

Mr GROOM - The clear objective needs to be to make sure that we are acting prudently in relation to energy security; judgements will need to be made about that. These things are not without their complexity. The management of the whole system and of the dam system itself is complex. After the last period we've seen Hydro generating in order to reduce the levels and avoid spill. It doesn't address the situation like the extraordinary rain we've had.

Ms FORREST - It couldn't keep up with it this week.

Mr GROOM - No, this week it has just been off the Richter scale. In a lot of the catchments, which are quite small, you are always going to get spill in those circumstances. The point I'm making there is that the management of the Hydro dam system itself is complex. On top of that, you've got other factors in terms of the major users and their capacity to be able to adjust load in certain circumstances. It's quite a complex system and the best way we can describe it is that energy security has to be the priority.

CHAIR - Do you support the possibility of second Basslink cable? We have to get all the other ducks in a row and be able to put our renewables and everything in line, but is that possible?

Mr GROOM - I am certainly supportive of the concept of a second Basslink cable. I think it's a very important thing for us to explore. Obviously, we need to understand the pre-conditions that have to exist to support it. That's some of the work that's being done through the department and Hydro Tasmania in fulfilment of the government's policy commitment on that. It is also some of the work that's been looked at leveraging off that study by Warwick Smith in the joint study between the state and the Commonwealth.

If we are to maximise renewal development in Tasmania, the way we can do that is through a second link. That's where you ensure that we don't have stranded generation capacity in this state. That would be the risk if we create a large further renewable development with just the single link. I think it's necessary for us to understand the structure and the financing arrangements for it, for example. It might be a regulated asset. The current link is not a regulated asset so Tasmania has ended up paying for it in its entirety. It is recognised that Victoria, for example, and South Australia achieve a significant benefit from Basslink and so a regulated model might be a fairer one in terms of our funding arrangement. These are the sorts of issues that need to be looked at.

CHAIR - Anecdotally, in terms of this current breakdown, there is technology available now that pinpoints a break more concisely.

Mr GROOM - It certainly would have been helpful. I know the technology has shifted quite significantly so there are a lot of advancements in terms of the designs of the cable, but I couldn't speak more authoritatively about that particular line feature.

Ms FORREST - Ultimately, these cables have a life. What is the expected life of the one we've got at the moment?

Mr RUTHERFORD -Historically, around the world they have very long lives. You would expect some sort of interruption now and then but not of the sort that we had. The common causes of interruption are physical events from the outside; anchor-drag is the commonest. The cables themselves, historically around the world, have had long lives of 50-60 years. When we first went looking at them many years ago the conductor performance improved over time.

Ms FORREST - Up to a point?

Mr RUTHERFORD - The fish oil in the paper permeates better with use and so the insulation gradually improves. In particular the ones in Scandinavia, across the Baltic, had improved in performance and had been there for substantial periods of time.

Ms FORREST - The reason I was asking was in terms of the second interconnector. It is not like this one is getting to the end of its useful life, as it is in reasonable condition for the infrastructure that it is.

Mr GROOM - Yes, the expectation is that this link should have a significant additional life. The model that we would be looking at in exploring the second interconnector is exactly that, a dual interconnector.

Ms FORREST - Ignoring the energy security side of it for a moment, if you are looking purely on an economic basis, you would be selling or buying at the same time. Energy would apply the same way at any one time on both cables to maximise price?

Mr GROOM - You are probably delving slightly out of my expertise here. I think to operate optimally, it is difficult for one to be a regulated asset and for the other one to be a market-based asset. It may well be the best model would be symmetry in a sense but it is slightly outside my area of expertise.

In theory you could have them going in different directions.

Ms FORREST - In theory you could but if your costs are what you are basing it on - conserving water is obviously the other thing - or not having to conserve it, depending on what your storage levels are.

Mr GROOM - One of the great opportunities with the second interconnector, and you need to make sure the conditions exist to support it - we are all recognising it needs to have a proper business case and be able to be supported. In order to justify, it would require substantial further renewable development in Tasmania. It would then facilitate renewable development.

From an energy security perspective, that is a very relevant thing. We may well be in a position where we will be able to fully realise our renewable potential in the State to be very well protected from an energy security perspective with on-island generation which included substantial further renewable generation.

Ms FORREST - Along discussion we had earlier, you need to have enough base load in the system then you can create a whole heap more renewable energy in terms of wind or solar but you still have to have the base load to keep the system secure and the frequencies right. Potentially are we looking at more Hydro systems or other forms of base load?

Mr GROOM - Certainly technical issue in terms of system stability is one of the things needed to be looked at. As I have indicated before, my understanding is that Tasmania has a better situation in managing than some other States but it is still an issue.

My understanding also is because of new technological development a second link may also add to the potential for the State to manage, effectively, the system stability.

Notwithstanding all of that, there is still potential for further intermittent renewable development in Tasmania before we have substantial challenges from a technical perspective in that sense.

Ms FORREST - Unless the dams get really low again.

Mr GROOM - It goes without saying that we have to make sure we are properly managing the water. The other great opportunity we potentially, could have in Tasmania. If we had enough further renewable development it may well be you are able to think of the Hydro dams in a different way, genuinely as a battery of the nation and to be used strategically in that sense. That is a possibility. If you had enough other on island generation, it has the potential. In any context ...

Ms FORREST - They can sell of more F gas services then.

Mr GROOM - In any context, you have to make sure you are responsibly managing the water and I think on any assessment the future of energy in Tasmania has Hydro at its core and obviously you need water in the dams to be able to rely on that.

Mr TAY - I was going to add through you, minister, those features of F gas and inertia. they are actively being looked at with a national energy institution such as AMO AMC(tbc), particularly around South Australia in this situation. So the technology for a second inter-connector, has to be very different to the very first connector. Basslink does have some technical constraints about providing F gas services across Bass Strait. A second inter-connector may not have those constraints as part of the broader look at various elements.

Ms FORREST - Who is looking at these issues then, Warwick Smith's committee?

Mr GROOM - In terms of the design, work that has been done through Hydro, that is then going to be fed into the Warwick Smith process. Mr Tay was talking about was actually national regulatory considerations in relation to these issues.

Ms FORREST - At this stage you are not looking at the hydro systems? Are they renewable?

Mr GROOM - Not large scale dams, that is not something we have looked at. We have, as part of the 10 per cent additional generation, looked at improving the generator capacity from the existing dam system, so involves refurbishment at the existing ...

Ms FORREST - So all of them?

Mr GROOM - There is a broad assessment in terms of the portfolio. We have also had a look at the potential for pump storage and in addition to there is, if the circumstances can justify it still potential for further mini hydro. We have seen a number of quite successful mini hydro systems in Tasmania.

Mr FARRELL - When you were talking before dam management. What sort of percentage will you set for dam levels now? Has that been reassessed?

Mr GROOM - The context of the prudent water management when it was first put in place was about August 2006, it was set at 30 per cent. It has a seasonal profile and the low point at

30 June, is 30 per cent. That was reviewed about September 2012 and reduced to 25 per cent. From my perspective, I would question that in retrospect. It would be a reasonable thing to suggest that was maybe not the right call and we have had an extreme event with the low inflow compounded with the outage of the cable. It does cause you to reflect on what the appropriate approach from a prudent water management perspective is, so that will be a specific looked at by the energy security task force. Get advice on it.

CHAIR - Obviously with what has occurred, Minister, we have a big impact on the Hydro bottom line. The question has been asked, and I notice the regulator in there, but who is going to pay for all of this or are we going to see increased power costs across for domestic and ...(time 2.20.10) coming for 12 months?

Mr GROOM - I have been very clear about this. The costs associated with the response in terms of additional generation are going to be borne by Hydro Tasmania. We have made that very clear. Those costs will not be passed on to regulated customers, so the vast bulk of Tasmanian power consumers are regulated customers. In fact, that point has been confirmed by the economic regulator. He made a public statement confirming those costs will not be passed through. That is not to suggest there not be an increase in power prices on 1 July. The Economic Regulator is currently going through a final process to determine power prices from and our expectation is that there will be an increase. There are final judgments that need to be made by the Economic Regulator and our expectation would be that increase would be at the moderate end of the range but is not impacted by the additional costs that have been borne by Hydro Tasmania as a consequence of this situation. It is our expectation that even with that moderate increase on 1 July power prices for regulated customers will still be lower than they were when we came into government. The Economic Regulator has said:

Given the regulated nature of the wholesale electricity costs in Tasmania the current Basslink outage and the actions taken to secure electricity supply have no impact on regulated electricity prices that will apply from 1 July 2016 to residential and small business customers.

That is the quote from the independent Economic Regulator. In addition, some customers have been exposed to the contract arrangement - that is not regulated but to the contract arrangements. We are talking about larger businesses and primary producers. A lot of people in those circumstances have long-term contracts so they are protected from movement in the spot price we have seen over recent months. There are some who have come out of contract at an unfortunate time and they have been exposed. Through the relevant retailers we are working with the customers to try to address that impact. In comparison to the totality of power customers in Tasmania we are talking about a tiny fraction of customers, but we are seeking to work with retailers to address those impacts.

CHAIR - Eyebrows were raised with some of the bonuses paid to Hydro executives, \$600 000 the year before last and \$490 000 last year. A lot of people thought it was a bit rich on top of some big salaries. Do you have a comment on that?

Mr GROOM - I don't have the detail with me right now. I know people have strong views on these matters. On the other side of that equation is we are operating in a very competitive market for highly qualified people who operate in these businesses. There will always be different views in relation to those things but I understand the point you are making.

CHAIR - Is nuclear an option for Tasmania?

Mr GROOM - No, I don't see any future for nuclear power in Tasmania. We have such extraordinary resources.

CHAIR - As long as it rains.

Mr GROOM - Rain is very important. There is no doubt we have extraordinary natural resources so we have everything we need in the renewable space.

CHAIR - France is 60 per cent nuclear now and they are exporting their technology all over the world. It has some pluses, but disposal of the waste is a problem.

Mr GROOM - I am not an advocate for nuclear energy. I am an advocate for renewable energy but I recognise in different parts of the world it is a very established part of the generation mix. People have different perspectives on these things. There are some who would say nuclear is an appropriate consideration in places other than Tasmania by virtue of its cleaner carbon profile. Others who would argue the risks associated with that form of power do not justify that investment. I had the opportunity to go to Fukushima a couple of years ago on the anniversary after the disasters. It was fascinating to see the on the ground reaction.

Ms FORREST - No pun intended.

Mr GROOM - Yes, sorry, an unfortunate use of term. It was fascinating to see the response to these issues. Just prior to those disasters, the Japanese government announced a policy of significant increase in reliance on nuclear energy. In response they had to shut it all down and start importing very large amounts of LNG which impacted the gas price. They have grappled with that issue.

Mr MULDER - From a slightly different perspective being on the edge of the Pacific rim.

Mr GROOM - Yes, some people might argue from a geological perspective it is not an ideal form of generation up there. I make the point that there are both sides of that argument. I do not see that as appropriate for Tasmania.

Mr MULDER - When you talked about the price range, you talked about the moderate end of the range. What on earth is the range and what is moderate use?

Mr GROOM - I cannot speculate about the actual amount might be. It has to go through the process of the Economic Regulator. In years past we have seen increases in the order of 7 per cent, 8 per cent, even 10 per cent. We had an extraordinary one where we had an increase of 65 per cent over the course of seven years which we would all recognise is not a manageable thing for people to be grappling with those sorts of challenges.

It has been a strong objective of the Government to manage the impacts, to the extent we are able to control them. I have been very pleased we have been able to keep power prices lower under this Government. I would expect power prices will still be lower on 1 July than they were when we came into Government.

Mr MULDER - The issue for me is the pricing mechanism for somewhere like Tasmania probably needs to be - we have all sorts of other cost of living pressures - a sustainable, competitive advantage to our industry. We have had industry people say to us that the aim of being among the cheapest power suppliers in a place like Tasmania really is nonsense. We ought to be the cheapest.

With these power lines, one of the major extractors of cash at the other end of it is the government in the form of their dividends. What is the future of the dividends going to be coming out of the energy businesses? In light of the cost of patching it up, is the Government going to forego some of its dividends? If not, are we going to find the corporations having to borrow money in order to pay dividends and costs?

Mr GROOM - The Treasurer has made an announcement in relation to expectations in terms of dividend returns from Hydro, I think in the order of \$100 million or thereabouts, in terms of relief of future dividend expectations. That reflects the significant impacts these costs have had on Hydro.

Mr MULDER - You said \$100 million. Is that the expectation or is that how much less?

Mr GROOM - It is important to note the setting of our prices is separate from that. In other words, there is an independent process with a methodology. That is not driven by a dividend policy. It is a methodology that influences the Victorian contract price with some adjustments. That is the essence of it. I take your point that there are going to be significant impacts for Hydro as a consequence of the circumstances.

Ms FORREST - It is not just the dividends, it is the income tax equivalent as well, that will be written right back too.

Mr GROOM - In think we are talking about broad government returns there. We are talking about broad impacts. We have also provided some debt relief to Hydro. We had the \$205 million initial equity injection, then in January this year the second tranche, which was about \$70 million.

Ms FORREST - From TasNetworks?

Mr GROOM - Yes. Then there is an additional \$50 million that is still to come, expected to appear in 2017.

Mr MULDER - When your business is borrowing money like that, is that outside the government or is that the corporation itself going into the market, probably through Taslink or something. It is not a government borrowing that turns up in the Treasury debt servicing costs, is it?

Mr GROOM - I think it is treated separately.

Mr MULDER - That is a separate business entity in the commercial market.

Mr FARRELL - Minister, following on from the energy crisis have the major industrials requested any compensation for their lost production?

Mr GROOM - If I can have some indulgence here, to thank a few people for all of their efforts through the energy crisis. There have been some extraordinary efforts and it is really important they be acknowledged. In the first instance I would acknowledge all work of the energy businesses.

Hydro Tasmania has been under a lot of pressure and a lot of people in that organisation have worked extremely hard under very difficult circumstances. Then TasNetworks has played a very important role and Aurora also has participated in this. We have had great cooperation between each of the energy businesses. I would like to extend that to include the department and the whole-of-government.

We have had some great support in managing these very difficult issues. We have had contractors involved. More than 470 people were involved in the frontline response to the energy crisis, having contributed more than 55 000 hours was an estimate that was done. It has been remarkable. In the process they effectively constructed a major power station in Tasmania in a matter of weeks and there have been a lot of comments about their extraordinary professionalism.

At some point we might have the opportunity to properly reflect on that. This will be recognised as leveraging off the great heritage of our energy businesses and some of the extraordinary things they have done if you think of the dam construction. I want to acknowledge it, it is important. With the major users I would make the same point. They had their very constructive approach. We had good engagement through Hydro Tasmania, which is where the commercial relationship exists. All of those arrangements were not imposed by the government, they were commercially negotiated arrangements.

Each of the major users had their own individual circumstances. Hydro was engaging with each of them and they were understanding Hydro's situation and the state's more broadly. Hydro was understanding the users' situation and they were negotiating arrangements from a commercial perspective. When you reference the concept of compensation, all of those load reductions were commercially negotiated.

Mr FARRELL - Following on from that point, it is a strange thing now that Norske Skog and Nyrstar, now they are getting back to somewhere near full production, are going to be hampered by the damage done by the floods getting their products by rail to the port. It is another challenge for them.

Mr MULDER - With your renewable energy targets, which is what we have moved towards, there was some concern that they are not really renewable energy targets and they are actually renewable electricity charges. We have companies that are using, for example, coal for heating as part of their industrial processes and when they try to switch that over to renewable energy in the form of steam generation they then get into trouble because there is a whole so-called renewable energy target that actually just renewable electricity targets. As the Minister for Energy what is your view on that?

Mr GROOM - It is probably a technical point which is outside my immediate knowledge.

Mr MULDER - It might be a technical point but we are going to get on to climate change in a minute and you have all those other things, but you are talking about renewable energy. Here is a classic case of renewable energy that falls outside all the programs and guidelines you are trying to achieve.

Mr TAY - If you are talking about the renewable energy target under the commonwealth CDs they are basically aimed at generation and it does not cover industrial processes. In respect to Tasmania's large industrial customers the changes that were made to renewable energy targets last

year the commonwealth parliament did exempt (TBC...2.36.15)..... companies from paying those charges.

Mr GROOM - The point Mr Mulder is making is it did not seek to incentivise other forms of energy.

Mr MULDER - I wondered if you would like to take that on board and have a word with your federal colleagues when they get back in there and appoint some of the inexplicable problems with it.

Ms FORREST - Did you find out when the Basslink was rejoined? You were going to get back to us with the actual time?

Mr GROOM - I do not have that information but in terms of the finalisation of the joint my understanding is that may have occurred over the weekend or thereabouts. Obviously it was completed prior to the bad weather coming in, which was a point Chair made. After that was the high voltage testing, the 24 hours test or the soak test, and the advice I received was that was completed at about 8 a.m. yesterday and Basslink made an announcement following that.

May I take the opportunity to thank the department, not just for the energy component of it, for the entire State Growth portfolio for all of their hard work and efforts? Also the hard work and efforts of my office who do an extraordinary job.

CHAIR - thank you Mr Tay and Mr Rutherford.

DIVISION 8

Premier and Cabinet

Minister for Environment, Parks and Heritage

Output group 1

Support for executive and decision making

1.2 Climate change -

Mr GROOM - We have seen a remarkable series of natural weather events over the course of the last year. It is important that we reflect on that. We have had the drought, the bushfires, the floods and the increases in water temperature that has impacted on oysters, and there have been other factors as well. I think it reinforces the need to better understand climate change to make sure that we are making appropriate decisions in mitigating - Tasmania is playing its role and contributing to that - and also, adaptation and risk planning. This is going to be a focus of the Government. We have already announced the Tony Press study into the potential climate change impacts on bushfire risk in Tasmania, which is a very important piece of work.

In addition to that, we have identified a specific head of inquiry with the Energy Security Taskforce and understanding the potential impact that might have from a shift in rainfall patterns. This is a very important area and the Government is very committed to doing what we can to understand it and learn more about it, and ensure that we are making our contribution.

It is in that context that we are in the process of finalising the Climate Change Action Plan. We have been through a consultation process. We have had a fantastic feedback and a number of forums. I attended a couple myself. They were really positive, constructive discussions. I think we had 88 submissions and about, from memory, 180 or so participated in the public forums. We will be collating all of those thoughts and finalising the action plan.

One of the things I am very focused on in this context is to make sure that we are contributing in areas of natural competitive advantage. Renewable energy is one. We have already been a leader when it comes to climate change in that sense and I think we can play a larger role. It is important that we recognise that we are a leader by virtue, substantially, of decisions that were made a long time ago in Tasmania.

Our three tonnes of carbon dioxide equivalent per capita means that our carbon profile is amongst the lowest in the developed world, if you compared us to any state jurisdiction. Our profile is in stark contrast to the rest of the country. We are comparable to the lowest reportable jurisdiction of any reportable jurisdiction in the world. I think we have every reason to be proud, but we can always do more and that is why we are developing the Climate Change Action Plan.

It is really important that we recognise there is more that we can do and want to do as a state. We will be seeking to advance this agenda through the Climate Change Action Plan.

The last thing that we are doing is undertaking a review of the climate change legislation. It is a statutory requirement that we undertake a review and that will also be happening through the course of this year.

CHAIR - Thanks very much, minister.

Mr GAFFNEY - Minister, with the \$250 000, what is the plan for the bushfire investigation, especially in the heritage areas, what is the plan for that research? How is it to be spent and when is the research to be presented? What is the time frame? It is only one-off funding for a year, so what are you expecting to get out of that? When is that going to report?

Mr GROOM - I appreciate the question. This is an important inquiry. What we saw this year was extraordinary. The number of dry lightning strikes was off the Richter scale again in the number on a single day, when you compare it to the historical record. It wasn't just that we had the preconditions for bushfire but we had a natural weather event and it was the combination of the two that created the intensity that saw the impact from a bushfire perspective. This research, which will be led by Dr Tony Press, who is an adjunct professor with the Antarctic Climate Ecosystems Cooperative Research Centre, and supported by the steering committee made up of heads of agencies from the Department of Premier and Cabinet; Department of Police, Fire and Emergency Management; and Department of Primary Industries, Parks, Water and Environment, will examine how climate change, and specifically future fire danger and other variables, will impact on future bushfire risk in Tasmania's wilderness areas. It will also identify and address information gaps to strengthen our ability to prepare for and respond to bushfires in these areas. It is expected there be an interim report to government agencies by the end of July and then a final report and recommendations by the end of this year. We cannot overstate the importance of this type of inquiry to understand the risk profile and to make sure we are making decisions that are responding appropriately to that risk profile.

UNCORRECTED PROOF ISSUE

Mr GAFFNEY - The reason I get a bit anxious about some of those sorts of statements is that in this process last year you said:

I reiterate the Government's ongoing commitment to the issue of climate change. It is a very serious issue and we adopt a sensible, prudent action approach. In that context, we will be developing a climate change action plan before the end of the year.

That was in June last year, and all we have so far is a draft plan that won't be finished until September-October this year. That plan is already 12 months beyond what was stated last year, that it would be finished by the end of last year. There is only so much discussion and plans you can have, but it is well behind the schedule. What I don't want to see happen is that this time next year you say, 'Now we'll put it out for draft'.

Mr GROOM - I take your point, Mr Gaffney. We did make a judgment on this in making sure we had the opportunity for proper consultation. We have had a very good response to the consultation process. The draft has been physically put out into the public domain and it was done by the end of last year. We are now collating all of that. It goes without saying that we have had an extraordinary sequence of events over the last 10 months or so. As I have said at a number of the forums, as difficult as all those issues have been to manage, it presents a good backdrop for the development of a climate change action plan in Tasmania because it has reminded everyone, if they needed reminding, of the very serious adverse impacts we can see as a consequence of the change in climate. The timing of this is not unhelpful; it is a very appropriate time. I take your point that we don't want to see the action plan delayed, and it will be not be delayed. We are seeking to collate that and finalise it as soon as we are able to.

Mr GAFFNEY - In this it says, 'Tasmania's new Climate Change Action Plan will be finalised by mid-2016.' It is mid-2016 now and is it still out for draft consultation?

Mr GROOM - No, that is finished. It may be a little bit past July when it comes out. We have no fixed date for it. It is important we take account of some of the experiences we have had in recent times and we have been seeking to do that. There has been a strong response in recent times as a consequence of what has happened in the natural environment here in Tasmania. It is important we take that feedback on, and leverage off those experiences. I, like you, don't want to see a significant delay in the release. It is important work.

Mr GAFFNEY - There has been some criticism in the past that the current Government doesn't pay as much attention to climate change as a priority and reading through the Budget Speech, climate was mentioned once. There were other things to do with agriculture but with climate change, the only time it was mentioned was with the release of the \$250 000 (inaudible). If you take the \$250 000 off the funding that was allocated this year in the climate change line item, we are \$10 000 worse off. That is interesting because most other outputs have had money identified for extra wages and this one is \$10 000 worse off than last year's Budget. Is that a loss of a FTE?

Mr GROOM - I will hand over to Wendy shortly. I respect your passion on this. I know there are some who would criticise this Government on not taking climate change seriously, but they are wrong. It is something from my personal perspective - and I am not Robinson Crusoe in this Government - this is a very strong commitment of mine well before I became a member of Parliament. In addition to the direct funding of the Climate Change office we have provided for funding for the Energy Security Taskforce and I have included a specific reference in that work to

climate change and the climate change impact. In addition to that, another great initiative in the Budget - and you can think of it in lots of different directions, but it is relevant to climate change - was the energy efficiency initiative.

Our electricity profile is not like the rest of the country. In the rest of the country that would be directly seen as a climate change policy. In Tasmania our profile is different, but nonetheless, we still have carbon in our energy use. Therefore energy efficiency can be properly seen to be a climate change initiative.

Ms SPENCER - The small decrease you would see in the Budget, when you take the bushfire enquiry funds out, are basically because in 2016-17 there are only 26 pays, not 27. Most of the output groups in the divisions across government will see a reduction in salaries.

As the minister said, there are a number of climate change actions that are funded out of other outputs and other agencies. Things like some of the energy work we do in the energy efficiency area, some of the work we are doing with local councils, such as the Coastal Adaptation Program. That is funded through grants from the SES. Whilst it may not appear that these actions are funded directly out of this output, there are monies coming from other parts of government budgets.

Mr GAFFNEY - What are your FTE positions in the Climate Change branch this year?

Ms SPENCER - 7.26 FTEs and that is a slight reduction from the same time last year but that reduction was due to project staff finishing their fixed term contracts. In effect it hasn't changed.

Mr GAFFNEY - There were some question two years ago when the Climate Change Council was disbanded because the Government felt they could still achieve those goals without that. How long has the Climate Change department been there?

Ms SPENCER - 2008.

Mr GAFFNEY - Could I have an FTE of say 2008, 2010, 2012, 2014 and 2016? I would be interested to see, if you could provide that information, every second year.

Mr GROOM - We can get it. It is important to understand there are all sorts of parts of government involved in this effort. Another one is the work we did on electric vehicles which was done through the energy businesses. We had a pilot program. It was 19 vehicles up to the end of 2015 which were being looked at, identifying barriers to the use of electric vehicles and any learnings we could identify to remove those barriers and facilitate a greater uptake of electric vehicles. That is another specific example that you will not see funded through the Climate Change office. It is a climate change initiative of the Tasmanian Government.

Mr GAFFNEY - Do we have any electric vehicles now in government because of that project study or did it come back and say it was not possible? What were the outcomes of that study?

Ms SPENCER - This project was funded by Hydro and TasNetworks. They invested the moneys to do this work. Two electric vehicle models were assessed as suitable for the Tasmanian fleets. That is the Nissan Leaf and the Mitsubishi Outlander. There are a couple of Treasurer's instruction, obstacles, that we are continuing to work through to support the uptake of those, to add them to the list.

Mr GAFFNEY - That was not funded by the Government?

Ms SPENCER - No. It was funded by Hydro and TasNetworks.

Mr GAFFNEY - I noticed the figures released in May 2015 acknowledge Tasmania having its greenhouse gas emission up to target, which is great. Has the target figure now been reviewed?

Mr GROOM - That is some of the work we are doing through the Climate Change Action Plan. That was included in that package. In addition to that we are reviewing the act.

Mr GAFFNEY - The climate change, 2016-21, is a five year plan, isn't it?

Mr GROOM - Yes.

Mr GAFFNEY - It is now mid 2016. How long does it take to get the information? My concern is, it is mid June 2016, and it will be by the end of September, October. Does that mean legislation has to come back to Parliament or what is the deal with this plan? After that, we have a budget for this to do this, you have to do something with the information, not have another study in five years' time to do something else.

Mr GROOM - The Climate Change Action Plan will not depend on legislative amendments. It has been done in a timing that coincides with the review of the act. Any outcomes of the review of the act will need to be looked at. With the Climate Change Action Plan, the objective of the Government is to get that out as soon as we are able. It might be a little bit later than July but I would not expect it to be substantially later than that. I would want it to be as soon as we are able to do it.

It is very important that we look at targets and I have been very explicit about that in the draft Climate Change Action Plan. It is one of the specific issues that I identified. We have not only beaten our target, we have smashed our target which goes to the point I was making before, that I do not think there is enough recognition in the national context of where Tasmania sits in its per capita carbon profile relative to the rest of the country and because Australia's profile is bad on a per capita basis in the global context, one of the highest emission intensive economies on a per capita basis, there is a perception all the states are in that situation.

Tasmania has three tons of carbon dioxide equivalent per capita which, if it not the lowest in the developed world, would be very close to the lowest of any reporting jurisdiction. It is at the very top in terms of a low level of carbon intensity.

Mr GAFFNEY - My final point, when the plan comes back and obviously there will be recommendations there, how does that work now? Does Cabinet come along and say why these recommendations have priority, how can we put some funds if we need to put some funds in? Yes, we are at the top but it does not mean we should sit and rest there. It means we need to be aspiring to do even better to further what we have. Do you then go along to your Cabinet mates and say, 'This is the report, this is the recommendation, how are we going to deal with this and how are we going to instil it into our budget.' I do not care what folder it goes in as long as we are trying to make sure we continue that push to do the right thing.

Mr GROOM - I absolutely agree with the point you are making, Mr Gaffney. There is no doubt from my perspective that notwithstanding the fact that we are genuinely a global leader in the

response to climate change. That is the truth and we do not say that enough but it is the truth, but notwithstanding that, we can always try to do more. Again, that is explicitly acknowledged in the draft climate change action plan, that we need to do more, than we can do more and we need to do more, both in terms of the contribution we can make and also in terms of preparing adaptation and risk planning in response to risks associated with climate change. I absolutely agree and from a practical perspective it will be a combination of things. It will be a combination of some of the work we are already doing right across government, and I take your point that perhaps there could have been a few more mentions of climate change in the actual budget but I can assure you that climate change action happens right across government so maybe one of the tasks we have is to actually talk about it more and be a lot more overt in identifying where it exists. No doubt there will be some recommendations that will require me to have a discussion with my Cabinet colleagues and make a pitch. We have seen some outcomes this year in response, so we have seen the Tony Press work, we have seen the specific terms of reference for the Energy Security Taskforce. We have seen the \$10 million energy efficiency loan scheme, so they would be three that I would cite in this year's budget but no doubt there will be the need to go and pitch, as everyone does, for all of their portfolio interests through the course of upcoming budget cycles and that is what I will be doing.

Mr GAFFNEY - Thank you. In closing, I have read the budget two or three times and I thought there was so much talk about droughts and issues that were all climate affected and it would have been good to have seen, and there is a climate action plan coming out in what just did not seem to get the credit or exposure in the Treasurer's speech because a lot of the initiatives were around exactly that and I thought that was a missed opportunity to clearly submit the intent of climate action plan.

Mr GROOM - I take your point.

CHAIR - Minister, thank you very much.

Mr GROOM - I would like to take the opportunity to thank Wendy and all the staff at the Climate Change Office and again, my office, for all of the work that they do in this portfolio area. Thanks.

DIVISION 9

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

CHAIR - Minister, in regard to this division do you want to say anything or head straight into the first line output?

Mr GROOM - Chair, if I can very quickly talk about a couple of things. I think there are some important issues in the environment, parks and heritage portfolio which are important to acknowledge in the context of the budget.

We have got an ongoing commitment to ensure that we are properly protecting our natural areas. This is an important obligation for Government and the Government is very, very committed to it. In addition we recognise our natural areas can present a great opportunity for Tasmania from a tourism perspective and also just from an enjoyment perspective for Tasmanians and therefore it is important that we are investing in infrastructure as well as of course seeking to attract new and exciting tourism experiences. It is in that context that the Government has invested \$5.7 million to continue the high priority maintenance and infrastructure program with the Parks and Wildlife

Service and obviously that funding will contribute to important infrastructure in our parks and reserves around the state.

Another important initiative is the \$220 000 commitment to help explore a new management model for Maria Island. We see this as a very important opportunity not just for the local community on the east coast but in fact the whole of Tasmania. It is one of the most extraordinary places and I think it is under done as a tourist experience. Again we have got to make sure that we are properly protecting the natural cultural and extraordinary convict heritage at that site but I think we can do it better and we want to explore that.

Obviously we have indicated support for the Cradle Mountain master plan. We have got further commitment in relation to the final stage of the Three Capes Track which has been another extraordinary success in my view and ongoing work with the south coast track.

We have got \$3 million of additional funding to reset the relationship with the Tasmanian Aboriginal community and I would like to acknowledge our strong commitment to explore joint management opportunities. We have identified this through the draft management plan in the Tasmanian Wilderness World Heritage Area and I was very pleased also to be able to confirm yesterday the Government's intent to amend the Relics Act to address some immediate deficiencies from our perspective in relation to that legislation. That will be something that the Government will be pursuing through the course of this year.

More broadly, in relation to the environment portfolio we are seeking to improve the (3:08:15) approaches; the management of air quality and water quality and waste management in the state and develop initiatives to support the improvement of air quality in Tasmania in line with the 2015 national clean air agreement.

They are just a number of the initiatives that the Government and I want to also acknowledge that it has been a challenging year from a number of perspectives because of natural weather events as we have been discussing. I do want to acknowledge the extraordinary efforts of Parks and in fact all across Government and everyone involved in the response to the bushfires over the course of the summer. They were extreme and I think the response was first class. I think it was a matter of regret that some sought to be critical of that and I really genuinely believe that that was a first class response.

Output group 3 **Natural and Cultural Heritage**

3.1 Resource management and conservation

Mr FARRELL - This will flow on nicely from what you were just saying. I assure you, Chair, that we have not worked this out between us.

What is the impact on this area from the bushfires? Obviously there is going to be some impact from the recent floods; how will that affect the budget allocation to this area?

Mr GROOM - In terms of the impact of the fires, our best assessment at the moment is that about 900 937 hectares were burnt. If you put that in context, it represents about 1.3 per cent of the total area of the Tasmanian Wilderness World Heritage Area - TWWHA. Because of their natural values, some of the areas were significant affected - there is no doubt at all that the fire was quite

devastating in its impact. To also put it in context, in 2013 with the bushfires, we lost about double that amount - 40 000 hectares in the south-west.

It is also important to understand that its actual impact varies within that area. In some instances it is complete devastation; in other instances it has impacted, but the areas are likely to recover. Some of that assessment is still ongoing. At the moment our focus is starting to look at the issue of rehabilitation. We are working on that at the moment.

Dr WHITTINGTON - The fires were extraordinary events. There were very dry conditions. Parks mobilised an enormous amount of resources both from within Parks but across all our fire fighting agencies and from interstate. As the minister said, I think they did an exceptional job. Fortunately, nobody was injured during that process in any significant way so it was all well done.

One of the things we are doing now is a review that Dr Tony Press is leading. That is to look at what we can learn from those fires, from a Parks management perspective. It is looking at what we can learn about the frequency of that kind of fire in future: How do we best manage those sorts of fires? How do we best resource ourselves to manage those fires? How do we develop operating procedures so that if and when that sort of event occurs again we are better prepared?

For example, the use of retardants in sensitive areas. It is difficult to make operational decisions on-the-fly around those. We do, but we are now doing some work in preparing for next summer and summers to come, on getting lessons learned. Dr Tony Press is leading that work - it is a quarter-of-a-million-dollar commitment, as the minister might have mentioned. That is well underway. They are meeting again tomorrow.

Mr GROOM - It is really important to acknowledge it. Two hundred and eleven Parks staff worked on the fires. It is an extraordinary commitment from the department.

Ms FORREST - And lots of volunteers.

Mr GROOM - And lots of volunteers. There is no doubt about it. People came from right around the country and New Zealand, as well. With Parks, they contributed 43 000 hours of effort in responding, including dealing with very difficult and dangerous conditions. I really think it is important these things be properly acknowledged.

People have a different view on the politics and all of that. I thought it was really unfortunate there was not a greater consensus in the extraordinary effort. I think it deserved it. We can always learn, there is no doubt about that. Every time you go through these experiences, you learn.

CHAIR - I think the APAC report confirmed what was done was appropriate.

Ms FORREST - Just on that, minister. A lot of this was in my electorate, as are the floods, and the areas around. Watching, mostly through social media, constituents who are friends through Facebook and things like that - getting almost live updates during the whole event. A lot of them held a view that there should have been more timely backburning and things like that. They acknowledged that would have potentially meant backburning some sensitive areas - they are not experts in this field, so they accept that - which could have perhaps meant less loss in view of all the dry lightning strikes, which were just all over the place. It was already dry the start with, that was unusual as well, but there was real concern that the previous lack of fuel reduction burning in the area and the use of timely backburning may have contributed to a greater loss of property. Not

land, lucky we hardly lost any property - and as you said, no-one was hurt or died as a result, which is a really positive outcome.

The other point that you raised - I think John might have raised it - was the use of retardants. Obviously there are potential environmental impacts associated with the use of some retardants, so obviously that is something that will be looked at in that whole process.

Mr GROOM - The first thing relating to backburning and fuel reduction, obviously that is a strong focus of the Government, investing more in fuel reductions. I have a \$28.5 million commitment over the course of four years, so that has been very important work. There have been some significant outcomes in terms of avoiding risks a consequence of that work, and that work is very much ongoing. Again, the work has been a great example of the collaboration across various services.

The context of the parks and reserves, in particular the Wilderness World Heritage area - some people express different views about it. You have to make sure you are leveraging off expert advice when making judgements about it. There has been some fuel reduction within the Wilderness World Heritage area, particularly down in the south west, but no doubt as with all of those things, we can learn. I will hand over to John. There were, no doubt, learning in terms of the use of different repellents; it is one of the challenges you have got - retardants - in terms of making a judgement about fire damage versus the damage directly. These judgements are not to make.

Dr WHITTINGTON - The minister is correct, we have had fuel reduction burns that have been around protecting the environmental assets, but mostly in the past, it is a combination of environmental and built assets. The fuel reduction program is the new program the minister mentioned that is unashamedly focused on protecting community assets and infrastructure. We have two programs - we continue our core work in Parks, but then on top of that, we have the additional work that is very much around protecting communities and infrastructure.

When it comes to the use of retardants, it is part of firefighting; they were used in these fires. Permission was provided to use them in remote areas and in the TWWHA. We found that they were not as useful as one might have hoped. While they are obviously very good at dowsing a fire, either property and around properties, when you start putting them out in button-grass plains where the fire's metres underground, it is kind of -

Ms FORREST - Pointless.

Dr WHITTINGTON - Yes, so we have learned something on the ground, but part of the work we will do - which we are doing now, over the rest of winter - is to have a really good look, not only at the use of fire retardants, but also how and when you use heavy machinery. It is a compromise because fire and the Tasmanian landscape have evolved, and to some extent, fire is not a bad thing, but it is if it is going to damage property and life.

Ms FORREST - The low-intensity burns are better than the hot burns.

Dr WHITTINGTON - Absolutely, yes. Also part of our work will actually go to the question of 'What is the practice of environmental burning in the TWWHA as opposed to the fuel reduction program, which is very much around assets and our communities?' As the member mentioned, AFAC has vindicated the approach taken on the day, but this is about learning, looking back.

CHAIR - I might just follow on with what Craig and Ruth are saying, we had quite a conversation with Minister Hidding yesterday about the fire service and the interrelationship. I hope that any reviews going forward take account of some local knowledge, particularly in my area under the Western Tiers and the upper Mersey Valley, because there are some very stark photos have been taken since where low-intensity burns were done by locals three or four years ago, and where low intensity grazing happened and they were not burnt. Some of that local knowledge is very important and should be taken into account because we all have the same objective - we want to protect what is there.

The other matter I might raise is, with the downturn in the forestry industry, some of those access roads, bridges and fords are not there. We had that capacity, once upon a time, to be able to get machinery or the right equipment in there rather quickly. If we are going down the path of climate change - and, by the way, I am predicting an la Nina coming in this year so we are right for this coming summer, minister, I hope - I predicted the el Nino last year. I looked in the *Hansard* - 'Greg-the-know-all', my wife calls me -

Laughter.

CHAIR - Now I have lost my train of thought.

Ms FORREST - Where were you going with that? You were talking about discussions with another minister.

Mr GROOM - I think also leveraging on-the-ground knowledge. I caught up with a couple of the firefighters at one point and part of that was that extent to which - we had people coming from all over the country including New Zealand - they had different approaches by virtue of their exposure to their on-the-ground circumstance. Every one was a little bit different. It does demonstrate that point, that practical on-the-ground knowledge of an area is vital in the effective management of it.

CHAIR - And the accessibility. That is very important. If you look at the whole of the Western Tiers you probably have about 100 kilometre front across there, north-facing most of it. I have walked the whole lot of it many times, but there are patches, even back in the 1960s where there were some really big fires and they went up there. We don't want to lose the whole lot of the face which is potentially the case with the climate change and the absolutely wrong conditions. Then it gets up into the plateau into the world heritage area on the top and then we have some more bother. I just make those points, thank you.

Mr FARRELL - We had the Orange-bellied Parrot incident at Taroona. What has been done to prevent that sort of thing happening again? I think 14 were lost and I wondered where the numbers are at the moment.

Mr GROOM - It was a very unfortunate situation that presented last year. This was a consequence of the significant increases in the captive breeding population which has put pressure on the Taroona facilities. Some of the older facilities being used to house non-breeding or diseased birds were entered by rats resulting in some of the deaths.

The last figure that I have been advised is 12 in total but there was an immediate response to this situation. The existing pest control program was significantly boosted and then also there was the implementation of the major program of redevelopment and repair for the Orange-bellied Parrot

breeding facilities at Taroom, which included clearing the surrounding vegetation to reduce cover for predators and a temporary aviary for quarantine.

New quarantine aviary facilities are going to be constructed prior to the next breeding season. The integrity of the walls of the main aviary have been improved - solid walls and improved mesh installed - skylights and vents have been installed to improve visibility and ventilation and the aviary exterior has been modified to prevent animals climbing up into the structures.

We have responded to it. It was a matter of some significant regret that that incident happened but we have responded to it.

I wanted to make the point that what we have there is intensification of the use of the facilities because we are increasing the captive population. To give you an understanding of that, in 2011 there were 90 captive birds that were held at Taroom. At April of this year there were 164. It shows you the significant increase in the size of the captive population, which is what has given rise to the intensification of the use of the facilities.

Mr FARRELL - Following on, has there been any change in vulnerable and rare species over the last 12 months?

Mr GROOM - There have been changes. The scientific advisory committee makes recommendations from time to time on the list of threatened species under the act. I have recently accepted recommendations from the committee to add 10 flora species to the threatened species list and change the listings status of four flora and three fauna species, and delist 16 flora species. That is my advice.

Recovery plans are one of the key tools in managing threatened species. There are currently 31 recovery plans covering 172 species and 235 endorsed listing statements. Recovery plans for Tasmanian threatened species are very important in assisting with our management and new and updated plans are being prepared on a regular basis. An example of this over the past two years is where the department, together with the Commonwealth, has developed a new recovery plan for three Tasmanian handfish species. As a result, \$120 000 has already been made available to implement recovery actions recommended under that plan.

A new recovery plan covering 36 species of Tasmanian orchids has been completed. A draft recovery plan for the giant freshwater crayfish has been released for public comment. There are a number of other recovery plans being reviewed, including for the Subantarctic fur seal and the southern elephant seal.

It is a good example of some of the practical work that is being undertaken. At the moment in Tasmania there are 210 flora and fauna species listed as endangered, 118 as vulnerable, 320 as rare and 28 as presumed extinct under the legislation. The status is something that is looked at and updated from time to time.

Mrs HISCUTT - Chair, is the tiger presumed or definitely?

Mr GROOM - It is extinct.

Mrs HISCUTT - It is definitely?

Mr MULDER - Yes, they have found no tiger scats on the side of the road.

3.2 Historic heritage services -

Mrs HISCUTT - Minister, the historic heritage services line indicates at the end of 2018 there will be a \$389 000 drop, which is the presumed completion of the visitor information centre at Woolmers. Could you give us an update as to how that visitor centre is going? Is it moving along okay? Is it going to fit within the budget?

Mr GROOM - The Government has committed \$1.952 million to site works at Brickendon and Woolmers in recognition of the importance of these early unique heritage places and their convict story. They are extraordinary properties and recognised as World Heritage through the listing. This initiative will help to ensure the conservation, management, presentation and interpretation of these two World Heritage-listed properties. The visitor centre at Woolmers Estate will play an important role in telling the unique Australian story of the assignment of male and female convicts. Specifically the funds will contribute towards the development of the Woolmers visitor Centre and are helping to facilitate a range of essential conservation and maintenance works at both Brickendon and Woolmers.

This commitment is also helping to ensure that each site maximises its future sustainability as the works plan will boost the appeal to locals and visitors, increase the accommodation available and further enhance the visitor experience that each site offers. This is an important commitment of the Government. They are extraordinary sites. I would encourage anyone who has not visited the sites to make sure they check them out because they really are quite remarkable.

Mrs HISCUTT - So the \$1.59 million covers a lot more than just the visitor information centre?

Mr GROOM - Yes, it also includes critical maintenance and conservation works.

Mrs HISCUTT - How many places or precincts of significance do we have on the register at the moment?

Mr GROOM - There were 5564 entries as at 30 June last year. One of the pieces of work we have been doing is the Integrity Project.

Mrs HISCUTT - Is this the audit you are talking about?

Mr GROOM - This was as a consequence of the audit that was completed under the previous government in 2013-14 that found that 70 per cent of the registers met the registration criteria and the balance were in need of review. It was as a result of lack of information, or alternatively information that suggested that -

Mrs HISCUTT - I want to hear about that. That is another question I was going to ask. Before we move onto that, the 70 per cent met one criterion. Does it only take one criterion to be put onto the list or do you need more than one criterion?

Mr GROOM - I think it has to satisfy one of the criteria.

Mrs HISCUTT - How many criteria are there?

Mr GROOM - I might just check that.

Mrs HISCUTT - Five or 10 or hundreds?

Mr GROOM - Not hundreds.

Dr WHITTINGTON - Five to 10.

Mrs HISCUTT - That is fair enough. That is all I need to know. Can you please tell me now about the audit and how you are going through that?

Mr GROOM - I should start by saying there has been a trend, certainly nationally or acknowledged nationally, of the merit in recognising with greater integrity national heritage at the national level, state heritage at the state level and local heritage at the local level in order to give integrity to that heritage. It was in response to this that the previous government undertook an audit in 2013-14, which concluded that 70 per cent of the register's entries met at least one of the criteria but the balance were in need of review. That was as a consequence of either an absence of information or there was a suggestion they may not actually meet the criteria under the act. When the register was set up, there were a whole bunch of entries that were put on in a single batch, so there was an absence of information in that context.

It was as a consequence of this that we embarked on the Integrity Project. Contrary to suggestions made by some, the objective of this is to give integrity to the register. That is to say, to make sure that things that should be on the register are on the register.

Mrs HISCUTT - That is good.

Mr GROOM - As a consequence of that review, the Tasmanian Heritage Council is providing oversight. I acknowledge their constructive work and in particular under the leadership of Brett Torossi. They do a fantastic job. They have confirmed that 170 entries of those they have looked at should be retained. That is work they have already completed. They are undertaking further investigations in relation to a number of entries. With 590 entries being subject to the formal removal consultation process, the intent of this consultation process is to identify if there is any reason available that will confirm if any of these entries meet at least one criterion. The vast majority of affected owners have been supportive of the project and stakeholders have appreciated the attention given to explaining it.

It is an important project to give integrity. This is across natural and cultural heritage. Last year there were 153.35 FTE equivalents and this year there are 141.45 FTE equivalents.

Mr FARRELL - Do you still contract people back in?

Dr WHITTINGTON - I am not aware of any significant number of contracts. We would have some fixed-term staff and some casual staff but I could not tell you the numbers off the top of my head. I can take it on notice.

Mr FARRELL - I am happy for you to take it on notice.

3.3 Aboriginal Heritage -

Mr MULDER - I notice your funding goes up \$300 000 in this line item and then incrementally goes forward. How many FTEs do you have in this area and what is that money for?

Mr GROOM - We have some additional funding as a consequence of the Aboriginal joint management of reserves. We have identified a budget commitment of \$800 000 over the forward Estimates to assist in advancing opportunities for Aboriginal joint management of reserves. This new funding is part of the Premier's plan for the resetting of the relationship with the Tasmanian Aboriginal community.

Mr MULDER - You said \$800 000, yet there is only \$300 000, or is that over the four years?

Mr GROOM - It is over the four years. This has been a particular focus of the Tasmanian Wilderness World Heritage Management Plan opportunities. It is important from our perspective that we are pursuing this right across our parks and reserves. We are committed to ensuring we are undertaking this work.

Mr MULDER - The Aboriginal Heritage Council, your advisory group, is there any money that goes towards that other than administrative support?

Mr GROOM - We have provided administrative support through our recurrent funding but we are working with the Tasmanian Aboriginal Heritage Council in pursuing lots of initiatives, including the joint managements in the development of interpretation material, cultural awareness training. We have also been working with them in the proposed amendments to the Aboriginal Relics Act.

Mr MULDER - Who are your advisers on the council? We can talk euphemistically about resetting the relationships, but are you resetting it with the whole Aboriginal community or just the existing recognised community?

Mr GROOM - We can provide you a list with the makeup of that council. The intent of the Tasmanian Aboriginal Heritage Council is to ensure we have a broad representation right across the Tasmanian Aboriginal community.

Mr MULDER - Do you recognise any Aboriginal historians, heritage or cultural experts outside those approved by the TAC?

Mr GROOM - No, it definitely extends beyond the Tasmanian Aboriginal Centre.

Mr MULDER - Is there broader engagement with the wider Aboriginal community?

Mr GROOM - It definitely extends beyond the Tasmanian Aboriginal Centre. We do not currently have a representative from the Tasmanian Aboriginal Centre on the council but we have a spot and we have invited them to participate. We are very hopeful they will participate. The Aboriginal Heritage Council members include Rocky Sainty, Rodney Dillon, Fiona Hamilton, Colin Hughes, David Gough, Hank Horton, Tony Brown, Ben Sculthorpe, Zoe Rimmer and Grant Maynard.

I want to take the opportunity to thank the Tasmanian Aboriginal Heritage Council for their constructive engagement. They have adopted a really positive constructive engagement. They are

providing advice to me as minister but the government, more broadly that is assisting in advancing and resetting the relationship consistent with the Premier's intent. I do appreciate the constructive and positive they have adopted.

Mr MULDER - As part of this resetting of the relationship some proposed land hand backs on the west and east coasts which were stalled during the last parliament. A committee of this council strongly recommended we have a look at the intent and meaning of who we were giving the land back to. In fact there was very little recognition and consultation with some of the recognised regional groups which have now formed themselves an association. I am wondering given this wonderful resetting of the relationship where that particular process now lies. Is it a reset relationship or are we still beholden?

Mr GROOM - The Premier has identified a whole series of opportunities for advancing the relationship. I cannot speak specifically to the land hand back one. I will let the Premier speak to that. There are a number I am pursuing in my portfolio. They include the joint management and also the Aboriginal Heritage legislation.

Mr MULDER - Are there any joint management proposals with members other than those on the Aboriginal Land Council?

Mr GROOM - As I say we are exploring the joint management opportunities with the Tasmanian Aboriginal Heritage Council and that has a very broad representation.

The answer to the question is, yes. We are doing work through the Tasmanian Aboriginal Heritage Council which has broad representation.

Ms FORREST - Minister, some Aboriginal people particularly in my electorate and I have often felt excluded, but some of the other parts of the Aboriginal community have expressed true reconciliation will only occur when we reconcile everyone with everyone. All Tasmanians not just focusing on Aboriginal people, but creating those links between and reconciliation between non-Aboriginal people, Aboriginal people, Aboriginal people within themselves, within their own groups and perhaps some dispute groups within there as well as there are dispute groups within the non Aboriginal communities. What is your view on that? Is that achievable through the process you are trying to undertake?

Mr GROOM - The Premier has a broader objective. My focus is on furthering the relationship more broadly. The joint management is important work and the Aboriginal Heritage. They are two specific areas I am very focussed on.

It is important we find a way to have a better relationship based on respect and understanding between the Aboriginal communities of Tasmania and the broader Tasmanian community. There is great reason for optimism in that sense.

I have just made the point from my exposure to the Tasmanian Aboriginal Communities I think they want positive engagement. They are seeking from the Government and probably from the broader community is positive engagement and return. That is where the opportunities like joint management and to address some of the deficiencies in the Aboriginal Relics Act are really good examples of how we can have a positive step forward.

One of the mistakes that has been made in the past is a lot of the engagement centred on a dispute of some kind. What we are doing through the reset initiative is looking for opportunities that are positive engagement

Mr MULDER - The fundamental disputes we talk about, minister, are disputes about who is an Aboriginal for starters and that is the most fundamental dispute. How you can have an engagement when there isn't reconciliation within the communities first in recognising that perhaps someone who is not on your register is more than a tick in the box Aboriginal. Those sorts of statements. It is a difficult area just to gloss over with more conversations and engagements. You have got some fundamental conflicts you have got to deal with here and Government has a responsibility in leading this stuff.

Mr GROOM - I can assure you that the Government is not glossing over but the Premier has spoken very specifically on this point and he has made it clear that from his perspective he wants to make sure that we adopt an approach which is inclusive. The membership of the Tasmanian Aboriginal Heritage Council is reflective of that. It is a broad representation. I think that in and of itself is a step forward but I make the point the history of the Tasmanian Aboriginal people is one of the most extraordinary histories. It is incumbent on all of us, all Tasmanians, to understand it more and to respect it and to celebrate it. The story of the Tasmanian Aboriginal people which is ongoing, it is living, which is one of the things we want to address in amendments to the Relics Act is one of the most extraordinary stories. I just think it is so important that we increase our awareness and understanding that we show respect for it and that we celebrate it and share it and that is what we are committed to doing better with their assistance.

3.4 Royal Tasmanian Botanical Gardens

Mrs HISCUTT - The forward funding looks fairly steady as it goes, minister, so I presume FTEs are still the same. How many do they employ there now?

Mr GROOM - The Royal Botanical Gardens last year was 24.31 FTEs and this year is 24.30.

Mrs HISCUTT - That is quite a few. They are developing a marketing plan, minister. How is it going and does it include marketing towards our new Chinese tourists because Chinese are very much into this sort of thing? I know that the Emu Valley Rhododendron Gardens do very well there. Is that part of their marketing plan? How is that plan progressing?

Dr WHITTINGTON - The Gardens has a board led by Damien Bugg and there is a seven member board and they are leading with a new director of the Gardens. A number of programs about increasing marketing with a big focus on visitation and they have had some strong increases in visitation this year. It is also looking at opportunities for the bicentenary which is in 2018. The plan is looking at all of the opportunities and including visitation by different tourism groups.

Mrs HISCUTT - There is nothing specifically aimed at our Chinese visitors?

Dr WHITTINGTON - I am not saying that. I think it is a part of the program.

Mrs HISCUTT - They also have a key deliverable of planning and fundraising by the bicentenary that you are talking about. How is that fundraising going? How do they do fundraising other than lobby government for more funds?

UNCORRECTED PROOF ISSUE

Dr WHITTINGTON - They have a range of programs in place. The Friends of the Gardens provide a lot of volunteers. There are donation boxes at the Gardens. I haven't got the exact number but it is in the order of \$50 000 approx per year that comes through donations from that. There is philanthropic support for the gardens and corporate support. For example, NIKON just recently provided solar panels for the Gardens so the Gardens essentially are self sufficient for power now.

Mrs HISCUTT - Anybody in the community can put a donation up there. Okay.

Dr WHITTINGTON - That is right. Also, they are working on a plan to develop opportunities for sponsorship for the bicentenary so will be announced as they coopt that.

Mrs HISCUTT - With the grants, there is a decrease in the grants which reflects the completion of the central infrastructure and maintenance funding. Is the essential infrastructure the upgrading of the restaurant?

Dr WHITTINGTON - No. There are specific works for the wall and maintenance and upgrade. There is infrastructure funding over two years for the Arthur's Wall and the Superintendent's Cottage and repairs and maintenance to the Eardley-Wilmot Wall.

Mrs HISCUTT - And that is all going well?

Dr WHITTINGTON - It has been going really well.

Mrs HISCUTT - Another couple of questions. Peter Cundall's garden; is that what we are talking about - the wall, his vegetable garden - or the garden he often visits?

Dr WHITTINGTON - It is one of the historic walls. The major walls. There is one as you come in.

Mrs HISCUTT - It has the veggie garden there in front. Have any more celebrity gardeners visited of late? Not that you are aware of, obviously. One question you may not be able to answer, the 24 Carrot school gardens, are you able to tell me what that is, other than carrots? It sounds like gold. I was interested in what it was and if you don't it is no big deal.

Dr WHITTINGTON - No.

Mrs HISCUTT - I can find out myself. I thought you might be across it.

Dr WHITTINGTON - I think it is the extension of the Community Garden concept for the schools.

Mrs HISCUTT - I thought you might have had an update but not being gardeners and not having the authority here that is understandable. Thank you, Chair, that will do.

The committee suspended at 3.58 p.m. to 4.10 p.m.

DIVISION 9

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

Mr GROOM - I introduce Wes Ford, the Director of the EPA.

Ms FORREST - In the Environmental Management and Pollution Control, I know there has been some assessment done of the lakes during the drought and the environmental impact of the drought on those. Has there been any significant damage that we are aware of?

Mr GROOM - We might get some specific detail in relation to that. There was a very strong focus by Hydro Tasmania on managing the potential environmental impacts as a consequence of the low storage. I was very pleased to have the confirmation that Great Lake, for example, which had the most significant impact, has now gone out of the risk zone.

Ms FORREST - Yes, you mentioned that earlier. I am talking about damage that might have been done by the fairly extended period of low levels.

Mr GROOM - Hydro Tasmania have been monitoring it. There was some work that was done through the department.

Ms FORREST - AEMPC were involved in some of that I assume?

Mr GROOM - The primary engagement was through the department.

Dr WHITTINGTON - As you know the Great Lake is a modified natural lake and has several threatened species within it: some snails and two galaxiid populations. Galaxiids require certain habitat for spawning. The algal beds and some of the rocky substrata and the issue is when Great Lake falls rapidly you can get dewatering of the algal beds and the rocky substrata that causes the eggs of those galaxiids to dry out and die. That is the significant issue. It is a rapid draw down during spring. The fish live for several years and they get several opportunities to spawn in their lifetime. Managing the Great Lake is about ensuring you don't have consecutive draw downs rapidly through spring through those rocky substrata.

Ms FORREST - It would have had a rapid draw down this year.

Dr WHITTINGTON - Yes, there were some, but Hydro monitored that and there were some impacts on spawning at dewatering. Hydro, over summer, has done a lot of work on looking at the impact of that and they have developed some monitoring and management plans for the lake. As it has turned out, that level has risen significantly so we almost definitely won't have the problem next spring.

Nonetheless, in a prudent way, as we came out of last summer, Hydro has changed some of their management and operating procedures, and have sought and have been issued a permit under the Threatened Species Protection Act which requires them to do certain monitoring and management to ensure the populations are both monitored and managed through next spring. That is under the Threatened Species Protection Act.

Mr GROOM - They have had an active engagement with the Commonwealth as well.

Ms FORREST - Under the EPBC act there would be some responsibilities.

UNCORRECTED PROOF ISSUE

Ms FORREST - I am going to the monitoring of emissions and air quality. I am sure, minister, you are aware of the concerns raised by the Port Latta residents, or residents at Cowrie Point at Port Latta, regarding the installation of the diesel generators for the energy crisis. The energy crisis is responsible for lots of things environmental.

One of the questions I have relates to whose responsibility it is to monitor the air quality in that region. You have the Port Latta smelter there, the pelletising plant that has been there for a long time and the residents used to have a lot of problems prior to the gas being used at the pelletising plant. It was diesel prior to that, and now it is gas it is much better.

They are concerned with the diesel generators being used. I know they are going to be taken away and I know they will be very happy to hear that. It raised the broader issue of who is responsible for monitoring? I thought EPA would have had a much greater role than they appeared to have in this. Can you provide some detail about how the monitoring is done on these sites, all sites generally, but particularly on a site like that, and who collects the data and who is it shared with?

Mr GROOM - My understanding is that both the EPA and DHHS undertake monitoring of the results in real time. I might hand over to Wes for the specifics of how that operates.

Mr FORD - In relation to monitoring, Ms Forrest, the companies which are licensed to undertake their own monitoring. The role of the EPA is to receive data and evaluate the data. This is right across the state where there is air monitoring. The only air monitoring we specifically do as a state is around the national environment protection measures which are principally in that state.

In this case, Grange monitors its air quality, and it is one of the requirements that Hydro has put into these diesel generators at Port Latta, is for them to undertake air monitoring because they had done some modelling suggesting the worst case scenario and there might be an impact on the residents.

Ms FORREST - The residents are mentioned in Hydro. It is not your responsibility. Hydro's documents were the ones at Crayfish Creek, which is on the other side and 2 kilometres away, whereas these were on the western site, prevailing side. It is only 400 metres to the closest house and they were not even mentioned in the documentation that you would have reviewed.

Mr FORD - I think they were. It highlighted the closest residence was about 425 metres away.

Ms FORREST - Maybe you have other documents that were not clear. They mentioned Crayfish Creek but not there.

Mr FORD - All their documents are on our website.

Ms FORREST - In that case, how is that information shared, the monitoring information? Is there a requirement for the information collected by Grange and by DHHS, to share that with local residents and make it available to them, or is it not?

Mr FORD - At the moment there is no requirement for people to make their monitoring data available. They make it available to us. The question will need to be looked at around where available. Where there are problems and where there are concerns about emission limits that are exceeded there is an expectation people engaged with residents talk through those sorts of issues.

Ms FORREST - I have seen footage. They have videoed in front of their houses, all this black soot being washed down in days of bad easterly weather. They have to have extra treatment for their water. If they wash down with their hose, the water is black. That happens on a fairly regular basis. When they try to get information about the emission levels on those days about those events, they have not been able to. How will they get it? They are concerned about their health and wellbeing. Maybe it is harmless, but we do not know that.

Mr FORD - At the moment if they make contact with me, I will follow it up with them. What has happened in the past has happened. What we need to understand is what is appropriate for the future.

Ms FORREST - Some people have lived there longer than the pelletising plant has been there. You mentioned, minister, that you monitor smoke. I assume that means smoke from wood heaters as well as from bushfires. There were some circumstances this year, around the time of the bush fires, Cape Grim, which is supposed to be the cleanest air in the world, and others. Where does that data show up?

Mr FORD - By way of explanation, where you see PM10 that is typically dust-sized particles. PM 2.5 is smoke. We are now starting to separate, being able to record against smoke versus dust. We run three registered accredited monitoring facilities in the state, in Hobart, Launceston and Devonport. We also have 35-odd stations that use a different technology that we do not record against nationally. That is what you will see on our website. That records the level of exceedences or the daily levels of smoke haze. At Cape Grim, the CSIRO station is monitoring the carbon, not actually the smoke, it looks at more broadly in the atmosphere.

Across the summer, we have exceedences in smoke because of bush fires, as to be expected. In Tasmania we have a couple of distinct seasons. We have the bushfire season, planned burning seasons and then we have the wood heater season. It is coming into wood heater season.

Mr GROOM - Through the Tasmanian Energy Efficiency Loan scheme we are seeking to encourage the uptake of more modern wood heaters and be able to facilitate replacement. Some of the old wood heaters are particularly problematic.

Ms FORREST - It is how people use them, too. Do they put dry wood in them? That comes down to education. Whose responsibility is that?

Mr GROOM - There are a couple of programs.

Mr FORD - We run the Burning Brighter program which has been developed with councils to facilitate community education about better use of wood heaters. It is trying to get a public message across about not dampening the heater down at night, letting it burn hotter, using dry wood, keeping your wood stored. We know it is a standard Tasmanian pastime to collect your own wood. We know it is a challenge in some of the lower economic areas where wood heaters are used extensively.

Ms FORREST - I made the comment to one of your staff members that there is plenty of wood in some rivers on the north-west coast that could be salvaged and allow people to collect their own firewood. It may be better dried for a year before they use it. One way to help get rid of it and there are plenty of people out there wanting to help - I can guarantee that.

The performance indicators, counting activity and outputs is one thing but outcomes are another. Look at the number of environmental protection notices and contaminated sites notices issued. In 2014-15 we have had 66. The target is 60 for this year and for the coming year. Are they likely to be around that number?

Mr FORD - Yes, it is. The performance measure in the budget papers reflects total activity. It does not seem to distinguish between where notices are issued because there are problems versus activity where notices were issued through a reviewing type process. For example, we are issuing maybe 15 or more notices a year where we are identifying new sites of contamination.

Principally, old service stations in areas where the fuel holding facilities installed in the 1950s and 1960s have all started leaking. We know that lots of service stations have been pulled out around the place and leaving contaminated sites.

The environment protection notices range from a range of straight forward to -.

Ms FORREST - In terms of outcomes, is it possible to identify the notices that have been complied with and whether action has been taken to remediate or address the problem they were issued for in the first place? That is what we want to see. It is all well and good to issue a notice but if no-one does anything and they think 'oh, there is another notice' and put it in the rubbish bin.

Mr FORD - We run an auditing process. We keep track of the notices we are issuing, notices to follow up in order to report against it. It is a fairly extensive piece of reporting which we will be looking at in a more substantive way in the EPA annual report so that the authorities required to table a report to Parliament is where you would reasonably expect to see that level of detail.

Ms FORREST - So you do not have that for last year, at this stage, that level of reporting? Is that something we can look forward to in this year's annual report?

Mr FORD - The level of detail last year does not go to that level. We are looking at restructuring our reporting process. We now have a better set of information based on some auditing and an auditing program that was kicked off a couple of years ago. We are in a position now to report against some of these activities in terms of auditing.

Ms FORREST - Minister, I would be pleased to see that as well. Will that be ongoing, it is not just a one-off audit?

Mr FORD - We run an ongoing auditing program and it's a performance measure in the budget papers around undertaking performance audits of the premises and we regulate some 550 premises around the state.

Ms FORREST - You have a total of 100 per cent, and you had 38 per cent last year,

Mr FORD - In the first year of the audit program it turned out to be ambitious when they set about trying to determine what they could loosely audit but when they started doing the audits they found it was more complex. It really is a case of quality rather than quantity so this year, while we still have a target of 100 per cent, we are seeking to do less audits than we originally proposed a couple of years ago.

Ms FORREST - One of the things we hear about, getting approvals for activities or sometimes lower level approval process that trigger an environmental approval process. Sometimes they seem to take a long time or be overly onerous and that could be because people are not either informed what they need to provide or people do not think they should have to provide that information. It could be two sides but is there anything you are doing with the department to streamline those processes in a way that meets the requirements to have an environmental assessment. It does not add an overly burdensome approach to getting through that process. Is there someone to help through that process where it is a bit more complicated?

Mr GROOM - I certainly think it is an appropriate opportunity to explore. Often with these sorts of things it is a little bit of both. In other words, the process could be more streamlined but at the same time those involved in the process need to make sure they are providing the requisite information.

Sometimes that is about education as well, but I do not know if you can speak in terms of work to improve it.

Mr FORD - This is actually a board activity, rather than one the minister is responsible for so the PK board is responsible for the assessment process under the act to determine its own processes. There is complexity in the system because of what people are seeking to deal with. Often the people express concern about the time it takes to get through the system is because they have stopped the clock themselves or taken a long time to come back to the board with the required information. The board has to be able to make a judgment that takes into account the requirements of the proponent but also a range of representors who might be concerned.

This year alone, the number of matters that are before the Resource Management and Planning Appeal Tribunal boards getting challenged by proponents and also representors. Proponents suggesting the assessment is too onerous and representors suggesting there has not been enough consideration of issues. The balance for the board is to try and find that balance and the board does run a risk-based process where activities that are more benign, more straightforward have a lower assessment process in terms of requirements than something that is more substantial.

A level one activity sit outside the control of the board. They all sit with local council.

Ms FORREST - From the comments you may be getting more appeals that have to be dealt with by the board or are they more complex?

Mr FORD - A number of approvals that the board deals with reflects development in the state. When levels are depressed as we have seen over the last four or five years, then applications are less. With the economic climate turning around we have seen an increase in applications for development work so the change between what is complex and what is not is fairly static.

Ms FORREST - Is the board adequately resourced. You are an independent statutory body that needs to operate at arms length from government so people can have confidence in it. Is it adequately resourced to do the work? Is that what could be holding things up? You are not well enough resourced?

Mr FORD - Yes, at this point everybody would like more money to do things. We operate at a level where we can generally meet our statutory timeframes. We have been under a little bit of

UNCORRECTED PROOF ISSUE

pressure this year because of Hydro assessments but the fact we are meeting our statutory time frames indicates we are resourced to do the assessments.

Mr GROOM - The funding is steady.

Ms FORREST - A slight increase.

Mr GROOM - Yes. We would all like to have more to do these things. From time to time there are periods of higher intensity and I would like to acknowledge the constructive approach taken by the EPA in addressing some of the challenges we faced in the energy crisis. They had to deal with a lot of stuff in a very short space of time. They did it very professionally, ensuring appropriate protection was maintained. I acknowledge that work.

Mr MULDER - The Nyrstar ground water management strategy, which turns up in your notes; why are there government funds being put towards that and not other businesses?

Mr GROOM - This was an arrangement we entered into as part of the support in relation to their reinvestment. They have undertaken a reinvestment of about \$52 million in that facility. It is a very important facility for the state and they had some challenges with providing appropriate support for that. The Government has facilitated a guarantee to underpin that. As part of it, we came to an agreement with joint contributions in improving the environmental conditions on the site.

Mr FORD - Unless you want specific information about the program itself.

Mr MULDER - No. I wanted the policy parameters. Here we seem to have public money going into environmental monitoring of a major corporation when everyone else seems to be required to do their own monitoring and testing and report the results.

Mr GROOM - It is for works and it was an accelerated program. It was also done in the context of a broader arrangement, supporting a \$52 million re-investment. From the broad community perspective it was an outstanding -

Mr MULDER - The fact is the only people who get supported are the people who have the money to invest.

Mr GROOM - It is a very significant investment, \$52 million.

Mr MULDER - The Copping issue with the massive amounts of water and the fact the leachate ponds are in place and they have done their job, with the analysis of the run-off that has been captured by those ponds what was in them? Was there any leach in the leachate, which means the run-off and the water coming out of the open tip face? What are the things that were in there? What happens to them once they have been captured? There was significant run-off in that area yet the rainfall in that catchment was not huge compared to what happened in other places. Are the ponds sufficiently high to withstand the potential - as climate change proceeds we are going to get more of these wet weather events and particularly with the water warming off the east coast, you are going to get a lot more rain on the east coast. What contingencies and how adequate do you think those ponds are for the potential future of major events? What is in them? What happens to it after we have trapped it and are they adequate?

Mr FORD - In relation to the first question about what is in the leachate, we will have to take that on notice and come back to you with a response.

Mr MULDER - Southern Waste do the analysis and provide you with the report?

Mr FORD - The majority of premises in the state undertake their own monitoring, particularly the consultants or their own staff, with information submitted to accredited laboratories and the results are provided to us. We can provide you with some results through a question on notice.

In relation to the functionality of the leachate facilities, they were damaged as a result of the Dunalley fires and that has been well documented. For a considerable period Southern Waste Solutions were needing to truck the leachate away from the site because they weren't able to deal with it sufficiently. They are now back up and running and their current capacity for their leachate treatment is working. Despite some of the public and media assertions in the last couple of days, the leachate systems are performing well. The stormwater, which is separate, is also performing well. Where people might see run-off, it is stormwater. In the operation of the landfill site it is important that the leachate is collected and treated and is dealt with separately from stormwater. At the moment they have enough capacity and didn't overflow over the last event and their design capacity should serve them for around 150 years plus.

Mr MULDER - So that makes it important to know what is leaching out of them. The results of those analyses at the independent laboratories, is that publicly available?

Mr FORD - They are not publicly available unless they are made available by Southern Waste Solutions. As to the question on notice, we can provide the data we have had reported to us.

Mr MULDER - That is obviously not available in the next couple of days?

Mr FORD - It will take a bit of time to extract it.

Mr MULDER - The reason I ask is that the process here is if you can get the answer to me in a couple of day we will leave it open. If it is something that is going to take more than two or three working days I will take it on notice and ask it on the Notice Paper.

Mr FORD - I think we can get it before the end of tomorrow, if not by early Tuesday.

Mr MULDER - Okay, I will take them on notice then. On that policy issue, here we have environmental protection, testing regimes and no obvious transparency unless a member of the Parliament asks for them. I am wondering about engaging with these community groups. We know they can have a degree of ferality about them and sometimes the flow of information is very important to keeping the debate rational.

Output group 8

Parks and Wildlife Management

8.1 Parks and wildlife management -

CHAIR - I would like to congratulate the Government, particularly on the Cradle Mountain matter. I was there a couple of times after Christmas with interstate and overseas visitors and it

wasn't good with the congestion and everything else. Have the feds at this stage committed any money? Is it still hopeful, given the environment we are in at this stage?

Mr GROOM - From the Tasmanian Government's perspective we have made it clear we see this as being a very important project. You make a very important point about the numbers. Cradle Mountain already is established as an icon in terms of anyone coming to Tasmania generally, but also in particular if they are coming for a nature based experience and we have seen significant increases in visitation to our parks which I think is something we should be very proud of, but also it presents the need for reinvestment which is why we have got the \$5.7 million and it is why this particular project is so important.

Cradle Mountain is up 8 per cent so very, very significant increase. Freycinet up 7 per cent, Mt Field up 5 per cent, Lake St Clair up 22 per cent; a very significant increase there. Gordon River up 33 per cent. We have seen some very significant increases and obviously the Overland Track we have at around the cap of 8000 which of course is a figure that is set for sustainable management for some time. With the new Three Capes Track we have had an extraordinary response to that - 6627 confirmed bookings by 23 May. There is no doubt we have got people coming and we need to make sure that we are investing in visitor facilities.

CHAIR - In terms of infrastructure within the national parks. Obviously there are projects mooted and everything else and personally from my point of view I welcome those if they are done right because they are done in most other countries. If you are going to make the most of those areas you have to do that. Any further comment? Are there any major projects on the drawing board at the moment that you are allowed to divulge or anything else or EOIs at all?

Mr GROOM - There is no doubt at all this continues to be a very important opportunity for us to make sure that we are doing all we can to encourage more investment. The Three Capes Track itself I think is a very, very significant opportunity and we have seen an extraordinary response to it and I have got no doubt at all that that will very quickly consolidate its reputation as one of the world's best coastal walks and I really put it in that category. We have had a phenomenal response with the surveys that have been undertaken. Those that have walked the track, I think it is in the order of 97 per cent have identified it as one of the best walking experiences that they have had and also a very significant number of people that have participated in that it is the first time they have done an overnight walk. It shows you that it is tapping in to a new market opportunity.

I mentioned earlier today the fact with the EOI process that we have had the recent announcement of the Cradle Mountain Canyons Heli-canyoning experience included into the lease and license negotiations. That is the 15th project under the EOI and it is just another really positive potential opportunity I think for new tourism based experiences.

In terms of infrastructure investment, we have done some very significant stuff through the course of last year, but this year we will be looking at some further infrastructure investment including replacement and upgrade of the Bruny Island Neck Lookout and penguin viewing platforms. Upgrades to the toilets at Pirates Bay. This is important to leverage off the opportunities down on the Tasman Peninsula. Construction of new car park and bus turning area and day shelter and toilets at Fortescue Bay. Upgrades of the increasingly popular walking track from the Wineglass Bay lookout to the beach. Construction of new multi use track from Freycinet Visitors Centre to Wineglass Bay, car park to provide a new experience and ease some of the pressure that exists at the car park including in particular at peak times.

Freycinet has been again an icon, they are probably all icons to be honest but it is a preferred destination for a lot of people visiting Tasmania. There are a bunch of days each year where the congestion around the car park really is a problem and we are really pleased that we are going to be doing work on providing a new track to ease that pressure. We are doing essential maintenance repairs at Eagles Aerie, which is another facility that potentially provides an opportunity for a tourism experience, installation of new toilets and car park at the Gardens, day use site, and Policeman's Point Camp Ground. Also upgrades to the infrastructure and visitor experience at Heritage Landing at Gordon River. They are just a few of the examples that we can cite in terms of investing in infrastructure.

CHAIR - One I might pre-empt to you and that is in the Upper Meander Valley and I know that the Meander Valley Council have been through looking at a project there. It does take in some World Heritage area so it would be an extension of the Meander Falls, one of the highest most spectacular falls in Australia but they are a 5.5 to 6 hour return walk. When people come to the Visitor Centre they say how long is the walk. That turns them away. I have walked in a few times. It is a pretty stiff walk. Meander Valley Council have workshopped it costings have been done and will make the point that in that central northern area there has been a dearth of funding for eco tourism type projects. It will be drawn to the state's attention pretty shortly and quite a number of approvals would have to be done if you are in a World Heritage extension area there for any construction works or anything else. We have to have those strings to the bow and not everyone wants to walk 4 to 6 hours. That is a problem.

Mr GROOM - This is where the Three Capes Track has been such a significant development and addition because the quality of that track means a full range of people can participate. I don't know what the age ranges are but they are quite extraordinary I have noticed.

Dr WHITTINGTON - One to 89.

Mr GROOM - One to 89 is the age range of people who have come through the tracks. It shows with the right sort of investment you can make it possible to reach a cross-section.

CHAIR - Thank you. The other quick question is on Wild Care. I notice the number of registered members declined a bit and now there is a target to lift them up to 17 per cent on the current membership. I am wondering how the department expect to achieve that increase. Are there any funds allocated to help achieve that or is it by general recruitment?

Dr WHITTINGTON - My advice is that they are track to get their performance target but I don't know what they might have done. It is just an active recruitment program, nothing more, nothing less. There is an enormous amount of volunteer work is put in by Wild Care and my advice if we are on target to get to the 7000 members.

Mr GROOM - We should acknowledge the volunteer contribution to Parks is very significant.

Mr MULDER - Just a couple of questions whilst you are on the Cape Tracks. If it is such a jewel in the crown I wonder why you don't even report the visitor numbers in the output group.

Mr GROOM - Maybe we should. This launched on 23 December of last year and 6627 bookings.

UNCORRECTED PROOF ISSUE

Mr MULDER - I have been there. The usages of that thing you said. They are organised tours. Then you have the access by the locals. If you have such high numbers, there must surely be some restriction in terms of how many of the locals can walk it outside of an organised tour?

Mr GROOM - The opportunity exists for everyone, whether they are local or anyone else, to do all of the existing walks in the Tasman National Parks. As we have indicated on a number of occasions, that is for the basic Parks fee of \$12 for a Parks pass and \$24 overnight. There are camping facilities and it is a fantastic experience.

Mr MULDER - That comes to my point. It would no longer be the practice in these parks to be sticking your tent on the button grass plains and digging the holes. So therefore you have to have infrastructure in the form of camping platforms.

Mr GROOM - That is true and we have invested.

Mr MULDER - How do you manage making sure that the numbers aren't in excess of the infrastructure available to cater for them?

Mr GROOM - It is going to have to require ongoing maintenance. This has really gone to another level; there is no doubt about it. There is a lot of interest, not just in people who want to do the full formal Three Capes Track walk experience, but people who want to visit that part of the State and enjoy the existing walks that people can access with a Parks pass. However, we have invested in the infrastructure.

Dr WHITTINGTON - As the minister said, we have built a place for that kind of camping, modified in the existing area down by the Falls. We worked with the bush walking clubs around that so that we received active feedback in both the location and the nature of the experience. We monitor use and there was definitely a spike at the start but, from my understanding now, it has settled down to a very manageable level, given the infrastructure we have.

You were right to point out that you can do the full walk, pay your money, take your Pennicott journey, and stay overnight - we can do 49 people per hut per night in that walk. Then there are independent walkers who are coming in and using the Falls then walking out to the platform to Cape Pillar.

Mr MULDER - We say that they can use the tracks that exist. If you take a bit of drive, there are tons of forestry roads and bits and pieces in there, all with traditional access. You know about those things because there are signs up saying, 'Track to Cape Raoul closed off the end of the waterfall road to Pirates Bay'. Similar signs appear at some of the traditional walking tracks up Highcroft and Storm Lea. I am wondering why are you closing those tracks, which are up the back of roads that only the locals would know about anyway?

Mr ROBERTS - I am not aware of that.

Mr GROOM - We might have to take it on notice.

Mr MULDER - I am happy to bring you some photographic evidence.

Mr GROOM - No, that is fine. I understand your point.

Mr MULDER - I haven't been up there to see whether it is just a warning to everyone else, but the track is still open and available. How you would stop people from using it is a mystery to me - short of building a fence.

Mr GROOM - I welcome Andrew Roberts to the table.

Mr ROBERTS - Three Capes is a major tourism attraction. It is an inviting experience to many first-time walkers. In managing that you have to manage what goes around it so in a lot of cases you have tracks that were confusing. You have to have very clear guidance on the tracks that you are going to present to the people who are uninformed tourists. There were other tracks that are closed. They are not physically closed and the locals still all go down those tracks. However, you have signs that aren't leading people down those tracks because they are not maintained for visitor safety or comfort but just for local use.

Mr MULDER - It is highly unlikely that tourists would find themselves in these positions. If you put a sign up on the track saying, 'Local Use Only', the tourists wouldn't have a clue that this is a track to the park. But when you put, 'Cape Raoul Track closed', that is sending a message to the locals whom you claim not to be trying to send the message to.

Mr GROOM - I am follow to it up.

8.2 Crown Land Services

Mrs HISCUTT - The funds there seems to be steady as it goes, trending upwards. How many FTEs there are with this department in total as compared to how many in the Hobart office?

Mr GROOM - As at March this year, 18.66, FTE and that compares to 17.21 last year.

Mrs HISCUTT - Are most of those placed in Hobart?

Mr GROOM - Three in the north.

Mrs HISCUTT - Just looking down on page 218 with the crown land services there and the value of sales completed per year. In 2014-15, there \$12 million, compared to this year of \$500 000. Was that one big sale?

Mr ROBERTS - Apparently it was. Yes, Jane Franklin Hall.

Mrs HISCUTT - With crown lands, I have to declare that my colleague, the member for Apsley, just wanted it known that she sat on the phone for 19 minutes and 32 seconds, so her question was, are they adequately resourced down here? I do know that when I ring them with things that I have to tend to with constituents and what have you, they have called back, which is a good service; there's a call back service. Do you think that 18 is enough to cover the number of calls they must get?

Mr GROOM - We will take that feedback. As I indicated before, the funding for it and resources are fairly steady but there may have been specific circumstances in that context. We will certainly take the feedback on.

UNCORRECTED PROOF ISSUE

Mrs HISCUTT - Have you considered or are you going to do any red tape audits with this department, bearing in mind that there are so many types of different types of crown land licenses? People have access to little slivers of land in front of people's yards that should probably be disposed of.

Mr GROOM - What I can say is that from the government's perspective we've got a broad intent to make sure that we always look for opportunities to streamline and that applies to all of the departments. In this area, I'm not aware of the specifics here but certainly I can reiterate the commitment of the government to look for opportunities like that and -

Mrs HISCUTT - It has been brought to my attention by locals in my area, especially around Heybridge, that there are lots of little bits of crown land that I should imagine are a pest to Crown Lands Department, and that there would be prospective purchasers. So do you have a policy for disposing of those types of slivers?

WHITTING - People can apply. We process quite a number. There are very clear rules around how we dispose of land that is public property. We can't just do a deal. We've got to understand what the opportunities are for the site.

Mrs HISCUTT - Especially with the Bass Highway, there are those little slivers of crown land that go in people's front yards and things like that. I'm going through it with a constituent at the moment. It t would be so easy to adhere it to their garden. Around the back of a lot of towns there are little bits of crown land that has to be managed by somebody and it might be best off the hands of crown land.

Dr WHITTINGTON - We have a process if people apply and want to purchase crown land -

Mrs HISCUTT - So there is willingness?

Dr WHITTINGTON - Absolutely and we do a number a year. Do you know the number, Andrew?

Mr ROBERTS - I reckon 100 a year - that is inquiries. State Growth roads area have an ongoing project of going through when they have originally acquired whole stretches of road for highways. A couple of years later when everything is settled they go back in and find all those slithers and offer them back to various land owners.

Mrs HISCUTT - That is an ongoing process is it?

Mr ROBERTS - A lot of the work we see is those corrections happening over time.

Mrs HISCUTT - The Bass Highway was opened in the late 1980s or something so they must still be working through it.

Mr MULDER - The crown land assessment program - has that been wound up? I do not see any reference to it this year.

Mr ROBERTS - Yes, the program itself; the administration is ongoing. It identified a whole bunch of properties that were potentially for sale. In previous years it has been reported as a performance indicator because those properties were offered up for sale and we were keen to attract.

UNCORRECTED PROOF ISSUE

What is left is properties not picked up so in most cases we have either left them dormant with regional real estate agents or else they have gone back on the record so if someone applies to Crown Land, could buy a piece. It will come up with a recommended for sale and it is easier to make a decision to sell it.

Mr MULDER - Is there any thought with a lot of these are next to road reservations for example or just to get them off the Crown Land books would you think of offering them free of charge for the cost of a boundary adjustment to a neighbour if no-one is interested in buying them or selling them to the local authority?

Mr ROBERTS - The pieces of land, if they are small slithers they are adhered to a block if someone wants to buy it. Their value is determined by the increase in value of overall blocks when it appeared. Often you will find the actual value of these lands is \$400 or \$500. The expensive part is the surveying and the title. I do not think purchase cost is inhibited to someone if they are choosing to have a piece of this land.

Mr MULDER - They do not all go to open market do they?

Mr ROBERTS - They are on the open market where there are likely to be contested market for it. One of the key issues is a lot of these areas are in towns that now have a different purpose. Like Pioneer where there are residential size blocks but there is not much demand for them.

Mr MULDER - Section 13 basically allows you to sell to anyone without going to the open market doesn't it?

Mr ROBERTS - Provided it is set and valued by the Valuer-General.

Mr MULDER - Under those conditions I think the minimum one is the minister can fix the price but it is not to be less than what the Director-General assesses the value with a few other conditions. The minister has that ability to directly sell without going to an open market.

Mr ROBERTS - That is where most of the clearances are done.

Mr MULDER - So those sorts of sales are not contrary to the objectives and provisions of the act are they?

Mr ROBERTS - It is clear and transparent process.

Mr MULDER - Apart from these sorts of adherences are there any larger titles that have sold since the act was proclaimed in 1976 under section 13 or have they all gone to open market? It is probably something you will have to take on notice.

Mr ROBERTS - There are various properties that for different reasons but they are all on the record.

Mr MULDER - They have gone through a section 13 process?

Mr ROBERTS - Yes, that is the Valuer-General's advice. There is none, I am aware of, where the Valuer-General's recommendation has not been adopted.

Grants and subsidies -

Ms FORREST - With the Contribution to commonwealth, state and industry organisations there is a bit of commentary on page 229. 'The state's contribution to cost sharing arrangements as agreed at meetings of the agriculture ministers' forum.' It probably crosses over your portfolio with that of the minister for Primary Industries. What is this actually achieving?

Dr WHITTINGTON - I can give you an example. When there are programs that require all states to contribute to, for example, the red imported fire ant infestation around Brisbane. They are tramp ants, they are very aggressive and cause awful issues for people's backyards and for children and animals. When we have a national program which we all agree to, to eradicate a pest, then if yours is a state that could be potentially infected by that, you contribute through a deed. This fund provides us a pool of money to put into that kind of operation. The red imported fire ant is an example of one that we are contributing to at the moment. It is essentially a pool of funds that are available for those nationally cost-shared -

Ms FORREST - Have we benefited as a state from this fund as yet?

Dr WHITTINGTON - If I use that as an example, if those fire ants are not managed in Queensland then they will pose a significant threat to Tasmania because they would establish here, and sooner or later they might because they are a tiniest group of ants. It is a part of our border protection, in effect. I am using that as a particular example but it might be an agronomic pest, an aphid or something, or a marine pest. There is a variety of national programs and there are deeds set up between the states on how these are funded; it is a pool that is set up.

Ms FORREST - It is a consistent figure over the forward Estimates.

Dr WHITTINGTON -Essentially it is a pool which we can draw on.

Ms FORREST - Is that a per capita amount that we put in, do the other states put in more?

Dr WHITTINGTON -Absolutely, so the Commonwealth on that particular deed is a 50/50 cost share between the Commonwealth and the states. There is a formula which is essentially, not always but often, per capita so we often pay 1.5 to 2 per cent of a program or thereabouts.

Ms FORREST - I suppose the big states can whinge about us then, too. The grants to the Institute of Marine and Antarctic Studies - I know this is a separate issue but the recent cuts to CSIRO and some of their work that had been done in similar fields there, is that going to have an impact on the operation of IMAS at all and the capacity to really kick some goals in that area?

Mr GROOM - Do you mean at CSIRO?

Ms FORREST - Yes.

Mr GROOM - It is a matter of concern to us and we have been very clear on the record expressing that concern, we have made our thoughts known on that to both CSIRO and also the Commonwealth government. Having said that, we have had good engagement with CSIRO and the Commonwealth government in relation to some of the restructuring they have been looking at. As a consequence of that, we are going to see a much better outcome in Tasmania than we may otherwise have anticipated. The numbers of job losses that have been talked about now are more

in the order of 10 to 15 whereas the original speculation was already quite significant. The other very important thing is that we have secured the opportunity to centre the Climate Change Research Centre in Tasmania, which is another opportunity, Mr Gaffney, for Tasmania being at the forefront of climate change.

That presents a significant future opportunity. It may well be that over a medium-term outlook we will see some additional numbers in research capability based in Tasmania. We have been really pleased with this engagement but I am not going to suggest for a moment that we are not very concerned. We will continue to watch this very carefully.

Dr WHITTINGTON - Specifically in relation to the grant that goes through the sustainable marine research collaboration, we are very engaged with how that is spent. It is very much about supporting our wild fisheries and our aquaculture sectors. We have a performance indicator, which is in output group 2, which is external funds received by IMAS and how much they leverage. It is on page 205 in table 9.4, Performance Information.

Ms FORREST - That sounds like an outcome-based quantum again, minister.

Dr WHITTINGTON - The target for 2015-16 was \$8.3 million leverage of the three so our three hopefully leverages 8.3 and my understanding is that IMAS is well on target to meet that for 2015-16.

Notwithstanding those broader pressures on the marine research system, I believe that we get really good value out of our contribution to IMAS. They are very focused in the research that we are getting out of that. Our stock assessments for fisheries are done by IMAS. They do significant work on salmon and on a whole range of projects.

Ms FORREST - It is a concern, particularly with those cuts to CSIRO in climate change research. It just makes no sense if you are going to be serious about climate change, but that is the federal government for you.

Mr GROOM - CSIRO would express its justification on the basis of a reinvestment in innovation. We have made our position very clear on this. We think it is really important that we maintain critical mass capacity in research into these areas. The Premier I and have advocated very strongly to secure the best possible outcome for Tasmania. I have indicated that the Premier and I have been really pleased with the response we have received to that in terms of reducing any potential adverse impact to Tasmania, but then securing an opportunity through the establishment of the Climate Change Research Centre here in Hobart, and the potential future opportunity that can present to attract people and more research capability into Hobart and Tasmania more broadly.

CHAIR - We will go to CIP, anything there?

Ms FORREST - We have already done that with the Three Capes.

CHAIR - Yes, we did pretty well. I think I noticed Mr Farrell waxed lyrical about the Blowhole toilets last year. There is satisfaction now, minister - not to put too fine a point on it. Minister, thank you very much. We have now completed all the line items. I thank you on behalf of the committee for your attendance here today and all of your staff. It is been very useful.

UNCORRECTED PROOF ISSUE

Mr GROOM - I take the opportunity before we close to thank all the departmental staff for all of the extraordinary effort that goes into this, as I am sure you would appreciate. It is a massive effort. Also, the staff within my office who also engage in very long hours and hard work in preparing for this, I genuinely appreciate all of that work. Also, for the positive and constructive engagement from the committee.

The committee adjourned at 5.13 p.m.