



Legislative Council

GOVERNMENT BUSINESSES SCRUTINY COMMITTEE 'B' 2007

Report with Minutes of Proceedings

Members of the Committee :

Hon Ivan Dean MLC
Hon Kerry Finch MLC
Hon Greg Hall MLC
Hon Norma Jamieson MLC
Hon Allison Ritchie MLC
Hon Sue Smith MLC (Chair)

**LEGISLATIVE COUNCIL
GOVERNMENT BUSINESSES SCRUTINY COMMITTEE "B"**

MINUTES

Friday, 9 March 2007

At 8.50 o'clock am in Committee Room No 2, Parliament House, Hobart.

Present : Mr Dean, Mr Finch, Mr Hall, Mrs Jamieson, Ms Ritchie and Mrs Smith.

Confirmation of Minutes :

The Minutes of the meetings held on Wednesday, 5 July and Thursday, 6 July 2006 were confirmed as a true and accurate record.

The Committee suspended at 8.53 o'clock am.

The Committee resumed at 9.00 o'clock am.

AURORA ENERGY PTY LTD

The following witnesses appeared before the Committee :

Hon David Llewellyn MHA, Minister for Energy

Mr John Hasker, Chairman

Dr Peter Davis, Chief Executive Officer

Mr John Devereaux, General Manager, Network

Mr Paul Bloomfield, General Manager, Retail

Mr Stuart Hatton, General Manager, Commercial Services (and Chief Financial Officer)

The Committee notes the evidence provided by Aurora Energy Pty Ltd that:

Finances and Competition

- The Minister is comfortable with the return provided by Aurora Energy, given the circumstances surrounding entry into the National Energy Market and the additional costs incurred.
- The returns by Aurora have reduced in the last couple of years mainly due to a large capital program to improve reliability and service delivery to customers.

- Aurora is optimistic it will exceed the budget targets and return the profits that have been indicated.
- Aurora's current debt to equity ratio is approximately 60:40 and the 60% is acknowledged as the most appropriate for the business, as Aurora needs to be able to respond to infrastructure requirements of customers.
- Whilst the Minister acknowledges that Aurora is in a marketable position, any speculation about it being sold to fund a new hospital is premature.
- The fall in profit margins during the last three years can be attributed to increased costs in materials, an increase in wages and also an increase in IT expenditure.
- Aurora offers the cheapest electricity for commercial operators in Tasmania and in the lower quarter for retail customers.
- There is a change in the way electricity charges are determined. The energy cost component of electricity charges for the people of Tasmania is to be determined by the Treasurer, after consultation with Hydro Tasmania, Aurora Energy and the Tasmanian Energy Regulator. Hydro Tasmania and Aurora Energy agree on non-contestable load parameters for the process and the Energy Regulator reports to the Treasurer on the methodology and processes only.
- The Tasmanian Government made a decision to set the energy price component for the 2008 retail price based on Tasmania's transition into a competitive electricity retail market over the period to July 2010. The Office of the Tasmanian Energy Regulator's website indicates that these changes will be made through amendments to the *Electricity Supply Industry (Price Control) Regulations 2003*.
- Revenue increased by 3.6 per cent, while employee numbers increased by 18 per cent. The increase in staff was mainly due to the employment of apprentices and trainees to provide skilled staff in the future. The need for energy risk management, energy trading and IT systems as a result of entering the National Electricity Market, also resulted in an increase in staff. A further factor is that Aurora's subsidiary company, TasTel, employs approximately 20 staff working in telecommunications, but has not generated substantial revenues to date.

Infrastructure, Reliability and Customer Satisfaction

- Tranche 1 of Aurora's contestability timetable consists of customers with a limit of 20 gigawatt hours per year. These large customers have a higher volume, which results in more revenue.
- Aurora has licences to retail electricity in South Australia, Victoria, New South Wales, the ACT and Queensland and has substantial customer volumes in each of those jurisdictions.
- Aurora has responded to the arrival of gas by obtaining a gas retail licence.
- Aurora does not believe that it has a market advantage on any new player, as it has won some large industrial customers from incumbents on the mainland.

- Aurora has not seen a decline in the use of power by large customers. However, Aurora is involved in conducting energy audits to assist customers to use power efficiently.
- Aurora is currently trialing the use of powerlines for broadband communications, voice-over Internet and Internet TV, overseen by the Australian Communications Media Authority. There has been a positive response from customers to date and further research and development is being undertaken.
- Aurora is on target with its capital replacement and maintenance and upgrading programs. \$80 million, out of a total capital funding of \$133 million, is spent on the network.
- Aurora's reliability levels compare favourably with mainland counterparts. For example, the 200-minute level is comparable to that delivered by distribution companies with a similar mix of assets and customers. The rate of failure of poles in Aurora is about half the national average.
- There is a \$25 million specific target program to eliminate the occasions of outages and to reduce the impact of those outages. The West Tamar has benefited from this strategy in relation to minutes off, reducing from 1000 minutes last year, compared with 192 minutes this year. Aurora's new reliability standards will result in a 30 per cent better outcome for Tasmania.
- The submission to the Regulator includes \$40 million over five years for focused reliability improvement outcomes, including \$14 million to meet the new reliability standards.
- Aurora prioritises the management of its assets using five drivers – public safety and risk, reliability, capacity, customer service and life cycle cost.
- Prepayment meters provide the customer with benefits such as control and convenience, easier budgeting, choice to manage power more effectively and time-of-use pricing structure. The use of the meters has exceeded early expectation and Aurora is now trialing a similar system in South Australia.
- The Tasmanian Energy Regulator has released a draft prepayment code that provides for broader consumer protection.
- Centrelink conducts checks on discount eligibility for customers who are concession card holders. Aurora agreed to check that those customers eligible under a DVA pension were not being cut off.
- Aurora supports the no-interest loan scheme and provides \$100 000 a year for electricity discount vouchers administered through the Salvation Army and Anglicare.
- All incoming calls at Aurora's call centre are benchmarked and the quality of service is ranked in the top quarter.
- Customers using heart-lung and other medical machines have been identified and Aurora has processes in place to notify the relevant services when there is a power fault.
- Although some individual contracts are complex, Aurora works with customers to ensure that accounts are understandable and appropriate.

Aurora is continuing to invest in the billing system to ensure it is up to date.

- Electrical safety is a critical issue for Aurora. Over the past five years Aurora and Transend have invested more than \$200 000 in the 'Look Up, Look Out' campaign to raise awareness of the presence of overhead powerlines. Safety stickers, posters, cards and leaflets have also been produced and an 'Electrical Safety in Schools' program has been undertaken.

Human Resources

- A Commercial Services Division has been established to ensure best value for money from shared services such as human resources, information technology, group accounting and legal roles.
- In January two female apprentices commenced training in Electrotechnology and a further two female apprentices commenced training in powerline distribution.
- Aurora provides scholarships to students who have studied electrical engineering at the University of Tasmania. A number of activities at the University's electrical engineering school, including some lectureships, are also supported.
- Aurora has a training school at Mornington and continues to seek opportunities for partnerships with TAFE. The school currently has the maximum number of apprentices training.
- Aurora is the only registered electrical transmission and distribution training organization in the State and receives a subsidy from the State Government called User Choice Funding. The funding is set at approximately \$7 000 per eligible apprentice, with a four-year apprenticeship, increasing to \$10 600 this year. Aurora funds the additional costs involved.

Board Responsibilities and Issues

- Details of the Directors' Board fees and the Directors' and CEO's total remuneration packages was tabled with the Committee.
- Neither the Minister or the Chairman of the Board have received any approaches from parties expressing an interest in purchasing all or part of Aurora Energy.

The Committee suspended at 10.28 o'clock am.

The Committee resumed at 10.45 o'clock am.

Tabled Document :

Board and Executive Remuneration

Additional Information Requested :

- How long has the training centre at Mornington been open?
- What is the level of engineering competence that trainees reach and does that competence equip them for work in the general engineering community, or is it Aurora specific?
- What is the annual budget and actual cost of the Mornington Centre?
- There has been some suggestion that Aurora is not quite up to speed with private operators in terms of the corporate cutting edge and in terms of smart solutions. What is your response to this and in order to balance this argument, can you make some comment on how the integrity of our electricity infrastructure compares to that of other states?
- Can you indicate how many customers were not connected within Aurora's 10 day connection policy? Can you indicate why a figure of \$40.00 is considered adequate as a payment to those customers not connected within this time period?
- How many overseas staff were recruited by Aurora over the past 2 years and how many of those have since ceased their employment with Aurora?
- Can you please indicate why the Aurora Board deems it necessary and appropriate for the CEO to act as a Director of the Board

The Committee concludes that :

- It supports Aurora's policy in relation to capital investment, even though returns are less.
- There are concerns that the process of setting electricity charges will now, following the entry into the National Electricity Market, have Treasury involvement.
- Aurora has recognised the need for skilled staff and is appropriately addressing the issue.
- There is concern that TasTel, although being continually monitored, has failed to generate substantial revenues.
- There has been no discussion with the Minister or Board in relation to any potential sale of Aurora.

The Committee suspended at 12.58 o'clock pm.

The Committee resumed at 2.00 o'clock pm.

MOTOR ACCIDENTS INSURANCE BOARD

The following witnesses appeared before the Committee :

Hon Jim Cox MHA, Minister for Infrastructure

Mr Gordon Humphreys, Chairperson

Mr Peter Roche, Chief Executive Officer

The Committee notes the evidence provided by the Motor Accidents Insurance Board that :

Overview

- MAIB experienced sound financial performance over the year with premium rates remaining constant. MAIB's net premium income is approximately \$113 million, they receive 3400 claims a year, and their claim liability as at 30 June was \$640 million. Profit before tax was \$133 million, profit dividend payable \$22 million, investment return 14.2 per cent and scheme solvency 23.6 per cent.
- There is a long-term growth focus for assets and dividends are averaged over a five-year period. Asset allocation is from a risk neutral position.
- There was an increase in the maximum payment allowed for combined medical and disability benefits from \$300 000 to \$400 000 per person per accident and an increase in the disability allowance for those with low weekly earnings.
- New accommodation for the catastrophically injured has been built in Hobart with a new centre approved for building in Ulverstone.

Board Responsibilities

- People are appointed to the Board under the *Government Business Enterprise Act* and serve three-year terms, with new members appointed each year.
- There are good communication channels with the Minister.
- The Board meets on the fourth Wednesday of each month with an interim meeting in August to sign off on year-end accounts.
- The CEO also being a director is not seen as a concern in this instance. Members of the Board regularly excuse themselves for issues of perceived conflict and, in addition, all have a standard disclosure of interest lodged.
- The CEO is evaluated yearly as stipulated under the GBE legislation. Whilst the Board completes a combined performance evaluation annually, against set criteria, other Board members are not individually assessed.

Financial Management

- There has been extraordinary profit growth over the last five-year period from \$4.2 million to \$96.2 million. This is due to market factors and the investments chosen. 60 per cent of the assets held are growth assets.
- MAIB has a number of fund managers and a structured process of review monitors their actions. Exit costs and market fluctuations mean that management funds are not changed often. Tascorp has about 30 per cent of the funds.
- A dividend of \$22.1 million is payable to the State. This figure is up from \$12.9 million in 2004-05. 50 per cent of MAIB profit is paid as a dividend.
- The Board allocates up to 1 per cent of its profit to the Injury Prevention and Management Foundation. In 2005-06 \$429 000 was given to the Prevention and Management Foundation with a further amount divided between half a dozen charities including the Road Trauma Support Team. Groups are invited to tender submissions for funding; charities apply with proposals and they then meet together to organise funding.
- Special grants are allocated to specific programs such as has occurred for the Motorbike Skills Register.
- There have been no discussions with the Minister, the MAIB Board or the Government regarding the potential sale of MAIB.
- The Road Safety Task Force receives funding of \$2.6 million per annum indexed at 5 per cent for three years.
- The funding for the Road Safety Task Force has specific allocations. 62 per cent is for enforcement, 27 per cent for public education promotion, 3.5 per cent for research and 7.5 per cent for administration and public relations.
- The CEO is a member of the Task Force and through his attendance at Force meetings he is able to oversee the spending of the money allocated. Similarly, the members decide the functions of the Force and the parties agree on the focus of the campaigns. Other members include the independent chairman, the Police representative, the DIER representative and the RACT representative.
- Advertising campaigns are approved by the full Board.
- 75 per cent of schools have taken up MAIB's offer to train year 9 and 10 students in driver education.

Claims Management

- Although the number of fatalities has risen on Tasmanian roads, these levels are not the normal measure used to evaluate road safety. The common practice is to examine claims that exceed \$2000 (indexed), and over the last ten years there has been a steady decline recorded against this measure even with a rising numbers of vehicles.
- Since 1999 individual case managers have been assigned to each claim with all claims relating to the one incident having the same claims officer.

- To avoid mismanagement of moneys by carers and others, people who require more than two hours of care a day have their costs paid as they arise. If a lump sum payment is granted to someone with a mental deficiency, MAIB pay for that to be managed, however, this cannot be forced.
- There has been a reduction in claim frequency which is attributed to : better road safety programs, legislative change such as reduced urban speed limits and drug testing, airbags, safer cars and also a younger car fleet. Better roads also contribute.
- Whilst spinal care is often conducted in Victoria at the Austin Hospital this is not a decision made by MAIB, but by medical practitioners. A fee for service is paid and there is regular interaction with the Hospital. Families are provided with assistance, and case officers will occasionally go to Melbourne to assess the need for further support.
- There is currently capacity to accommodate 10 people requiring 24-hour care in Hobart, six in Launceston and plans for a further 6 openings to be made available at Ulverstone. There are almost equal numbers available (or proposed) for transitional care.
- Cars that have Tasmanian registration are covered under the scheme. Registration is the determinative factor for eligibility. All such cars are entitled to the schedule benefits and this coverage continues whilst the occupants remain in Australia.
- Hire cars from other states can be pursued to seek recovery.
- The total number of crashes in 2006 was 1855; 29 involving international drivers and riders, and 106 interstate drivers.
- Premiums to register hire cars are higher than for the normal vehicle and are determined by the Government Prices Oversight Commission. In Tasmania the relativity to an ordinary class 1 premium is 2.58 percent (approximately two and a half times as much). While this is higher than Victoria it is relative to or less than all other states.
- Claims costs are allocated on the basis of fault and it is for this reason that hire cars and taxis pay more. Taxis were recommended for an increase by GPOC in 2006 but MAIB have not increased their fees.
- Motorcycles, with the exception of small ones, do not have very good claims-to-premium ratios.
- The Government purchase 70 per cent of all cars in Tasmania. The Minister has requested each Department to consider safety issues when purchasing their next vehicles.

Human Resources

- Staff satisfaction ratings rose from 56 per cent in 2004-05 to 76 per cent in 2005-06. The survey is conducted anonymously by an independent consultant with 76 per cent of staff participating.
- Flexibility has been introduced for staff to accommodate mothers and others taking family circumstances into consideration. The enterprise

- agreement also provides financial incentives such as assistance to purchase a home computer.
- MAIB employs 38 staff including accounting, IT and legal professionals. Legal work for claims is outsourced as well as internal and external audits. The management of residences is outsourced to Anglicare.
 - Some MAIB staff are involved in Red Cross work and the delivery of Meals on Wheels in the Launceston area during work time.

Documents Tabled :

A list of the Board's eleven fund managers

The Committee concludes that :

- There has been a significant increase in profit from \$4.2 million to \$96.2 million, which makes MAIB an exceptionally secure Government Business.
- Whilst recognising the process for funding charities, there is concern about charities competing in a round table way.
- There has been no discussion with the Minister, Board or Government in relation to any potential sale of MAIB.
- Case managers being assigned to each claim so the claimant only deals with one person, is considered an appropriate process.
- The significant improvement in management of MAIB has resulted in the independently conducted staff satisfaction ratings increasing.
- Modern management practices have allowed flexibility for staff to accommodate family circumstances and assistance to purchase home computers.
- The Minister's endeavours to increase the number of Government vehicles with a safety rating of 4 is supported.
- MAIB should be mindful not to extend its charitable financial contributions into areas that are the responsibility of Consolidated Revenue.

The Committee suspended at 3.23 o'clock pm

The Committee resumed at 3.32 o'clock pm

PORT ARTHUR HISTORIC SITE MANAGEMENT AUTHORITY

The following witnesses appeared before the Committee :

Hon Paula Wriedt MHA, Minister for Parks and Heritage

Dr Barry Jones AO, Chairperson

Mr Stephen Large, Chief Executive Officer

Dr Jane Harrington, Director, Conservation and Infrastructure

The Committee notes the evidence provided by Port Arthur Historic Site Management Authority that :

Conservation and Infrastructure

- The Authority is working towards attaining World Heritage List status in conjunction with the Coal Mines site, Female Factory, Woolmers Estate, Brickendon and the Darlington Probation Station.
- Nominations are likely to be submitted by August this year, with a decision expected in 2009.
- It is not envisaged that the potential World Heritage listing will impose further standards for conservation or require additional funding. It is thought that the current standards and practises fully comply with expectations.
- Federal Hotels have been liaising closely with PAHSMA with regards to their plans for the area. They have established a committee to enable smooth transition and minimal visual impact by their development.
- Federal Hotels has currently leased the Comfort Inn until April 2008. It is anticipated that the new development will be completed in September 2010.
- The current contract for Roches ferry operations is for ten years to 2012. A policy adopted in 2002 provides that it is the only commercial activity outside PAHSMA. A special, purpose-built jetty was built for this ferry, the *Marana*. The Roche contract for ferry operations has an exclusivity clause that prevents other commercial operators using the jetty.
- Although there is a public jetty, this comes under the jurisdiction of MAST, with the Authority having jurisdiction over access. Traditional users are encouraged and it is primarily utilised by commercial fisherman and recreational boats users.
- All infrastructure and conservation projects are currently running on time and on budget.
- The Coal Mines Historic Site was added to the PAHSMA responsibilities in 2005 from Parks and Wildlife with no additional funds. The site is large and significant and had essentially undergone only basic maintenance and interpretation work at the time of handover. It currently costs \$80 000 to maintain this level of maintenance.

- The Authority is aware that increased visitor numbers could jeopardise conservation processes at Port Arthur and is monitoring the flow through particular buildings.
- The current infrastructure adequately caters for the 230 000 visitors per day and 50 000 night visitors per year.
- Disability access is thought to be appropriate given the difficulties posed by terrain and the nature of the buildings. There are three electric transport vehicles that can take wheelchairs on board and move people around the site. Complimentary on-site wheelchairs are available to the elderly and the new jetty also facilitates the movement of wheelchairs.
- The Authority hopes to stage the opera *Fidelio* at the Site in conjunction with the TSO, however this requires sponsorship.

Tourism

- Tasmania's current tourism forecast is for minimal growth and the Site has already reported some decline in numbers, however, it is not thought that there is need for alarm. The growth in the Site's tourism numbers over the last 6 years has been 32 per cent and it was not expected that such a level could be sustained. 40 per cent of the Tasman Peninsula's employment relies on tourism, and the Authority is conscious of this fact. World Heritage Listing is predicted to increase interest; and an intrastate push may be needed. 85 per cent of visitors are currently from interstate or overseas.
- Tourism Tasmania is to launch a general intrastate marketing campaign. There is a perceived need to emphasise to Tasmanians that significant changes have occurred at the Site. Federal Hotel's development is also expected to draw high yield visitors to the region.
- A ticket of leave has been introduced, primarily for the Tasmanian market. This scheme provides the purchase of an additional ticket of leave for \$6 which allows you to return to the Site any time for the next two years. 20 per cent of Tasmanians took up the offer last financial year.
- Last financial year's visitor numbers were down 1.09 per cent and it is anticipated that this year will be down approximately 5 per cent on that figure and about 1 per cent lower than budgeted. January's figures were thought to be lower due to rain, however, February and March both look promising. The budget was set 2 per cent lower than last year's with an expectation of 245 000 visitors.
- Cruise ship visitors are not counted in official tourism numbers but it has been a strong year for them with 53 visits. Port Arthur is a very popular destination for daylong stopovers. In addition, five cruise ships anchored off the Site and such stopovers are being actively marketed.
- Whilst the winter months are generally a lot quieter, the Site will remain open 365 days a year as consistency is thought to be important for tourism.
- The introductory video at the Site provides a virtual reconstruction.

- In January a play program is run at the Site with three different plays on twice a day as well as the public archaeology program.
- The *Ten Days on the Island* installation is scheduled to be at Port Arthur with 25 artists with 25 works across a range of mediums. There will be a half-price Sunday near the end of the program to encourage Tasmanians to visit.

Human Resources

- The Tasmanian company, *Premium People*, is used to train staff at the Site. Apprentices are involved in a trial scheme which allows them to work in the Cairns region over Tasmania's low season.
- STEPS is a program for Tasmania's long-term unemployed and 7 of the 9 people who did the program two years ago were employed with 5 still working at the Site. Similar retention rates were achieved last year.
- The Authority regularly funds first aid courses for staff, with 75 recently completing refresher courses. In addition, some staff at the Site have obtained Advanced Diplomas and other qualifications.

Finances and Corporate Governance

- The Board is pleased to have the CEO as a member. A good working relationship exists between the Board and the CEO.
- The CEO's Board involvement is included in his salary package and there is no extra allowance.
- The finances of the Authority have been audited by the Auditor-General and found to be true and correct. There is a tight budget and the Authority is reliant on \$2 million from the State Government to supplement takings.
- The Authority actively looks for grant programs and a submission has been prepared to the Commonwealth Government for funding for the separate prison.

The Committee concludes that :

- The Authority relies heavily on tourist numbers.
- The Port Arthur Site management and Federal Hotels' close liaison will ensure that any new development is sympathetic to the heritage site.
- While it acknowledges the Authority's belief that a World Heritage listing will not impose further costs, the Committee, whilst supporting the listing, believes that it may impose an additional financial burden.
- The Authority is to be commended on its approach to staff training on site.
- It supports the continuing State Government contribution towards heritage maintenance.

The Committee suspended at 4.45 o'clock pm.

The Committee resumed at 4.47 o'clock pm.

TASMANIAN INTERNATIONAL VELODROME MANAGEMENT AUTHORITY

The following witnesses appeared before the Committee :

Hon Michelle O'Byrne MHA, Minister for Parks and Heritage

Mr David McQuestin, Chairperson

Ms Liz Jack, Director, Sport and Recreation Tasmania

Ms Brenda Sheldrick, General Manager

The Committee notes the evidence provided by Tasmanian International Velodrome Management Authority that :

Overview

- The International Velodrome Management Authority has until the end of June to transfer administration to the Department of Economic Development.
- It is currently expected that the Board will wind up on 30 March with Sport and Recreation Tasmania, within the Department of Economic Development, taking over from that time. The most important considerations for the transition are the transfer of assets and liabilities and to ensure that the staff are looked after in the April to July period.

Finances

- It is not expected that the rent of \$1 paid to the Government for the facility will change under its new administration. There will however be some financial implications, notably relating to the amount paid in rates.
- There has been \$3 million committed to the renovation and improvement projects needed. These renovations have had to occur around sporting and other prior bookings. In addition, the Department of Primary Industries and Water provided a further \$500 000 to address occupational health and safety issues and some of the sports needs.
- The Department of Economic Development will provide an ongoing budget to cover maintenance and operational costs as well as staff salaries, rates, taxes and other costs. They are currently establishing new structures, staffing arrangements and planning for the future.
- The Government has contributed \$335 000 on top of a loss of \$73 540 last year and \$285 000 with a \$98 000 loss recorded last year.
- Rates for the last financial year were \$65 000, down from the previous year due to a council revaluation. As recently as three years ago rates were only \$35 000, however the change in legislation enacted by the Government saw rates made payable on government buildings and facilities. Some land has since been excised to the Department. It is not known how this will effect the upcoming rate evaluation.

- From January, the lease agreement previously held by the Department of Primary Industries and Water has been taken over by the Department of Economic Development.
- Insurance costs amounted to \$91 000 this financial year. It remains unclear as to whether the facility will be required to self-insure in the future.
- There will still be insurance costs in the future but the Government may have the ability to negotiate the premiums more effectively.
- It is expected it will take 12-18 months to establish expectations for running costs based on future operations.
- The Authority has not been entering into large-scale tenders or contracts in the recent past due to their uncertain financial situation. It is expected that longer term undertakings will be negotiated with primary users as soon as the new structure is in place.

Infrastructure issues

- Key alterations and additions include change room redevelopment, a new external store, minor works and general maintenance and the construction of a strength and conditioning facility at the TIS. The façade for the change rooms has been constructed, the safety lines in the roof have been created to allow the additional work on the roof to take place, and the installation of the new fire mains is almost complete.
- Flooring has two associated issues. The actual facility floor and the track. Expert advice suggests no alteration of what is a fast, although splintery track as it risks further danger, whereas the floor itself is covered in the current renovations.
- Heating was not considered a major priority and is thus only being addressed in change room areas.
- It is not envisaged any major part of the infrastructure will be sold.

Usage

- The focus of the facility is being streamlined to be primarily sport and recreational centric. It is thought such a change will allow for a better platform to market for associated events and hopefully attract more users.
- Public protocols will be established to ensure that primary users understand the ways in which other events may infringe on their usage. It is expected that this will be an open process but will allow for some greater income raising events.
- Renovations have been scheduled away from key events such as the Christmas cycling, Aurora League and Commonwealth Bank Trophy netball. There have not been any major concerns voiced by user groups.
- There are now 38 staff, 2 full time and the remaining staff largely event-driven casuals filling roles such as front of house and security.

- Discussions regarding the future directions of pricing structure are currently underway. These will take into account the competitive market for events. Major increases in cost for usage are not anticipated, however there may be minor increases in specific instances. There will be no change to current contracts.
- Tenders for catering will be called once other structural considerations have been decided. Whether or not groups will be allowed to self cater outside the tender agreement is yet to be determined.
- The facility has a \$300 000 budget. There will be some advantage being part of Sport and Recreation Tasmania as some costs will be covered internally, including promotion and marketing, financial services, personnel, IT and computing.

Board and staff issues

- The Operations Manager is currently contracted to continue until 4 July, having had her contract extended from 31 December. The public sector management office has been approached to establish a casuals register for the existing casual staff.
- The structure and responsibility of the new Operations Manager position is yet to be determined. The role is expected to report to the Director of the Tasmanian Institute of Sport.
- The Board was to conclude on 31 December but has remained to facilitate the transition of the administration.
- The Governor-in-Council is required to sign off the changeover and this was expected to occur at a meeting on 19 March.
- The Board recommends that the Velodrome undergoes constant upkeep, noting that it has not really had money spent on it since it was built.
- It is hoped that some entertainment events may still be allowed at the facility.

The Committee concludes that :

- If it is expected that this Authority can grow and not be an extra burden on the Tasmanian community, it will need to be exceptionally cautious that it does not impose high costs on potential users that may see them look elsewhere.
- It supports the transfer of staff under the new arrangement until July, which will allow for a smooth transition.
- The Board's recommendation that the Velodrome undertakes constant maintenance, is supported.
- The work and commitment of the Board Members and staff as this Government Business transfers to Sport and Recreation, is acknowledged.

The Committee suspended at 4.36 o'clock pm.

The Committee resumed at 4.40 o'clock pm.

BUSINESS :

The Committee considered issues outstanding from the day's proceedings.

Resolved, That –

- The Secretary prepare a draft report for Members to consider.

At 4.46 o'clock pm the Committee adjourned until Wednesday, 21 March 2007.

DATE

CONFIRMED

CHAIR