

# UNCORRECTED PROOF ISSUE

Thursday 30 June 2011 - Estimates Committee A (David O'Byrne) - Part 1

## LEGISLATIVE COUNCIL

### ESTIMATES COMMITTEE A

Thursday 30 June 2011

#### MEMBERS

Mrs Armitage  
Ms Forrest  
Mr Hall (Chair)  
Mr Harriss  
Mr Mulder  
Mr Wilkinson

#### IN ATTENDANCE

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

#### Ministerial Office

**Josh Bradshaw**, Head of Office  
**Peta Sugden**, Adviser for Economic Development  
**Neale Tomlin**, Adviser for Infrastructure  
**Yasmin Maskiell**, Adviser for Police and Emergency Management  
**Astrid Wootton**, Adviser for Economic Development  
**Simon Monk**, Adviser for Infrastructure  
**Wayne Johnson**, Adviser for Workplace Relations  
**Narelle Harvey**, DLO for Infrastructure

#### Department of Justice

**Lisa Hutton**, Secretary  
**Michael Stevens**, Deputy Secretary (Corporate)  
**Chris Jacoora**, Departmental Liaison Officer  
**Roy Ormerod**, General Manager, Workplace Standards Tasmania  
**Martin Shirley**, Director  
**Stephen Morrison**, Director, Finance

**Department of Infrastructure, Energy and Resources**

**Norm McIlfatrick**, Secretary  
**David Peters**, Deputy Secretary, Infrastructure  
**Amanda Russell**, General Manager, Corporate Services  
**Suzie Jacobson**, Manager, Corporate Affairs  
**Marnie Peebles**, Executive Assistant  
**Nell Butcher**, Executive Assistant  
**Peter Todd**, General Manager, Roads and Traffic  
**David Spence**, General Manager, Infrastructure Policy Strategy  
**Craig Hoey**, AG Manager, Rail Safety  
**Colin Finch**, Chief Executive, Marine and Safety Tasmania (MAST)

**Department of Economic Development**

**Mark Kelleher**, Secretary  
**Jonathan Wood**, Deputy Secretary, Industry Development  
**Ros Harvey**, Executive Director, Strategic Policy and Research  
**Lynne Fitzgerald**, Director, Strategy and Impact Assessment  
**Craig Watson**, Executive Director, Corporate Support

**Department of Police and Emergency Management**

**Darren Hine**, Commissioner of Police  
**Scott Tilyard**, Deputy Commissioner of Police  
**Scott Wilson-Haffenden**, Director, Corporate Service

**Tasmania Fire Service**

**Mike Brown**, Chief Fire Officer  
**Mike Gallagher**, Director of Corporate Services

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

**DIVISION 5**

(Department of Infrastructure, Energy and Resources)

**CHAIR** (Mr Hall) - Welcome, Minister and everybody. We are right to go with Infrastructure, so I invite you to give a short overview.

**Mr O'BYRNE** - I think it is important that we put the Budget in context.

**CHAIR** - We are all going to be succinct today.

**Mr O'BYRNE** - Thank you, Chair, and I thank the members of the upper House committee for their time today. Yesterday we were pretty relaxed about where we moved in terms of the outputs. We dealt with it by way of an overview and then some people just wanted to raise a couple of key issues within the overview. We did not keep religiously to the output groups, but I am in your hands about how you want to manage it. It might be easier to go through it.

**CHAIR** - We usually do a few overview bits and pieces first and then we go down through the outputs, so at least we get them on record.

**Mr O'BYRNE** - Good; more structure than we had yesterday.

Just setting the scene for the Infrastructure portfolio, we know that this State Budget is facing some significant challenges and we have had to make across a whole number of portfolio areas some significant savings in the way we do things. We need to recognise that particularly in the Infrastructure portfolio we do need to invest in vital transport infrastructure across the State and what we have tried to do within the Budget has been about balancing investing in the future with making those smart decisions for the times ahead of us.

The investment in Tasmania's transport infrastructure is about providing those critical networks that link communities across the State - networks that we already rely on, whether we are travelling to see family or friends, or doing business from one end of the State to the other, or touring the beautiful natural assets of the State with friends from interstate. The roads, bridges and other transport infrastructure we use are there for the benefit of all Tasmanians, regardless of their background, their wealth or their lifestyle. It is therefore vital that we continue to invest even in these difficult budgetary times.

This investment not only connects our communities and makes them more resilient but, importantly, it also supports jobs for Tasmanians and Tasmanian companies throughout the State and, crucially, it supports our regional and remote communities.

Major road and rail projects to be funded in the 2011-12 Budget, which will see these key objectives furthered, consist of a total of \$195 million worth of investment in Tasmanian communities for Tasmanian workers and companies. This funding is made up of a significant \$151 million investment in roads across the State. This includes major work of generational significance, such as the continuing work on the Jordan River crossing component of the \$187 million Brighton bypass, a \$77 million Brighton transport hub and the completion of the \$41 million Kingston bypass.

Significant road project funding also featured in the 2011-12 Budget and in the forward Estimates includes \$21 million for the West Coast Roads Package, a \$42.5 million North East Freight Roads project, the \$19 million Tarkine loop road and the ongoing commitment to the \$90 million Community Roads Package and the full list of 16 projects for communities statewide. We have also recently awarded new road maintenance contracts worth more than \$50 million commencing from the end of this week. This is front-line investment, which helps ensure Tasmanians have safe and quality roads to travel on.

We will see an increase in funding for important road safety initiatives and infrastructure through the road safety levy. This will allow us to implement safety measures over and above

those already funded. This is in recognition of the Government's serious commitment to road safety and working towards key milestones of reducing serious injuries and deaths on our roads. Initiatives comprise such things as identified in the Road Safety Strategy and the second Action Plan. That includes the Community Road Safety Partnership and the driver mentoring program, greater road safety education, continuing work on the alcohol interlock program and point-to-point speed enforcement, local government line marking, wire rope barriers and continuing electronic speed sign rollout, just to name a few.

Rail is also significant for us. We have a \$13.5 million equity contribution to Tasrail for the critical upgrade of Tasmania's rail infrastructure and the company's rolling stock. We will also complement a further significant investment of \$31 million towards Tasrail's capital investment program in the 2011-12 Budget. This investment is about providing ongoing support and building an efficient, safe and competitive State-owned rail company. As you know, we bought it back in 2009, and it was probably a genuinely heritage rail asset that we bought back and we are having to spend a lot of money upgrading it, which we can talk about later.

The challenges we face as a government are well known, as are the tough decisions, and we have had to make these decisions to ensure we are prepared for the future and we can provide a positive outlook for the future of all Tasmanians. This Budget, however, has been about making smart decisions, and the ongoing investment we are committed to in infrastructure, which we will continue to outline in this committee session, we believe is one of those smart decisions. So with those opening comments, Chair, I am in the committee's hands.

**CHAIR** - Thank you, Minister. You talked about the savings strategies. I will ask a couple of questions on overview and let other members get that there. What is the total amount of savings that your department will have, broken down over the forward Estimates?

**Mr O'BYRNE** - In the first year there is a \$4.1 million saving across the department. In the forward Estimates we move to \$6.6 million in the following year, and then right out to the 2014-15 year. I might ask Norm because within the department we have a number of ministers.

**CHAIR** - Are any of those savings itemised at all? That was the question I was really asking.

**Mr McILFATRICK** - I guess there are a number of savings. We probably have a landing point three years out to be looking at around 9 per cent of our recurrent expenditure. Obviously that is masked by a lot of the capital works program, but as for the impact on the agency, the Infrastructure part dominates in terms of the number of people. Around about 70 per cent of our people are aligned with the minister's portfolio. Then there is Energy and Resources and other components. We expect that there will be impact on our staff numbers because recurrent expenditure is moving down.

We are looking item by item in terms of our processes, for instance in the Registration and Licensing Branch, which takes up a significant amount of our budget because we have transaction management, we are looking working with the people there to look at how we can do things better. Our track record in DIER is that we have responded to the GFC in a way that has allowed us to reduce our staff by natural attrition and vacancy management by about 70 people over the last two years. That was in response to the 2008 crisis. We recognise now, if we are going to ask our people to do more of that cost-cutting we have to really heavily involve them in the process, so our approach is process review involving each of the key areas and where possible - and I think

## UNCORRECTED PROOF ISSUE

that will be eminently possible - to manage the downsizing of maybe 40 to 60 people out of our 600 through natural attrition and through -

**CHAIR** - Through you, Minister - in the next three years, forward Estimates.

**Mr McILFATRICK** - We are not looking at a cut tomorrow, we are looking at a renewal program within the organisation, some early retirements and then through process review making sure that we keep the business going forward. But we also recognise that there is a lot of changed management in that. We have set up a small central team within the organisation to manage that. Our natural turnover last year was in excess of 60 people. So if I look at 40 to 60 over three years, I think that it is manageable within that type of turnover but my preference is to do it not by hard means but to do it through a natural attrition and vacancy control.

**Mr O'BYRNE** - I think that we have been very fortunate that with the 2008 announcement I inherited this portfolio late last year and that Norm and his team had already been working on some of those vacancy control issues and looking at the department structurally. Obviously if there are key roles that need to be replaced they will be replaced but there are a number of functions that are performed such as planning, for which from maybe 2000 to around 2006 we may not have had the investment that was appropriate. But from around 2006-2007 onwards there has been some significant investment in planning.

Whilst we are not necessarily taking resources away from there the work that we have done over the last three or four years has enabled us to get ahead of the game in the planning for the next projects that are coming online. So in a couple of key areas we have maintained resources, in couple of areas we have been able to move people around so the core staffing component of the department is there. The work that we need to do to roll out the projects that we have announced are there but there is a smarter way to utilise those resources. Norm, over a number of years, has been able to move his staffing profile around to accommodate that and to keep costs down in the staffing areas.

We are ahead of the game from what I have seen from other departments in terms of how we manage. We do not have to forcibly take action against staff and make people redundant. I as the minister and Norm as the secretary work very hard to ensure that we do not have to make those hard decisions but we can do it through natural attrition and moving people between projects so it is more about how we reorganise the staffing profile.

**Mr McILFATRICK** - It is also important that we keep the organisation ready for when there is an upturn in the economy and one of the things that I have been focused on is renewal. We have a run a renewal program internally where people have been able to put their hand up for an early retirement and it might have been a few years earlier than they expected, taking up to a \$20 000 incentive payment for that but we will probably in most cases replace those people with, say, a graduate or a trainee or someone at a lower level and thus make a saving but we do not necessarily reduce our head count.

The savings can be made and we have had over 20 applications for those and accepted to date about 17.

**Mr WILKINSON** - One thing that concerns me a bit with that, Norm, we have heard for three or four days now about this renewal program which seems to be the buzzword. It can be a

## UNCORRECTED PROOF ISSUE

problem though because, like any business, sporting organisation or whatever, you need a proper mix of old, middle range and young.

**Mr O'BYRNE** - Middle range?

**Mr WILKINSON** - I was thinking more in the young stage.

**Mr O'BYRNE** - Well played.

**Mr WILKINSON** - Sometimes these people who put their hands up for an early redundancy or whatever are people who you do not want to miss because of the intellectual capital that they can bring into the arrangement.

**Mr McILFATRICK** - They are also the people that may well make a choice at some time in the next few years; we are doing more of a planned succession plan.

**Mr WILKINSON** - If that is the case, are those people coming back part-time so they can give that knowledge to these so-called renewal people?

**Mr McILFATRICK** - In most cases it is not that they put their application in today and they finish tomorrow. A general case would be someone has applied today, and I have said, you can go on 30 November. In that period we will bring the trainee or replacement person in, so there is a handover. There are very few of the renewal people that are going on 1 July. There is an opportunity there. But the other thing that happens in organisations is that expertise balance changes. Looking at a part of our portfolio now, in Infrastructure we are doing a lot more work on environment and heritage than we ever did before. So if we are putting a new graduate on it may be that we replace someone who has only done civil engineering work with someone with a broader spectrum through the current education process and learnt more about the heritage and the environment stuff. You can get a change for the better but equally those people that retire early go with a bit of dignity and they go in their own time. Then the incentive helps them maybe have a transition into retirement.

[9.15 a.m.]

**Mr O'BYRNE** - It is also important to acknowledge that there is a lot of team-based activity so when you pull together a team it is important that you have a range of skills and a range experiences so that is also balanced in the decision-making. If there is a crucial role in a team or an activity that we cannot do without, obviously, we are then not able, even if there is an application for a workplace renewal program, we do not necessarily say 'yes'. It really depends on the skill mix that is required within that team.

**CHAIR** - Following on from that, given that there are some people leaving the system, will you be using more consultancies and what have you used in the last year? Have you had to engage specialist consultants to do additional work where you might have lost some of those key personnel within the department?

**Mr O'BYRNE** - Not necessarily. We use engineering consultants and a whole range of outside organisations for specialist tasks and duties which really add to the core work of the department. I might get Norm to give some examples of where that happens.

## UNCORRECTED PROOF ISSUE

I do not think there is a move to an over-reliance on external consultants. It has always been a mix because you are not going to employ a whole group of people for a specific project which may only last 12 months. It makes sense to make sure that the core functions are being performed by the department, that you add in consultants such as Pitt and Sherry or GHD to come in for a specific task within an overall project that we project-manage. But I will get some examples for you.

**CHAIR** - Good, and - through you, Minister - Mr McIlfatrick, if we could have a list of what the department has spent on consultancies in the last year.

**Mr McILFATRICK** - We can certainly table that.

**CHAIR** - Thank you.

**Mr McILFATRICK** - I guess the predominant way, with our business model particularly in construction, is that we do the detailed planning, engineering and project management internally but we have a tendered pool, which is a five-year tender, for the provision of engineering services and three Tasmanian companies are our preferred tender panel for that. So regarding a lot of our detailed investigation and detailed planning work, once we have come up with that it goes out to those - that would be Pitt and Sherry, GHD and -

**CHAIR** - What percentage would those three preferred tenderers do?

**Mr McILFATRICK** - Those preferred tenderers, once they go through the process of being a preferred tenderer, would do 90 per cent of our work because they know what our program of work is over the next three to five years and they can build their own resources to keep us -

**CHAIR** - Does that allow enough competition, do you think? It is not precluding other people who may have the skills and may be able to do it at a better rate, for example?

**Mr McILFATRICK** - There is a core group of consultants that do the detailed engineering then there is a bigger list of people that tender, say, on a one-off basis. Once the job is up to the tender stage to go out for construction, then it goes to the open market. Our consultants generally help us get to that point. Ad hoc consultancies that go out to tender would be things like a traffic management review or whatever we have from time to time, but certainly there is a number of consultancies that the minister has before him.

**Mr O'BYRNE** - In terms of consultancies awarded, we have given three out in Infrastructure and they totalled slightly over \$2 million. I will give you the total figure. We have awarded 39 contracts in consultancies over the 12 months to a total value of just over \$78.5 million; of those, \$75.5 million have gone to Tasmanian businesses. We have procurement guidelines which ensure value for money, competition et cetera, but I think this department has a good record of supporting Tasmanian businesses and going through that process.

**Mr McILFATRICK** - That would be predominantly the road building and maintenance programs. The other area where we go out on a period contract is for the regional road maintenance and we have just signed up a new contract.

**Ms FORREST** - Can you say who that is with?

## UNCORRECTED PROOF ISSUE

**Mr McILFATRICK** - Yes, I can, Stornoway. Stornoway have two of our regions now. They were very successful in running the north-east and have been successful in winning another. We do not allow one contractor to do all three regions.

**Ms FORREST** - They are still doing the west coast?

**Mr McILFATRICK** - Yes, and they have won another region.

**Mr O'BYRNE** - The west coast and the north, and Downer EDI in the south.

**Mr McILFATRICK** - That is again a five-year arrangement. It is very much a strategic relationship. Our network maintenance supervisors determine the work to be done on a strategic basis, but Stornoway or Downer run the day-to-day maintenance program. If we have a problem, they are the response agents.

**CHAIR** - In terms of road maintenance, there has been a fair bit of criticism concerning a road near Antill Ponds. I know that it is a Federal road, but suddenly it cracked up within a week and was gone. Are those contractors responsible for oversight and supervision these days?

**Mr O'BYRNE** - I think we need to put this in context. I have never been so focused on roads and potholes as in my six months or so in the portfolio. Every time I hit a pothole I either blame another tier of government or take full responsibility. It is important to note that 2009 was the wettest year on record, and that followed a number of years of drought. Then in the last 12 months we have had half a dozen extreme weather events across the State. These obviously put a lot of pressure on the pavement and our infrastructure, and St Marys and some other places have been under a great deal of pressure and have had some issues. We have allocated \$50 million this year for maintenance across the State of the roads for which we are responsible.

In addition to the issue at Antill Ponds there was an issue near Ross, where they had just started to put down the gravel and were getting ready to do the pavement when there was an extreme weather event. The surface was washed away, so they had to start again. We have only a small window for much of this work and this maintenance, and if it is raining while we do it, if the weather conditions are not right, we are wasting money. When we are doing maintenance on the west coast we have only a two-month window, and usually that is when there are a lot of tourists. There is only a short period when the weather conditions are appropriate and there is enough warmth in the days to dry the pavement and to make sure that the bitumen sticks, for lack of a better way to put it. If you have extreme weather events in the middle of those small windows of opportunity, you essentially set yourself back 12 months. As I said, for the last five years the weather conditions have been so variable that there has been a lot of pressure on our roads, and that is why we have allocated the \$50 million. The funding has been increasing over the years.

We have responsibility for 3 294 kilometres of State roads, and the national network amounts to 561. We have responsibility for 1 250 bridges, but on council roads there are 14 364. We work very closely with councils on maintenance and we have various programs with the councils around the State. Maintenance in particular is always a challenge, given the small window of opportunity for maintenance and the extreme weather events we experience.

We have allocated a significant amount of money in the forward Estimates to the community roads package, which will allow us to upgrade a range of very important roads across the State.



## UNCORRECTED PROOF ISSUE

We have just finished the East Tamar Highway, the Dilston upgrade, and we are going through the two final phases of Brighton and Kingston. We have the west coast roads package, the Tarkine loop road and the north-east package. So there has been a significant investment in the State's roads over the last few years and there is a significant allocation in the forward Estimates.

**CHAIR** - There is a school of thought that contemporary road construction is not as good as it used to be under the old DMR system. On the other hand, I know that vehicle sizes have increased and there is a much greater impact on road surfaces. Would you care to comment on that?

**Mr O'BYRNE** - It is that classic situation. It is like retired footballers: the game was much faster and harder in our day, remember, Jim?

**Mr WILKINSON** - You are speaking my language.

**CHAIR** - And they still break down.

**Mr O'BYRNE** - Yes. Of course, we now have different and more contemporary methods of road sealing and dealing with some of the maintenance. I will get Norm to touch on that element, and Mr Peter Todd, who is our roads expert.

**Mr McILFATRICK** - The maintenance is a matter of balance. We would love to do all the routine maintenance that is planned for the year out of that \$50 million but, as soon as we have an event such as the floods in the north-west and more recently in the north-east, we have to put our effort into emergency maintenance. A few of the potholes may not be fixed, but St Marys Pass will be reopened or we will replace a bridge on the Leven River. Those two events in the last year have taken well over \$10 million worth of effort in emergency flood response. That was not a normal year at all for Tasmania. Maybe Peter, as a road engineer himself, can comment on whether the situation is better or worse than in previous years.

**Mr TODD** - I obviously cannot comment on what happened decades ago, but I believe that we have the right contracting arrangements. There are very clear specifications that contractors need to comply with in terms of both maintenance and construction. They are required to do that and to monitor that, and we do that actively.

You referred to Antill Ponds. That was an error by the contractor, who is required to go back and make good at his cost. We enforce that, and there will be numbers of instances where the contractor will be required to go back and make good because they have not met the specifications. So that does occur.

**Ms FORREST** - With regard to the structured infrastructure investment review process that was mentioned, you say that these projects are assessed before they are funded to ensure that they appropriately meet the needs of the community, are properly scoped and planned, and are based on reliable and realistic cost estimates. At each point an assessment is made as to whether a project should proceed to the next stage or be abandoned. Can you go through the projects that have been through that filtering and what has been abandoned and why?

**Mr O'BYRNE** - We have a chart -

**DEPUTY CHAIR** - Luckily none have been abandoned.

**Mr McILFATRICK** - None have been abandoned. There is a chart, which we can let members have. The processes is that we do an initial scoping of the opportunities and make out a list of things we would like to do. We then take that to the budget committee, which endorses a program of work with a budget. Before we go to the next stage we have to do detailed planning, and at that stage we would get endorsement to go to the tender stage, et cetera. The chart you have before you shows the stage that of that process each of the community road projects is in. The green lines indicate the actual construction period, and the yellow section represents the tendering and pre-design process. No projects have been abandoned to date. During a process we might rescope. At the Illawarra Junction at Longford we had a scope for a roundabout. We found that the roundabout did not cost as much as was originally planned, and we were able to do a bit more work within the budget that the Federal and State governments applied to that project. That is a bit of iterative planning, but we may well get to another job and find that what we thought was possible is not possible and therefore we have to rescope.

**Ms FORREST** - Is the Brighton bypass on here?

**Mr McILFATRICK** - No, these are only the community roads.

**Mr O'BYRNE** - That is the community roads package.

**Ms FORREST** - I noticed that for the Arthur Highway, Dunalley to Murdunna, there are three overlapping stages. You have scoping, development and delivery all going on together for a period of two quarters, or six months. Why would you see that sort of overlapping?

**Mr McILFATRICK** - Because there may be two stages.

**Mr O'BYRNE** - It is not just one upgrade; there are a number of projects along that road, which we can do concurrently.

[9.30 a.m.]

**Mr McILFATRICK** - This will be updated regularly on our website, and that is particularly important to the construction industry because they can see exactly where we are and where they might be thinking about going to tender. In fact, we have much more detailed conversations with them than that. If there is a change, or if one project was abandoned, I guess the one that has been significantly re-scoped that is on this list is the Tarkine road project.

**Ms FORREST** - Yes. I think it is hardly a tenth of what we were talking about originally.

**Mr McILFATRICK** - You know the circumstances around that. There is the possible and the impossible and we are going to do the possible.

**Ms FORREST** - Just while you are on that, what are we actually doing now for the Tarkine road?

**Mr O'BYRNE** - What we have here is the revised Tarkine proposal that we have worked through with a number of stakeholders. I was in Burnie a number of months ago and talked to all the key constituent groups: Forestry Tas, the local councils, the Tarkine Coalition, tourism operators.

## UNCORRECTED PROOF ISSUE

**Ms FORREST** - Have they ticked off?

**Mr O'BYRNE** - Absolutely. We are looking at the proposal in two stages. The first stage is relatively easy for us to get through the approval process. The second stage is potentially problematic given we need to undertake some devil mitigation issues that the Federal minister might have concerns over. Instead of waiting for the whole project to be given final approval we wanted to get ahead and do the first stage of the proposal, which is essentially from Tayatea Bridge to Kanunnah Bridge, and also upgrade some tourism infrastructure there such as car parks and lookouts.

**Ms FORREST** - What is the time frame for this, Minister?

**Mr TODD** - There is still some planning to be undertaken, but we would be expecting the work in forestry firstly, to get the Tayatea Bridge reinstated. That is looking to be done over this summer, so early next calendar year that should be open.

**Ms FORREST** - That includes the bridge?

**Mr TODD** - No, that is the Tayatea Bridge as a specific project, just the bridge itself because, as the committee may be aware, it was washed away.

**Mr McILFATRICK** - The road is then open once that bridge happens but then the upgrade of the road to seal the road will be happening over the next two years, I think.

**Mr TODD** - That is right so we would be looking at the following summer to get into that project.

**Mr O'BYRNE** - Some of the tourism infrastructure that we are upgrading as you can see, Lake Chisholm, Julius River, the Sumac Lookout and obviously Kanunnah Bridge as well. It is not purely about that road; it is also investing in the infrastructure. If you are going to get tourists along that road you have to give them something to do.

**Ms FORREST** - Are there any toilets or things like that going into that?

**Mr O'BYRNE** - I think that is a part of it, yes.

**Ms FORREST** - And interpretation?

**Mr TODD** - Yes, that is part of that process for those sites.

**Ms FORREST** - Just back on the community roads and the review process you undertake, is it only the community roads, the west coast roads, that go through this program, or do you put other projects through?

**Mr McILFATRICK** - No, in fact we have been lucky in many respects that during the election process in the last Budget we were allocated \$1.5 million for planning. One of the things we have found was that we were very busy doing our current work and not really having the space to look forward. That \$1.5 million in planning money allows us to take new projects to have them ready or at least investigated. The focus at the moment is to get our Midland Highway projects at the stage where both Federal and State governments can look at those and then incorporate them

into their forward Estimates. So the planning money has been used for that. In future years that \$1.5 million will be used to look at the next list of projects that we want to put before State and Federal Government for approval in their forward Estimates. We are looking both at delivery and the future.

**Mr O'BYRNE** - If you look at the overall ebb and flow of infrastructure in Tasmania, it is important to the civil and construction industry that we provide certainty. We have three projects now, which I have outlined from the Federal Government, the bypasses - Dilston, Brighton and Kingston - that are close to completion. At this stage we do not have any marked off from the north-east freight roads package. We do not have a lot of Federal money for Federal projects in the pipeline at the moment, and as you probably heard they do not have a lot of money, so it is important that we maintain our support for the civil and construction industry. That is why the community roads package is filling the gap over the next three or four years, so we can continue to have activity on road construction. The work we are doing for planning is making sure that these things occur in election cycles so that if the Federal Government or the Federal Opposition wants to put some money into Tasmania we need to have projects ready to say, exhibit A, here it is and we can do that across the State.

**CHAIR** - A four-lane Midland Highway.

**Mr O'BYRNE** - We have signed off on an agreement with all the councils, the seven councils that back onto the Midland Highway that have responsibility, with an agreed priority for all the local government areas about the Midland Highway and what we would like to see in that area. We have a strategy we are taking to the Federal minister on the upgrade of the Midland Highway. Obviously, from the southern end we have the Bridgewater Bridge, we have the Bagdad bypass and in the northern end you have the Perth to Breadalbane section of road. But we now have a strategy for the Midland Highway agreed to by local councils so that we can sit down with the Federal Government and say, 'This is how we see the future for the National Highway'.

**Ms FORREST** - That is how the north-west received their roads; they were ready to go.

**CHAIR** - Just a quick one on that eastern bypass of Bagdad, on that side. Where is that on the radar? It is still the biggest bottleneck, travelling north and south of the State.

**Mr O'BYRNE** - The Bagdad bypass?

**CHAIR** - Yes.

**Mr O'BYRNE** - We are at the stage now where we have scoped out the potential design and what it looks like. We will now go back to the Federal Government and say, we are now at the stage where we need to get agreement from you to allocate the money for the design phase and potential land acquisition. We are at the stage now where we think we have the broad parameters of what it would look like and where it would go. We now need to seek support from the Federal Government for the next phase, which is design work and land acquisition.

**Ms FORREST** - With this investment review process, there is \$1.5 million allocated to that. Do you believe it has saved money anywhere and how do you assess that?

**Mr O'BYRNE** - Within the projects?

**Ms FORREST** - Or overall. Maybe it is within individual projects, but overall. I think the intention is good but it is going to cost us more in the long run to deliver the outcomes. Is that appropriate?

**Mr O'BYRNE** - We have allocated key amounts of money for the different projects and we have an overall package that talks specifically about the community roads. But there are ebbs and flows. For example, at Ferry Road at Kettering, we think we will come under budget there from the original allocation because of the work that we have done on the design and the work program. That remains within the \$90 million package and allows, if there is an overrun on another project, that we do have capacity there. But I might ask Norm and Peter.

**Mr McILFATRICK** - I think that is a much better way to go about it. Previously, we were thinking about new projects but they were done on the side of the desk, really, while you were trying to deliver others. We have now separated the projects that have been approved and are going ahead from the ones that we really have in our telescope. It is a small amount of money, if you think about it. Well, it is a large amount of money, really, but \$1.5 million, when we are trying to attract, potentially over a five-year period as we did in the last Federal budget process, about \$500 million worth of investment and it contributes, particularly with Infrastructure Australia and the Federal Government wanting business cases that are very robust, to our potential to get projects that are robust and can be delivered. Part of the Federal Government's approach, like the State Government, is to do these things in stages. With the Bagdad bypass, we have had a number of millions of dollars allocated by the Federal Government just to investigate the project. That then gives us the next platform to move to the next phase and we are taking the same approach internally.

So it is a little bit more of a longer-term look, the Midland Highway is a 25-year outlook and, unfortunately, that might take that long to do all the projects we need to do but it is the first time we have had a -

**Ms FORREST** - As long as we are still here to drive on it.

**Mr McILFATRICK** - I might not have my licence by then.

**Mr O'BYRNE** - We will take it on a year-by-year basis, I think.

**Mr TODD** - Minister, if I may add, the \$1.5 million is for doing what we call the identification-scoping phase. So that would be a cost of a project anyway. But what it means, as Norm and the minister were saying, is that we can do that earlier and be prepared and that means that -

**Ms FORREST** - If Federal money becomes available.

**Mr TODD** - That is the expenditure we would have to undergo anyway for that project. So all it really is doing is moving it forward.

**Mr MULDER** - Regarding the Flagstaff Gully link road that goes in through there, I know that this has been a longstanding point that DIER has not wanted it but I only just made it to this committee on time due to an accident at what has to be one of the most notorious choke points with two highways and everything else merging right at the edge of the Tasman Bridge.

## UNCORRECTED PROOF ISSUE

For a long time we argued that the solution might be to encourage traffic to go that way, when it hits the Mornington roundabout, when it does not have to go to the city. You only have to look at all the cars that divert towards the northern suburbs off the bridge and find themselves in the right-hand lane having to cross two lanes of bridge traffic to get to the flyover to go out to the northern suburbs. At some stage are we going to see this project start to elevate itself to where it really belongs, given the volume of traffic, the problems that we have on Begonia Street, which has become an inter-highway rat-run through residential streets, some of them steep, where children walk to school? In terms of road safety we really have to start thinking about that.

**Mr O'BYRNE** - I understand there was a five-car pile up on the Tasman Bridge this morning, based on the police report.

**Mr MULDER** - It was probably a little bit dramatic - a few cars bumped end to end and one of them caught fire.

**Mr O'BYRNE** - Apparently one caught fire.

**Mr MULDER** - The problem, as you well know, is not the severity of the accident, it is the fact that -

**Mr O'BYRNE** - Yes, I understand and you are right. When you have a river or when you have certain landscape issues you can only have so many points where you can cross. We do need to look at traffic volumes. That is why we have done the traffic passenger survey, to find out from the local council and local government areas where they travel around the southern region and particularly into Hobart. The vast majority of people moving from Kingston and the Eastern Shore do go to the Hobart CBD. That is the statistics. Broadly speaking, in the southern integrated transport strategy we are looking at ways to move people more efficiently around the southern part of the State. We acknowledge that there are a number of bottlenecks but we are restricted, for example, by a mountain. I know this is obvious, but a mountain and a river, and we only have  $x$  amount of money to try to move them more -

**Mr MULDER** - This road does not bypass either mountains or rivers, this bypasses an actually choke point and it is quite feasible. The local council has done a major study on that. It has some cost estimates and it has a preferred route. It is busy reserving the land for that particular area because we know, eventually this will have to happen.

**Mr O'BYRNE** - As a part of that strategy we are scoping out that option, but again, our decisions are driven by numbers and by needs. From to time if there are car accidents on that side or on this side of the bridge, it does create a problem for both sides of the river so we acknowledge that.

There are increasing volumes coming from, for example, Sorell and the southern beaches. There is greater population in Lauderdale and South Arm and down that way and I understand that most of those people do come to the Hobart CBD, so we do need to find ways to try to alleviate that pressure and that is a part of our forward planning.

**Mr MULDER** - Thank you Minister. I note that you are actually scoping, which you have not been for a long time, which is why the council did the scoping work, so I do take note of that and I commend you for that. I think you will see, if you look at the scoping work that the council

## UNCORRECTED PROOF ISSUE

has already done, that is where the volumes are. Global Value Management has provided all that material so we have done some of the work for you.

**Mr O'BYRNE** - I acknowledge your role on that particular council as well.

**Mr MULDER** - I will take note of that and I will look forward to seeing it appear in next year's spreadsheet. I must say, can we have a magnifying glass with the next one?

**Mr O'BYRNE** - Well, we are doing a lot of work on it.

**Ms FORREST** - You need longer arms.

**Mr MULDER** - I am sure the forest industry is not that bad that we cannot afford a second sheet of paper with font that us ancient ones can read.

**Mr EVANS** - Times are tough, mate; times are tough, you know.

**Mr MULDER** - Some of the other ones, the Rokeby main road, Oceana Drive and the Pass Road extension: it talks about dual carriageway from Oceana Road to Pass Road and associated junction and access treatments for Pass Road, Buckingham Drive and Tollard Drive. I understood that it was not going to be a dual carriage road and there were not any treatments for Buckingham Drive. Have you revised that project?

**Mr O'BYRNE** - We are in the early phases of public consultation on what that road looks like. As you know, we have been extending that corridor from the Mornington roundabout all the way through. That is a part of our progressive upgrade of that road through to Lauderdale. The next phase of that upgrade is through Rokeby and Lauderdale. At the moment, we are scoping out and looking at the design work of that Pass Road intersection. That will probably go from Diosma Road back through to just after the Howrah Garden Centre or the Howrah Fruit and Vegetable shop there. We have a real problem with that intersection. As you know, when you are coming up from Pass Road a number of new housing subdivisions are opening up there, and that is creating an issue for us. We are pushing people back towards the other end of Mornington when they can be moved along that more efficiently. Now it has always been considered that we will have a dual carriage, four-lane road up along that way. We know that there are some local community members who have raised some questions with our design. At the moment the work we are doing on that intersection has no impact on that community. It is really just looking at about 100 metres before the Pass Road intersection, and a couple of hundred metres past it, down to the Diosma section into Rokeby. So at this stage we are looking at that intersection and that section of road. We are going through some pretty extensive community consultation. We have not finalised the design work and I have written to the council and to the local community, saying we are in the early stages of design work and we are open to suggestions. Again, ultimately it is about safety and it is about moving commuter traffic through that area safely.

**Mr MULDER** - I think those treatments there - I am sure the minister is aware of it, but I would like to push him - there is actually a small commercial area there which would basically die if we go ahead with the latest consultation program.

**Mr O'BYRNE** - I do not necessarily accept that. What we are trying to do is accommodate the needs - there are a couple of shops there and it is obviously important that we look after our local small businesses. I understand there is an application in before the local council about some

development. That is a matter for the council. If that gets through, obviously that is something that we will consider, but ultimately when you have such high volumes of commuter traffic, which are essentially moving through and getting from point A to probably point D; B and C needs to be accommodated to the point where we do not compromise safety and have people darting across lanes of highways unsafely. But we are looking at a compromise.

**Mr MULDER** - I do not want to get into a discussion about the width of the road or the pavement; the actual treatment. I was just putting you on notice. I noticed from the introduction of it it looked like we might be getting somewhere with it, but no doubt we will have it explained a bit more.

**Mr HARRISS** - With regard to the Midland Highway, Minister, you have indicated you agree with the council's concern. I presume that fits into the infrastructure strategy - I have just had a quick look at the website - so is all of that stuff on there? That is a major strategic approach to the Midland Highway, and I commend the Government for that. That sort of strategic approach is important. Is that sort of information readily found, in terms of that strategic approach?

**Mr O'BYRNE** - We did a public launch of the strategy, I think in December of last year. All the mayors were there. We did the ceremonial signing out at the Bridgewater Bridge area. You are right, it is an absolutely crucial piece of infrastructure. It is our main north-south route, not only for freight but for commuters and tourists as well, so it is really important that we get the strategy on that right. We have a copy here. There is the Midland Highway Partnership Agreement, so we can furnish copies of that to the committee.

**Mr McILFATRICK** - It is on the web site.

**Mr O'BYRNE** - So, you are right, we have a Tasmanian infrastructure strategy and as a part of that strategy we have established the Infrastructure Advisory Council. We were the first State to establish such a body to provide strategic support and advice to Government on decision-making, and looking at the overall infrastructure of the Tasmanian Infrastructure strategy. Obviously the Federal Government has Infrastructure Australia. We were the first State to move to a State-based body similar to that. New South Wales has now followed suit and it looks like a number of other States will be doing that. TIAC is chaired by Philip Clark and has now had one meeting. It has representatives from all the key institutions in terms of: statewide facilities such as water and sewerage, rail, TasPorts, the GBEs in Aurora, Transend and Hydro; secretaries of key departments; representatives from local council and also representatives from the Tasmanian Chamber of Commerce and Industry. The advisory council is designed to have a look at the infrastructure strategy, have a look at the opportunities that are opening up and - we will talk about this in the economic development session - looking at the economic development plan and seeing where there are needs for infrastructure to enable business, enable regional communities to grow.

Pulling all this together strategically is very important for us. The strategy is there, it is a document that was launched in 2009, and we now have a body independent of government but reportable to government to provide recommendations on prioritisation of the needs. They have really only just got up and going this year.

**Mr McILFATRICK** - Mr Harriss, obviously that document is forecasting some things that were going to be done and other things that we would like to be done. So we are shortly going to publish a report on progress, some of the things that have been completed and things that are on



track. I have a few with me, but as soon as it is on the website we will give you an indication. It is a 10-year strategy that looks at making fundamental change to the way we work together across the infrastructure provisions. I think the council will be a very important part of that, and we look forward to keeping things like the Midland Highway project going, and keeping the information updated on the website. If you go to our website you will see a lot of information on all the projects that are currently going on.

**Mr HARRISS** - That has been a criticism of governments for years, that they cherry-pick the politically sensitive areas to undertake infrastructure development.

**Mr O'BYRNE** - Very cynical, Paul.

**Mr HARRISS** - Indeed. Cynical but accurate. All governments, and local government is included in that, because that has been one of the faults of local government for years. You go through this -

**Mr O'BYRNE** - The electoral cycle.

**Mr HARRISS** - Indeed.

**Mr O'BYRNE** - I think everyone agrees with that. I do not think it makes for good decision-making, but -

**Mr HARRISS** - No, it does not.

**Mr MULDER** - That is why we should have one every year.

**Mr HARRISS** - So what overarching process is used? I am familiar with some councils, which in the past have done a proper analysis of age of road, condition of road and usage, and then prioritised their development of roads, upgrades and maintenance, based on that proper analysis. What sort of analysis does the department use as part of this process, rather than just say a road is X years old, it is about time we tended to it; some sort of technical analysis.

**Mr O'BYRNE** - You have outlined a council process, and that is exactly what we deal with in the infrastructure portfolio; that is why we have a dedicated team to organise that planning and to go through that rigorous process; to say well, what are the needs of the roads, because really, you would like to spend a lot of money on maintenance and a lot of money on roads and just do it all at once, but because of our budget and our capacity, it is based on prioritisation. I think Norm gave the example, we have a maintenance budget and a maintenance program, but when there is a flood or a significant weather event that has created a problem for a road, we need to respond on the basis of need. Norm and Peter can talk about that sort of process more specifically.

**Mr McILFATRICK** - I think you are right, it needs to be a strategic approach, and it is not just State, it is Federal Government roads and council roads. I will use the Southern Integrated Transport Plan as an example. This is the 12 local councils and DIER and including Federal Government roads in that. It is setting a list of priorities that we would like to achieve together. That plan says, well, there is obviously an issue on the Eastern Shore with the transport corridor; within the next five years we will need to collectively work on that together. That then forms the assembly of projects you might do, based on the strategy. This took a couple of years to put together but to have all 12 councils and the State Government agreeing where the transport

priorities were for the south of the State - similarly we are doing one in the north-west and in the north - that then contributes to a broader thing like the capital cities project that is on at the moment. So this document will sit below the capital cities plan that we will put to the Federal Government, to say we have a plan for infrastructure in Tasmania and it is not just the State Government that says so, it is the local councils as well. So that is probably the example of the type of work that we do to say where should we be putting our hard-earned dollars locally, federally and at the State level.

**Mr O'BYRNE** - I think you are right. What that does is take the politics out of it. We cannot always take the politics out of an election cycle, especially with other tiers of government, not us of course, where they will cherry-pick - but what you do is apply some rigour to it and if we have a clear strategy of our priorities and some of the needs for local communities, you have a better base to have that argument or discussion with other tiers of government.

**Mr HARRISS** - While I have been around this place there have been various strategies or processes brought to these committees and the department had - I have forgotten some of the names; things like REDI Map, I do not know whether that is still alive? I presume they are all merged into a newer process because there has been discussions about where population growth seems to be occurring and by all indications, will occur; that sort of strategic approach. So, things like REDI, is that still around?

**Mr O'BYRNE** - Yes, it is. In terms of the Economic Development Plan - we will talk about that in that section- that is going to be overarching. You are right; what you are identifying is silo decision-making by different departments or different tiers of government that given their scope, they make decisions that make a lot of sense. If we broaden the scope and add a larger overview of the State, the needs of the State and the needs of the community, you get better decision-making. Instead of one department making a decision - for good reasons, with good motivations and to get a good result - it does not necessarily meet the needs of other people and you miss an opportunity to make a big difference.

We can talk about it in the Economic Development portfolio, but for the overarching strategy across the State some infrastructure strategy feeds in; skills, innovation science, there is a whole range of things that we can talk about, infrastructure being one of those.

**Mr HARRISS** - Some of the criticisms have been that some of those things stop at municipal boundaries.

**Mr O'BYRNE** - Yes. There is a lot of that.

**Mr McILFATRICK** - Mr Harriss is quite right. There is much greater need for integration and over the last few years we have started to provide that; particularly integration between planning and infrastructure, which was fairly loosely integrated before; the new planning commission; our involvement on the planning commission; the involvement of its Executive Commissioner on the infrastructure council and then the way we look at regional areas, like the Southern Transport Plan that feeds into the regional land use planning documentation is much more integrated. I am not saying it is perfect yet but it has got a lot closer to being perfect than it has been before.

[10.00 a.m.]

## UNCORRECTED PROOF ISSUE

**Mr WILKINSON** - We are wasting precious time. If can get back to staffing again, what are the present employee numbers, and have you got a comparison with now as opposed to the commencement of the GFC?

**Mr McILFATRICK** - At the commencement of the GFC we had a headcount of about 680 people and today our total headcount is 612. We have reduced by about 70 people since the start of the GFC. In a full-time equivalent, because they are not all full-time people, our current FTE count is 526. We have a lot of part-time officers, school patrol officers, et cetera. There has been a similar reduction in the full-time equivalent number.

**Mr WILKINSON** - In relation to the wages for FTEs from GFC to now, are you able to give me a comparison as to that please?

**Mr McILFATRICK** - I would need to put that on notice but I guess from the GFC to now we needed to reduce our net salary. Salaries are around 70 per cent in some areas of our budget, apart from the capital works program. But the budget we have, which is our recurrent expenditure budget, is dominated by salaries, travel and vehicles et cetera. So the big push has been to reduce those expenditures. We met our budget this year. Our challenge at the start of this year was that we looked like having an unbudgeted shortfall of about \$10 million. That is a combination of things we needed to do and I was proud that our organisation managed to do that. We did it by keeping our staff numbers fairly steady during last year. It was really the previous 18 months where we had a fairly large consolidation.

**Ms FORREST** - Just on that point, I noticed in the advised expenditure by agency in budget paper 1 it said that, and I know it is not a huge percentage, but you are \$5.5 million over there. Are you saying that that is not the case?

**Mr McILFATRICK** - That is not over budget. That is where during the year different projects came in that had not previously been allocated.

**Ms FORREST** - So that was dealt with during the supplementary appropriation bill?

**Mr McILFATRICK** - Yes, but in terms of our core budget our expectation for Treasury and Finance we came in right on budget this year.

**Mr WILKINSON** - Are any salaries linked with bonuses as well? In other words, if you drop salaries then you or whoever may get a bonus.

**Mr McILFATRICK** - No, I get paid plenty without a bonus, thanks. To my knowledge, and I am sure it is correct, there are no bonuses paid. There are people within our salary for a SES level who are at the fully competent level, there is an at-risk salary of say 5 per cent of 10 per cent but that is more an incremental thing. So you start at a base level. As you get experience, as in most jobs, there are a couple of salary steps that are in there, but they are not treated as bonuses, they are really performance related. If you are a base level and you gain experience you will move up the ranks.

**Mr WILKINSON** - Of course, with bonuses it is hard to budget for, isn't it?

## UNCORRECTED PROOF ISSUE

**Mr McILFATRICK** - Yes. There aren't any performance-related bonuses to the performance of the organisation, but there are individual allowances for salaries to be paid above the base for people as they gain experience and develop.

**Mr O'BYRNE** - Or if they are acting up in a higher role, or higher duties allowance.

**CHAIR** - Minister, just a very quick one that I have on overview, and that is legal advice. Have you sought any, have you made any lawyers' wallets fatter this year at all?

**Mr O'BYRNE** - Personally, no.

**Mr McILFATRICK** - We seek legal advice all the time particularly in contract matters from Crown Law.

**CHAIR** - Any litigation?

**Mr McILFATRICK** - There have been a couple of legal matters settled in the last year, particularly public liability et cetera which we would need to put on notice.

**CHAIR** - Take it on notice. Thank you.

**Ms FORREST** - Just one thing, the travel costs associated with the department. Have you have got information about how much, where to and for what purpose?

**Mr McILFATRICK** - Yes, we have. Are you talking about overseas travel in particular?

**Ms FORREST** - Both.

**Mr McILFATRICK** - We can find that. Would you like that answered now or would you like it on notice?

**Mr O'BYRNE** - From the period 1 July 2010 to 31 May 2011 there have been nine trips taken to the cost of \$86 851; that is for the whole department. Within the Infrastructure portfolio there were three trips taken at the cost of \$14 000.

**Ms FORREST** - For what purpose?

**Mr O'BYRNE** - I would say they would be the ministerial council meetings.

**Mr McILFATRICK** - No, overseas travel would be attendance at some of our international connections - for example, a road forum in New Zealand for one of our staff, I believe. But we can get that for the member.

**Ms FORREST** - Interstate travel?

**Mr McILFATRICK** - Interstate travel is mainly to do with our national responsibilities. The minister used to be a member of the HAC and is now a member of a new COAG body where all the ministers get together. But in support of that, I am a member of a standing council on transport and a number of our people are working on national reforms such as national heavy

vehicle reform, national rail safety reform, and national maritime reform. So most of the trips are to do with travel to those venues. We can get details on that as well.

**Output group 1  
Infrastructure**

**1.1 Infrastructure strategy -**

**CHAIR** - Are changes or adjustments coming up for this year to change from the basic strategy that was set a couple of year ago to deal with different times? Maybe Mr McIlfatrick did mention those before.

**Mr O'BYRNE** - As I touched on with the establishment of the Infrastructure Advisory Council there will be a fair bit of work but at this stage there is no significant change to the activities within the strategy. It has been a whole lot of work leading to this point. Now we have got to try to prepare ourselves within the department to get those projects up and shovel ready. It needs to fit in well as it feeds into the overall Economic Development Plan.

**Mr McILFATRICK** - One of the things coming to an end in our development is our SIP project, which is a spatial data management project for infrastructure. Over the next six months we want to really look at how we can leverage that back into the planning system and get as much value added as we can. It is a very highly utilised model for all sorts of things. It has been in development; now it is fully developed and we want to make sure that we get the best out of that.

**CHAIR** - A year or two ago we had a pretty dodgy report from the engineers' report card. Are we looking at things being better and what assurances can you give that -

**Mr McILFATRICK** - I have to declare an interest; I am a member of that institute.

**CHAIR** - I remember we got an F for rail. That was probably a heritage railway.

**Mr O'BYRNE** - I am worried that we might have to put some red awnings on it to try to help it out. The report of a few years ago was not too flash and that is why, between ourselves and the Australian Government, we had \$400 million over the forward Estimates in upgrade of below rail and above rail. I think that in terms of that recommendation we are now moving towards a rail network, which is starting to meet the needs of its customers and starting to meet the needs -

**CHAIR** - It is still a difficult call. I remember we did GBEs last year and Mr Annells made no bones about the fact that, because of our terrain and a lot of other matters and the gauge and the stock, it is a difficult business to get right.

**Mr O'BYRNE** - And that is why it is costing so much money. I meet regularly, monthly after each board meeting. I get the key indicators of their progress in terms of the contracts that they put out, the tendered work for their below and above rail, which is coming along quite well. It has taken some time. We have had to reinvent the management structure. It has taken some time to put the scope together for the contracts for the sleepers, look at the replacement of rail and the carriages and some of the facilities above rail. It has taken a while for them to start to pull together those contracts to get the strategy right. They are starting to get some money out the door now in terms of upgrade. The good news is that freight is increasing on rail in Tasmania for the first time in many years, because we have an organisation that picks up the phone and talks to

its clients. A whole range of organisations now see rail as a viable option as opposed to road, so that has a benefit for our roads. The less freight we have on our roads, the easier it is on the condition of those roads and the safer it is for the travelling public.

In terms of the engineer's report card, we have responded. When we you look at the last three years, not only almost half-a-billion dollar investment in rail but we have had upgrades. I have mentioned them before: the Kingston bypass, Dilston bypass, East Tamar Highway upgrade, the Brighton bypass and the North East Freight Roads package, which we roll out in the next 12 to 18 months. I am not sure if we have the latest report from the engineers, but as a response to some of those criticisms, we have shown, within the capacity of both State and Federal governments, our ability to respond.

**CHAIR** - Have the upgrades with rail been on time and on budget?

**Mr McILFATRICK** - The new company have taken their time to make sure they spend the money in the right place.

**CHAIR** - So they are a bit behind?

**Mr McILFATRICK** - They are a bit behind on their capital works program, because there was a lot of work anticipated on the north-south line and they are doing a proper evaluation of whether that money is best placed to spend. There has also been a lot of activity in looking at new rolling stock and locomotives. They are on track to have a large ramp-up. The work that has been done in the last 18 months has been to keep it in business. What we will see from now on is the improvements starting to kick through.

**Mr O'BYRNE** - Because the usage was relatively low, there was a lot of dissatisfaction with a number of the clients who use rail. It has taken some time for Tasrail to get its head around the business case and the potential opportunities. You look at the Melville Line, the west coast, potentially into the Fingal Valley and 18 months ago we maintained the link to the Bell Bay port. It has taken them a while to understand the business model but you are looking at such a significant spend in, for example, sleepers and some of the rolling stock. We are in the final phases of the locomotive acquirement at the moment. We are down to three organisations, from across the globe, tendering to provide the locomotives and the rolling stock. That takes a lot of work and you do not want to make the mistakes of the past and say, 'Let's quickly get the money out the door because we have the money'. You want to make sure the spending is appropriate, it fits the business model but also meets the need of the track. We have this new machine for the first time in Tasmania, the 'geometry car'. It will assess every centimetre of the rail on the main line in Tasmania, so for the first time we will have an accurate picture of the needs of the rail and how we need to upgrade it to ensure it can take more capacity but do it at speed, which means that we can meet the needs of the customers, which is also very important. At the moment, with some of the conditions of the rail, you could walk faster, but because of the safety you need to make sure. The maintenance spend is crucial so we can increase the productivity but also meet the needs of the customers where and when they need it, especially when you are looking at the Bell Bay port. You do not want things sitting on the port for days or hours at a time, you want to have a seamless relationship between rail and port infrastructure so that when it comes into the Bell Bay port, for example, it is quickly onto the rail and then it can get into the system.

## UNCORRECTED PROOF ISSUE

**CHAIR** - You mentioned that we have new customers, particularly from the north-south part of the line, because that is the most challenging part from an economic perspective and an infrastructure perspective. I know Norske Skog takes up a pretty fair part of that contract.

[10.15 a.m.]

**Mr O'BYRNE** - I do not have those details in front of me but I can get them for you. Essentially you have Bob Annells, Damien and the team really building a new company from scratch because they did not really inherit anything of any sort of capacity. You have some good people working there, working hard, but at that strategic leadership level we really had to start again.

**CHAIR** - You just mentioned Bell Bay port expansion. What progress has been made there and what is the latest?

**Mr O'BYRNE** - We have the Infrastructure Australia bid still in the pipeline. That is the \$150 million upgrade of the port going through the Federal process. I think the next report card from Infrastructure Australia is out next month.

**CHAIR** - Will there be a decision next month?

**Mr O'BYRNE** - No, an update. The Infrastructure Australia process is quite a lengthy process. At the moment they probably do not have a lot of money to allocate in the short term to projects around the country. They have recognised the Bell Bay port upgrade as a development with very strong potential and something that would meet needs. We do have some short-term challenges and we have allocated between State and Federal Government approximately \$9 million for some work at the Bell Bay port. We are working with TasPorts and local businesses that utilise that port to look at what is needed to make it more efficient but that will be complimentary to the overall Infrastructure Australia bid.

**CHAIR** - If the pulp mill proceeds, has the department done any more work on the related additional transport or road links and/or upgrades that might be needed?

**Mr O'BYRNE** - Regardless of the whether the pulp mill happens or not, the Bell Bay industrial area provides 30 per cent of the gross State product for Tasmania. So it is a significant heavy industrial area, which has a fair amount of traffic. That is the major reason why we upgraded the East Tamar Highway, because you had that mix between commuter traffic and heavy freight and that is pretty toxic at times. As you know, at Dilston people come out of their driveway straight on to the highway and that is very, very dangerous. So the East Tamar Highway was predominantly about meeting the current needs of the Bell Bay industrial area, but also making the road safe for commuters. There is a significant plantation resource in the north-east that will need to get to Bell Bay and that is with the North East Freight Roads package. That is \$42.1 million of Tasmanian and Australian Government money. That will upgrade the roads predominantly between Scottsdale/Bridport and Bridport/George Town/Bell Bay industrial precinct. Broadly speaking, we know that the Bell Bay industrial area is important regardless of whether a pulp mill is built or not, so we are making sure we can - I hate using the term - it is not necessarily future-proofing but preparing for an increase. When you invest in an infrastructure project you make sure that it is able to accommodate any potential changes for the next generation. On the whole stretch it is \$80 million, so if the Bell Bay industrial site does not change, the road and the road infrastructure will absolutely meet the needs but we also have the capacity to take more should that precinct expand.

**1.2 Rail safety -**

**Mrs ARMITAGE** - While we are talking railways have you given any consideration to having a passenger train come in? I know it is not rail safety.

**Mr O'BYRNE** - We have a number of heritage railways around Tasmania; Ida Bay in the south, the Derwent Valley, the Abt Railway and Don River.

**Mrs ARMITAGE** - I am thinking more particularly between Launceston and Hobart. We are talking about taking freight off the roads, it would be great also to take some passengers off the roads.

**Mr O'BYRNE** - Potentially. I get quite romantic about this. I would love to have a passenger train from Hobart to Launceston. That is probably where you would do it. I think the issue we have is the rail itself and the condition of the rail. We will probably not be able to get a passenger train on it to meet the needs of commuters because of the condition, the gauge and the capacity to get up to a good speed between here and Launceston; you would -

**CHAIR** - It used to be a five-hour trip.

**Mrs ARMITAGE** - It would come back to rail safety, I am quite sure.

**Mr O'BYRNE** - I think the money that would be needed to invest in the rail to get it up to an efficient service that people would use would be significant and beyond our capacity.

**Mrs ARMITAGE** - Not viable.

**Mr O'BYRNE** - I think it would be fantastic for Tasmania. I remember picking up some hitchhikers many years ago and they were meeting up with some friends in Hobart outside the railway station. I said to them, 'Well, I think you'll have to get in contact with them because we don't have a railway station'.

I think for tourists it would be lovely to have but I just do not think that we have capacity. When you look at some of the money that is being invested in other parts of the globe, China and Japan, it is billions of dollars.

**Mr MULDER** - China is sensational but they have a few more passengers than we have.

**Mrs ARMITAGE** - I will get back into rail safety. Derailments - how have we stood up with derailments over the last 12 months? And the cost of derailments?

**Mr O'BYRNE** - I will pass to Craig Hoey who is our rail safety expert.

**Mr McILFATRICK** - So far this calendar year we have had seven but only two of those have been on the main line.

**Mrs ARMITAGE** - And what were they caused by?



## UNCORRECTED PROOF ISSUE

**Mr HOEY** - We have had two on the mainline with Tasrail and five on the tourist and heritage railways. Of the two on the Tasrail network one was an infrastructure type derailment.

**Ms FORREST** - Was that the one near Penguin?

**Mr HOEY** - There have been two at Penguin. The second Penguin one is still pending the investigation report. That is still to come. On the tourist and heritage lines, once again they have been infrastructure-related and also there was an issue with one of the locomotives.

**Ms FORREST** - It just hopped off the rail, didn't it? It was Australia Day, the picnic train; it was a shame.

**Mr HOEY** - Yes, that is right. Often for derailments there is not one single cause; there will be infrastructure or operational issues.

**Mrs ARMITAGE** - Were there significant costs though from the derailments?

**Mr HOEY** - Any derailment is significant cost, yes.

**Mrs ARMITAGE** - Do you have a figure for the cost of the derailments?

**Mr HOEY** - No, because that is generally absorbed by the operator and that is an incentive to run safely, to prevent derailments because that costs the organisation money. We do not collect the cost of the derailment; we are interested in the safety and the organisations are addressing the derailments and try to prevent further ones from happening.

**Mr O'BYRNE** - When we get to the GBE scrutiny hearings there will be opportunity for Tasrail to explain all of those costs. My information from Tasrail is that it has had a minimal impact on the cost to business that they provide.

**Mrs ARMITAGE** - So it has not disrupted business over all?

**Mr O'BYRNE** - Maybe there were some delays but Tasrail has been very good at accommodating the needs of business there. There has of course been a cost in terms of maintenance.

**Mrs ARMITAGE** - The other question I have is to do with safety and the challenges that you have with the rail crossings.

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

**Mrs ARMITAGE** - What is happening to address those?

**Mr O'BYRNE** - Unfortunately all of the incidents have been avoidable and have been because of people not following instructions. I'm not sure what they miss about the bells ringing and the lights flashing but people try to -

**Mrs ARMITAGE** - Probably the iPod in the ears and all those things that they seem to have.

## UNCORRECTED PROOF ISSUE

**Mr O'BYRNE** - All of the instances have been the fault of road users, which has been really disappointing. But we have spent significant amounts of money in upgrading the more high-use level crossings with enhanced warning signs. We have a group together with Rail Safety, Tasrail, Tasmania Police and local government to try to make people more aware that we do have a rail system in Tasmania and that it is going to have increasing use in certain areas and to increase awareness around what are the requirements for the travelling public.

**Mr McILFATRICK** - In fact in the year when we had those incidents we installed about 13 of these new technologies which have warnings in the road, so as the train is approaching it is not just relying on the flashing sign at the crossing a but about 200 metres before the crossing there are lights that shine towards the car giving a warning.

**Mr O'BYRNE** - It is actually 19 sites across the State. But also the Brighton hub will remove a whole number of sections within the northern suburbs of Hobart where there will be interaction between road traffic and rail, because essentially the rail line will cease at Brighton.

**Mrs ARMITAGE** - I suppose the more rail we have the more other traffic is aware of it.

**Ms FORREST** - With regard to the budget saving strategies, will that in any way hamper the capacity for the department to investigate these derailments and to deal with them?

**Mr O'BYRNE** - No, we have legal obligations to provide that role; that is a core statutory function.

**Mr McILFATRICK** - There is a transition of the rail safety regulation function towards a national regulator. In fact, one of our budget strategies this year was to ensure that when that national regulator comes in there isn't a price shock for the rail company to suddenly going up so we will be increasing our charges to the rail company over the next three years to land where -

**Ms FORREST** - I will bet Transend will pay for that then, won't they?

**Mr McILFATRICK** - No, the rail company will pay.

**Ms FORREST** - Transend are giving them the money, though.

**Mr McILFATRICK** - It is not a large amount of money, but recovery of fees would be in the region of say \$300 000 under the national regulation. So we will, in fact, get a benefit by increasing those fees and that will offset some of our budget challenge.

**Ms FORREST** - It will be income to DIER's pocket.

**Mr McILFATRICK** - Income to DIER over the next three years leading to that income being the same as what the national regulator will be charging.

**Ms FORREST** - Once the national regulator takes over that income will go to the national regulator, so you will lose that revenue stream.

**Mr McILFATRICK** - We will lose the safety function as well.

**Ms FORREST** - Swings and roundabouts there, then.

**Mr McILFATRICK** - So we can say goodbye to Craig in three years' time.

**Ms FORREST** - So he will be feeling redundant at the time.

**Mr WILKINSON** - That is probably not a way you would want to break it to him though, have you thought about a better way to do it. You can take him out to dinner and have a chat to him about it.

*Laughter.*

**Mr McILFATRICK** - I think he is well aware of that.

**Mr WILKINSON** - A cruel organisation.

**Ms FORREST** - I didn't expect there to be a sacking at the table while we are here, but there you go.

### **1.3 Road safety -**

**Mr MULDER** - The budget line on this particular one shows us going up \$1 million next year, \$1.5 million the year after then dropping back by \$1 million for the next two years after. What is the purpose of the spike in funding and why is it dropping off?

**Mr McILFATRICK** - In this Budget some of the budget is spent on activities that are non-infrastructure activities and some are spent on direct infrastructure such as capital works. The profile is we are expecting more work to be done on infrastructure projects in the future years. In fact, there will be overall -

**Mr MULDER** - I can see that from that spreadsheet you gave me previously. That answers the question, thanks.

**Mr McILFATRICK** - It is not a decrease, in fact it is an increase.

**Mr MULDER** - We recently had a briefing from the Road Safety Task Force in which they were talking about their next silver bullet, being the reduction -

**CHAIR** - Do not mention the war.

**Mr O'BYRNE** - Break out the Confederate uniforms.

**Mr MULDER** - The next silver bullet seems to be the reduction of the default speed limit on rural roads from 100 to 90 kilometres per hour. A very interesting discussion I think occurred around there. The bottom line is that we have had such a trial in the Kingborough municipality, I believe, and if this is to be a silver bullet what happened to the accident rate in Kingborough during the trial, which justifies it now being imposed upon the residents of rural municipalities around this State?

[10.30 a.m.]

**Mr O'BYRNE** - I think it is important we put it into context. The motivation around the proposal - and that is what it is - from the Road Safety Advisory Council has been centred around slowing people down, because the rate of crashes and the severity of the crashes and the impact on the travelling public are magnified the faster people go. So the motivation from the Road Safety Advisory Council is to basically to save lives and to reduce the amount of serious injuries. And there is some evidence to suggest that - and I think it is pretty obvious - if you slow people down you will have those results.

They initially made a proposal to me about a blanket reduction in the default [speed limit] on unsealed and sealed roads. There was some public consultation around that. There may have been some confusion about whether it was a government position or Road Safety Advisory Council position, or whether it was a proposal for a default or a proposal to look at a reduction in the default on some rural roads. I have also asked the Road Safety Advisory Council to look at the use of signs - the end-60 kph and end-80 kph signs - because I think we can do better with some of our signage. I have asked them to look at options for replacement of those signs, and I am pretty hopeful we will be able to do that.

But essentially what they have said is the motivation is around keeping people safe, slowing people down. I think there is broad consensus around unsealed roads, but in terms of rural speed limits, there is an assessment being undertaken about establishing a set of criteria about which Tasmanian rural roads are safe to be driven at 100 kph, and which are safe to be driven at potentially lower speed limits. So they are going through that process. There is no government position at the moment, and the process will be that the Road Safety Advisory Council goes through their work, they will make some recommendations and government will make a decision in consultation with the community about where we go. That is where it is at.

**Mr MULDER** - There was a report in relation to that trial and I do not expect you to have that at your fingertips but it would be very interesting to see what the results of that trial were, particularly in regard to the road safety issues that you have mentioned, as to what outcomes would be achieved, because I think, Minister, it is very important that when we start doing these sorts of things, we are not doing silver bullets that do not work, and if there is no evidence to substantiate this, why make such a change. And I say that in the context of the concession in the same meeting that when someone suggested we lower people's blood alcohol level from 0.05 to 0.02, the response was, when we lowered it from 0.08 to 0.05 it had no impact. The problem is actually the high-level and repeat drink drivers, and that is where our road safety energy should be targeted at. So I say that if there is no impact of going from 90 to 100, then maybe we need to start targeting what the real problem is, which is the actual speeding on those roads. The first road that should get speed reduced is the Richmond road because of the very fact that that is a road where infrastructure is unsuitable for that speed given the narrowness of the road and so on. So I fully commend taking the approach that each road should be assessed on its merits.

**Mr O'BYRNE** - Based on criteria, data, science -

**Mr MULDER** - But a blanket imposition across the board on roads that do not need it because it has no effect, that is what we are looking for.

**Mr O'BYRNE** - That is not the direction that we were ever going to take, but we got some momentum in the media and away it went. Regarding those reports, it is not only the Kingborough Council but it was Tasman Council as well, both of those reports and we can get that information to you.

**Mr MULDER** - The second question is, I looked at the annual report and I am sure there are more current statistics, but I note that around October 2008 the serious casualties figures suddenly took an upward turn, and just to put at least some data around it, to realise that this is not just a little blip, in October 2008, after a steady decline over a number of years under the Tasmania Together project we got down to 300. Within a short space of time we got up to somewhere around 430-odd, that is another 130-odd Tasmanians. When we are looking at road safety we are looking at strategies. What effort has gone in to work out why that changed? What changed in the world that caused that?

**Mr O'BYRNE** - When you look at fatalities and also serious casualties because of -

**Mr MULDER** - Apart from the resignation of the former Police Commissioner who took credit for all of these.

**Mr O'BYRNE** - In a small jurisdiction, sometimes if you have a bad run or a series of incidents, it does tend to skew but when you look at serious casualties on the roads, in 2004 we had 438; 2005, 422; 2006, 372; 2007, 374, 2008, 316; 2009, 353; and in 2010 we had 288. The number of fatalities - in 2009 we had 37, which was a particularly bad year - a horrific year -

**Ms FORREST** - Nine in one day.

**Mr O'BYRNE** - but in 2010 we had 17 and this year to date, with a day to go, we have 18 so between 2005 and 2008 it was generally in the mid to high twenties. We had a horrific year in 2009 - and maybe it took 2009 to send the message to people to drive safely, I do not know - but I suppose all we can do is work as hard as we possibly can to educate people to make roads safer and turn to look after our roads.

**Mr MULDER** - The point is that during that particular period I am talking about, October 2008-09, with that particularly bad period, I also know that enforcement was extremely high. All the traditional measures we use were in place and it says to me that we have to start to rethink some of these things about what we are doing and how we are doing it. I will perhaps leave that one on the table for you.

**Mr O'BYRNE** - We have brought in hooning legislation with some vehicle clamping, we are looking at point-to-point speed cameras as well so there are a whole range of measures to try to change driver behaviour so you do not have these peaks of either irresponsibility or - again, you have also weather conditions, the alcoholic sorts.

**Mr MULDER** - The point that I am making, Minister, is that a lot of these things are caused by drivers who deliberately break the law so it is pointless reducing speed limits if they are going to travel at these speeds anyway. That is the big issue.

**Mr O'BYRNE** - That is not the sum total of accidents though.

**Mr MULDER** - No, but certainly it accounts for the severity of them, as you have rightly pointed out.

**Mr O'BYRNE** - In some instances, yes.

## UNCORRECTED PROOF ISSUE

**Mr MULDER** - It does and that is why we are talking about speeds, that somehow or other we need to do it. There is some interesting technology means we can go around now about making people - because the thing that deters speed is the perception of the likelihood of being detected.

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

**Ms FORREST** - Fear.

**Mr MULDER** - Yes, the fear of being detected. So people are doing these sorts of things. The question has been asked, the answer has been given, I think, from anyone else on this issue.

**Mr O'BYRNE** - I want to continue to answer it as well. With the anti-hooning legislation there is now an absolute deterrent. If people continue to hoon and we are able to get the evidence, we take their cars off them and sometimes we take their cars off them completely.

**Mr MULDER** - We will have a discussion about law enforcement this afternoon, I think.

**Mr O'BYRNE** - I am sure you will be absolutely engaged in that one.

**Ms FORREST** - Minister, the point you make and that Tony made too was that the fear of being caught is one of the aspects but I have a view that we need to get to a point where people do not speed or do not drink and drive, not because they are fearful of being caught but because they know it is the wrong thing to do. It puts them at risk as well as other people at risk, so that comes down to the novice driver licensing programs where the Government still does not seem to be keen on compulsory driver education. I am talking about education where you go through the process where you help them through the hazard identification, you help them to understand how long it takes a car to stop. What happens if you have a collision at the velocity of 220 kph; what happens to you then? Your body cannot withstand that. What is the Government's view?

**Mr O'BYRNE** - As we have previously announced, every year 10 student is offered a road safety education course which is recognised and we are working with the Education department on how best we facilitate that so we get to as many students as possible.

The Road Safety Advisory Council, in their advertising campaigns, have become very important as well and very powerful. If you look at the use of mobile phones in cars - the ad that we saw with the young woman texting on her phone and then you don't see the image of her, you see the image of her hitting a young child - are very powerful images which hopefully will change people's behaviour. But education is right, that is why we have the tiered L1 and P2 graduated licensing to really make sure that people are fully aware of their own capacities, the capacities of the vehicles that they are driving, the road rules and being conscious of other people on the roads.

**Ms FORREST** - They are not taught in a formal sense things like safe-stopping distances, distances between vehicles, all those sort of things, which is part of the process of them actually getting their licence. They cannot get their licence until they have been through something like that. Then it is saying oh well, tick, we have done that in a school but that does not actually change the behaviour.

**Mr O'BYRNE** - I think the graduated licensing is more than a tick and I think if you see the pass rates for, particularly, L1 to the point where they range between 50 per cent and 70 per cent

then I think there is a fair amount of rigour applied across the State in terms of that early education.

**Mr WILKINSON** - For a number of years now I have been saying that rather than just offering the course it should be compulsory -

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

**Mr WILKINSON** - for grade 10 students, because that is the last time you have probably got them as a captive audience. How has that been going?

**Mr O'BYRNE** - On a compulsory basis it is offered to all students. Obviously, students at grade 10 have options about the courses they take and the Education department, it is my understanding, is of the view that they do not mandate any course but instead work with students to provide them with options so they can then make their own decision as young adults. Obviously we need to continue to work on that. I want to see how the current steps that we have taken in terms of the recognition for the course and the fact that it is offered have gone. I would not mind seeing how that goes for a year in seeing what the take up is. If the take up is not increasing and we are not getting enough students through that course I will have to look at it again and talk to my counterpart of the Education minister.

**Mr WILKINSON** - The only other area is that there was a film that was viewed by some students only recently. I heard it on the news a couple of days ago. From all accounts the people that viewed that said it had a lasting, well a lasting from the time they viewed it until they spoke about it, effect upon them. Is more of that going to be offered?

**Mr McILFATRICK** - I think that is part of the program. An important part of the program that is introduced this year is a qualification; it is authorised by the Tasmanian Qualifications Authority, which means if they do the course they get accreditation towards their Certificate of Education. That is a big step; it is an incentive to do the course. Our role is to help the teachers deliver that through the material we prepare, and audio-visual materials are a big part of that.

**Mr O'BYRNE** - We are trying to create a matrix of contact with the community, which tries to denormalise hooning and create better cultures, better driving, and better driving behaviour, not only through the schools but also through advertising more broadly through the Road Safety Advisory Council. In partnership with Southern Cross Television we had Road Talk, which was a recent program that sent strong messages about driver behaviour to try to increase safety. That is partly as a response to that 2009 year, which was pretty horrific.

**Mr WILKINSON** - The only other matters is in relation to the people who are intoxicated. They often cause accidents, as you know. Is there any thought at all for people who become subsequent offenders to make them pay for an alcohol interlock prior to them getting their licence back?

**Mr McILFATRICK** - More than a thought.

**Mr O'BYRNE** - We are actually doing it.

**Mr McILFATRICK** - It is going to happen.

## UNCORRECTED PROOF ISSUE

**Mr WILKINSON** - It is going to happen - well I think that is a good thing. In relation to a subsequent offence is that going to be for a person with a second offence, a third offence, or what?

**Mr McILFATRICK** - The initial focus is on people mandated if they have had two or more driving convictions. Then if they have had one conviction of 0.15 -

**Mr WILKINSON** - 0.15 and above.

**Mr McILFATRICK** - That is it. There is no second chance on that. Before they are issued their licence they would be required to have an alcohol interlock at their expense.

**Mr WILKINSON** - At their expense.

**Mr O'BYRNE** - We need to make sure that we apply that reasonably to allow those people from lower wages or lower incomes to be able to afford that. We are currently looking at the details of what concessions we can provide. There will be an accommodation for people in different wage brackets - I would not say means tested. Obviously for people who have a drinking problem and have a job we need to be able to support them in changing their behaviour, but also if we cost them their job that reduces their capacity to respond to the problem that they have. Any alcohol interlock program is therefore crucially important to that because we want to keep them off the road but we also want to help them to change their behaviour and keep their employment.

[10.45 a.m.]

**Mr WILKINSON** - Is that becoming a legislative requirement or, alternatively, is it just left with the old transport -

**Mr McILFATRICK** - No, the project through the Transport Commission will go through Parliament and we are really looking to do that this financial year.

**Mr WILKINSON** - So that person will only be able to drive any motor vehicle so long as there is an alcohol interlock machine in that vehicle.

**Mr HOEY** - It would be a condition of your licence.

**Mr WILKINSON** - That's right, yes, okay.

**Mrs ARMITAGE** - I was just thinking about the alcohol interlock, which sounds a difficult thing to do with people when you talk about employment, if part of their employment is driving a company vehicle.

**Mr O'BYRNE** - That is more of a matter for the employers to ensure that they have appropriate workplace health and safety -

**Mrs ARMITAGE** - What is the cost of these?

**Mr McILFATRICK** - We are still looking at various models but they are expensive. It would be in the \$1 000 to \$2 000 range.



## UNCORRECTED PROOF ISSUE

**Mrs ARMITAGE** - It is just an interesting aside.

**Mr McILFATRICK** - There may be other ways of delivering it rather than an upfront payment.

**Mr MULDER** - You can buy a pocket one for \$200.

**Mrs ARMITAGE** - I do not think that would attach to the vehicle though, that is the thing. The only other question I had with regard to the rural roads, and Tony mentioned earlier about the stats and how we are looking to lower it, do you have statistics, say, for example, the last 12 months, on how many accidents on rural roads were caused by someone driving within the speed limit as opposed to over the speed limit?

**Mr O'BYRNE** - I know that 42 per cent of the accidents occur on roads that have a 100 kph speed limit, but in terms of what that 42 per cent looks like, I am not sure.

**Mrs ARMITAGE** - No, I am wondering what speed they were doing. It is all very well to lower the speed limit but does that mean the actual person driving is going to go within the speed limit.

**Mr O'BYRNE** - I do not have that data in front of me.

**Mr MULDER** - How do you know?

**Mr O'BYRNE** - It is hard to assess too because witnesses and -

**Mrs ARMITAGE** - Well, generally they can tell, can't they?

**Mr McILFATRICK** - No.

**Mr O'BYRNE** - Sometimes.

**Mrs ARMITAGE** - Can't you tell how much? With your accident investigation, I thought you would be given a fair indication.

**Mr McILFATRICK** - We can have an indication, certainly percentage-wise, of where speed was one of the factors and, as Tony has pointed out, there is often more than one factor.

**Mrs ARMITAGE** - It was just interesting.

**Mr McILFATRICK** - Certainly we will look at the stats we have. The crash data is quite comprehensive but they may not tell us exactly.

**CHAIR** - So you would like that tabled if they can?

**Mr O'BYRNE** - We will see if we can find it.

**Mrs ARMITAGE** - If you can. It would be interesting to see.

## UNCORRECTED PROOF ISSUE

**Mr MULDER** - I think that you can save the department some trouble because it simply does not exist; the only time you can calculate that is if you do a serious accident and you bring in a full forensic team and they measure the skid marks and all of those sorts of things.

**Mr McILFATRICK** - But in the initial report -

**Mr MULDER** - For the bulk of accidents it does not exist. It is only an estimate of a police officer.

**Mr O'BYRNE** - But it does indicate if speed played a role.

**CHAIR** - Okay, thank you.

**Mrs ARMITAGE** - Thank you.

**Ms FORREST** - I have one question on this, Mr Chairman. In regard to the road safety levy I notice that you are increasing it and extending it. Does that have to be done through legislation and, further to that, how have the funds raised through the road safety levy been spent in the last year and, in the future, where will these funds be spent?

**Mr O'BYRNE** - The membership of the Road Safety Advisory Council is quite diverse: RACT and a whole range of key stakeholders. They recommended to me, as the minister, to raise it by \$5 and to extend it for another period of time.

**Ms FORREST** - How long?

**Mr O'BYRNE** - Potentially for another five years to fit in with the Road Safety Advisory Council's strategy, which is the next five-year iteration. Yes, it will need legislative amendment, which we will do.

**Ms FORREST** - Is it a regulation or is it through a bill?

**Mr O'BYRNE** - It is a regulation. We can give you, for the purpose of saving time, a breakdown of them. I think over the last year they spent about \$5 million or \$6 million in road safety measures and a whole range of crash barriers -

**Ms FORREST** - You can provide that?

**Mr McILFATRICK** - There is a comprehensive report on the whole road safety strategy, which goes to the Road Safety Council. This includes a lot of the statistics that other members have been mentioning. So, rather than extract just one, I think it would be wise to table the whole document.

**Mr O'BYRNE** - Yes. Some of the things have been the rollout of electronic school speed limit signs, signage, installation of flexible safety barriers, shoulder sealing, right-hand-turn facilities, tree removal on some of the major highways and arterial routes -

**Ms FORREST** - We can get that in that report -

**Mr O'BYRNE** - Yes. Public education campaigns and those sorts of things.

**Ms FORREST** - My final question then is will all the funds that are raised through this levy be put back through the Road Safety Advisory Council to be used, as it has been in the past?

**Mr O'BYRNE** - Absolutely.

**Ms FORREST** - It is hypothecated entirely.

**Mr McILFATRICK** - It will come to DIER and then the guidance for where we spend the money will be scrutinised by the council.

## **1.4 Registration and licensing -**

**Ms FORREST** - With regard to the licensing regime, can you provide the waiting times for L2 and P1 firstly by region, and also some details about the pass rates and how many times it takes individuals to pass the L2 and the P1 tests?

**Mr O'BYRNE** - This was an issue that was raised yesterday as well, and it has been something of concern. We acknowledge that the waiting periods currently exceed the standard that we put on, which is three weeks. The average wait in the north-west is four to five weeks, in the north it is four to five weeks and in the south it is three to five weeks. Sometimes we have peaks and troughs of demand, such as during school holidays or university holidays, which is hard to respond to. But overall we acknowledge that we need to provide a better support in terms of those testings. That is why we are advertised in last weekend's paper for extra staff in the driver assessor area. We have had some unplanned leave in that area for an extended period of time.

**Ms FORREST** - Stress leave?

**Mr O'BYRNE** - I am not sure of the details, we had some extended sick leave. Stress leave is a particular leave, there is also sick leave. We acknowledge that we need to put more resources in it and we are doing that.

For L2 assessments completed between 1 April last year and this year, 2 468 of all candidates who passed did so on their first attempt; 951 of all candidates passed on their second attempt; 117 candidates that passed did so on their third attempt; and 12 took four times to do it.

**Ms FORREST** - How many didn't pass at all, does it say that? Some are still trying?

**Mr McILFATRICK** - They may not have come back after the fourth time.

**Mr O'BYRNE** - They may have bought a bike, I don't know.

**Mr McILFATRICK** - In terms of the regional breakdown there is a bit of difference between the regions and it does vary, but in the south, initially, the P1 the pass rate is about 51 per cent; for L2 it is about 58 per cent. The north-west seems to do best: they have a 71 per cent P1 pass rate and for L2 a 60 per cent. There are various reasons for that and it may be the more complex environment in the south that they have to drive in. It may be that the north-west -

**Ms FORREST** - The north-west are better experienced because they experience a whole range of driving conditions.

**Mr McILFATRICK** - Rural people are often driving earlier.

**Ms FORREST** - We drive on the farms when we are two; that is correct.

**Mr O'BYRNE** - In the Massey Ferguson.

**Ms FORREST** - Not always on the farms, some of them drive to school sometimes.

**Mr O'BYRNE** - As long as they are not on roads where they require a licence.

**Ms FORREST** - Are there any plans to increase licensing fees in this area?

**Mr McILFATRICK** - No plans at the moment.

**Mr O'BYRNE** - No.

**Mr McILFATRICK** - One thing we are doing, though, now we have experience in the graduated system is a review that includes getting in contact with some of those people who have been through the process to make sure we learn about their experience. That will be concluded over the next three months.

**Ms FORREST** - You can talk to my daughter; she was one of the early ones to go through.

**Mr McILFATRICK** - Fifteen thousand people now have been through the process.

**Ms FORREST** - She turned 17 just after it started.

**Mr McILFATRICK** - That is not about fees, that is about making sure the process is working.

**Mr O'BYRNE** - We can add it on to the end; I do not want to lose the time in this portfolio.

**CHAIR** - We might well do that, I think. Because we have a little bit of time to go through, we may as well take a 10-minute break now and then we will get back in and knock over Infrastructure before we get to Economic Development.

**The committee suspended from 10.54 a.m. to 11.11 a.m.**

**Mr McILFATRICK** - Just to keep the record clear, we have not changed the fees for licences but there is a CPI adjustment to the fee unit. Some licence fees will be going up by between \$1 and \$2 because of the CPI adjustment, but there is no intention to change the fee scales. That is what I meant to say earlier.

### **1.5 Vehicle operations -**

**Mr MULDER** - Most of these operations, as you say in the budget papers, relate primarily to heavy vehicles. I guess that is why we see the transport officers out on the roads sometimes. I

note that your annual report, unless I missed it, does not talk about the outputs of that enforcement activity. I know that the police are pretty good at letting us know exactly what they are doing in their particular area, but there do not seem to be any outputs here. That raises a question as to what the degree of compliance is. Is the industry generally a compliant one with only minor inadvertent infractions of the law, or do we still have people running around with hugely overloaded trucks chopping up our roads?

**Mr McILFATRICK** - We certainly have the statistics and I can table them. We have our performance criteria for the number of unregistered vehicles and those sorts of things. If those were omitted from the annual report, we will give you the statistics for the last year.

**Mr MULDER** - The minister might like to refer to the Police annual report, which covers those sorts of things thoroughly and provides a very accurate picture of trends and how things are happening. I am sure you keep those figures but I think it is important for the annual report -

**Mr O'BYRNE** - Yes, accountability is appropriate to make sure that we keep track, and if certain behaviour starts to trend we can respond by way of policy or legislation.

**Mr MULDER** - Yes. I am sure that the department does that internally, but it would be nice to see some transparency in that regard in the annual report.

**Mr McILFATRICK** - I am happy to accommodate that.

### Output group 6

#### Transport subsidies and concessions

##### 6.1 Bruny Island ferry service -

[11.15 a.m.]

**Mr HARRISS** - I have a couple of questions. I have never inquired into the life expectancy of the *Mirambeena* ferry or whether any structural inadequacies are emerging in the wharves at either end. I have not even gone down that track in the past with the department or the operator.

**Mr O'BYRNE** - The *Mirambeena* completed a dry dock in May this year. It has been on the run now for 15 or 16 years, probably even a bit longer than that. But the vessel is still fit for purpose. Obviously it is not ours; it is run by North West Shipping and Towage. It is Graeme Phillips and his company's vessel. They obviously have obligations under the tender to provide appropriate shipping services to maintain the link between mainland Tasmania and Bruny Island. I am not aware of any issues in terms of the port infrastructure.

Obviously, the challenge we have at Bruny Island is dealing with the peak times. That is why, in terms of the community roads package, we are looking at the Ferry Road to provide access to some of the facilities and to assist the locals in terms of the impact of tourist traffic on local Bruny Island traffic. We are looking at the mainland side of the equation. There have been some upgrades over the years on Bruny Island itself. Significant amounts of money have been spent on roads. The issue concerns the peaks - Easter, Christmas, the public holidays. Three or four times a year - and I think those moments are increasing - we have peak times during which it takes much longer than we would hope to get on and off the island at both ends of those public holiday weekends. So it is very important that we continue to work with the Bruny Island community to make sure that we have appropriate shipping.

**Mr McILFATRICK** - The contract goes out to 2018, and the GH&D consultancy report done a year or so ago concluded that the *Mirambeena* will be adequate for the service well beyond the expiry of that contract. So we do not have any immediate issues with the service.

**Mr O'BYRNE** - In fact, the *Mirambeena* is ours but is run by North West Shipping and Towage.

**Mr McILFATRICK** - In terms of the infrastructure, I have no concerns about the wharfage. As the minister has said, we will be looking mainly at the parking at both ends.

**Mr HARRISS** - The other major issue is parking at Roberts Point. A select committee of Legislative Council recently took evidence from the local community that identified clearly that much of the aggravation with banked-up traffic awaiting ferry departures would be alleviated if decent and adequate parking were available in one of the land opportunities on the other side. Is the department or the Government looking to advance that solution?

**Mr O'BYRNE** - We are working with the local council. I will be meeting with the Bruny Island Community Association in the coming weeks to talk about a whole range of issues, including traffic management on both sides of the area. I do not think that at this stage queuing and parking in peak periods is a significant issue, but the concerns seem to relate to those periods. The question for us is whether the State Government, the local council or the local community should expend a whole lot of money for probably half a dozen events a year or whether we should look at more cost-effective options. So we are continuing to work with the community. I think that in the next 10, 15 or 20 years we will have more issues because Bruny Island is becoming more popular. The time will come when there is a critical mass and the island will not be able to accommodate the increases in the number of shacks and tourists that it is accommodating now. We will have to determine the point at which an infrastructure spend will be appropriate to meet the needs of an occasional event. But we acknowledge that there are challenges at both ends.

## **6.2 Furneaux shipping contract -**

**Mrs ARMITAGE** - Can you give me an update on the current contract? Obviously there are challenges for the Furneaux Group. I guess a lot of it is seasonal, as it relates to freight demand and the level of service. What is happening with that contract?

**Mr O'BYRNE** - I will get Norm to touch on this. Obviously we have moments of peak use and that is the challenge we are dealing with. In the context of a low level of traffic, we have to make sure that we provide a minimum service to the island, but at certain points the minimum service -

**Mrs ARMITAGE** - With their livestock.

**Mr O'BYRNE** - Yes, livestock, and there is a whole range of challenges.

**Mr McILFATRICK** - Flinders Island in particular went through a period up until a year or so ago where their shipping service was very problematic. We also have a contingency provision in the budget of about \$270 000 essentially to enable the State Government to provide a minimum service to the island of one ship a week. Our preference is that that be done commercially, and that is what has been happening over the last year. We have a shipping agreement with the

council that that money is set aside as a contingency and can be brought into play if the market fails. At the moment the market is not failing - in fact Furneaux is providing a more regular service than once a week - and we continue to monitor that through the shipping committee.

We have also agreed in our memorandum with the island that, if the money is not used for a contingency, we will authorise them to use the residual in any one year for shipping-related infrastructure. This year, because the contingency was not required, with our support they have been able to purchase four refrigerated shipping containers. That enables them to stop double-handling frozen and perishable goods, as had been happening. They will own those containers and will be able to transport them to and from the island. So rather than our just keeping that money as a safety net, it is being used for a real purpose.

**Mr O'BYRNE** - I have met recently with the general manager, the mayor and representatives from the island to talk about these issues, and I am heading to the island in the next month or so to see the facilities at first hand and to talk to the community not only about infrastructure but also about economic development and a whole range of other issues.

**Mrs ARMITAGE** - So the Government will guarantee that the Furneaux Group will have a cost-effective, sustainable and reliable service into the future?

**Mr O'BYRNE** - We have a contingency plan in place in case of market failure. Our view is that a service should always be provided either by air or by sea but that the market should provide that. But if there is market failure we will not turn our back on the community; we will play a role to ensure that the link is maintained.

**Mr McILFATRICK** - As a smaller part of the contract, Cape Barren Island is a difficult issue commercially. We recognise after consultation with the community that they need at least a monthly shipping service, particularly for heavy machinery, et cetera, going backwards and forwards. That is not able to be provided commercially, and another year of service is currently out for tender. That will come out of the contingency. Then there will be at least a weekly service providing a connection with the island. It is unlikely, given that there is a monthly service, that this will ever become commercial, but a small contingency amount is provided for that.

**Ms FORREST** - Have you been to my patch, minister?

**Mr O'BYRNE** - I have been to the beautiful north-west coast.

**Ms FORREST** - King Island?

**Mr O'BYRNE** - King Island, not recently. Well, I have been to the beautiful north-west coast -

**Ms FORREST** - King Island.

**Mr O'BYRNE** - Not recently, no.

**Ms FORREST** - I should know you are aware of the challenges there. This is only a contingency, I know; \$41 000 will not go anywhere at all if you need a new boat. Are you aware

of the challenges of the *SeaRoad Mersey* vessel being at the end of its life and what are the plans now?

**Mr O'BYRNE** - I understand that TasPorts and the local King Island community have established a working group to deal with and have a discussion around the challenges that King Island has in terms of getting products off and on the Island. I think that is going pretty well. I understand there has been some constructive discussion about port facilities and, with Searoad, the kind of vessel they are able to get in and out and the frequency of that. We are not going to walk away from communities and we are not going to just let them work it out themselves. We will play a role to assist but our preference would be that the market would find its position. King Island is a crucial provider of good products for Tasmania and we want to make sure that they have security of transport. My understanding is within that committee those discussions are going pretty well, and if there is a role for us, or a need for us to play a greater role we will. Ultimately our preference is for the local community to come up with local solutions, which fit the market.

**Ms FORREST** - So will there be any consideration given to the select committee's recommendation that the King Island Council take over the management of the port?

**Mr O'BYRNE** - It is really a matter for TasPorts and the King Island Council to work through a collaborative arrangement. My latest update is that those discussions are ongoing. There is a new manager of the port who has been appointed by TasPorts - a person from the north-west coast with extensive experience in coastal shipping - and I would like to see Mike Wickham, who is the new TasPorts guy on King Island, to work with the local council and see if we can work through some of these issues. It may very well be that the best option is that management committee between the local council and TasPorts.

**Ms FORREST** - The Government would not reject that if a proposal came forward; that the council have a greater role in managing the port?

**Mr O'BYRNE** - We have not rejected it. We want to make sure there is a mechanism where they have an appropriate say in the future of the port. Instead of completely handing it over, our view at this stage is that we come up with a consultative model. Hopefully, that meets the needs of the council. If it does not, then I will consider any change.

**Ms FORREST** - The committee was told and reported in our report that a previous minister, going back a couple, was happy to have these discussions and was quite interested in that proposal. The King Island Council had done extensive work on a business case for this. The subsequent Minister for Infrastructure had an icy relationship - was how it was described - and would not discuss it any further. Are you suggesting you are a bit more open to that possibility?

**Mr O'BYRNE** - The council is the key group on the Island. We want to make sure we have appropriate relationships between TasPorts and the local community. TasPorts have appointed a new manager for the King Island facility. I know him personally, although I was not involved in the process, I found out afterwards; I will make that very clear. I think he is a person who can build a good relationship with the council. I think it is important the council's voice is heard in terms of infrastructure for the port and I would support that process. Whether a handover of facilities to council is warranted, my view is: not at this stage. I think it is important we get the relationship between TasPorts and the local council right, and that is what I want to see happen



first. If there is continuing concern, I will sit down and see if we can play a role to resolve those concerns.

[11.30 a.m.]

**Ms FORREST** - One of the major concerns that has been raised by the community - and something you would probably need to talk to the community about; the King Island shipping group and others - is the ongoing and quite substantial increase in costs associated with port use. There seem to be a higher costs associated with the fact that the boat comes in on Sundays so everyone is on double time and that sort of thing, so effectively the users are paying for that. There have been quite substantial increases in costs, well above CPI, in a number of areas. That is one of the major issues. But the other thing is too, the committee was very keen to have a port redevelopment, which I could suggest is now completely off the radar with the budget situation the way it is, particularly with the mine not going ahead.

**Mr O'BYRNE** - Well, it is \$40 million to \$60 million but apparently that has been -

**Ms FORREST** - \$41 million was the last I heard, but that was including the use of the overburden from the Grassy mine. They have changed their approach to mining now, should they proceed. So that is completely off the radar?

**Mr O'BYRNE** - I think that sort of dollar spend is significant, and for the amount of usage of that port you would think, well, is that sort of expenditure the best State Government or TasPorts spend? What we have committed to doing is working with the council and that port committee on making sure that the infrastructure is fit for purpose and meets the needs.

**Ms FORREST** - And then get a ship in there that meets the needs of the community as well.

**Mr O'BYRNE** - Yes, and that is why we are discussing that with Searoad as well, to make sure that we have an appropriate vessel. These are market discussions and there is a whole range of implications or potential implications. We would like to see a consensus reached between the council, port users, Searoad and TasPorts to ensure that we can facilitate and maintain good, easy access and reasonable access. Infrastructure is expensive no matter where you go.

**Ms FORREST** - Do not forget to include the people who use the port, not just the council.

**Mr O'BYRNE** - No, port users.

**Ms FORREST** - Okay, thank you, Chair.

### **Grants and subsidies**

**CHAIR** - Just on table 6.19 under Grants and Subsidies, Minister, I am not too sure where this fits and if we go down the track of school closures and we talk about school bus services, we have a line item there; the budget this year is \$26.4 million.

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

**CHAIR** - Is it? It is confusing because I think the questions were asked of Mr McKim as to how it belongs and DIER belongs in this one, so -

**Mr O'BYRNE** - Bus services is Mr McKim.

**CHAIR** - Okay, all right. Well, we will leave it open.

**Mr MULDER** - Is the school-bus program in here?

**Mr McILFATRICK** - The school bus program is not here. It is part of sustainable transport.

**Mr O'BYRNE** - It is not in my purview as minister.

**CHAIR** - He claimed no responsibility so we will sort that one out.

**Ms FORREST** - No-one wants to do that.

**Mr McILFATRICK** - I was at that hearing, certainly.

**Mr HARRISS** - Maybe he is going to close all the schools so there will be no schools.

**Mr MULDER** - There is a line item here, 6.5; the output relates to contracted operators of rural and special-needs school buses during the school year.

**Mr O'BYRNE** - Yes, it is in the budget of course, but it is not my ministerial responsibility. DIER has a number of ministers responsible.

**Ms FORREST** - This is one of the problems with the set-up of the Government.

**CHAIR** - Well, we will not waste time on it now, we will leave it.

**Mr O'BYRNE** - It has always been thus in terms of different ministerial responsibilities.

**CHAIR** - I know, okay, we will get to it, no doubt, in a week or so.

**CHAIR** - Colin, in relation to MAST - through you, Minister - we can see that boating facilities and services are going to remain static over the next four years. Is there a reason for that?

**Mr FINCH** - In terms of commercial facilities, we are discussing with TasPorts and the fishing industry how to come up with appropriate funding arrangements for public marine facilities such as commercial jetties. This year we are funding Pirates Bay jetty, which has started work, which is \$1 million. This is not in the Budget because it is unspent money from previous years on other activities. So we have some money in capital reserve and we have used that to fund Pirates Bay. We do not have a pressing need to build any other jetty at this time, but they are all ageing structures over water, so there will be a time when we need to resolve this issue. But it is not in this budget process.

**Mr WILKINSON** - Dredging, say out of the Prosser River, has been an issue now for a number of years and it is always difficult getting out in low tide. After it is dredged there are no problems for a while but it does not take long before it needs a good dredging again. What is happening in relation to that?

**Mr FINCH** - I think three years ago the council and Parks contracted to have the river mouth excavated and since then it has worked reasonably well. We established a fund with council of \$15 000 over three years, from memory, so there is \$45 000 available should dredging be required again. What happens, as you know, is that the river mouth shallows up and then you have a flood and it deepens again. It is under the control of council, and council has not felt the need to dredge the river mouth.

**Mr WILKINSON** - The dredging of that river mouth relies upon council saying when it should be dredged?

**Mr FINCH** - That is correct.

**Mr WILKINSON** - What about other river mouths around Tasmania? I know you had problems with some, what has happened to those?

**Mr FINCH** - The most pressing is St Helens where we have had an ongoing program of trying to improve both the barway and the channel in Georges Bay. We worked on the barway two years ago by excavating behind Blanche Beach to create a sand trap. That appears to have been quite successful at the barway in that the fisherman, who are the main commercial users of the barway, report that depth has remained reasonably constant - certainly adequate for their needs - and the channel has been kept to a reasonably safe alignment. Within Georges Bay we have been working with Parks, because it is a conservation area, about dredging there and this year we obtained approval to dredge at Pelican Point. We have undertaken a reasonably major dredging program there, which took a few weeks to complete, just before and after Easter. We are now going to assess how the channel is holding up. The local marine rescue group goes out and monitor both the barway and the channel through Pelican Point for us. Yesterday they sent one of their regular e-mail updates to say that at both the barway and Pelican Point the channel depths were good and holding up. We have funds in the budget to do more dredging at Pelican Point should we need to. At the moment we are trying to see how long that works, to work out and establish a pattern.

**Mr WILKINSON** - Any other river mouths that are causing a problem?

**Mr FINCH** - No. We have undertaken a number of studies - and most of these are on our website; for example, Marion Narrows, Ulverstone and Scamander. At a number of sites there are either barway or dredging issues. I think we have covered most of the rivers in Tasmania where these are regular problems that affect boaters in a serious way. With most of these there is very little you can do; they are natural coastal processes. You could dredge but most likely you would be faced with recurring expenditure.

**Mr WILKINSON** - Did MAST have anything to do with the coastal policy?

**Mr FINCH** - No, apart from making an input to the relevant department.

**Mr WILKINSON** - Should it?

**Mr FINCH** - No, I do not think so. We are not involved in planning issues, we are a marine safety agency. I think the planning issues are properly undertaken by others.

## UNCORRECTED PROOF ISSUE

**Ms FORREST** - The issue of abandoned vessels in rivers; what is MAST doing about this and what can people in these areas expect to take place?

**Mr FINCH** - In 2006 we passed legislation to amend the Marine Safety Authority Act to give us power to give notices to people whose vessels were in an unseaworthy condition, sunk or had been abandoned so that we could address the issue. There are not a large number of them but they have been an intractable problem for a number of years. The Tamar is the most notable area for these vessels and last year we secured a conviction against two owners of four vessels in the Tamar. The court adjourned sentencing for a period of time. We have just asked DPP to review that and bring it back to court. We are in the process of taking court action against another owner of a vessel in the Tamar. In most other places the vessels have been recreational vessels, and usually if the owner gets enough letters - certainly if the owner gets the court papers - the owner usually starts to take action because the legislation has provision for an ongoing daily fine. Most owners determine that it is in their interests to remove the vessel, which has happened on a number of occasions.

**Ms FORREST** - I understand there is an issue at Bridport as well?

**Mr FINCH** - There is an issue at Bridport. Generally where a vessel is tied up at a wharf that is owned by somebody - there is one also in the Tamar that fits into the same category - we generally do not push that vessel. As long as the owner of the wharf is happy for the vessel to be alongside we are usually fairly happy. I am familiar with the one at Bridport because this has gone on for a rather long period of time. We have had undertakings from the owner about what he is going to do with it, and I was in conversation with him earlier this week about what he is proposing to do. As usual I was given a number of assurances and the board will review that at its next meeting, I am sure, and decide what action to take.

**Mr O'BYRNE** - Before Colin leaves I would like to put on notice that this is Colin's last Estimates hearing and it is the first I have shared with him. I am not sure it is not me. Colin is retiring and I want to put it on the record the thanks of the Government for Colin's work in the service for the Tasmanian people for many years. He has given exemplary performance and service to the Tasmanian people, and we should acknowledge his work and thank him for it.

**Mr MULDER** - I actually have one more question. The government minister has a partnership agreement with the Clarence City Council. Included in that is looking at alternative transport options for crossing the Derwent River. Foremost amongst those is the capacity to have more jetties and things like that to be serviced by at least water taxis in the interim. Is MAST possibly going to get a little closer to its brothers in the Infrastructure department and try to put those two things together, so that jetties for recreational boating can be combined with future transport options for the Derwent?

**Mr FINCH** - When we have reconstructed jetties in the Derwent we endeavour to make provision for ferries. Dennes Point and South Opossum Bay have both had structures placed there so that they can withstand berthing forces of, say, up to a 25-metre catamaran. Probably a vessel like the *Cartella* will be too large, but the most probable vessel like that would be used for some kind of commuter or tourist operation would be a 25-metre catamaran, that is the largest and we have made provision for those.

We are looking at the replacement of South Arm in the future, probably in the next two to three years and we will do a similar operation there and put in a similar type of jetty..

**Mr MULDER** - There is not a single jetty or boat ramp, I think, from Kangaroo Bay - the next one is Dixon Point - heading towards South Arm. There is a huge corridor along Bellerive and Howrah that simply is not serviced with a jetty that could be used. Also particularly MAST's rejection of our attempt to get one in Montagu Bay.

**Mr FINCH** - My experience in the Transport department over a number of years with ferry operations is that a ferry is only viable if there is no reasonable alternative to car or bus. For instance, in Opossum Bay there was an attempt to run a ferry service, which I think failed after about three weeks, because passengers levels dropped below something that was sustainable. Ferry services to Dennes Point are competing with the Bruny Island Ferry so you have more chance to make that a viable proposition if you are operating out of Hobart.

[11.45 a.m.]

**Mr O'BYRNE** - I think the point that Colin is making is that if the passenger demand is there then we would look at a response. I think the South Arm Jetty is an example. We spent a lot of money upgrading that jetty, a lot of local people were keen to get it built it, we built it and the ferry only lasted a few weeks.

**Mr MULDER** - The debate has other angles to it, which we are not going to pursue here. The point I was trying to make, though, is that the water taxi is proving a very viable little industry. If you talk to that operator you will find that he is very keen to get a lot more points closer to home. Where I live is an example. It is quicker to walk home than it to catch a ferry across to the Eastern Shore and walk home.

**Mr FINCH** - A water taxi is able to use pontoons, such as the pontoon we put in at Rosny and the one we are hoping to put in at Cremorne. So a water taxi is much more easily catered for than a larger vessel.

**Mr MULDER** - Even if you did that in the first place and when the demand comes you put the other larger capacity. I am sure your answer is we will take that on board.

**CHAIR** - Thank you, Minister. We have run 45 minutes over time in Infrastructure.

**Capital investment program -**

**CHAIR** - Just a very quick one, Minister. I am glad to see that we have some sealing on the Lake Secondary Road between Breona and Brandum Creek. There is, however, an 18-kilometre stretch of gravel that remains down the western side of the Great Lake. When people come to Tasmania they plug in the GPS and see this road that goes straight through the centre of Tasmania. So it is very important that it is sealed. Obviously there are financial restraints there. A lot of money has been spent just recently in upgrading, with the gravelling and everything else, but it is an alternate route right through the middle of Tasmania as opposed to the Midland Highway. And a very scenic one. It is through a very important electorate.

**Mr O'BYRNE** - Being brief in your question. You are right it is an important route and that is why we have progressively been sealing some of the road. I think there is one section of the road that you just referred to which is actually quite steep

**CHAIR** - That is Haulage Hill.

## UNCORRECTED PROOF ISSUE

**Mr O'BYRNE** - We have had some engineering advice that raises an issue about the safety, especially in cold weather, which would mean that if we seal it it potentially could create hazards for drivers. I will get the expert in the field, Peter Todd, to explain that. Any infrastructure spend and any investment we make we want to make sure that we do it so the road is safe. We do not want to create or have unintended consequences of an action.

**CHAIR** - I do understand that bit. It is more the 18 kilometres that is an issue.

**Mr TODD** - Thank you, minister. The Government has committed to sealing those sections around the Great Lake, around the shacks, and join up all of those sealed sections. That will be happening this summer. There are some real challenges with Haulage Hill. It is a south-facing hill and gets very little sunlight, and particularly in winter it will remain wet. We believe there could be some significant safety issues if it was sealed. So we need to look very carefully at doing that if we were going to. Actually a gravel road is better because the surface will move around and any ice will break up and a vehicle will move it. On a sealed road the ice will just remain as that.

**Mr O'BYRNE** - Sealed roads encourage people to drive faster as well.

**CHAIR** - But the 18 kilometres?

**Mr TODD** - That is not a funded project at this stage.

**CHAIR** - I have no doubt under your watch, Minister, it will be.

*Laughter.*

**Mr O'BYRNE** - Under my leadership, is that what you are saying?

*Laughter.*

**Ms FORREST** - My pet one is the Bass Highway around the back of Wynyard. I know that it is not on the list but it has been identified for many years. There is a plan that has been prepared that removes some of those intersections, which have been the subject of fatal and serious injury crash sites. Where are we at with that?

**Mr TODD** - We have done that analysis and we have looked at those intersections. We have provided a report to council on some options. We have some long memories about the difficulties of closing local roads. My intention is to meet with the general manager and officers of council to progress how we might go forward with that because the issue is a challenging one. No-one wants their road closed; perhaps it could be somebody else's road. We are cognisant that there are some issues there. I have been to meet with the council.

**Ms FORREST** - There would be four or five significant intersections on that bit of road.

**Mr TODD** - That is right, they are quite close together. We do want to progress that, but I do not know what the outcome would be at this stage.

## UNCORRECTED PROOF ISSUE

**Ms FORREST** – Is there no funding in the forward plan, not even in the period of the forward Estimates 2014-15?

**Mr TODD** - It is difficult to know until we know what the solution would be to know what the funding requirement would be. So it is probably a little early to do that.

**Mr O'BYRNE** - You have got our commitment, as Peter said. We are going to meet and talk to the local community to see what would be the best resolution of that issue.

**Mr WILKINSON** - Also, finally, getting back to Sandy Bay Road and Churchill Avenue again. I say that because Sandy Bay Road is a hotchpotch now. There is no question about it. Down near the casino, two lanes, one lane, people still do not know that two lanes go into one lane. I have driven there a couple of times recently where there have been near accidents. What is going on?

**Mr TODD** - That is a council road, under the control of the Hobart City Council. It is perhaps something we could take up with them in terms of a traffic management issue, but it is their responsibility so that is probably where we are at the moment. I would be happy, Minister, to talk to the council.

**Mr O'BYRNE** - Obviously we will take this question, if you want to raise it.

**Mr WILKINSON** - I can raise it formally.

**Mr O'BYRNE** - We can start to have a conversation with the council that some issues have been raised and talk to them about it.

**Mr WILKINSON** - Thank you. Is there indication that there may be some change to the traffic flow into the city from, say, your turn-off going into Churchill Avenue from the Channel Highway? It is getting busier and busier and I just wonder where we are going with it.

**Mr McILFATRICK** - I am not aware of that but we certainly would include that in the conversation with the council. They have done a lot of work on their cycleway proposal down through Sandy Bay Road so I reckon they would have looked at that intersection issue but it has not been on our radar.

**Ms FORREST** - We do not want the member back out in his lycra again. That was just too much.

**Mr WILKINSON** - It took me weeks to get into that form.

*Laughter.*

**CHAIR** - Are you done there, Jim?

**Mr WILKINSON** - Well after that, of course.

**Mr MULDER** - I simply note the Arthur Highway has some work going onto it. That is much appreciated, I can assure you.

## UNCORRECTED PROOF ISSUE

**Mr O'BYRNE** - We have spent million of dollars over the last five or six years upgrading the Arthur Highway. I think we have \$18 million in the forward Estimates.

**Mr MULDER** - I am acknowledging that and I am thanking you for it. It certainly is needed in those particular areas. I am sure the same can be said for the Richmond road, which is not on this list. The other particular one that I was also asking for is that the previous member for Rumney had led a fair few of the constituents of that fair electorate, particularly those around Sorell, to believe that the measures through the back of Parsonage Place in Sorell were interim measures and that the Sorell bypass was still on the track. I can refer you to the newsletter where she said that. I do not see that particular thing on this list so I would like the department's official position on the Sorell bypass.

**Mr O'BYRNE** - I would like to see the nature of the commitment. I am not aware of that.

**Mr MULDER** - It was not a commitment, she alluded to the fact that Parsonage Place was an interim solution.

**Mr O'BYRNE** - I am not aware of that allusion.

**Mr MULDER** - And she had written to your office.

**Mr O'BYRNE** - We have a Southern Integrated Transport Plan where we acknowledge that in the Sorell and southern beaches area there is a growing population and that we will need to respond to this. With both of those councils, they have been involved intimately in that strategy, but you are right, there is nothing in the forward Estimates in that sense.

**Mrs ARMITAGE** - Just one question while we are talking on roads. The eastern bypass, or the link road in the north to take the heavy traffic off. I know it is something that previous Minister Cox had said it was a possibility, and then all of a sudden it was too much money, never going to go there. How does your ministry look at the fact that you need to take the heavy traffic off.

**Mr O'BYRNE** - Are you talking about the traffic that comes in Hobblers into the Elphin road. We are looking at that. We have had discussions.

**Mrs ARMITAGE** - The eastern bypass link road.

**Mr O'BYRNE** - There are a couple of options about where you take it along Invermay Road. Do you take it to the bottom of Mowbray Heights or do you take it in at Inveresk, so there are a number of options. I might get Peter to say a few words.

**Mr TODD** - Thank you, Minister. We are working with the council, particularly identifying what are the critical issues here so that we understand what they are. We are in those early discussions at the moment.

**Mrs ARMITAGE** - So it is back on the drawing board? It did seem to drop off for a while, that was all.

**Mr TODD** - We are certainly working with council and trying to understand what the issues are before we lead to what a solution might be. We need to be really clear that we identify the



## UNCORRECTED PROOF ISSUE

issues, what are the options and what are the ones that will give the return in terms of the benefits. So we need to go through that process before we will have anything that we lock in.

**Mr O'BYRNE** - We have, over the years, diverted traffic via St Leonards, up and over the hill and down into the southern outlet. The north-east freight roads strategy is also trying to divert heavy traffic from the north-east up around Bridport and into George Town.

So, as Peter is saying, when you have a major infrastructure spend you need to make sure that you are dealing with a real problem not a perceived problem. The odd truck is obviously not a problem but it is -

**Mrs ARMITAGE** - We still do have a lot of traffic going along Elphin Road and along Brisbane Street, and along Cimitero Street. With our heritage areas, we need to be very careful taking heavy traffic through the city. As I said, the eastern bypass and the Link Road has been on there for a long time - it was definitely dropped previously when we have asked the question saying, 'No, it's far too much money, it'll never be a possibility'.

I really want to know that we are back looking at viable options.

**Mr O'BYRNE** - We are taking a step back and looking at what is the nature of the issue - let us ascertain that - and then -

**Mrs ARMITAGE** - And they do change all the time, obviously.

**Mr O'BYRNE** - Yes, absolutely - and in that we need to necessitate a response.

**Mrs ARMITAGE** - Thank you.

**CHAIR** - Thank you very much, Minister.

**Mr MULDER** - Can I go back, with your indulgence, Chair? I missed it because we skipped through one of the groups.

**CHAIR** - Sorry, where are we going back to?

**Mr MULDER** - The \$52 000 in community roads. It is part of the \$52 000 reserved by law for assistance to councils and things like that.

**CHAIR** - Okay.

**Mr MULDER** - My point is, I know it is reserved by law, but \$52 000 in the context of the Premier saying that \$40 000 was miniscule. I am wondering what we spend that \$52 000 on and is it so small that perhaps we should think about changing the law and rolling it up into something else?

**Mr TODD** - It is a very specific function of assisting local councils on unmade streets. So it is streets in townships and it excludes Hobart and Launceston. So it is very small, and we only use it occasionally. It is a very specific allocation for that purpose. From my recollection we have only used it two or three times in the last 10 years.

**Mr MULDER** - I have a couple in my electorate that you might get to hear about soon.

*Laughter.*

**Mr TODD** - They need to qualify, so I am not sure that they will.

**Mr MULDER** - One a year would be fine.

**CHAIR** - Thank you, Minister, and thank you to your team at DIER.

## **DIVISION 1**

(Department of Economic Development, Tourism and the Arts)

**Mr O'BYRNE** - I will be brief in the overview. The key points are: the economic environment within which Tasmania is operating is extremely difficult: we are not immune from global circumstances; we are not immune from the rising Australian dollar and we have an economy that is predominantly export-focused and internationally export-focused in terms of our major commodities and our major industries. So the strong Australian dollar has had a significant impact; increasing interest rates; the global financial crisis - the climate that we are in is very difficult. The role, therefore, of the department has been to respond and to play a role to assist industries and the broader economy in responding to those changed environments. Clearly, the work of the department has been predominantly focused around, not only dealing with current issues for businesses - small, medium and large - but also working on the development of the economic development plan which will be launched late next month. That is going to be a significant document and a significant blueprint of whole-of-government activity for the next ten years and beyond. When you look at the work as it is broken up and as we go through, it is an immediate response to the needs of industry, through departmental resources and support but also through partnering with and funding enterprise centres and a whole range of other organisations within the business community. We are supporting the Tasmanian Chamber of Commerce with a couple of programs to assist businesses. There is a range of activities that we are undertaking currently. Again, it is important that we take a strategic overview of the role of government on the Tasmanian economy. The Department of Economic Development has really been focusing on how we do that in the most effective way. As you can see by the outputs, we are really restructuring the Economic Development department around the outputs of the plan. We have been consulting around the Economic Development Plan for the last six to nine months. It has been very in-depth across our industries; community organisations such as Unions Tasmania and TasCOSS; business organisations and industry organisations. The four outputs of the Department are structured around the four goals of the Economic Development Plan, which have now been widely acknowledged by the business community as appropriate: to support and grow businesses in Tasmania; to maximise Tasmania's economic potential in key sectors; to improve the social and environmental sustainability of the economy and to support and grow communities within regions. That is why we restructured the department and the activities of the department - to meet those four goals.

That is a bit of a shorthand intro, in the interests of saving time and getting to the meat of the questions. On that basis, I will open it up for discussions.

**CHAIR** - Thank you very much. Just a very brief snapshot on the saving strategies and the staffing levels, please, Minister, at the moment?

**Mr O'BYRNE** - I will refer to the Secretary on that.

**Mr KELLEHER** - For the coming period, the numbers in the budget statement give an indication of substantial reductions in overall levels of funding. They are made up of a combination of programs that will be coming to an end - because there is a significant component of the department's budget that are for programs for fixed-term periods - but on top of that then, as the minister has indicated, we have had to take our share of the overall contribution in the difficult budget circumstances.

For the coming year, the 2011-12 period, we really have three categories in there. We have the overall budget reductions; our share of the first year of the budget reductions that account for about \$1.7 million. That is made up of things like the reduction of \$500 000 from the Enterprise Growth Program; the Springboard Incubator Program coming to an end of \$274 000; a reduction in the corporate overheads share for that part of the department of \$361 000 and a general reshaping of the department, as the minister has referred to, as part of the work that has been done over the last year to re-examine where the Government can make the most difference in its role of facilitating economic growth of the State. We will obviously talk a lot more later on about what those priorities are but in amongst that we have also had savings out of there. That total amount is \$1.732 million of budget reductions.

On top of that, there is the completion of the 2010 election commitments that total \$4.2 million. They include, for example: the Gas to Ulverstone grant that went in to increase the capacity of the gas pipeline to Ulverstone associated with the Simplot conversion; the completion of the grant that enabled the Imaginarium Science Centre; general strengthening the economy measures that were announced in previous elections having come to an end and the Western Tasmanian Industry Corridor Study - funds had been provided for that study to proceed and it is very important for looking at the infrastructure to support economic growth.

**Mr O'BYRNE** - And also some other major initiatives as well - finalisation of the Menzies Centre redevelopment and the feasibility study on the Bass Strait electricity interconnector - so a number of programs. Whilst the department is taking its fair share of the savings - it does look in the outputs as if there is a significant drop - a combination of some savings but predominantly election commitments and other initiatives that are coming to an end have impacted on that figure.

Of course when things occur the Economic Development department is asked to do various things and in budget cycles that will need to be accommodated. If there are Federal election commitments that provide for - and need - the Tasmanian Government to play a role, as with Ulverstone, we will then allocate the money from time to time. So you will see in the forward Estimates there will be some variation dependent on those matters and opportunities that arise for the State Government and for the Federal Government, which we will have the responsibility for facilitating to rollout. That is why you see it in that area because it is usually a major project and it is project-based as opposed to recurrent.

**CHAIR** - The FTE numbers in the Economic Development element of the department?

**Mr KELLEHER** - As at 31 May last year, there were 120.5 FTEs - I will give it to you in full-time equivalents as it is probably easiest. As at 31 May this year, it was 111 and the forecast reductions will see a further 20 approximately reduction over the coming three years of the forward Estimates.

## UNCORRECTED PROOF ISSUE

**Mr WILKINSON** - During the global financial crisis of 2008 what was it?

**Mr KELLEHER** - I would not have that number.

**Mr WILKINSON** - Can you get that for me, please?

**Mr KELLEHER** - We can provide that.

**Ms FORREST** - Can you break that down into SES levels? Can you provide a further breakdown?

**Mr KELLEHER** - Yes.

**Mr O'BYRNE** - We have seven senior executive positions.

**Ms FORREST** - Which levels are they at?

**Mr O'BYRNE** - I do not have that information.

**Mr KELLEHER** - I can get that information.

**Mr O'BYRNE** - We have two deputy secretaries.

**Mr KELLEHER** - When you say levels do you mean senior executive level?

**Ms FORREST** - Yes.

**Mr WATSON** - There are two senior executive level 3, two senior executive level 2 and three senior executive level 1.

**Ms FORREST** - How many SES positions have you cut in the last couple of years? This is one of the former Treasurer's budget management strategies.

**Mr KELLEHER** - My recollection is the previous Budget had us reducing by five.

**Mr WATSON** - For the whole department we reduced by five SE positions.

**Ms FORREST** - Were there any losses in Economic Development?

**Mr KELLEHER** - Yes, there were.

**Ms FORREST** - Do you know how many?

**Mr WATSON** - At least three.

**Mr O'BYRNE** - We can get that specific information.

**Mr WILKINSON** - Did that decrease the salaries or did they remain the same?

**Mr WATSON** - In terms of the overall percentage of costs?

**Mr WILKINSON** - Yes.

**Mr KELLEHER** - We can provide those salary numbers but they would not reflect that reduction in numbers. We saw about a 10 per cent reduction in the actual overall staffing levels and over this past year there were three out of what would have previously been about 10, so it was again a significant reduction.

**Mr WILKINSON** - But sometimes when people get more experience they may go up a category which means incremental gains which means there are no savings made, that is what I am looking at.

**Mr WATSON** - There is a saving compared to what we would have otherwise incurred as expense but you are correct, there is the impact of salary indexation and people moving up award levels, particularly given it was not that many years ago that the State Service award translation occurred that reduced the number of levels and there are a lot more steps in there. The department has had to meet those increases.

**Mr WILKINSON** - So there has been an overall increase in salaries even though there has been a decrease in staff? Is that right?

**Mr O'BYRNE** - I do not think that is right necessarily; when we take out SES positions that is a big whack of the wages. It is not so much creep but you will always have the wage profile increasing with annual wage increases and people moving up bands or moving up the steps within those bands, but by taking out those senior executive positions I think you would see it would be a saving on the basis of what it would have been had we not taken those SES positions out.

**CHAIR** - Minister, you say the Economic Development Plan is going to be at least another couple of months away -

**Mr O'BYRNE** - No, the end of next month.

**CHAIR** - I am sorry, the end of next month. When will it be fully operational?

[12.15 p.m.]

**Mr O'BYRNE** - It is important to note that the Economic Development Plan is not so much a document which reflects a point in time; that is a part of it, but another part of the Economic Development Plan is to do a very comprehensive and in depth assessment of the types of industries we have, not only on a statewide basis but having regional nuances as well within certain industries. For example, the dairy industry looks different in different parts of Tasmania. It is very much an in-depth study, very similar to the work of Treasurer Crean in 1998-99 and over a number of years there was an assessment at that time. Clearly between that point and now the Tasmanian economy in terms of its diversity has changed significantly, so now is the time for us to do another assessment of what our economy looks like and what the major drivers and employers are.

The Economic Development Plan also sets out the role of government as a whole to respond to the needs of industry and to really make the best advantage of what we have in terms of our natural resources and the opportunities being provided to local industries and companies either through national or international markets. So it will not necessarily be, 'Here it is, this is what we

do and this is what we will do for the next 12 months'. It will be a snapshot of the Tasmanian industry and will set up a method of operation of the State Government to support industry across Tasmania to build and it will identify tasks over the next 10 years and have structures within it which allow the Tasmanian Government to assist industry to respond to changing circumstances.

In some industries it is purely about identifying the barriers to growth and in others it is really about getting in and trying to make a difference where we can. Obviously the aquaculture industry and salmon farming is one example of that, as is the mining industry. Dairy is another example, especially in the Circular Head area where we are trying to find a way to ensure that we maximise the potential to not only dairy producers but the broader Tasmanian community.

So it sets out a framework of activity. I am not overcooking it because I have been intimately involved in the consultations and it really is going to be an important framework for the Government to operate and work with industry and really start to get to the pointy end of what we need to do to help the Tasmanian economy grow.

**Ms FORREST** - Minister, I think all areas of government should be looking at themselves and revealing how they do stuff, and you have already talked about the some of the ways you are doing that. Do you believe the structure of the department and the Tasmanian Development Board is the most appropriate structure or should that be reviewed and changed, particularly as half the revenue goes through the board, as I understand it?

**Mr O'BYRNE** - The board has its loan portfolio. The act was established in 1983 and the board has been in its current form since that time in allocating resources from their loan portfolio to support Tasmanian businesses. The department is going through a current reorganisation so we have done that review and it is very much aligned from structure to output. The Economic Development Plan will be the output element so it is important that the structure of the department meets those needs and can work in concert with the Economic Development Plan and its activities as opposed to having a department where we have a planner and we have set of activities so we just add things and bolt them onto our existing structures. I think it is very important to review the role and the activities of the department and that is what we are doing through the Economic Development Plan.

In terms of the board, from my experience I think the structure is appropriate because it does place an amount of rigour and assessment from a commercial perspective but also from a whole-of-community perspective and I think it is important that the Government seeks that advice and we remove the level of politics about the role of government supporting businesses.

**Ms FORREST** - Just on their loan portfolio, I noticed that the Auditor-General noted that it was \$32 million in his 2010 report. The commitments are not included on the balance sheet. The loans approved were \$14 million and the industry assistance commitment is for \$53 million, but that was not recorded as a liability, so it is a bit hard to track exactly what is happening. What bad or doubtful debts does the board have and what is the percentage of these bad or impaired loans as compared to the total loans?

**Mr O'BYRNE** - The chair and representatives from the board meet with me monthly to brief me on the deliberations of the board. I receive high-level minutes, so I am aware of some of the discussions but not some of the specifics of those. Obviously the board needs to act with the utmost probity and fiduciary responsibilities. In terms of those specific questions you asked, I might get the secretary of the department or Craig to report for me on those for you.

**Mr WATSON** - The board just approved its provision for impairment at the board meeting recently. I do not have the actual figures with me but we can certainly take that on notice and supply those to the committee and also calculate the proportion that you have asked for.

**Ms FORREST** - So you will provide the percentage as well?

**Mr WATSON** - Yes.

**Ms FORREST** - What happened with the Tascot Templeton loan?

**Mr WATSON** - That was a loan, I can confirm, that we did impair -

**Mr O'BYRNE** - I think I have said this before: I do not think a day goes by where a Tasmanian company does not approach the Tasmanian Government for some form of support either by way of a loan, a grant, an equity injection or some underwriting. If they approach the minister's office directly, the process is we take their details, we talk them through the things that they will need in preparation for a discussion with the department. It is referred to the department officials, they work through and they assist the company in pulling together a submission for the board. The submission is then presented to the board. The board undertakes a rigorous assessment, including seeking the assistance of the Crown Solicitor in assessing and making sure that the Government's interests and the board's interests are to be protected. Obviously things such as risk mitigation, equity and financial structure of any proposal is assessed. They do go through a rigorous assessment.

**Ms FORREST** - Do you have a benchmark of the percentage that you would write off?

**Mr KELLEHER** - To answer that, firstly, it needs to be understood that the role of the board in providing loans is not to be in the same place as the banks. Our first step is always that, if the private market can deal with it, then it should. So our role necessarily then is in the position of a higher risk point, because otherwise the banks would do it. The board then comes to a judgement, as the Minister said, about trading off the benefits and risks particularly from an overall economic strategic importance for the State to take that position. Craig has indicated that he can provide you the details and numbers for this year, but over say the last 10 years the written-off loan amount has been around 7.5 per cent.

**Ms FORREST** - Do you have a benchmark?

**Mr KELLEHER** - Do we have a benchmark? No, I would not say we had a benchmark.

**Ms FORREST** - How does that compare to the commercial lenders then?

**Mr KELLEHER** - It would be higher than that but, as I say -

**Ms FORREST** - I understand the reasons. You have explained the reasons.

**Mr KELLEHER** - I believe it is a good result given the higher risk position that is in there.

**Ms FORREST** - Don't you think this is one thing that should be reported as a KPI on how you are going with that? If we are finding that that starts creeping up, and in another year's time we have 10 per cent and then 15 per cent -

**Mr O'BYRNE** - Clearly the board tracks these trends and their activities. Given my discussions post board, they are naturally a conservative board but a board that places the interests of the Tasmanian economy at the forefront. For example, they provided loans to JB Swift on King Island to maintain that capital investment program with the King Island Abattoir, and to Huon Aquaculture up at Parramatta Creek to assist them in their capital expenditure. There is a whole range of Tasmanian companies over 30 years that have sought and received the support. Over those 30 years the trends in terms of the exposure to the Tasmanian community are pretty low but arguably the benefits and the fact that the decision-making process is at arms length from government in terms of the assessment I think protects Tasmania's interests. They have supported Incat when they were going through a period, so those loans are repaid. They are tasked with managing their loan portfolios to ensure that they maintain their capacity. They have acted over the last 30-odd years very responsibly.

**Ms FORREST** - In terms of having a bit more information to help us to see where it is tracking. You have committed to providing the percentage of the loans that have been impaired this year but can we have it for the last five years so we can see where it is tracking?

**Mr O'BYRNE** - It is important that we have transparency and that the people of Tasmania and the Parliament have faith in the activities of the board. I would absolutely agree with that. There may be some details which we are not able to give because they are commercial in confidence. I will need to make sure that we are doing the right thing in terms of our obligations to the organisations we have loaned to, but the premise approaching that will be that we are transparent and open. We will give you the information that we are able to give you.

**Ms FORREST** - I think in some cases such as Tascot Templeton, the public deserves to know what has happened with that money.

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

**Mr WATSON** - If I can add to that, Minister: obviously TDR produces an annual report and annual financial statements, and the balance of the portfolio including the loan impairments are contained in that annual report in terms of the total amount. On the particular one you are talking about in terms of Tascot, whilst we have made an impairment adjustment for that in this year's financial statements, that liquidation is not actually complete yet, so we are still hopeful of getting some financial return back on that. But at this point we cannot quantify that until the liquidation is complete.

**Ms FORREST** - In the same area: can you give an indication of how many FTEs can be contributed to the loan area within Economic Development including negotiating, improving and administering, etcetera?

**Mr O'BYRNE** - A number of people do a lot of roles within their teams, it is not necessarily just one person allocated on it.

**Mr WATSON** - There are probably three or four staff whose roles are predominantly around loans in terms of either the assessment end of the process or the administration of them after they



## UNCORRECTED PROOF ISSUE

have been issued. But then of course roles such as regional client officers and others who are involved in the initial client contact and managing of the relationship with a client, that would form components of their role but it is a little bit of a number of people. In terms of actual specialists who are predominantly about loan activities, there are around three or four.

**Mr O'BYRNE** - The board also has the capacity to call in consultants externally, as they see fit, if they want to inform themselves more fully either on an industry or on a market.

**Ms FORREST** - Do you know how much the costs are in that area or is that something that would need to be in the annual independent report?

**Mr O'BYRNE** - I think it is very low. It is only on occasions, but they do have that capacity.

**Mr KELLEHER** - By exception. The normal analytical resources of the department are deployed, the figures that Craig was talking about, but if there is a very complicated matter that needs looking at, for example, like the dairy industry as the minister was referring to earlier, then we would engage consultants.

**Ms FORREST** - So these funds are borrowed from Tascorp; is that right?

**Mr KELLEHER** - Yes.

**Ms FORREST** - So if a loan is in default who actually bears the risk - is it the Department of Economic Development or is it Tascorp?

**Mr WATSON** - Ultimately it is the statutory authority TDR. However, TDR does have accumulated positive equity, so the value of its assets - its loans, its properties and the like - actually exceeds the borrowings from Tascorp. Where there was a loan impairment that would obviously reduce that accumulated equity position. The loans, where they are advanced, are at a commercial rate that includes a margin for risk. So all the loans each year are generating a risk margin that increases the equity position and then, if you do have a loan write-off, those accumulated funds then cost the write-off.

**Ms FORREST** - The loans are secured against the assets that are held in TDR?

**Mr WATSON** - All I am saying is in terms of where the costs of the impairment or the write-off is met, it is within the overall financial position of TDR. The TDR has a net positive asset position so it actually has scope there in terms of if it does have a loan write-off, it simply reduces that net asset position. And then through the period of time that net asset position grows due to the risk margins that are charged on loans.

**Mr KELLEHER** - So like a bank, although it nonetheless takes perhaps a less conservative but still prudent approach, as Craig is indicating, the interest rate charged on the overall loan portfolio is sufficient to cover any impairments that do occur from time to time.

[12.30 p.m.]

**Ms FORREST** - Chair, this will either fit under 1.1 or overview, so if you do not mind I will proceed with it now. It relates to last year's north-west innovation grants which was \$17 million less your costs, say about \$16 million, and I understand there were about 120 applicants and about 25 per cent were awarded grants to create 434 jobs. I have a few questions in this area - I am

asking for an update basically. Did everyone take up the grants? What progress reports have been received from the people who received the grants, and how have they reported it?

**Mr O'BYRNE** - For the north-west assistance package and northern Tasmania, the State Government contributed \$7.5 million to the package, with the Australian Government giving \$12.5 million. They were funded under three initiatives, first was the \$17 million North West and Northern Tasmania Innovation Investment Fund. This was administered by the Australian Government through AusIndustry. There were 36 projects approved, totalling \$17 million, and these projects are expected to generate \$18 million in private investment and over 400 new jobs in the regions. As at May 2011, 28 projects had been completed, and a total of 319 jobs had been created. Some of the examples - and I can go through them all, Chair, I am not sure if you want -

**Ms FORREST** - Are you able to table it?

**Mr O'BYRNE** - Yes, I was just about to say that might save us some time. But we can table all, you have got Island Block & Paving, Jemala Press, Jepsens Logistic Services, a whole range of companies across the north and north-west that have received the funding. So what we might do is just table the complete list, so that you have got that.

**Ms FORREST** - Does that include the ones that have not completed?

**Mr O'BYRNE** - We will give you all of the ones that have been completed and the ones that will be completed. We will have to do that.

**Ms FORREST** - So the ones who were awarded the grants, have they all taken them up or are there any that have withdrawn?

**Mr O'BYRNE** - I think there were a couple withdrawn, Jepsens Logistic Services, which was about a new grain-container transfer station on the Burnie wharf to facilitate bulk storage and transport, that was withdrawn. And there is really only - not even a handful across the north of the State that were withdrawn. Most of them have been completed.

**Ms FORREST** - So what happened with those funds for those that withdrew?

**Mr O'BYRNE** - They remained in the fund.

**Mr KELLEHER** - There were some where the opportunities had to be reallocated to those that just missed out when the line was drawn before -

**Ms FORREST** - So other awardees basically picked those up.

**Mr KELLEHER** - Yes, so there was a list in priority order, and they ran out of money here, if a couple did not go ahead, then there were a couple that we then reallocated.

**Ms FORREST** - Has DED undertaken to work with those who put in applications that were not successful, particularly those at the top end of that list that the secretary was just mentioning?

**Mr KELLEHER** - Yes.

**Ms FORREST** - What have you done?

**Mr O'BYRNE** - Through local representatives of the department we have been working with a whole range of companies to look at what are the other opportunities that we could provide. In some instances we referred them to the Business Enterprise Centres to see if there was other assistance that we can pay. When you look at, for example, Harvest Moon in terms of the investment there for the new packing facility and shed, that is a significant investment in the north-west, and that has created close to 100 jobs on that site alone in terms of the activity. So these grants across the whole have created - you have Penguin Composites, which is a company that I am not sure exactly what the figure was that they received, I think it was close to one million dollars for new facilities, and they have employed lots more people, I think close to 50 at the moment, so again this program, as a response to those large companies making their decision to close down, overall the program has worked very well.

**Ms FORREST** - Have you got costs for consultants that have been used by DED, and how much they were and for what purpose?

**Mr KELLEHER** - The total expenditure to the end of May was \$519 000. Last year it was \$550 000, so there has been a slight reduction. The major payments include things like the Antarctic Sector Development Plan; we employed consultants there to help us make an assessment of significant opportunities, doing a vigorous analysis of that with some experts in the field, so there is development of that plan. One of the major projects for the year as part of the renewable energy board's work was to examine the feasibility for a second Bass Strait electricity interconnector. That was a major study that was completed, associated also with other renewable energy studies about the resources and opportunities for expanding renewable energy take-up within the State. We have the major projects but there is also very good opportunity at the smaller end of the scale with on-farm wind turbines, a bit like the Nicholls Poultry example, so a study was undertaken there. There was an economic and social impact study associated with the Government's Infrastructure Australia bid for the Hobart waterfront concept.

**Ms FORREST** - Are you able to also provide similar figures for international and interstate travel?

**Mr KELLEHER** - For travel in the 2010-11 year, the total for travel and accommodation was \$552 000 and for the equivalent period last year it was \$432 000, so there was a slight increase over the previous year but these things tend to move up and down a little bit. The main additional amounts this year, if you identify them, were associated with the Tasmanian Renewable Energy Board and its activities because it was a new entity established for the year with a specific purpose to look at the opportunities so there was travel involved for the board members. The National Broadband Network was a major activity. We had a position of national sector manager located in Hobart to be connected into as the tender processes are going through for the national broadband network to make sure that Tasmanian companies are going to be well-positioned for that. The break-ups for those were intrastate travel, \$96 000; interstate, \$210 000; and overseas, \$246 000.

## **Output group 1 Economic Development**

### **1.1 Business growth -**

## UNCORRECTED PROOF ISSUE

**Ms FORREST** - Outside of the ones we have talked about and that you are providing a list of for the North West and Northern Tasmania Innovation Investment Fund and those other ones, which businesses have been grown or assisted under this line item? Do you have a list of those?

**Mr O'BYRNE** - In some respects it is hard to because there is a whole range. For example, with the Business Tasmania Online initiative a number of our elements of support to business are now moving more online. In terms of enterprise growth, we have been working with a whole range of companies. For example, the Enterprise Growth Program awarded 28 small and medium Tasmanian businesses with grants of \$481 000 to help them improve efficiency productivity and their capacity. We can get you a list of those.

In terms of the Work Force Participation Program, we awarded 27 businesses with grants of \$380 804. The Regional Assistance Program awarded 23 businesses, through its third and final funding round, grants of \$1 million. Again, the North-west and Northern Tasmanian Vegetable Industry Development Program awarded four projects of around \$100 000 to strengthen the industry. The Forestry Industry Support Package provided support to 35 contractors and case-by-case grant assistance has been provided to seven businesses primarily to secure jobs in Tasmania. In terms of regional development, it is estimated that in excess of 850 businesses receive assistance through the department's three regional offices. Those offices provide advice on investment facilitation and market development, assist in working through the processes of government, and assist with the facilitation of large projects. Enterprise Centres Tasmania has provided, I am advised, guidance and support to about 3 267 businesses across the State. Business Boost is providing 27 skill development workshops to 441 small business participants from a range of sectors across Tasmania.

The Springboard to Market Program supported 22 businesses in developing interstate markets and facilitated nine inbound trade missions involving 92 Tasmanian businesses. Export market assistance schemes supported 33 businesses. We facilitated 13 trade shows and missions, assisting 70 businesses with initial contracts valued at over \$10 million. As you can see, that is a comprehensive framework of support and advice to businesses across Tasmania in building either their internal capacity or their capacity to develop markets in Tasmania, on the mainland or internationally.

**Ms FORREST** - Do you have any report-back structures in place? A lot of money is being handed over there. I am not criticising you for that that; I just want to know how you measure the results and ensure that we are getting value for money, because it is taxpayers' money we are talking about here.

**Mr O'BYRNE** - Obviously, in terms of the advice and capacity-building assistance, we keep in contact with the small and medium enterprises, companies and businesses to see how they are tracking. Of all of the programs, that one is probably the hardest to measure. But whenever we give out a grant, a deed is drawn up requiring certain obligations to be met not only in terms of goals and targets but also in terms of their responsibility to acquit the money appropriately and to report back to government, and we have those reports.

**Ms FORREST** - We are hearing all the time about small businesses shutting down and the tough times they are facing. How many businesses that have received grants would have closed their doors after you had provided funding? Do you know that?

## UNCORRECTED PROOF ISSUE

**Mr O'BYRNE** - We would know that, but I do not have that figure. It would be pretty low. There is a lot of media chatter about small business and how hard it is. It is hard, there is no doubt about it, but I think the 2009 statistics show that, of all the States in the country, Tasmania had the highest survivability rate. Even with the global financial crisis and the challenges that Tasmania has as an island and with its distance from markets, our small business sector is very robust and, in certain indicators, leads the nation in terms of survivability.

**Ms FORREST** - Can you provide the detail as to how many have closed and how much they received in loans?

**Mr O'BYRNE** - Obviously, we will need to work with Austrade as well. A number of the programs that we went through have Federal Government involvement as well, and they administer one or two of those programs, as I informed you. We will try to get those details, but obviously it will not be available within 24 hours or a couple of days. But we will endeavour to get some information for you.

**Mr WATSON** - If I could add to that, one of the difficulties is that we may have a grant relationship with a company that is set up for a particular purpose. They may fulfil all the requirements of that purpose and it will be done and completed. In many cases we will have an ongoing relationship with that company, or we may not and their relationship with us may be finished. If they close down one, two or three years later, we will not be tracking that information. It would only be if it happened in the middle of an ongoing grant relationship.

**Ms FORREST** - They are the ones that I am looking at, because to me it is an indication that more work could have been done at the outset. If they are propping up businesses that are going to fall over anyway, that is where -

**Mr O'BYRNE** - There is a rigour applied to it as well. It is not just about throwing out money. Most of our grant programs are oversubscribed, so that adds a level of discipline to our decision-making process about supporting them.

**Ms FORREST** - That is why I am interested in how many there are and what size grant they got. Do you get that money back if they do fall over?

**Mr O'BYRNE** - I think they would just line up with everyone else.

[12.45 p.m.]

**Mr KELLEHER** - The sense of this, though, is that the overwhelming theme of all these programs is actually helping businesses grow, not propping up ones that are about to fall over. There are the occasional ones, and they are the ones that tend to be dealt with by the Tasmanian Development Board. It is not only about the business, it is about the flow-on impact on any particular community or industry value chain. Those would be the only circumstances in which actual funds are provided for helping a business that would otherwise go. All these other ones are about helping businesses start or move to a growth point.

**Mr WATSON** - It would be fair to say we would have minimal instances, when we are in the middle of a grant relationship with a company, where that grant process was not completed either because we had not fully disbursed the grant or because the company did not meet all the requirements of the grant. We would have minimal cases of such a company going belly-up, if you like, in the middle of that relationship.

**Mr KELLEHER** - In the case of the withdrawn ones that the minister referred earlier, the companies withdrew because a one-to-one match of investment funds was required; if they did not find those, they withdrew. It was not that they fell over.

**Ms FORREST** - But you are able to provide details of those, if there are any?

**Mr KELLEHER** - Sure.

**Ms FORREST** - Thank you.

**CHAIR** - I have another quick question on 1.1. In 2007-08 exports were facilitated to the value of about \$111 million; this year, I think, \$70 million. Are we still on track with the facilitation for the \$70 million in 2010-11? I know that the value of the dollar and everything else has made a difference.

**Mr O'BYRNE** - Yes, the dollar is killing us. A whole lot of companies that set their benchmark at, in the worst-case scenario, 90-odd cents to the US dollar. I am amazed at the resilience of Tasmanian businesses that are exposed because of the dollar figure. They are still holding strong at \$1.05 in some of our minerals -

**Mr WILKINSON** - \$1.06 today.

**Mr O'BYRNE** - \$1.06 today - they reckon it could go higher, \$1.30 or something. That is where it is really important from a Tasmanian perspective. For example, there are a couple of produce providers whose market is purely in Japan. They are doing okay but, with the recent event in Japan and the nature of the Australian dollar, we are working with them to build Tasmanian markets, and national markets as well, to allow those organisations to diversify their business so they are not reliant on one pressure point or one point of failure: if their market in Japan fails, their company is gone. We are working with a number of companies to deal with that.

**CHAIR** - My question concerned facilitation by the department. Are we on track? Are you facilitating that \$70 million worth of exports?

**Mr KELLEHER** - We do not have the final figures in yet. It will be below target, reflecting the circumstances that the minister has outlined.

**CHAIR** - You will be below target?

**Mr KELLEHER** - Yes.

**CHAIR** - By how much, do you know? Do you have an idea at this stage?

**Mr O'BYRNE** - No, we have not finalised those -

**Mr WILKINSON** - It has had a pretty rollercoaster ride, has it not? As Greg was saying, the figure in 2007-09 was \$111 million, in these figures you are looking at \$45.6 million, and last year it was \$67.1 million. It has dropped dramatically from that \$111 million.

**Mr KELLEHER** - It tends to be impacted by a significant order. The size of the Tasmanian economy, I suppose, means that individual outcomes can -

**Mr O'BYRNE** - If we sell an Incat vessel we have a good year.

**Mr WATSON** - Yes, an Incat ship is the biggest one because we do work with Incat in facilitating their opportunities and it moves the numbers a long way.

**Mr O'BYRNE** - For example, on Saturday week ago, after the Budget was handed off, I led a trade delegation to a trade fair in Fujian Province, with which we have a sister province relationship. We are celebrating the 30th anniversary of that this year, which is wonderful, and we will have a Fujian delegation out here later this year. A whole range of Tasmanian companies attended that trade delegation, and we went to the island of Ping Tan - although I reckon in the next three years it will not be an island, it will be so connected to mainland China - which will be the gateway to Taiwan. An Incat vessel is soon to be soon commissioned to run a high-speed ferry from mainland China to Taiwan.

It is a second-hand Incat vessel that was in Nova Scotia that will move across to China, and we joined with Incat to meet with the local government officials and local businesses to talk about the benefits. The Deputy Governor of Fujian province was very impressed with the Incat vessels, saying it cut the trip from eight hours to three hours. So post that visit to China, we are working with Incat. When you have a billion-odd people - and the relationship now between mainland China and Taiwan has reached the point where they are really engaging economically - there are billions of dollars that the Chinese Government are pumping into the Fujian Province as it has now been recognised as a special economic zone. For many years, because it was so close to Taiwan, they did not put money in, because they thought there might be a war and that is probably where it would start. But now, things are going pretty well, and they really are opening up the economy there. The fact that we have had a 30-year relationship with that province and the fact that it is now a special economic zone - Jim Bacon is an honorary citizen of Fujian Province - it is very important. It was signed by Doug Lowe in 1981, over many years premiers and deputy premiers and Economic Development ministers have built up that relationship and now the value of that relationship is starting to come home to roost for us. They are very excited about the potential of high-speed ferries between that province and Taiwan. Again, that is the kind of work that we do that takes a while to come to fruition, but we will work as hard as we can with Incat to nail that line and make sure that we can not only get a second-hand vessel, but we can get some new ones on there.

**Mr WILKINSON** - Some could argue that Incat did it themselves. What would your answer be to that?

**Mr O'BYRNE** - Their vessels speak for them, absolutely. But the importance - this was acknowledged in a press release by Incat last week - being a joint venture, the communist government in China values the relationship with governments and we had access to government officials by virtue of our presence there that private organisations and businesses do not otherwise get. So it is very important, from a government-to-government level, that we open the doors for Tasmanian businesses, we introduce them in a formal way and we send a message to the Chinese Government that these companies are reputable, reliable and have the full support of the Tasmanian Government. Obviously the vessel speaks for itself, but getting in and arguing the case in a very competitive market is crucially important.

**Mr WILKINSON** - In relation to your exports, what about the employment created? I think 3 000 is the target. How are you going this year with that?

**Mr KELLEHER** - Pretty much a similar answer to the previous.

**Mr WILKINSON** - Probably down a bit?

**Mr KELLEHER** - Probably down a bit. Again reflecting the external economic situation. I will be finalising that over the next month.

**Mr WILKINSON** - Will those figures become readily available?

**Mr O'BYRNE** - We should also note that the KPIs are where we have had direct involvement. Across the Tasmanian economy there has been a net growth in the last nine or 12 months of 6 000 jobs. Overall, the net jobs growth in Tasmania is going okay. Obviously we would like it to be stronger in terms of the KPIs of the departments where we have a direct involvement.

**Mr KELLEHER** - The set of KPIs were set back in the previous plan 10 years ago. As part of the Economic Development Plan now the set of KPIs for the department will reflect what is in there, as to where we should be putting our effort and, importantly, we will be embedding within the programs that we run a specific systematic approach to impact assessment. So we are monitoring not only that we did what we said we would do, but the outcomes of those actions taken will be embedded in in a systematic way.

**Mr O'BYRNE** - A lot of the work that the Economic Development Department does we cannot necessarily put on the front page of the paper, because we need to work with a whole range of businesses that are in markets and there are commercial sensitivities. At the moment the department is actively facilitating a number of projects with a potential value of \$1.8 billion, and that does not include the pulp mill, Musselroe or the NBN projects. We regularly meet with European, US and Chinese investors and organisations to try to get them to invest in Tasmania. Some of them come off, but some of them do not, unfortunately, but that is not because of the work that we have done. It is because we are not able to resolve potential issues that they may or may not have.

**Mr WILKINSON** - Where do I talk about overseas students? I would not mind finding exactly what our numbers are.

**CHAIR:** Probably under 1.2.

**Mr O'BYRNE** - As part of a trade delegation to China the other weekend, I visited Middle School Number 8 in Fujian with which we have a relationship between Hobart College, where there is a teacher exchange. A number of their students have come and visited Tasmania and talking with the Head of the Education department in Fujian, they are very keen. They value their relationship with Tasmania. They are very keen to expand that as well. But, more broadly, that is where the international section of the Education department can give you those details.

**Mr WILKINSON** - Years ago I mentioned it during a DED debate and that is why I mention it now. I would like the amount of overseas students we have had over the last few years, because they say, as a result of the Australian dollar, it has become more expensive for them to send their



children to Australia and to Tasmania to carry out their education. I was wondering about the figures in relation to that. But if that is not in DED -

**Mr O'BYRNE** - As Craig has just mentioned, that function has moved across to the Education department.

**The committee suspended from 12.57 p.m. to 2 p.m.**

**Thursday 30 June 2011 - Estimates Committee A (David O'Byrne) - Part 2**

## **1.2 Industry development -**

**CHAIR** - Minister, you did talk about gas earlier on; I think you talked about Ulverstone. What further consideration are you giving to extending the gas rollout at this stage? Is there any further consideration, particularly given increasing electricity prices and that sort of thing?

**Mr O'BYRNE** - As you know, we contributed \$56 million towards an estimated \$550 million worth of the original infrastructure for Alinta and the Powerco natural gas projects between 2003 and 2007. There have been, subsequent to that, some level of expenditure on the basis of an economic development argument, so obviously with the Ulverstone connection to Simplot it was not purely a connection to Simplot at Ulverstone. It was also connecting to a point where they had the capacity for others should they wish to construct an economic argument. So, at this stage it is open to any community where the backbone is close to talk to Tas Gas about rolling out residentially or commercially in districts. Our role has been significant investment to get the backbone out and we see a number of cases around Tasmania where a number of residents or a group of residents have bonded together to share the cost to get the gas rollout into their street or into their section of a suburb.

At this stage, the intention of the Government is only to get involved from an economic development perspective, so that is about either building capacity for companies to grow their employment or to grow their business, or where there is a risk to jobs or risk to economic development in a region. Our contribution, essentially, assisted in combination with the Australian Government to get it to Simplot into Ulverstone, much further than what it is now or was. I met with the local council recently. Obviously it has to be on a financial arrangement with Tas Gas, but if they are able to band together a few businesses including council and some residential areas, we currently do not have the capacity to roll it out further just organically into residential areas. We have invested a lot of money in it over the years to get it to this point.

**CHAIR** - Is it fair to say that to get the economy of scale you would need a Simplot or something almost to that scale, plus a fair bit of residential to make it work?

**Mr O'BYRNE** - Yes, potentially. Communities would need to buy it. I know there is one example in Battery Point where a group of residents got together and stumped up the money and got it down their street. I think our responsibility at this stage is to get the gas to Tasmania. It is the first time we have had reticulated gas and now it is up to local communities and councils in local regions to start to construct the argument for a further rollout. Our contribution at Simplot was to build the capacity not just for Simplot but for the whole Ulverstone community should they want to hook onto it.

**Mr MULDER** - Minister, you are no doubt thoroughly aware that gas is a vital part of your electorate. I know that you have been approached on numerous times in relation to getting, perhaps, gas into the industrial area at Cambridge Park, which would provide a wonderful backbone from which communities could get together and perhaps consider the options of stringing it out through there but it simply does not exist on the Eastern Shore.

**Mr O'BYRNE** - Well, it comes into Old Beach now across onto the western shore.

**Mr MULDER** - Old Beach, of course, is in Brighton.

**Mr O'BYRNE** - Yes, I understand that but it is on the Eastern Shore. We have not the capacity at the moment to continue with the size of activity that got it to Tasmania. We got the backbone together; it cost a significant amount of money to do that. Obviously, we would like to have more gas rolled out across the State. That would be wonderful but it has to stack up financially. I have not personally been approached by the Cambridge industrial park users. I am not aware of any correspondence to my office on that from the Clarence Council in terms of my role in the department for the last six or so months.

**Mr MULDER** - I am sure they are certainly happy to arrange that. The fact is that in the industrial park at Cambridge is I think the southern hemisphere's largest producer of pelletised food for fish farms and that is very expensive in terms of the heat used there and at this stage it is making a major drain on the energy resources. There has been some suggestion that perhaps losing a major electricity customer on the Eastern Shore is the reason that we are not getting gas out to the park

**Mr O'BYRNE** - I am not the Energy Minister. Our role is purely around -

**Mr MULDER** - I am talking about the infrastructure.

**Mr O'BYRNE** - Yes, this is economic development so our role, in terms of economic development, is about whether there are opportunities that present themselves and where we are able to play a role we will.

**Mr MULDER** - I have just identified a customer and look forward to opening some envelopes.

**Mrs ARMITAGE** - Would you admit, Minister, that in the north that perhaps with the rollout mistakes were made with where it was actually rolled out? A lot of areas in the north have been overlooked that would have been potentially very good customers?

**Mr O'BYRNE** - I was elected last year and I have been given this portfolio this year. My involvement with gas in terms of my role to date has been really focussed on the Simplot plant. I have talked broadly about but this is a matter for the Energy minister, Mr Green, but from an economic perspective it is if a case is constructed where it makes sense and there is a whole range of reasons for it. Obviously we partnered with the Federal Government in terms of the Simplot case and that was millions of dollars from Tasmania and the Federal Government so I suppose if an economic development case is run then we will assess it on the timing. We may need to partner with other tiers of government to roll that out. In terms of the broader gas rollout it is a matter for another minister.

**Mrs ARMITAGE** - Thank you.

**CHAIR** - The Tasmanian Industry Support Scheme: how many loans have been provided, how many applications have been rejected, and a list of recipients and loan details please? I am happy if they could be tabled.

**Mr O'BYRNE** - We will undertake to get that to you.

**CHAIR** - Thank you.

**Mr WATSON** - Is that since the inception of the scheme?

**CHAIR** - No, just in this last 12 months.

**Mr WATSON** - In the last 12 months we have not done any.

**CHAIR** - None at all?

**Mr WATSON** - Under the TISS scheme, none.

**CHAIR** - Is there a reason for that?

**Mr KELLEHER** - I think it is basically the market. As we described earlier the role for the board in these loans is where the market is not able to meet the requirements but in the current environment people have been able to source for what that purpose was through the banks.

**Mr WATSON** - Also the TISS scheme was introduced in the middle of the GFC as a global financial crisis initiative for that period. Whilst we are now in the post-global financial crisis period the credit markets are different from what they were during that time when there was a credit squeeze and all those issues. So to a certain degree the imperative for the scheme is not there now.

**CHAIR** - Were there no applications at all?

**Mr WATSON** - I am certainly not aware of any applications under TISS in the last 12-month period.

**Mr KELLEHER** - It was really, as Craig said, to address a temporary significant tightening in credit risk parameters the banks were prepared to look at. That situation has reverted to a more normal situation therefore there is no longer a role.

**CHAIR** - Does the department provide any start-up grants or grants for industry?

**Mr O'BYRNE** - Well we had the start-up back in output 1, which is the enterprise growth program -

**CHAIR** - Yes.

**Mr O'BYRNE** - So we have had some programs which have provided either some seed funding or some advice, mentoring and support in terms of businesses starting up. We undertook,

this morning, to give a comprehensive list of the kind of funds that we are giving under those programs so I suppose they would be covered under those. So yes we have, in answer to your question.

[2.15 p.m.]

**CHAIR** - Are you playing any role at all with the pulp mill at this stage or are you just leaving that to this?

**Mr O'BYRNE** - It is a matter for the market. Like every other Tasmanian, we are just waiting to see what happens.

**CHAIR** - Brand Tasmania, can you give a quick update on that?

**Mr O'BYRNE** - Brand Tasmania Council are continuing to do some work. As part of the Economic Development Plan, we are undergoing a bit of a review about the work of Brand Tasmania, what we are able to achieve and how it fits with the broader Economic Development plan. As a part of the work of Brand Tasmania, I have a gift for you which is 'Tetsuya's pursuit of excellence'. Tetsuya is a brand ambassador for Tasmania and doing a wonderful job.

**CHAIR** - Do I declare this - it is a gift?

**Mr O'BYRNE** - It is priceless, of course.

*Laughter.*

**Mr O'BYRNE** - It is a DVD. I will ask Alan Campbell to talk about the brand and also things such as Savour Tasmania, which is intrinsically linked.

**Ms FORREST** - What was that?

**Mr O'BYRNE** - Savour Tasmania.

**Ms FORREST** - I thought you said Save Tasmania.

**Mr O'BYRNE** - We are all saving Tasmania.

**CHAIR** - One little housekeeping point that we are being streamed live on the web at the moment.

**Mr O'BYRNE** - Just for the record, I am not sure if it was streamed live before lunch but I did receive a phone call from my mother and she left a message for me to call her.

*Laughter.*

**Ms FORREST** - I can talk to your mum if you need me to.

**Mr O'BYRNE** - Thanks, a note from Ruth.

*Laughter.*

**Mr CAMPBELL** - I will make a few comments on Brand Tasmania Council. Some people originally got together to see what could be done about raising the profile of Tasmania and its products in a broad sense. That has been going for several years now. It is a combination of private sector people on the council and some government people as well. It is raising the profile by using a number of mechanisms. Tetsuya, for example, is highly regarded as an international chef, so he is acting as a food ambassador for Tasmania and does a lot of promotions around the world with other international chefs and to the consumers. Brand Tasmania also runs a visiting journalist program and is getting good publicity in the national papers.

You might have noticed on television recently - on Southern Cross, I think - they have a Brand Champions program which highlights particularly companies and people within Tasmania. That is a driver to encourage more companies to use the Brand Tasmania logo and to sign up for the values and promoting that way. There are a whole lot of other general things. There is an events newsletter which goes to about 5 000 people at the moment so that is a continuous updating of things Tasmanian. That is a broad sweep of Brand Tasmania.

**Mr O'BYRNE** - And something about Savour Tasmania, which is extremely important, and becoming even more important, in terms of linking Tasmanian produce to chefs and kitchens across the globe. I will ask Alan just to touch on that.

**Mr CAMPBELL** - This year is the third year, and under that program we invite some international chefs to do a range of activities here. So they have dinners and lunches and they work within local venues. They also have master classes for the students at Drysdale and for industry professionals. One of them did a demonstration at the Burnie Farmers Market, which was very popular. The objective is again raising the profile of the food, obviously encouraging the local hospitality industry to use them and as a professional development opportunity for the industry generally and for the students. We get a lot of good publicity out of it on the mainland, and I think here in Tasmania this year we had 49 articles about Savour.

A new element this year that we brought in was a chefs' tour, and these were chefs from mainland Australia from Sydney, Melbourne and Brisbane. We sent them to visit producers during the day, and then they participated in some of these Savour events as well. That, in fact, is a good driver for commercial outcomes. This was four weeks ago and there have already been commercial outcomes from some of those visiting chefs that came from the mainland.

**CHAIR** - Somebody mentioned - yesterday I think it was - that we ought to have Bear Grylls here because he is a great connoisseur and consumer of local produce, if you know what I mean.

**Mr O'BYRNE** - Probably not the stuff that we would be cooking. Well there was that Facebook page -

**Mr MULDER** - The suggestion was made that we actually needed a major amendment to our National Parks Act to enable him to actually eat and live -

**CHAIR** - Yes, indeed. Any more questions on that particular output? If not, we will move to 1.3.

### **1.3 Social and environmental sustainability -**

**Ms FORREST** - Minister, when reading about this output group and you look at the amount of funding that is available, it is not a huge amount to fund, but I note that it aims:

'... to improve the social and environmental sustainability of the economy. Social sustainability programs will focus on supporting workers and communities to adjust to structural changes in the economy and to create economic opportunities for those at risk of social exclusion.'

It involves targeted programs in vulnerable communities. I suggest that one of the most vulnerable communities at the moment are the forestry communities that are facing enormous challenges. I have a couple of questions in relation to that: How do you measure and specifically report social and economic sustainability and, more importantly, how do you measure and report improvements in these areas?

**Mr O'BYRNE** - This is a new specific output that is connected to the Economic Development Plan which, as I have said, we will launch next month. A lot of the work in this area primarily in this financial year will be policy based. The work of this part of the economic development output will be also supporting the whole-of-government approach that we take. There is range of other departments that will be relying heavily on the policy work out of this section of the output.

Some of the work we are trying to do is out of the Skills Response Program. We need to provide some support to those communities that are dealing with, I suppose, industrial or economic change, and clearly the forest industry is one of those. We acknowledge that the sum total of this output really is yet to occur because it is newly established. It is important that we start to create these indicators of progress.

Again, once the Economic Development Plan is launched, it will become much clearer that the role of the Economic Development Plan is for DED to be the lead agency and to coordinate the activities of other departments as well. In terms of responding to changes in regional communities, clearly we have to work with the Federal Government in terms of RDA, Regional Development Australia, and some of their programs.

As you can see more broadly around the forestry issue, we are working with the Federal Government about issues relating to the changes within the forest industry - some within our control but a fair lot beyond our control in terms of some of the international markets there. You are right: in some respects, it is small amounts of money that we have allocated from this point going forward but a lot of it is policy based. There are some programs to be run, but really it is about allocating the resource to coordinate the policy work around the Economic Development Plan. I am not sure, Mark, if you want to add to that.

**Mr KELLEHER** - Only to expand a little on that. It is a new but a very important element to have formally recognised within the economic development objectives for the to have both these aspects - sustainability as a concept, and particularly social and environmental. It is our first step to move along with that. We will be working very closely with the Climate Change Office, and with David Adams from the Social Inclusion Unit to identify indicators so that we can actually measure that we are making progress but also where the priority actions are. So we have some initial steps.

## UNCORRECTED PROOF ISSUE

**Mr O'BYRNE** - The small steps are in policy but also some micro-finance to extend on the No Interest Loans Scheme to provide micro-business support for small businesses.

**Ms FORREST** - I do not know if everybody has had time to read the committee report from Government Administration Committee A, Mr Hall's committee, looking at the transition out of native forests.

**Mr O'BYRNE** - You announced it early this week.

**Ms FORREST** - Yes, it was released this week. One of the criticisms - in looking at the risk of social exclusion and vulnerable communities - was that there are a number of communities out there that are potentially under threat by any progress along the lines being suggested in the Statement of Principles. The big focus there has been the environmental concerns almost to the complete exclusion of the social and economic. This output group here indicates that these are equally as important. What is your view on that process, and what will you be doing to ensure that the economic and social aspects of this - it is almost written for that situation, so I am curious as to what you have to say.

**Mr O'BYRNE** - Yes, it is, absolutely. In any community, especially a community that relies on an industry exposed to changes in national markets, changes in demand or changes in availability of resource for either political reasons or for community reasons or for just a change in access, there are always going to be issues of transition. Whilst publicly the debate has been centred on the environment, I know that the industry, through the Statement of Principles process, have been talking about what they look like. We are still going through that process. Both the Tasmanian and Australian governments are mindful that we will need to play a role to assist these communities. For too many times, Tasmania over however many years - 100 years - has been at the whim or has been victim of changes in global circumstances or national circumstances - and we have relied too heavily on one or two industries. We are trying to is make the Tasmanian economy more resilient and assisting those communities in strengthening the position of certain industries in certain regions, because we will have a regional focus, but also providing support to communities to transition to a more diverse employment basis or economic activity basis.

**Ms FORREST** - And I go back to the point that it is not even \$2 million -

**Mr O'BYRNE** - But in terms of the forest example, this is not -

**Ms FORREST** - It is not about funding that, I appreciate that, but is there the capacity there to run programs? We are not looking at just one program in one part of the State potentially, if there are going to be changes in this industry, it will affect many parts of the State.

**Mr O'BYRNE** - Yes, absolutely. But once the Statement of Principles - and now we are at this stage of that discussion, the Federal Government has made it clear that they want to work with the Tasmanian Government on the Economic Development Plan and on the response to changes within this industry. We are not going to walk away from Tasmanian communities; we are going to make sure that we do the heavy lifting to support them. So this is a part of it, but it is not the sum total. Given some of the potential changes in that industry and the potential effects on those communities, we are going to work hard in terms of our responsibility to look after those communities and to assist them in transition. But also the Federal Government needs to play a role, and we are not at that point where there is a settlement on this matter.

**Ms FORREST** - No, we accept that, because there is a lot of work to be done. But the Treasurer made it very clear on Tuesday that there is no money available for any sort of significant transition out of native forests. I find it hard -

**Mr O'BYRNE** - From a Tasmanian perspective, but there is another government involved here as well, so we are in those negotiations. They are still -

**Ms FORREST** - I do not think they have a lot of money to spare either, have they? You mentioned that earlier.

[2.30 p.m.]

**Mr O'BYRNE** - That may be, but we have been talking to a whole range of ministers federally about different things; it is not just about providing compensation to one industry. It is also about encouraging training and encouraging other industries to grow, very much like the Innovation Fund that was established for the north-west coast around the McCain's closure and also the closure of a couple of other large plants. There is still a fair bit to run of it and I am not going to speculate on what may or may not happen. We don't have a lot of money and the Federal Government doesn't have a lot of money but we do not know what the resolution of those talks will be.

**Ms FORREST** - Do you think the social and economic aspects of this whole debate have been overlooked?

**Mr O'BYRNE** - Not at all. I think there has been a lot of public debate about the environmental issues and what the industry looks like. The Tasmanian Government is clearly aware of the potential impacts on regional communities.

**Ms FORREST** - Have they quantified that?

**Mr O'BYRNE** - But we don't have the result, so how can you quantify something you don't have.

**Ms FORREST** - How can you progress anything if you don't know what you are talking about?

**Mr O'BYRNE** - But they haven't got to a resolution to access to resource. There has not been a resolution on what that looks like and the state of industry. Ultimately that is a matter for the Premier and Treasurer and the minister responsible for forests to work through those industry issues. Our role within Economic Development is to make sure that we have a robust plan for the Tasmanian economy which assists industries and regional communities. There will be regional aspects to this - our work, for example, in the dairy industry and the aquaculture industry. These are things that are happening as we speak. It is hard to predict what sort of response you need when you don't know what the actual situation is.

**Ms FORREST** - Going back to how you will measure your success or otherwise in this area, when are you planning to determine what your KPIs are and when and how will you publish them?

**Mr KELLEHER** - After having the plan approved the next step over the next three months would be to line up a series of key performance indicators right across the Economic



Development Plan. This will be one area. We have had some preliminary discussions with the Climate Change Office. That is a bit more straightforward to do, to have the current carbon profile there. David Adams is doing some excellent work in the Social Inclusion area and we are working with him. There are well-practised and applied measures internationally and we will be trying to line up with those. That will be the next step in the next few months.

**Ms FORREST** - So we won't see them in this year's annual report obviously, but next year and in the budget papers we are likely to see them?

**Mr KELLEHER** - Yes. They will replace the current set of KPIs.

**Mr WILKINSON** - What do you do in relation to this area to understand whether industries are on, let us say, the first rung of difficulty? One area I know has 56 houses for sale, six families left the rural area last Friday. Obviously that is at the end of the scale, but what work do you do at the start of the cycle to ensure that for these areas that may well be at risk have some other business or economy that they can enter into?

**Mr O'BYRNE** - I think therein lies the problem. If we wait around and wait for industries to start to fail, that is when we are in trouble.

**Mr WILKINSON** - That is what I am saying. So what do you do to stop that from occurring?

**Mr O'BYRNE** - Within the Economic Development Plan - it is hard because we don't want to give it all away before we get there and we are still finalising it for launch next month - we will do an analysis by industry, sector and region and identify the strengths and weaknesses with those industry participants and assist those industries in the first few steps where we think we can get some good results. It will not only be done on a statewide industry basis but it will be done regionally where we need to identify with those communities the opportunities, strengths and weaknesses. We continue to work with those over the months and years to assist them in diversifying. When you do that work and have local representation and structures of consultation with communities you can pick it a mile out. When you do an assessment now those industries know that they have certain weaknesses and threats. Every business would normally do that within their market or within their field of operation. Our role is to work with them to strengthen their position in the market and potentially grow that. It is a process over time; if we just sit back and wait for something to happen and have a crisis response, then we are in trouble. We need to strengthen the economy more broadly. At any stage you are going to have industries that ebb and flow due to market conditions. The mining industry we have seen over many years going up and down. Our role is not just to celebrate the up bits and commiserate with the down. We need to make sure that we have a lot of things around that. For example, if we get a pulp mill up in Tasmania, the role of Economic Development obviously is to support that development and infrastructure and a whole range of other things. But really the focus of our work should also be what is around that so we are not just left with one project that sucks up all the labour and all the economic activity. We need to strengthen it and diversify the economy. Unfortunately, some of these rural areas have relied so heavily on one industry that they struggle when that industry struggles.

### **1.4 Regional economic development -**

**CHAIR** - Being a member where we have a lot of regional communities, it has almost been the two-speed economy in some ways. If you look at Australia as a whole, we have the mining States and of course we know those analogies have been painted. In Tasmania sometimes I think we almost have the capital city buffered by the public sector, although that will change a little bit now, and then another speed economy out there in those regional areas. I am really starting to see that now.

**Mr O'BYRNE** - That is why, for example, the Wealth from Water program and the work of the Irrigation Board is important. Ultimately that is Mr Green's area but from an economic development perspective we are really putting the capacity into those communities to build on their strengths, which are their natural assets, and not just rely on that low-base farming.

**CHAIR** - I appreciate that. I am quoting out of the budget documents:

'This output aims to support and grow sustainable communities within regions. The Liveability Strategy is designed to attract and retain a skilled workforce, business entrepreneurs and investors. In addition, the Liveable Places Development Program improves liveability of town and regional communities.'

The question that is coming now is school closures. We have 20 schools on the hit list. I know you are not the Education minister but surely that very issue detracts from the liveability and the viability of many of those regional centres.

**Ms FORREST** - Especially when you are investing in things like irrigation infrastructure into these very regions in some cases.

**Mr O'BYRNE** - Obviously, the Education minister is going through a process of consultation with the communities and I am not going to make any comment on that. He is working through that from an educationalist view. As a government we have a number of responsibilities and a primary one is to make sure that we have the best education system for our children. In some communities if we do not have the size of schools that are sustainable then we need to look at how we make better use of our resources. That is one of the considerations that the Education minister is going through.

I think over generations, governments respond to different needs, to demographic change and we will take advantage of opportunities. In one breath there are some communities, because of the change in industry types - in agriculture there is a lot of mechanisation and automation in those industries - the population base has decreased significantly in some of those rural areas but where we have responded, as an example, is where we are building a school - in Port Sorell. Where populations move and demographics change we are -

**Ms FORREST** - There is potential for three closing around it, though.

**Mr O'BYRNE** - But we are building a school in consultation with the local community which fits the needs of the local community. If you have Port Sorell and those three other schools and the population base is at Port Sorell, do we get the Port Sorell people to travel to three smaller schools or do we build a new one and bring together a cohort of students that are able to be offered all of the educational subjects and are able to be in an environment with all the services provided. I am not a teacher and I am not an educationalist, but based on the advice that I have seen that is a better outcome for kids. I do not want to be part of a government that fails kids

because we are attached to buildings. We want to make sure that we provide the best educational options for our kids and as populations move and change we have had a significant drop in our schools in terms of enrolled students, predominantly because of demographic change.

We are not the only regional and rural community that is facing these challenges. We either maintain the level of schools we have and struggle to keep up with the recurrent costs and sometimes fail our kids, or we make some tough decisions to bring it together and provide a better future for our children. I understand in certain communities that that is going to have an impact. I think that is acknowledged and that is the process that Mr McKim is going through. I think we have shown, as an example, with the decision around the Port Sorell school that we will respond to community needs when we are able to.

**CHAIR** - It is all a debate for another time and place. In particular I made the point just about the regional communities.

**Mr O'BYRNE** - Again the minister has not made a decision yet so we do not know what the outcome will be.

### **Special capital investments funds -**

**Ms FORREST** - The Industry Assistance Program is \$600 000 for this year, and that is it; that is the end of the game.

**Mr O'BYRNE** - It is the end of the program.

**Ms FORREST** - Obviously there are going to be ongoing challenges in the north-west and north-east and other areas like that that could well do with this sort of funding, so where will they go after this?

**Mr O'BYRNE** - Obviously given the Budget challenges, from a State Government perspective we have to be more strategic about the support that we give to businesses. In some cases Government handouts are not necessarily the best and not the most strategic. For example, planning reform from a whole-of-government perspective is crucial to economic development and that could be the big enabler in a whole number of regions, getting that land use planning right, making it easier and simpler for developers to get through the planning processes. So in these tough economic times and tough budgetary times our focus as a staffing organisation and from the human resources we have as a government is to get in there and make that easier for businesses to invest. We think that is probably a more strategic way, as an example, because we do not have a whole lot of money. There will be some financial assistance to organisations, but it is nowhere near as much as it has been because we simply just do not have it.

**Ms FORREST** - Can I put an idea to you that all industry functions in DED, DPIPWE, DIER and Planning should all be brought together under one framework?

**Mr O'BYRNE** - It is called the Economic Development Plan.

**Ms FORREST** - Is it really?

**Mr O'BYRNE** - Yes, that is what we are doing. It is a good idea.

**Ms FORREST** - The focus on providing infrastructure being their primary goal?

**Mr O'BYRNE** - What we will be doing in terms of the implementation phase of the Economic Development Plan is trying to break down those silos between the departments and bringing the people together to have these strategic conversations. I think I used the example before that from time to time departments, with a view they have and with the framework they have, make very good decisions with good intent but miss opportunities.

**Ms FORREST** - They try and pick winners, that is what it seems to be.

**Mr O'BYRNE** - Sometimes they do and sometimes they don't. They respond within the conversation and framework they are given. If we open that framework up we give it a more strategic framework connected to the Economic Development Plan, have senior people in the room and with political support in that process you actually get better decision making that makes more of a difference for communities. What you are talking about is trying to bring people together to have a strategic conversation to make decisions that are more than just about -

**Ms FORREST** - With a broader vision rather than a narrow solo view.

**Mr O'BYRNE** - Yes. Say Infrastructure have to build a road. If they knew from the Economic Development Plan that this is happening, from DPIPWE that this is happening, and Crown Land is in the room and say we have this little bit of land here then we can actually build something greater than the sum of its parts.

[2.45 p.m.]

**Ms FORREST** - Maybe we need to roll the NBN alongside of it and all sorts of things.

**Mr O'BYRNE** - Yes, all of those things. There is 100 years of examples of that, both at Australian government and State government level, across the country where those decisions are occurring. We are not saying that we are the only government that are trying to grapple with this but we think through the Economic Development Plan and the framework that we have that is the best way to respond.

**Ms FORREST** - We have a date next year and we will discuss it then.

**Mr O'BYRNE** - We have a date. Right. Let *Hansard* reflect.

### **Science, Innovation and Technology**

**CHAIR** - As discussed just before lunch we will move on to Innovation, Science and Technology because we have the personnel here, so we will just move straight into that.

**Mr WILKINSON** - Are we close to achieving any of the major IT investment which was promised by the former Premier? What is the latest update?

**Mr O'BYRNE** - The innovation strategy and the IST portfolio is pretty broad. We have established the Digital Futures Advisory Council and in terms of the science area, the Antarctic Tasmania science and research and our relationship with the Antarctic and the University and CSIRO is pretty significant.

In relation to the former Premier Bartlett's trip, in the six months following his delegation to the US senior representatives from Apple, Cisco and Microsoft visited Tasmania for high level discussions with senior executive about the opportunities that the NBN will provide. As you know, in a whole lot of these circumstances getting into the board rooms at senior level to paint a picture of the opportunities that the NBN in Tasmania can provide, is crucial. You do not automatically see an immediate sort of investment when you are trying to convince these large global corporations to invest in a place like Tasmania. To convince them of the opportunity that Tasmania provides does take a number of shots at it. We are very much excited about the opportunity. We did host the Korea and Australia/New Zealand broadband summit in April this year in which we brought together more than 250 industry research and government representatives, including 160 from overseas and interstate. They were about sharing their experiences and developing broadband-enabled digital economies and to explore potential joint ventures. Really, we have only got to stage 1 of the NBN; we are getting to stage 2 now. We are starting to roll that out across the State.

**Mr WILKINSON** - So if I can, just to cut you short, in relation to IT what you are saying is you have opened the door, hopefully the opportunities will flow but at this stage they have not started flowing. Is that a fair summary?

**Mr O'BYRNE** - Yes, and we have also made a really important contact with Dr Larry Smarr, who attended the Australian-American Leadership Dialogue Forum on broadband that former Premier Bartlett spoke at. He is a physicist and is a leader in scientific computing, super computer applications and Internet infrastructure and he is recognised as an international authority on the Internet, the web, scientific visualisation, visual reality and collaboratories.

**Mr WILKINSON** - Can I cut you short. We have spoken to him. Anything come of that as yet?

**Mr O'BYRNE** - He has been appointed to the Tasmanian Digital Futures Advisory Council. That has had its first meeting. It is chaired by Paddy Nixon, Pro-Vice Chancellor at the University of Tasmania. So he is providing strategic assistance to the Tasmanian Government to really open up opportunities related to the NBN.

**Mr WILKINSON** - So I suppose the questions in relation to it are probably for next year and the year after as opposed to now because, as you say, the door is open but as to when whether anybody else is going to come through the door is a matter for the future.

**Mr O'BYRNE** - Absolutely. We have just got to make the door bigger and keep knocking.

**CHAIR** - Any further questions, Mr Wilkinson?

**Mr WILKINSON** - Yes, on the Antarctic - it is huge area, I think, as far as Tasmania is concerned.

**Mr O'BYRNE** - Absolutely.

**Mr WILKINSON** - It is not in the news as much as it should be as to the benefits that it supplies to Tasmania.

## UNCORRECTED PROOF ISSUE

**Mr O'BYRNE** - More than \$150 million in economic activity, close to 1 000 jobs, two international secretariats and AAD is centred here. Also, we have the French using our port and the Italians, through the French, using our port. We have the highest proportion of Antarctic and Southern Ocean researchers in the country located here in Tasmania. We really do have an Antarctic hub.

**Mr WILKINSON** - Sure and that is terrific. There was some talk earlier on though and I forget how many months ago it was, that Tasmania may be losing some of it.

**Mr O'BYRNE** - No, there was a bit of skulduggery in the media and there was a bit of a political strategy by my friends opposite in the lower House wanting to create a bit of a political storm. The issue was raised about the Tasports facilities. The Tasports facilities are fit for purpose but we acknowledge that we have a task to upgrade those facilities to continue to meet the needs of not only the Antarctic community but also the cruise ships. There was a bit of a game being played there. The current facilities are fit for purpose. We do have a challenge and we are working with Tasports.

Also, we have an Infrastructure Australia bid in for the Hobart Ports as a gateway to Antarctica. We have a \$25 million bid in for upgrade of the Tasports facility and also a bid in to complete the upgrade of the Hobart Airport so that we can be the main air link from Australia to Antarctica.

**Mr WILKINSON** - We have been speaking about that now for probably the last 15 or so years in relation to the air link to Antarctica.

**Mr O'BYRNE** - It has been established. The problem is that you need to get the right conditions down in Antarctica to get the plane up and going and we are talking to -

**Ms FORREST** - Need a very long runway.

**Mr O'BYRNE** - Yes, you do. We are talking to the Federal Government about what options we have there and I know that they are very much committed to Hobart as being the gateway. There was one thing that went to the Fremantle Port and that was purely around waste handling out of Antarctica and there was some biosecurity and broad waste management issues and concerns that we could not resolve but we are now working on. I have had discussions with the AAD and we are very confident that we can get around those potential biosecurity issues and have that back in Tasmania.

**Mr WILKINSON** - Thank you.

**Mr MULDER** - I note that previous Premier Bartlett was very much involved in the national broadband network and was a great marketing promoter and all the rest of it. But I also have heard that since his departure he has set up private company that is doing some work in relation to the national broadband network. I am wondering what steps we have in place to make sure that there could not be a perception - because we know it would never be the reality - that somehow or other that company could turn into some sinecure.

**Mr O'BYRNE** - I think you have to be careful with that.

**Mr MULDER** - I am and that is why I talked about perception rather than -

**Mr O'BYRNE** - I am not aware of an NBN-related company. I am aware of a company that Mr Bartlett, as a private citizen, has entered into with some colleagues around an iPad application in terms of some software. I am not aware of anything related to NBN. He is from the IT sector - that is his passion and, as a private citizen, clearly he has a right to forge his own career, post-politics. I hope I am confused about what you are inferring but our processes around NBN and around our ICT strategy are pretty well transparent. We have a digital futures advisory council, independent of government, to provide us with advice and we will continue to act appropriately.

**Mr MULDER** - I am simply saying this and I am saying it now, rather than after the event, to make absolutely sure that perception - I repeat the word 'perception' - could not get out there.

**Mr O'BYRNE** - There is no event, so there is no event to be a perception on.

**CHAIR** - Thank you, Minister.

## **DIVISION 9**

(Police and Emergency Management)

**CHAIR** - Minister, would you like to give a short overview?

**Mr O'BYRNE** - Yes, I think it is important that I do. As you are aware, this year's Budget presents a number of challenges across government, and the Department of Police and Emergency Management is not immune to the economic realities facing the Government. A significant drop in revenue of some \$1.5 billion over the forward Estimates has necessitated a reduction in government spending, and this has resulted in a reduction of some \$36 million from the Department of Police and Emergency Management appropriation across the next three years.

Despite these savings, it is important to remember that anticipated police numbers of 1 178 in 2011-12 represents a 12 per cent increase on police numbers when Labor first came into government in 1998. Notwithstanding further budget savings over the forward Estimates, police numbers are still anticipated to remain comfortably above those of 1998 levels and, because of significant investment over the years, we have a much more modern, efficient, well-trained, well-resourced and technologically advanced police service than we have had in the State's history.

Whilst there has been a reduction in police numbers, Tasmania Police is working hard to minimise impacts on frontline policing and the community, and every effort will be made to ensure a more efficient service delivery. A focus on the removal of positions of an administrative nature will help to ensure that the public continues to receive the high-quality service that they are accustomed to.

[3.00 p.m.]

The State Government is committed to ensuring Tasmania Police and Emergency Service workers remain well equipped to do their job, and to this extent the Government has remained committed to providing almost \$20 million in funding for initiatives over the next two years including: much-needed upgrades to or replacement of the Bellerive, Devonport and Glenorchy police stations; a significant overhaul of police residences; the provision of modern policing equipment including the use of automated number plate recognition technology and mobile

policing applications, and the provision of uniform and occupational health and safety equipment consistent with the roles performed by police officers in today's society.

The performance levels of Tasmania Police are widely recognised as some of the best in Australia. Nationally recorded crime stats recently released indicate that Tasmania's victimisation rate in 2010 was the lowest in the country for the majority of offences. The clearance rate of reported crime in Tasmania is also above the national average.

The role of our emergency service volunteers was widely recognised in the latest natural disasters to befall Queensland and New Zealand. In these instances, Tasmania deployed 147 volunteers and 10 operational members to assist in the emergency response. The State Emergency Service currently has some 603 volunteers, representing an increase of 51 volunteers over the past two years.

Just to assist the committee, and I understand these are standard operating procedures, I will answer questions of a policy nature and ask questions where I am able to, but on an operational perspective clearly it is appropriate for the Commissioner of Police to answer. We will work together on some issues which are obviously policy and operational and we will work together on making sure that we can provide the committee with appropriate response to the questions you have.

**CHAIR** - Thank you, Minister. Members, any questions on overview matters on police?

**Mr MULDER** - Minister, I appreciate that you have noted the operational and policy separation that quite properly should exist between you and the Commissioner of Police. It leads quite nicely into my first question. Given the resignation of the Victorian Chief Commissioner very recently as being seen as being too supportive of the Government of that particular day, and no doubt the end result was because that Government changed, I am reminded of a position where a former premier was reported on the front page of our newspaper asserting that he expected the commissioner to obey any direction he gave him without making any qualification between policy and operation. So my question is: what steps have you taken to ensure the operational independence of the Commissioner of Police?

**Mr O'BYRNE** - In my opening statement I acknowledged the difference between policy and operational. Obviously there are matters that have occurred within Tasmania and in other jurisdictions which potentially impact on that relationship. I can inform the committee that through the Department of Premier and Cabinet we are looking at these matters to ensure the independence of the commissioner and the role that he plays is separated from the political sphere and the policy implications.

**Mr MULDER** - Are there any particular steps or any particular documents that you have created that can give us that assurance?

**Mr O'BYRNE** - Not at this stage. All I can do is give you an indication that there are discussions occurring with the Department of Premier and Cabinet to look at potential legislative options to ensure that the clarity between operational and policy is there.

**Mr MULDER** - I will await the legislative options. I have some other questions but I do not want to hog the limelight on this.



## UNCORRECTED PROOF ISSUE

**Mr O'BYRNE** - I can advise the honourable member that a draft document for consideration has been circulated - I will get Darren to clarify.

**Mr HINE** - DPAC has circulated a draft amendment to section 7 of the Police Service Act. They are about to discuss it with the Police Association; they have discussed it with me, the DPP and others as well. So those discussions are going on before a Cabinet minute is drawn up.

**Mr MULDER** - Thank you, Minister, and I note that there has been some progress on this since we met recently.

**CHAIR** - Minister, in your media release of 16 June you said:

'There were plans to increase that number by about 30 positions in 2011-12, however the financial situation has led to those additional positions being withdrawn.'

What are the areas that have lost those 30 positions?

**Mr O'BYRNE** - That is an operational matter and I will get Darren to respond. But before I do I would like to make the point that, basically since 2006 up until recently, the operational strength has been 1 198. There was the commitment of the 30 in the election campaign. That was honoured and they were trained up and dispersed across the State. The new model for the 2011-12 year will be 1 178. The current numbers I think are 1 215, and the reduction will be achieved by way of natural attrition and redeployment within the service. But I will get the commissioner to talk about some of the specific allocations.

**Mr HINE** - Mr Hall, of the 30 positions who graduated in March, as the minister said, 28 have been withdrawn as a result of the budget situation. We did put four into the E-com and fraud unit, we have withdrawn two of those but left two additional ones in there, so the other 28 positions have been withdrawn. In addition, we have to find another 20 savings as well, so 28 of those who were allocated in March have been all withdrawn.

**CHAIR** - So they are in basically no-man's-land at this stage or am I misunderstanding you? They have been withdrawn -

**Mr HINE** - The positions have been withdrawn, but obviously the people attached to those positions will slowly through natural attrition come out of the system.

**Mr O'BYRNE** - So as people leave Tasmania Police, retire or however they move on, we will redeploy within our existing base.

**CHAIR** - Right, okay.

**Mr WILKINSON** - Minister, I do not know whether you want to answer the question -

**Mr O'BYRNE** - How about you ask it of me and then I will flick it if I do not think I can.

**Mr WILKINSON** - That is good. The biggest question is: Without having these 30 extra police officers, how is it going to affect the police force, if at all? If it is not going to affect them

the real question is: Why did you have them in the first place? How is it going to affect the way that the police force works?

**Mr O'BYRNE** - I will let the commissioner add to what I am saying. Some people are simplistically tagging the crime rate with police numbers, and it is not as simple as that. Numbers do play a game but it is important that we acknowledge that we have invested in Tasmania Police in record numbers in terms of money over the recent years. For example, we have invested in our people so that we have better equipped and better trained police officers than we have ever had. For the first time with the MOU with the University of Tasmania, we have a relationship where those officers that are going through - those constables, obviously inspectors and people within Tasmania Police - are getting university qualifications for the study that they are achieving. That is the first time that we have gone beyond just being trained within the service. They now have university qualifications -

**Mr WILKINSON** - That has been for a while though, hasn't it? There has been a university course in policing for some time now?

**Mr HINE** - Yes, Mr Wilkinson, there has been, but it was just formalised late last year. And this year for the new two courses that have gone through, they are recognised now for 15 units of a 24-unit university degree. We have had a link with the university for quite some time, but this is where we have actually formalised an MOU which means that, after they finish a recruit course, they have 15 units of a 24-unit degree.

**Mr O'BYRNE** - We have also significantly invested in the wages and conditions of Tasmania Police. In 2004, the approximate starting wage for a constable was approximately \$34 000; now with the roster that all starting constables go on to they are getting in excess of \$60 000. What we have tried to do is invest in training and invest in their wages and conditions to properly reward them for the important work that they do. We are also providing them with equipment and uniforms that are obviously grounded in occupational health and safety to ensure that they are safer, that they are appropriate and that they have the equipment they need given the circumstances that they may well be in.

**Mr WILKINSON** - But my question was, how will the 30 officers who will not be in the police force this year as a result of the cuts affect the police and the way the police force works?

**Mr O'BYRNE** - We have announced a number of changes in the operational aspect of that work. I can get the commissioner to talk about the cold-case unit and what we are doing there and how we are redeploying them to do the work that we are hoping to achieve.

**Mr WILKINSON** - That is what I was wondering - how you do that. In other words, if you took 30 people out of any business, obviously there were plans for those 30 people for the work that they do. Now, those plans have to be scrapped and you have to deal with the workplace in a completely different way, and that is what I am trying to understand.

**Mr O'BYRNE** - I suppose that 30 is not off 100; the 30 is off 1 200, so -

**Mr WILKINSON** - It is still the same.

**Mr HINE** - Mr Wilkinson, basically those extra 30 graduated in March and they were allocated various districts and stations. For example the Southern District got an extra 15, four of

those went to Kingston, five went to Glenorchy, a number went up to Launceston. So they were distributed around, using crime rates, population, population growth, those sorts of things. But obviously we only operated with those for a very short time. As the minister said, we have been operating with 1 198 since 2006, so as soon as we knew the budget situation we dropped back to that original number, but with the current budget cuts for next financial year we have to drop another 20, so we are actually withdrawing those out of the system. But we are taking into account again, as we added those numbers, crime rates and population, for where we are taking the numbers out of.

We are looking at administration positions because we have to minimise the impact on the front line, and we also wanted the extra 12 months, as in next financial year, to start looking at the years 2 and 3. So that is where we have taken, as the minister mentioned, those numbers out of management positions. For example, five inspector positions will be withdrawn over the next financial year, and that is on top of a number of other inspector positions we have withdrawn over the previous two years. The cold-case unit will finish up their current caseload, and then that will be withdrawn.

**Mr WILKINSON** - That could take some time though, I would imagine, because the caseload depends upon, I suppose, how many outstanding matters there are. If those outstanding matters are not resolved, or alternatively there is no further place to go as far as investigating them, well then it is closed, but when you say they will close up their matters, what do you mean by that?

**Mr HINE** - Basically the cold-case unit is working on a specific case at the moment.

**Mr WILKINSON** - One case?

**Mr HINE** - Yes. At the moment they have been working on a case for a period of time. They will then finish up the work allocated in relation to that, and we think that will be about November/December. So once that is finished then obviously they will be retasked into other areas. And as with all cases that are unsolved, they never close. They will continue on, as we did before April 2008, before the cold-case unit was actually set up. They will go back to the CIB where they were originally investigated and most of them are still in those areas. So they do not close them up; they are always open. If there is new information that comes forward, those CIB units will continue to investigate those. The cold-case unit only deals with one case at a time. They have actually reviewed a number of cases, provided some information to the CIB areas, and also they have responsibility for the missing-persons unit. We will just go back to the situation before April 2008, when they were formed, and how we normally did business back then.

**Mr WILKINSON** - In relation to the cold-case unit, the beauty about it, I suppose, is that there are a number of officers who can just focus on one of these outstanding crimes, and they are normally very serious crimes. There are still a couple of outstanding murders, as we know. So does that mean that there is going to be no actual focus on that old murder and it is just that people will, when they get the time from time to time, which is not going to be great, have a look at the matter again. How does it work?

**Mr HINE** - Basically it will go back, as I said, like they normally do. And at the moment, if there is an unsolved murder the case is never closed. The CIB that originally had carriage of it, and still do have carriage of it, continue to have carriage of that matter. So they are still out in the CIB areas; they are still investigating. If information comes forward, obviously they will

## UNCORRECTED PROOF ISSUE

investigate it and if a task force is needed to carry it forward, they will do what they did before 2008 and form a task force. I do not want to devalue the cold-case unit because -

**Mr WILKINSON** - That is what I was about to say.

[3.15 p.m.]

**Mr HINE** - they have done some excellent work and they continue to do some excellent work, so it is one of those tough decisions in tough times. I do not want to devalue them at all. I have the utmost respect for that unit, but obviously we had to make some decisions in relation to budget circumstances. Those cases that are currently unsolved, as in the murder cases, will continue to be investigated by the CIB. Any new information that comes forward will be acted on by those CIB officers.

**Mr O'BYRNE** - As a matter of policy, as soon as we are able to, when the budget situation improves, the Government will consider reconstituting that activity if that is the advice from the commissioner.

**Mr WILKINSON** - Thank you. It would seem to me that the best way to solve those, at this stage, unsolvable crimes would be to have a focused unit looking at that crime that you talk about and then moving onto another one, would it not?

**Mr HINE** - There are a number of techniques used around the world as to how they are looked at. If you actually took the cold case as we did it before, if there was new information then the investigation would be reactivated; a taskforce would actually look at it. I do not want to give the impression that if CIB has got it then it just sits in a cupboard and gathers dust. They will continue to investigate it until they come to a conclusion. Sometimes the trail goes cold, therefore it does need a fresh set of eyes to look at it. We still have reviews in relation to the matters that are outstanding at the moment. There are reviews done by other CIB areas as well. I would not like to give the impression that those matters are not seriously looked at, that they are closed and sit in the corner, because they do not. They are still active and any information that comes through is acted upon. They are reviewed by other areas as well. So just because we do not have a cold-case unit does not mean to say they are not actively pursued if information comes forward. I also do not want to devalue what cold case do; they are a very professional unit.

**Mrs ARMITAGE** - I have a question about replacement of police in northern courts. This was a previous promise. When will police be replaced with security officers in our northern Tasmanian courts, thus freeing them up to take on the tasks, the core responsibilities, of support to the community, rather than babysitting prisoners?

**Mr O'BYRNE** - I would not necessarily call it babysitting prisoners. We have, in the north and north-west of the State, a responsibility to ensure that those people on remand or those people who are potentially a threat to the community are supervised, and ensure that we can have law and order within the courts.

**Mrs ARMITAGE** - Didn't your Government previously say that you were going to replace them?

**Mr O'BYRNE** - I am putting it in context. What I am saying is that the work they are doing is not necessarily a simple thing of just babysitting. We have potentially dangerous criminals and they need a level of supervision. In the north it has always been the case that Tasmania Police

## UNCORRECTED PROOF ISSUE

provide that service, and that ranges, depending on the court and depending on the venue, between four and six hours per court day.

Yes, there was a commitment to remove those but unfortunately the budget circumstances are such that we are not able to achieve that. From my perspective we have had discussions with the commissioner and it is a different situation in the south because the infrastructure and the number of correction officers we have in the south gives us more flexibility to manage inmates or prisoners or potential criminals once they are convicted and we can sort them out in Hobart. In the north and north-west of the State we do not have the same flexibility with custodial officers and Department of Justice.

**Mrs ARMITAGE** - Is it not private security officers that do it in Hobart?

**Mr O'BYRNE** - Not necessarily, no. We have custodial officers that do -

**Mrs ARMITAGE** - Do you have private security officers as well in the courts?

**Mr O'BYRNE** - Yes, but for the remand centre in Hobart and for escorts that is performed by the Department of Justice, so it is important that their responsibility is also acknowledged.

**Mrs ARMITAGE** - I was not talking about remand centres.

**Mr O'BYRNE** - I understand that, but the remand centre is located next to the court. In terms of escorts, which is also a role of Tas Police, ideally we would prefer to have custodial officers and other forms of security for those operations other than Tasmania Police, and the Government has acknowledged that. There was a commitment to remove that service from the courts to enable greater flexibility for particularly the Launceston and Northern Command, but we are not able to do that. I have met with the Police Association of Tasmania and the commissioner and I have had a discussion. We will talk with the Department of Justice and work through potential options to see when and how we can achieve that aim. We are still committed to it, but we just do not have the capacity in the current Budget to be able to deliver it now.

**Mrs ARMITAGE** - A couple of follow-on questions. Is it true that it is up to 10 officers per day in court?

**Mr O'BYRNE** - No. In the Magistrates Court the daily average is fewer than four and in the Supreme Court it is fewer than two per day.

**Mrs ARMITAGE** - So it is around six.

**Mr O'BYRNE** - No, it depends on how it is allocated. It is not up to 10 per day; the average in Magistrates Court is 3.9 and it is only for four hours per day, and in the Supreme Court the average is slightly under 2 and that is just over six hours per day.

**Mrs ARMITAGE** - Can you provide the comparisons between what it costs to have a police officer do it as opposed to a security officer? If it is not a lot more expensive to have security officers, particularly with the cuts we have in the Police budget now, it would obviously free up some police to be back on duty.

## UNCORRECTED PROOF ISSUE

**Mr O'BYRNE** - It is also not just a case of staffing; there are some infrastructure constraints in Launceston which have been identified by Justice.

**Mrs ARMITAGE** - Such as?

**Mr O'BYRNE** - I am not aware of them but they have been identified by Justice as a potential risk. What I can say to you is that we will work with the Department of Justice. I do not have ministerial responsibility for that area and they are -

**Mrs ARMITAGE** - Are they risks that do not exist in Hobart?

**Mr O'BYRNE** - No, I'm not saying that.

**Mrs ARMITAGE** - Well, you are, because you have security officers in the south.

**Mr O'BYRNE** - There are infrastructure needs in Launceston that would need to be upgraded that have not been identified by the Department of Justice as a risk. This is Minister McKim's responsibility and the commitment you have from me is that we will continue our discussions with Justice to see where we are able to achieve that goal. We are not able to at the moment. How long have we had this situation in Launceston?

**Mr WILKINSON** - Just about forever - ages.

**Mr O'BYRNE** - So it has always been the case.

**Mrs ARMITAGE** - I appreciate that, but it was a promise.

**Mr O'BYRNE** - There are a whole range of other promises that were made around election time that because of the financial situation we are not able to meet. Police and Emergency Management do not operate in a bubble. We have budget challenges that we need to meet and we are balancing the resources where we can to ensure that Tasmanians get the best possible service.

**Mrs ARMITAGE** - I do appreciate that, but in the current circumstances I would have thought that any way we had of freeing up extra police in view of the cuts would be worthwhile. If I could have the information to show the difference I would appreciate it. I know you have some infrastructure problems that you cannot tell me about; I would appreciate knowing what those problems are and also what the differences in pricing are.

**Mr O'BYRNE** - Well, the Department of Justice has put together a business case. You will need to go talk to the Department of Justice. I am not that minister.

**Mrs ARMITAGE** - I guess when you have these crossovers it is very hard when it is another minister.

**CHAIR** - That is something we will take on notice.

**Mrs ARMITAGE** - If we could take on notice the comparison between the security officers and the police officers.

## UNCORRECTED PROOF ISSUE

**Mr O'BYRNE** - It is not unusual in government to have areas cross over in ministerial responsibility.

**Mrs ARMITAGE** - I realise that, but it just makes it difficult here when you cannot get answers.

**Mr MULDER** - I think it is fair to say that the situation that pertains in Launceston used to pertain in Hobart, but some 10 or 15 years ago we switched to the model that you promised in your election campaign. I guess that is what the information being sought is about.

**Mrs ARMITAGE** - It is, thank you.

**Mr O'BYRNE** - There is greater capacity in the south because of the facilities and the access to custodial officers. Anyway, we can all work towards that.

**Mrs ARMITAGE** - We just need to assist the police where we can.

**Mr O'BYRNE** - Absolutely - that is my job as well.

**Mr HARRISS** - Minister, when Darren was addressing those matters a while ago about the reduction by 20, he mentioned non-sworn employees, I think, as part of the equation. Am I clear in understanding that there will be that reduction of 20 sworn officers but there will also be some other separations - that's the euphemistic term, isn't it - of public servants?

**Mr O'BYRNE** - Yes, there will be. It is 20 in the next financial year.

**Ms FORREST** - What sort of positions are they?

**Mr HINE** - For example, there are some positions in our call centre. We are having new technologies put in to save some positions in the call centre - there are about seven in that - and we think that technology will be available in November/December, and obviously there are no redundancies in relation to that. But we are going through the Workforce Renewal Incentive Program and we have offered that to State servants as well. There are a number of administrative positions and some speed camera operator positions as well.

**Ms FORREST** - So that means there will be fewer speed cameras out there? The fixed speed cameras are operated by non-sworn officers, aren't they?

**Mr HINE** - We have four contractors at the moment that do the speed cameras in the southern region and then we have a number of full-time civilian employees who operate the speed cameras. Basically what we are trying to do is even up the numbers between each district and that is why the contractors will not be employed after next week.

**Ms FORREST** - So you have as much chance of being caught in the north-west as you have in the south, then?

*Laughter.*

**Mr HARRISS** - I guess in terms of the deployment then of sworn officers - and I have a vested interest in police and citizens community youth clubs - can I ask whether there is going to

be a retention of a sworn officer presence within the PCYC network across the State, because of the work they do in terms of crime prevention?

**Mr O'BYRNE** - We acknowledge the really important role the PCYCs play. I attend the PCYC in Hobart from time to time, and almost grew up with the Launceston one, and I know that families and communities across Tasmania rely heavily on them. In 2011-12 PCYCs will not be impacted and there will still be a presence of a sworn officer.

**Mr HARRISS** - In your media release at the time of the Budget, there was a comment to the effect that there will need to be a reduction in non-essential non-statutory expenditure. Can you give us a bit of a definition or an explanation of what that will address?

**Mr WILSON-HAFFENDEN** - In terms of the non-salary savings, there is a combination of opportunities. We are looking at the opportunities from a national police and procurement body and we recognise there are efficiencies from bulk purchasing specialist equipment. We are looking at some of those leased properties where there is an opportunity to potentially amalgamate with some other government departments or other bodies to eradicate those leasing costs we currently have. We are even looking at things along the lines of our vehicle fleet mix. We are not looking at reducing our vehicle fleet but there are potentially some savings we can make there through better utilisation of our vehicles. We have about \$3 million a year in equipment expenditure and we think there is a good chance to reduce some of that through some better procurement across policing jurisdictions in an operational sense.

**Mr HINE** - If I could add, Mr Harriss, in relation to sharing of resources, there are good examples where SES, the Fire Service and Police are combining some infrastructure and we are going to look at that even more into the next financial year. For every dollar we can save, whether it is through a corporate service or a leasing arrangement between SES, the Fire Service and Police, we can then put back into frontline policing services.

**Mr HARRISS** - Given those savings by sharing resources, and we are talking about emergency services essentially, would the Government consider returning the Ambulance Service as an emergency service into this department?

**Mr O'BYRNE** - Ultimately that is not a decision for me as Minister for Police and Emergency Management alone. Obviously there is a number of implications for the Health minister as well. It is not something that has been raised with me at this stage; it is not something that we have considered. The motivation for me is to make sure we have the best possible level of service for the Tasmanian community. If there is an argument that can be put to say that is the best way to do that and that is accepted by all the bodies involved, we would look at any sensible solution. There was obviously a reason why it was separated. I have been only six weeks in the job and have tried to get myself across as much as I can and that is the first time it has been raised with me, but I will undertake to get my head around that and get back to you on it.

**Mr HARRISS** - Finally, can we be assured that there will not be any increase in single-officer patrols as a result of the cuts?

**Mr O'BYRNE** - That is an operational matter but I will make a statement around that. I have already met a number of times with the Police Association of Tasmania's elected representatives Randolph Wierenga and Mark Kudelka, and I have also met with the full Police Association of Tasmania executive. This matter has been raised and they have my commitment



## UNCORRECTED PROOF ISSUE

that we will talk on this matter of importance to them to ensure that sworn officers and employees of the State are in the safest possible environment. Because this is an operational matter it is necessarily something that the commissioner should answer, so I will hand over to him.

**Mr HINE** - Basically I cannot guarantee there will an increase or a decrease in the number of single-officer patrols because the resourcing model across the State will vary on a day-to-day and possibly an hour-to-hour basis. What a police officer is tied up with - it might be one, it might be two - therefore it may increase a single-officer patrol for an hour, two hours, two days, or two weeks. I don't want to make a commitment that I can't keep, Mr Harriss, as a result of police numbers. As the minister said, we take officer safety extremely seriously, as does the Police Association, so we are violently in agreement in relation to that. That is what we have developed our single-officer patrol model around to make sure our officers are safe. We cannot take the risk down to zero, that would be impossible, but the policy is being developed to keep our officers as safe as we possibly can and also to give the risk assessment to the officer going to the scene so they can make a judgment for themselves at the scene on the information they have whether to withdraw themselves, get back-up or whether they consider it is safe to go to the area. In those one-person stations, and we have a number around the State, we give them extra training about risk assessment and the single-officer patrol model as well, so they have that extra training to deal with the situation.

I think around the world the single-officer patrol model works well. It can be a waste of resources if you send two members to a routine delivery of a message, for example, so it is a matter of weighing those things up to make sure you have the best response to the community. Officer safety is of paramount importance to us and the association, as I know it is to the minister.

**Mr HARRISS** - Darren has mentioned small stations around the State where there is one officer, so is there any likelihood that there will be some threat to the closure of some of those rural and regional-type police stations because of the fundamentally important role that they play in small communities.

**Mr O'BYRNE** - Again, my view is that we need to ensure that the Tasmanian community has the support they need from Tasmania Police and the Department of Police and Emergency Management. The last thing we want to do is make some of those operational policing decisions on the basis of politics, so I am very much in the hands of the commissioner about how best we can provide that support to the community.

If I said a blanket no that there would be no changes in regional areas I would have questions about urban areas and the same issues would be raised. Ultimately the deployment of resources is a matter for the commissioner to make recommendations to me within the resources that we allocate to him, so I will let Darren say a few words on that. We are really committed to regional areas and I am very mindful of the important role that Tasmania Police play in that.

**Mr HINE** - Again, Mr Harriss, I would not like to sit here and give you a commitment that there will be no station closures because over the last 100 years there has been different mix of police stations where they sit and where they do not sit.

**Mr O'BYRNE** - In fact I remember as a child growing up in east Launceston in St Georges Square -

**Mr HARRISS** - Getting locked up one night.

**Mr O'BYRNE** - No, just making sure someone was there. On a corner of a park in Central Launceston there was a police station there with a family stationed. As time moved on and as needs required, those people were moved around. I think we acknowledge that things occur and that times change.

**Mr HINE** - The situation changes as we have seen over a number of years. We have a number of one- and two-person stations and there is not someone there 365 days of the year. Most of the stations are in a cluster so if there is someone not at a station it is covered by another station, so we take that into account as well. As years go on I cannot guarantee that any station is going to continue where it is because obviously you have to look at what is around it, who is around it, who can actually provide a back up to an area and what sort of a demand there is for resources as well. But as the minister said, we take policing in rural areas very seriously.

**Ms FORREST** - Along that similar sort of line do you believe, Minister, that there are any areas that police operate in or activities they participate in at the moment that could or should be conducted by others? I am talking about trying to keep the sworn police officers on the front line, out there where we like to see them as much as -

**Mr O'BYRNE** - What for example?

**Ms FORREST** - I do not know, I am asking you. The last thing we want to see as a community I believe is police officers being taken off the beat so to speak and out of the public view. Are there activities that should be handled somewhere else?

**Mr O'BYRNE** - I support the commissioner in his review of that. We have had a number of discussions since I became minister about making sure that we keep as many people at the pointy end as possible. It is about providing confidence to the community. When you look at the statistics they indicate that we are one of the safest communities in the country and that has not happened overnight.

We have had a police establishment number of 1 198 since 2006 and with the investment in facilities, the investment in people and our approach to Tasmania Police over many years has shown that our statistics are improving and that we are one of the safest communities in the country. I rely heavily on the advice of the commissioner on that and if the commissioner comes up with a recommendation to say that we think we can deploy these people from this role to that role and that makes sense from a policing perspective, of course we would support that .

I am not the expert in this field. My role is to support the commissioner in his work and I will take his recommendations and act on them as I am able to.

**Ms FORREST** - So I guess I am asking him through you then. Commissioner, do you think there are areas that could be pursued further in this area?

**Mr HINE** - I suppose it is one of those questions where the short answer is, yes, there are some areas that we could actually 'civilianise' and we have been through it a number of times on a number of different projects, but of course you have to have the budget there to support that. Some jobs are better done by a police officer; for example, some of the inquiry office function. We went to a civilianisation process; we are now back to the police officer there because we want

to give the best advice we possibly can to someone who comes in off the street. Our State servants do an excellent job in many areas to support the police and vice versa.

There is no formula to say, okay, this should be done by a civilian or a State servant or a police officer. We are always trying to make sure we have the best balance that we possibly can. I do not think there is a short answer to what should be done by a police officer or a State servant. There is an argument, for example, about radio room personnel. We have got a mix of sworn and unsworn and both do an excellent job, but you also have got to have that policing expertise and you have to have radio room operator expertise, so it is a matter of trying to get the mix. For the courts, for example, we have police prosecutors and we have trained lawyers as well. Some of those mixes are what we are looking at. Some think it is cheaper with State servants, but sometimes they become more expensive.

**Mr O'BYRNE** - For example, I was in there in the Hobart radio room on Friday night and saw the activities and saw the interaction between sworn and non-sworn and the hierarchy within that and the structure of allocating resources across the State and responding to incidents as they occurred. It worked really well but I think we need to rely on the experts to get that balance right between sworn and non-sworn. What I say first-hand was excellent.

**Mr WILKINSON** - How much of the budget is spent on corporate performance reporting benchmarks, including the costs of travelling to each district to work out what they would be?

**Mr HINE** - Are you talking about when we do the corporate performance reports and got to the western district as a corporate management group to discuss benchmarks?

**Mr WILKINSON** - Yes.

**Mr HINE** - We could probably get the costs, but to put into context I think it is important for us as senior members of the organisation to go into the western district and interact with the local government and also our people up there. I think it is quite a small cost to go up there and Tasmania does not stop at Hobart, so we need to get out to talk to those people who do the job. In fact I think we go up next week or the week after to Burnie to have a corporate performance session and we have invited the mayors along to that session as well. I do not plan to actually stop that into the near future because I think it is quite important.

**Mr WILKINSON** - What about the situation in relation to the budget on question time briefs for the Premier and the relevant minister. Is money spent in relation to that and if so, how much? I can understand why some of it is needed but should some of it be placed back into the force itself for this front-line policing we are talking about?

**Mr O'BYRNE** - It is hard to quantify that. Transparency is important and in politics you need to stand to account through questions. I suppose the resources we put into question time are similar to the resources we put into these Estimates committee hearings. It is important that if another member of parliament seeks to ask a question they think it is important then I think we need to provide the resources to respond to ensure that there is community understanding of the work that we do.

**Mr WILKINSON** - Are you able to put a figure on it?

## UNCORRECTED PROOF ISSUE

**Mr O'BYRNE** - No. It depends. There is a peak about a fortnight before Estimates and then in question time you have various issues. Usually you can get up to a point of information and that takes a bit of work. If there is a new issue, you get an important brief up to the minister, a question time brief or an issues brief, and it sorts of peaks down or gets updated depending on what is going on or if things move off the agenda. They are resolved and no longer seen as of interest to the community.

**Mr MULDER** - What does it cost the department to run the executive support command per year?

[3.45 p.m.]

**Mr HINE** - It is \$2.3 million, Mr Mulder, and, as you know, the executive support is greater than question time briefs. It does a lot of policy work, legislation work. Question time briefs are actually done by the area affected, so it could be an operational area, for example, something that is going on in a district. Executive Support does a far greater role.

**Mr MULDER** - I think, with respect to Mr Wilkinson, he was using ministerial briefs as an example of the wider support to Government of functions performed by the Police department.

**Mr O'BYRNE** - I think your question has been clarified and you have an answer.

**Mr WILKINSON** - I do not know whether I have as yet but never mind. Can I ask how many media advisers or minder positions you have?

**Mr HINE** - We have one part-time manager four days a week; we have one person that works three days a week and one person that works two days a week. In the media area themselves we have 1.8 people and then we have one person that does some marketing roles as well. We are very small in that area and probably the leanest. They work very, very hard and I will say that because one of our people is sitting in the room as well.

**Mr O'BYRNE** - It is also important given the community's heightened concern around matters of public safety. I know in some corners these people are referred to as spin doctors, quite disrespectfully. These are people who are getting information out to the community to make sure that the community is fully informed. In all seriousness, they play a crucially important role. Tasmania Police can get on with their work. Purely through the narrow prism of the media or blogs or Twitter or Facebook people do not get the full story and it is important that we are completely open and communicative with the community, so they do play a crucial and important role.

**Mr HINE** - In the Launceston floods, for example, we could actually put one of the media people up there to inform the community as a practical example getting that information out. Under the national counter-terrorism arrangement there is a role for the media unit to actually work with other media units in the State Government to get the information out and coordinate how we control these things. It is not just doing media releases; it is also getting a lot of information out to the public during emergency circumstances.

**Mr WILKINSON** - As you say, you are lean in relation to the way you do that and well done.

**Mr HINE** - Thanks.

## UNCORRECTED PROOF ISSUE

**Mr MULDER** - You might be targeting admin areas, and I appreciate that, and also the executive area - and I should put on record my congratulations for the accelerated redundancy program well ahead of when it was required, Commissioner. It would have been nice to see you quarantine operations and operations support. You have been quite open and honest and said that you were trying to do that but you cannot guarantee that. What police services are you withdrawing or reducing, or planning to withdraw or reduce, as a result of the fact that there will be an impact on operations?

**Mr HINE** - As you know, Mr Mulder, I have been quite open to the fact that I do not expect people to do the same with less, or even more for less; it just does not work and you cannot do it. We have done detailed planning to cover the next financial year. We have tried to lessen the impact on front-line service delivery so therefore the inspector positions, those extra 20, have come from support functions and cold cases is in there as well - and again I do not want to lessen their role. That gives us for years two, three and four a little more planning in relation to that as well.

Will there be an impact? There is going to be an impact on some policing services in years two, three and four but we are still working through that process to see if we can minimise the impact on those frontline services through making sure we have our corporate services aligned between the various organisations in the department. If we can save money in there it lessens the impact on that front line.

**Mr O'BYRNE** - From my perspective, if we can get it right now and make some smart savings now we will reduce the impact on the operational aspects of the Police Service.

**Mr MULDER** - The commissioner would be well aware of our joint experience of the actual processes and outputs of the Police department, how we measure them and how we produce them. I am really trying to get down into that level of detail as to what particular outputs, benchmarks or those things at the service delivery end are we going to see reductions in as a result of this impact in frontline service?

**Mr HINE** - I think you will see through the budget papers that there has been a reduction on certain output groups, so we have taken a percentage off some of those outputs just to make sure because, again, if there is an impact on policing numbers or policing support, there is going to be an impact as well. As part of our benchmarking process, we have to adjust that to indicate some of the inputs that are going to affect the outputs. But sometimes it does not always affect the outcomes and I do not want to get into some of those terminologies that we used to use in the baton days. But there is an impact -

**Mr MULDER** - Instrument of compliance.

**Mr HINE** - The short answer, Mr Mulder, is that there is going to be an impact but it is trying to lessen that impact where you have -

**Mr MULDER** - Can we go back a level? What is that looking at in terms of speed camera hours, detections, traffic infringement notices, speed cameras, patrol hours and community policing encounters? Where are we heading? Are we going to see a reduction in random breath testing? Are we going to see a reduction in speed cameras?

**Mr HINE** - That is where you will see in the budget papers there has been a lessening of the number of random breath tests, speed cameras hours and those sorts of things. It is not only we are targeting different areas, targeting different groups and giving greater flexibility to those who are doing it to make sure that we are targeting the right areas, but there is going to be a reduction in some of those areas as well. But also with the number of random breath tests, for example, we want to make sure that we have some flexibility to target the right areas - not just high-volume traffic but the high areas where people do drink and drive. So there is that flexibility as well.

**Mr O'BYRNE** - We will still be performing over half a million of those tests.

**Mr HINE** - Yes, we had targeted for this year 700 000 under the budget papers, but we have not been to that level since 2006. However we are still going to do nearly 615 000 this year.

**Mr O'BYRNE** - That is pretty significant.

**Mr MULDER** - We now have eight to 10 years of data that links these outputs to outcomes. I am wondering if we have some assurance that the reduction in outputs is not going to have a deleterious effect on road safety. Chair, I am getting down into a line item here so I will withdraw that question, which gives you plenty of time to think of the answer to it.

**CHAIR** - That is all right. We have spent a long time in the overview, so we will move onto to output group 1.

## **Output group 1 Public Safety**

### **1.1 Support to the community -**

**Mr WILKINSON** - We have looked at a lot of that in the opening and the overview so, as far as I am concerned, those questions that I asked at the start have dealt with this matter.

**Mr MULDER** - I noticed from your annual report last year - for the information of the advisers who wondered how I was able to get hold of it, it is in the Parliamentary Library. I suggest, judging by the popularity of the device, you might think about printing a few more and maybe even selling them.

My question relates to the inter-agency support panels, which I know are a particular project of the Commissioner having worked on a diversionary conferencing program a few years ago and they have morphed into inter-agency panels so that it is just not police doing it. I have a very interesting graph in front of me from page 47 of your annual report, which indicates that the inter-agency panels, which are designed to take youth and engage them in ways other than through the court system, are quite well taken up. I notice the eastern district has 88, the southern district has 78, which I guess says something, the western district has 67, which probably has something to do with the population basis, but only 17 in the northern district. Is that because our northern colleagues are so well behaved?

**Mrs ARMITAGE** - Under resourced.

**Mr O'BYRNE** - No, they are not as well behaved and I think it is consistent with other parts of Tasmania. But there are a number of other like programs being delivered in the northern

region, which identifies children and supports them, and I think that would be an indication of why the numbers are so low.

**Mr HINE** - Mr Mulder, you are right, that was the number. It is up to 27 now, as we speak. The minister is right: there are a number of different programs in that area as well.

**Mr O'BYRNE** - DHHS has a collaborative case conferencing program, which operates in the northern district, and that is an inter-agency approach as well, and DOE Learning Services North also has a program. So with those two programs, they deal with some of the children who would normally be looked after with inter-agency support teams. So it is not a case of Launceston being well behaved necessarily; there are different ways to deal with it.

**Mr MULDER** - Also the same section in the annual report talks about the 11-year old male called Brian - and that is not his real name, I suspect - but the life of Brian is an interesting approach to take, and I am sure the person who dreamt up that title knew that.

**Mr WILKINSON** - I do not want you to talk about me at the moment, you haven't got time.

**Mr MULDER** - It is an interesting thing because we were here the other day discussing with the Minister for Human Services the difficulty that Human Services people have engaging with some of the children who are in care or who have been identified and all the rest of it. It was most interesting to hear all the people she spoke about who got involved in these things, and there was not too much mention of police. Yet I pick up this case in your annual report, which would suggest that police are doing a power of work in this area - and very good work too. But actually what is missing from here is not too much reference to the amount of work that the case officers, Child Support and Child Protection people might be doing in this thing. I know there are inter-agency panels but are you getting a sufficient level of cooperation not just in the meetings and the policy discussions but also in the actual visiting by the case workers and the groundwork stuff? I will also point out that this is an excellent case example of why we should not be taking community police officers out of communities, because this is a perfect example of what that sort of engagement can do for us.

**Mr O'BYRNE** - I will start on that. You raise a very good point in terms of children falling through the cracks of different departments and different reporting. There are a number of examples of where there are obvious points of intervention that Government as a whole could make and have not been made and that we do in some cases fail our children. I think it is everyone's responsibility to respond. The Minister for Health has recently launched the Children and Youth Agenda. A part of that is about how the services - Education, Health and Police and Emergency Management - respond to those cases. We have allocated resources to it and we are hoping to get some improvements in that inter-agency cooperation. I might get the commissioner to talk more about that because we have dedicated resources to it, and other departments have as well.

**Mr HINE** - The minister is exactly right, and what you are saying, Mr Mulder, is exactly right in that you cannot deal with it in a solo approach and maybe we have been doing that for a number of years. But the inter-agency support team actually shows all the agencies getting together to try and make sure that no one does slip through the cracks. There is going to be a youth agenda launched in the near future, and we have put resources into working with that - there is a deputy secretary of children working with that. We have put some resources into that because we believe that we need to work closer across the agencies, even closer than we have been in the

years that have gone by. We are getting better and better, but this is just another way in which we can make sure that we collaborate a lot closer and a lot better working towards an agenda that is going to benefit our future.

[4.00 p.m.]

**Mr MULDER** - I think we are in unanimous agreement about the important role that police involved in these sorts of community activities perform. In light of that I would like to ask you for an unequivocal commitment that we will not be withdrawing police from these sorts of inter-agency panels - our community police officers, our PCYCs and all those other people who are involved not just in the short-term rushing out and testing someone with a breathalyser but in the very future of the downward crime trends as required by the Tasmania Together program.

**Mr O'BYRNE** - The commitment from the Government is to invest in activities which protect our children and give them the best opportunities to have a fulfilling life. There is a whole range of things that can occur. It may be through inter-agency teams or through the Child and Youth Agenda where we identify that some of the activities we are undertaking may not be as effective as we had hoped and there are new forms of service delivery. You have an absolute commitment from the Government that we will do all that we can to ensure that we provide structured support and opportunities for young children who are at risk.

**Mr MULDER** - I will let the PCYC constables know that they are safe.

**CHAIR** - I think we will move right into Crime.

*Laughter.*

## **Output group 2 Crime**

### **2.1 Investigation of crime -**

**Mr MULDER** - Fraud is down, as I see from your reports and things like that. I will start off by asking: Is credit card fraud reported to police agencies? Do banks report credit fraud to policing?

**Mr HINE** - You are opening up a debate, as you well know, in relation to what is reported to police and what is not reported to police. We do get some credit card fraud reported to police, that is the short answer, but there is another whole debate as to how much is reported.

**Mr MULDER** - While it is nice to say that reported crime is down but if we have an area of crime that, according to the banks' own figures, is costing an absolute fortune which is then passed on to customers by way of much higher fees and things like that, my question is, is it not time that the Police Commissioners' Conference in Australia considered a national approach to responding to this area of crime? It is a hidden and dark area of crime; it is costing the community an awful lot of money; and in a sense as a government we have a responsibility to push crime down wherever it might be.

**Mr O'BYRNE** - We have established a new crime and fraud unit to discuss these very issues, and it has been raised and discussed at a national level.



**Mr MULDER** - I appreciate the fact that it might do some damage to your crime statistics. But we are not about crime stats here; we are about our community. If we could get on top of crime -

**Mr O'BYRNE** - That is a very cynical approach. There are clear difficulties in terms of this area of policy and there is a national discussion going on about it. It is not about hiding crime. I am not saying things do not occur -

**Mr MULDER** - You will agree with me - I am saying it is not about that. It does not look good but it has an important impact upon the community that law enforcement has a responsibility to avoid. Now whether it is the police or whether we set up whatever, that is the question. I was only simply putting the proposition. I take some comfort in the fact that these negotiations are going on, but it is a hidden and dark area of crime and it is something that I think that we as a community need to address.

### **The committee suspended from 4.04 p.m. to 4.18 p.m.**

**CHAIR** - Minister, are police now keeping records of crimes and/or offences committed as a result of gambling? It is my understanding that at Estimates about four years ago it was said by the Commissioner of Police at the time that it could be done?

**Mr O'BYRNE** - I am not aware of that commitment four years ago. This question was asked yesterday in the lower House Estimates. I will refer to the commissioner but there are studies that have been done from court cases by organisations that are obviously lobbying to assess the impacts of gaming and gambling on our community.

**CHAIR** - It is topical at the moment and hence the question was put through to me to ask.

**Mr O'BYRNE** - Sometimes it is hard to identify whether a certain criminal activity occurred because of a gaming addiction. Obviously there are some we have seen through the courts which are highly publicised, but as a statistical reporting figure that is not something that we do at this stage. My understanding, and I will be sitting corrected if the commissioner thinks I have it wrong, is essentially that if a crime is committed it is recorded. If it is theft or fraud or what-have-you, the crime is recorded. As to the facts and details around the crime, the court proceedings that determine the facts, but sometimes there are no court proceedings around this if a guilty plea or an admission is given. It is not something that we necessarily do, but I will defer to the commissioner.

**Mr HINE** - The minister has covered it well and truly but, yes, that was asked four years ago, it was also asked last year and I gave the answer. The short answer is that we do not have the capability to do it on our systems because we would have to change our systems. Plus if there is a gambling connection with a crime normally it is given in the plea of mitigation or as part of mitigating factors in the court. There are no plans in the immediate future to actually capture that information because there is a whole process to go down to try to find out the reason for a crime that occurred. In the short to medium term there are no plans to actually capture that information due to the system changes that would have to take place and the amount of time and effort it would take to actually capture the information.

**Mr MULDER** - Just on that, I think it is one thing to capture data from the courts, but I guess it is a potential project for TILES. The trouble with the court data is that we rely on what their counsel may have said in a plea of mitigation and that could be some validation that the truth was being spoken. Of course they would be operating under instructions.

## **2.2 Poppy security -**

**CHAIR** - Minister, I notice the budget this year for poppy security stays around the same. I notice that it increased by 50 per cent in 2009-10 over 2008-09, so how are we tracking this year and what happened in the season we have just done?

**Mr O'BYRNE** - In terms of felonies?

**CHAIR** - Yes, miscreants getting into the crops.

**Mr O'BYRNE** - I am not sure if this answers your question but hopefully it will. This season 1 473 poppy capsules were stolen, which is a decrease from 4 772 in 2009-10 despite an increase in the hectares harvested, so the overall impact is significant. The number of offences or interferences was 11 this year compared to 33 last year; persons charged, 3 this year, 3 last year; and number of charges, 10 this year, 13 last year. So on a trend basis we did a pretty good job even though there was an increase in production.

**CHAIR** - It was a poor year, though, yield-wise, but we won't go down the agricultural aspects of it.

**Mr O'BYRNE** - That is Mr Green's area.

**Mr WILKINSON** - Were there any arrests of people who entered those poppy fields? I can remember years ago there was a death as a result of a person who stole from a plantation.

**CHAIR** - They made tea.

**Mr WILKINSON** - His name was Campbell.

**Mr HINE** - Are you asking about any deaths?

**Mr WILKINSON** - Yes.

**Mr HINE** - None that I am aware of. As I said, there were three persons charged, but I am not aware of any deaths as a result of picking the wrong poppy.

**Ms FORREST** - Too hard to tell.

**Mr HINE** - Yes, because due to the different varieties now some have deadly effect.

**Mr WILKINSON** - That is what I was going to mention because not many people know about that out in the community and those people who are addicted or want to get a quick fix often go to these fields, take what they believe is a poppy that is not going to harm them to any great degree, and they finish up on their back looking at the sky.

**Mr HINE** - No, I am not aware of any deaths.

### **2.3 Fisheries security - State and Australian Government -**

**Mr HARRISS** - Minister, over 2008-09 and 2009-10 there has been a halving of the number of marine offenders detected and the target for 2010-11 is a further reduction. There would be no reduced effort, so are we seeing less crime out there on the water and -

**Mr O'BYRNE** - On the high seas.

**Mr HARRISS** - Yes.

**Mr HINE** - Basically in the last few years we have been targeting some of those lower-level offences, like marking buoys and those sorts of things, and we have started to look at the higher-end offences that we consider to be more serious. Therefore we are not checking buoy numbers and those sorts of things because we are looking at those more serious offences and that is where the policing effort has gone into.

### **Output group 3**

#### **Traffic policing**

##### **3.1 Traffic policing -**

**Mr MULDER** - Regarding road safety, I notice from the annual report last year that the lowering of tolerance on speed cameras contributed to the increase in fines. Was there a commensurate improvement in road safety as a result of that contribution of fines with extra cameras and, whichever way the answer goes, why?

**Mr HINE** - In relation to the tolerance, we made sure we publicised quite heavily that we were going to have a less tolerant approach to speed. There has been an increase in lower-level speeding but, as you can see, in 2009-10 we had a horror year and in fact in July 2009, we can all remember that horrific day when nine people died on our roads, and therefore obviously we had a rethink of how we were going to do things. There was also the upper House committee into road safety that we contributed to. I always get nervous referring to figures but, as far as fatal accidents on our roads are concerned, last year was the best year we have ever had since recording figures but -

**Mr MULDER** - The least worst, perhaps.

**Mr HINE** - Yes, because one death is one too many, but can we get it down to zero? We should always try but in reality we won't get there, as much as we'd like to. A number of factors and different policing strategies were taken into account. We have an arterial road strategy to make sure we concentrate on the major roads where between 45-50 per cent of the serious and fatal accidents occur, so we concentrate on those areas. We have also gone to a stage where 50 per cent of the time speed cameras will operate on those major roads and we will have signs out 50 per cent of the time in relation to speed cameras. We also have targeted and intelligence-led policing in relation to traffic matters with the help of a database that we started late last year to capture more information about where our drink-drivers are coming from so we can have more of a targeted approach. I do not think there is any silver bullet in relation to road safety but it is

something we are certainly going to target very seriously and I do not ever want to go through another situation where we are talking about nine dying on our roads in one day.

[4.30 p.m.]

**Mr MULDER** - It is an interesting term, silver bullet, because in a recent briefing by the Road Safety Taskforce chairman the words 'silver bullet' were being constantly used to demonstrate that when we introduced seat belts this silver bullet produced this effect and things such as that. I am thoroughly aware that the policy logic between an output and an outcome is a difficult thing to assess in a short time, nevertheless I think our strategies should be evidence-based. As I asked this morning in the Infrastructure area, are we going to get some figures about the impact of the speed trials in relation to lowering of the default speed limit in the Kingborough Municipality? I am going to ask the department's view on rushing down this path of lowering speed limits without having even looked at the evidence of trials we have done. Surely we need some evidence that these measures have an effect before we implement them?

**Mr O'BYRNE** - I suppose the issue was debated and discussed in the Infrastructure output of the hearing today. Ultimately Tasmania Police plays a role in terms of traffic to police and apprehend those people who are breaking the law. Ultimately the laws in terms of speed and traffic are set elsewhere and it is probably inappropriate for the commissioner to make any speculative reference to the comments of the chair of the Road Safety Advisory Council, Mr Gledhill, on silver bullets or other broader policy matters.

**Mr MULDER** - We are talking about strategies, outputs, the work of the police, so how are we going to achieve those outcomes, which we are justly proud of, going into the future? I think it is more than appropriate to ask what science and logic are we using when we make up all these things, because some of these things we were told were silver bullets have had no impact upon road safety but an increase in fines. There is a bit perception out there, whether we like it or not, and I did not say it was necessarily the reality, that some of these measures are designed just to increase penalties. In the annual report we have an example of where a reduction in tolerance produced an increase in revenue but we have no evidence that it had an impact on the outputs. That is the context in which I am asking what the Police department's approach is to some of these measures that are being proposed.

**Mr O'BYRNE** - I don't necessarily accept the premise that the work of the Road Safety Advisory Council is not being driven by data, fact and reality. You are making a reference to a briefing you had with the chair of that council but I can assure you in my dealings with the Road Safety Advisory Council - and for previous ministers and I am sure ministers who will follow me - that organisation works very hard ensuring that any change they propose is defensible by argument and data. The role of Tasmania Police is also to support that process. There will be consultations around certain impacts of certain decisions taken by the Government in a whole range of policy areas, but I don't think it is appropriate that the commissioner makes speculative comments about what may or may not happen in that policy space.

**Mr MULDER** - I wasn't asking for speculative comment, but I will move on. Given the fact that there is a reduction in random breath testing - and this is the question I alluded to earlier on - what does he envisage will be the impacts on road safety outcomes in terms of accidents and detections? Are you anticipating any negative outcomes from reducing the breath testing outputs?

**Mr HINE** - The short answer is no. It is about targeting those where we set up random breath test sites. We can have a very high volume random breath site but not targeting the high

alcohol areas, so therefore we have to get that mix right and have the flexibility to put them out into more rural areas. We will do probably about the same RBTs this financial year as last financial year. We have taken about a 4 per cent cut for next year, but it is a matter of having that flexibility to make sure we can target. We started that database to make sure we are targeting where is the best value to put a random breath test site.

**Mr MULDER** - Thank you, and we look forward to the outcomes after the next 12 months. Is it possible, and I am sure that it is but maybe take it on notice, to provide us with the number of infringement notices, particularly from speed camera operations, where the speeding margin was 15 kilometres or less than the prescribed speed limit? How many people are caught doing 62 kph in a 50 zone and similar things like that? I am actually looking for the low-range speeding figures to see what that constitutes in our data gathering.

**Mr HINE** - We do not have all those figures with us.

**Mr MULDER** - I did not expect you to have them at your fingertips. It will lead me to ask questions about whether the impact of lowering tolerance produces more fines, so does the impact of lowering speed produce even more? The only real reason answer to that is a demonstrated impact upon road safety outcomes.

**Mr HINE** - Obviously you would be aware of the Auditor-General's report where he recommended we do lower tolerances as well.

**Mr MULDER** - I am sure the Auditor-General is not the only person operating on historical assumptions here.

**Ms FORREST** - Having driven around of late when the weather has been pretty foul with fog and rain, people are driving without their headlights on. It is really very dangerous because you cannot see them. Is there any plan to look into that?

**Mr HINE** - Low visibility, someone driving without their headlights on, is a concern, but is it actually against the law? There are certain rules in relation to that. But as a good road safety initiative and message, people should have their headlights on. I think that is an educational process. We need to keep the message out there. We have had some of those really bad days, which you have experienced yourself, where people in fog do not put their lights on.

**Mr O'BYRNE** - It is amazing.

**Mr HINE** - That is something I will certainly raise with the Road Safety Advisory Council and also when we are giving our road safety message because it is a simple act to put your lights on.

**Ms FORREST** - It is not about using extra fuel; that is what gets me.

**Mr HINE** - I totally agree and it is a message that we will constantly put out there.

#### **Output group 4**

#### **Emergency management**

#### **4.1 State emergency management services -**

## UNCORRECTED PROOF ISSUE

**Mrs ARMITAGE** - I noticed there was a slight fluctuation in the budget there. With the saving strategies we actually have at the moment, is there anything else incorporated in that? Are there any great changes occurring within the State Emergency Management Services because of the savings?

**Mr O'BYRNE** - Very little.

**Mrs ARMITAGE** - Very little change. I did not know whether you might have been taking on some extra burden within that department because of other cuts.

**Mr HINE** - Obviously they have been affected by the budget cuts like everyone else, and we constantly work with them to make sure we support the SES. They do an excellent job, as you have seen in the Launceston area just recently with the floods. We are very supportive. Obviously that support only goes as far as the budget, but in the short term there are no major changes.

**Ms FORREST** - Has the work been completed on the west coast upgrades for the SES facilities - or is it going to be?

**Mr O'BYRNE** - It will be, absolutely. When does that start? I do not have a date on that.

**Mr HINE** - We are just working it through with the Fire Service in relation to -

**Ms FORREST** - In Queenstown?

**Mr HINE** - No, it is Zeehan and Rosebery.

**Ms FORREST** - Is there anything happening in Queenstown for that facility?

**Mr HINE** - No.

**Ms FORREST** - No upgrade at all?

**Mr O'BYRNE** - We have a \$200 000 allocation for that to occur.

**Ms FORREST** - For Rosebery and Zeehan?

**Mr O'BYRNE** - Yes.

**Mr HINE** - But not Queenstown.

**Ms FORREST** - We need some new heaters in Queenstown. It is cold in there. So Queenstown will be next?

**Mr HINE** - I cannot guarantee that.

*Laughter.*

## UNCORRECTED PROOF ISSUE

**Mr O'BYRNE** - It was a nice try. You sent in Mr Finch to divert me away and then you put in a budget bid - nice work. It is almost like a strategy.

**Ms FORREST** - It was going to be until someone picked up on it.

**Mr MULDER** - I have a tranche of questions talking about the helicopter - surprise, surprise. I notice in the annual report \$2.5 million but I cannot quite see a separate line item in the budget papers or have I missed something? What is the cost in the year to date in relation to the helicopter and how is it tracking compared to contract?

**Mr O'BYRNE** - The cost is \$3.3 million and that is within budget or thereabouts - I spoke to soon, it is well outside the budget.

**Mr MULDER** - I had given you the figure of \$2.5 million.

**Mr O'BYRNE** - Sorry, I was trying to get to the answer - \$3.3 million

**Mr MULDER** - So we have a severe blow-out. What are the contractual arrangements - what lessons are we learning from this; where is that coming from?

**Mr HINE** - Basically we received additional funding in relation to this financial year for the helicopter.

**Mr MULDER** - As a RAF.

**Mr HINE** - As a RAF, and obviously the rest of it has to be absorbed. There is a tender process out in relation to the re-tendering of the helicopter so we will address that once we know who the successful tenderer is.

**Mr MULDER** - So the existing contract has lapsed?

**Mr HINE** - Yes.

**Mr MULDER** - When did that happen?

**Mr HINE** - It was July last year, but there is renegotiation each month of the contract which we have enforced. And now the tender is out, it has closed and it is up for assessment.

**Mr MULDER** - What is the reason for the delay? I have been led to believe that it is in the order of 18 months since the new tenders were called, not since they closed.

**Mr HINE** - It was about four months ago that the tender was actually advertised.

**Mr MULDER** - Obviously I am being misinformed. But I am also perhaps saying to you that it is very difficult for people to operate when we do not have contracts that are re-let at the time they expire, because people gear themselves and their business models to it. Can you give us a definitive date so that people tendering for these very large contracts can get on with it? The second question is: Do the tender contract negotiations cover things like the Tasmanian Ambulance use of that helicopter; and do we have the potential to try to find some way of managing such a large blow-out in the budget?

[4.45 p.m.]

**Mr HINE** - As I said, the tender evaluations are out at the moment but it is quite clear what it covers. It does cover what we currently do in relation to working with Ambulance when there is a rescue situation for anyone. It continues to be the same. Once we know what the cost of the new contract will be, obviously we go into negotiations with that.

**Mr MULDER** - What component of Ambulance Tasmania is buried in that \$3.3 million and why is that not being carried by Health?

**Mr HINE** - Basically the answer is it is our responsibility. We do carry that. Obviously we need to go into negotiations out of the new contract with Health in relation to that -

**Mr O'BYRNE** - It is a matter for us. It has been considered and discussed at a number of levels about how best we allocate that resource, but at this stage we have not concluded those discussions. In relation to the point you are making, it is non uncommon in certain policy areas for a department to bear the responsibility of a cost. There is a broader responsibility here, and again it depends on the need. The department responds to the need as it occurs. Sometimes you are over budget, sometimes you are under. The government plays a role to allocate it to ensure that those costs are covered. Arguably the Government, whether it is Health or Police, will still pay for it. It is still an allocation from the one source. Ultimately it is still government and where it is paid is a matter for discussion.

**Mr MULDER** - I guess my concern is that when the same question was put to the Chief Executive Officer of Ambulance Tasmania here the other day he said, 'Yes, as part of the arrangement when the helicopter first came on board they made a one-off payment to the police department or an end payment.' It is way underneath it and you can see that it was a very good deal for Ambulance Tasmania. I am not going to produce my own evidence but I am simply going to say that some of those facts I am more than aware of. It seems to me that this is one area where if you expect the department to live within its controls it certainly ought to be in a position to manage the demands on its budget, and I suggest to you, Minister, it is not.

**Mr O'BYRNE** - I do not necessarily disagree with the intent of your point. What I will say is that we dealt with it this way by a RAF so therefore there was assistance given to Tasmania Police in that respect. But there have been discussions about the fair and equitable allocation and responsibility for the use of that piece of infrastructure - pretty important infrastructure for Tasmania.

**Mr MULDER** - Can I also please urge you to get on with the business of appointing a contractor so they can get about retaining staff and investing in equipment.

**Mr O'BYRNE** - Your urging is noted.

**CHAIR** - Thank you. That finishes output group 4.

#### **Capital Investment Program -**

**Mr MULDER** - I have one question that relates to neither the Devonport Police Station nor the Glenorchy Police Station but to the Bellerive Police Station which is not actually listed there. Is there some drama with the building contractor going on there? I drive past there extremely



## UNCORRECTED PROOF ISSUE

frequently and I have noticed an absolute lack of activity in recent times. Could you give me an update as to what is happening with this most important headquarters?

**Mr O'BYRNE** - We were 90 per cent done and Scenport, the company that was contracted to do that work, found itself in financial difficulty so was not able to complete the project. We have since taken over the project management of that and have met with the contractors that were contracted to Scenport and we are working through that to complete it.

**Mr MULDER** - So you are letting new subcontracts?

**Mr O'BYRNE** - We are pretty close. August is probably the date we will finish. It was an unfortunate set of circumstances. We had to delay until we worked out what the legal implications were, what we could and could not do. Obviously a number of subcontractors to Scenport were affected and we wanted to make sure that they were looked after so we took over the project management to finish it off. We are in winter now so we are delayed a bit but we will get there.

**Mr MULDER** - It sounds like that item should have been discussed under emergency rescue operations, Minister.

**Mrs ARMITAGE** - Have we sold any more police houses in the last 12 months or are we planning to sell any more coming up in the next 12 months?

**Mr O'BYRNE** - Yes, there is a rationalisation. There are some facilities which are being identified as non-essential that we are selling, and we use the money from that to progressively upgrade a number of houses.

**Mrs ARMITAGE** - Could I get a list of where they are, because that might tie in with a question that Ruth asked earlier to do with your regional police stations. Sometimes when the house is sold, all of a sudden the officer goes.

**Mr O'BYRNE** - We are building new ones. I think we are building one down at Nubeena at the moment. Arguably we are getting rid of the urban ones so that we can make sure those officers in regional areas have appropriate accommodation. It is more pushing out into the regions as opposed to bringing in.

**Mrs ARMITAGE** - Very good, Minister.

**Mr O'BYRNE** - Thank you. It took a long time to get to that - all day.

**Mrs ARMITAGE** - So we are not actually losing any in certain areas such as the northern suburbs and not replacing them or any of those sorts of areas?

**Mr HINE** - We do have a list of police residences that we are looking at. The major philosophy is that, if there is a rental market in an area and we do not need that residence, we will dispose of that residence and that money will go back into investing in those areas where we must keep police houses. Whilst we have a list, there are still some people on that list in those houses. So we enter discussions with them, and some we do not have permission from Treasury to sell as well. We do have a very short list of the ones we have sold and the ones that are under

consideration, we do not have permission from Treasury as yet to sell them and put the money back in.

**Mrs ARMITAGE** - That is fine, thank you.

**CHAIR** - Thank you very much. As my learned colleague the minister said before, he welcomed the wallopers and now it is off with the old bill.

*Laughter.*

**DIVISION 24**

(State Fire Commission)

**CHAIR** - Any questions to the Fire Service.

**Mr MULDER** - The other day I asked this question and was told, once again, I was in the wrong place but now I am in the right place, apparently. We noticed a \$1 million drop in the support to the Tasmania Fire Service. Has that shortfall been taken up somewhere or, if not, what is not happening now that would have happened with that \$1 million?

**Mr O'BYRNE** - Yes, there is a drop in the State Government contribution that in the 2011-12 year can be accommodated within the Tasmania Fire Service's budget. In the short term there are a number of savings that hopefully will be achieved by the department in this 12 months which will ensure that within that first 12 months they will be able to accommodate that drop. Predominantly, the funding comes from the State fire service levy. There is a State Government contribution and that State Government contribution in the 2011-12 year, as you have said, has dropped. Within the 2011-12 year we can accommodate that. There are some savings clearly in the forward Estimates so beyond this financial year coming there will be some challenges which we will need to sit down with the Fire Service to work through.

**Mr MULDER** - You are drawing a distinction between a contribution from the Consolidated Revenue Fund and the fire service levy that is collected through the council rates?

**Mr O'BYRNE** - Yes.

**Mr MULDER** - I want some assurance that this cost will not be shifted back out to the ratepayers through an increased fire service levy in years to come.

**Mr O'BYRNE** - There is no plan to increase that levy unless there is a discussion around a CPI increase.

**Mr GALLAGHER** - As far as the forward Estimates go, the Fire Service contribution has been capped at 3 per cent. So as far as the \$1 million is concerned we will make that up by savings in salaries and operating costs. There are four FTE positions we are looking to either hold vacant or not fill next year. That will continue in future years. Our projected surplus last year in our forward Estimates of about \$100 000 will now run to a deficit of about \$700 000 next year. We are predicting about \$8 million in the bank. A good proportion of that is carryover of capital funds but there is certainly flexibility in the commissioner's budget next year to absorb these cuts.

**Mr MULDER** - So we are running the Fire Commission as a deficit?

**Mr GALLAGHER** - Yes, it will be.

**Mr O'BYRNE** - An operational deficit but they have money and resources at hand to cover that in the short-term. We have an agreement with the United Firefighters Union for staffing levels and that will be honoured. We will make sure that we commit to those levels as agreed. There is a whole lot of work occurring in the community with volunteers and supporting them; that will still continue. In the first year it will be covered with the money that they are already holding from accumulated resources over the years, but obviously the more you go into those the more pressure you put on the service. So we acknowledge in the out years there may be some harder decisions that we will need to make but in the next 12 months we are pretty confident that there will be minimal impact but not too significant.

**Mr MULDER** - I am not filled with confidence but my concern is that we are taking \$1 million out of consolidated revenue and it eventually gets loaded back on to the community through other charges but I guess you are in a position where you cannot rule that out.

**Mr O'BYRNE** - Yes.

**Mrs ARMITAGE** - Obviously the strategy with the savings is going to have some impact on Tas Fire, so by how much are you cutting your recruits this year? I know you have just gone through an exhaustive process in the last few months of advertising for recruits. Are they being taken in or will they, a bit like the police, not be proceeding? What will be happening there?

**Mr O'BYRNE** - It takes about a nine-month period from go to whoa from advertising to recruiting a career firefighter.

**Mrs ARMITAGE** - You have just done one lot.

**Mr O'BYRNE** - No we did not commence them. It was the police who commenced the process and stopped halfway through.

**Mr BROWN** - We commenced the selection process.

**Mr O'BYRNE** - But we did not really commence the training.

**Mrs ARMITAGE** - You got to a very short list.

**Mr O'BYRNE** - There is a low level of turnover in the service and career of firefighters so we have minimum staffing levels and we will honour those. If at any time the commission is of the view that if we do not induct a new training course and bring some new trainees in then it will impact on that agreement with the Firefighters Union then we will schedule that. So it is the same answer, I suppose, but we have less flexibility -

**Mrs ARMITAGE** - Probably not quite what I am asking. I have heard in the past that you have had a group that has been, not into the training sessions but through the recruitment session and through the variety of different levels - to interviews, to medicals and so on. That particular group that you have there who were ready to come in, are they being cut? Are they proceeding to the next session or are they going to be held in abeyance? If so, and it then comes that you have

funds to continue, will they come back in? What is actually happening to the group that has gone through to your final level? I do not know whether it is six people or eight people.

**Mr BROWN** - Thanks for the question. Typically we might employ a recruit course once every two years. I do not know whether it is necessarily a typical but there would be a course of 12 people once every two years. This year or late last year we made a decision to recruit and advertise in January. The selection process, as the minister explained, is very long. There is a lot of preselection from the applications and there is a variety of test schedules the applicants go through. It got to interview in April and it was at that time we started to be told of the impending cuts to budget, so we think we took the responsible decision of saying that just needs to be on hold for the time being.

[5.00 p.m.]

The applicants were short-listed through to the interview stage - I think 40-odd were interviewed - but all those applicants were told at that point in time that the recruit course is on hold for the moment and there are no guarantees of employment in the short- to medium-term future. The applicants were told that at interview. They were written to at that time following the interview. They were written to again yesterday just explaining that the budget has been passed down and we are still on hold because we need to review a number of things, including some structural arrangements in the organisation. We hope we can make a decision over the next four weeks or so about what we are recruiting. It is quite likely to be, because of the financial situation, a cutback course in terms of numbers.

**Mrs ARMITAGE** - But you think you will recruit some.

**Mr BROWN** - It really depends on where we get to with the decisions about the structure. At the moment I cannot give any guarantees.

**Mrs ARMITAGE** - It is just that with essential services such as police and fire you would need some continuity.

**Mr O'BYRNE** - Yes absolutely. How many applicants can you get when you advertise?

**Mr BROWN** - Close to 500.

**Mr O'BYRNE** - I have known people who have got through the interview stage and they get through right to the last point and unfortunately do not meet certain criteria, so there is a whole range of things that they need to step through. Fortunately we caught them at the interview stage so they did not get to the next phase, but that is what we are dealing with.

## **DIVISION 6**

(Department of Justice)

### **Output group 11**

#### **Workplace Services**

**Mr WILKINSON** - In relation to details on the impact of the savings strategies on the Workplace Relations portfolio what is happening?

**Mr O'BYRNE** - We will be looking at a number of measures to work through with this. Obviously we are an important but small part of the overall Department of Justice. The three areas we are looking include some administrative savings associated with the support services and lease costs to the Tasmanian Industrial Commission. As you would be aware, we have transferred all of our private-sector matters to Fair Work Australia. The facilities we have at the Federal Law Courts are not getting the use they once received so we are rationalising some of our accommodation and moving the Tasmanian Industrial Commission - a president, two commissioners and some staff - into another government building where we can make some savings on leases. Also given the drop in workload, we will be having more shared administrative resources with the Tasmanian Industrial Commission.

**Mr WILKINSON** - Can you touch a bit on the drop in workload and tell me how big that drop is?

**Mr O'BYRNE** - I can get you the figures; I don't have them at the moment but it has been a significant drop and the predominant work of the Industrial Commission now is mainly with the State public sector. As part of the budget announcements, the Premier announced a review of the roles of the Tasmanian Industrial Commission and also the State Service Commissioner. Arguably there is a bit of overlap in terms of the work they are required to do or being asked to do by workers within the public sector so with the agreement of the State Service Commissioner we will be looking at their roles and functions to see if there can be efficiencies made instead of having potentially two forums for them to seek justice for an issue they feel concerned about. That may require some legislative change but we want to have a look at the roles and functions of those two organisations.

**Mr WILKINSON** - Who is conducting the review?

**Mr O'BYRNE** - It is yet to be decided. It was announced a fortnight ago that it will occur. We are pulling together the terms of reference for that review and the process of communication and allowing people an opportunity to have a say through that process. It will mostly likely be an external consultant.

**Mr WILKINSON** - Is there a time frame for it?

**Mr O'BYRNE** - The next six months.

**Mr WILKINSON** - So the report will be out in six months' time?

**Mr O'BYRNE** - Hopefully we will get a report by Christmas in terms of some options and then the Government and Cabinet will need to consider it because they will most likely have a legislative response as well.

**Mr WILKINSON** - Can you go into what options there are and what type of change in roles there might be?

**Mr O'BYRNE** - It is a bit speculative but not being too definitive, I think there is a lot of sense in amalgamating the State Service Commissioner role within the Tasmanian Industrial Commission. I think it is important for those workers who are still covered by the State industrial relations system that they have a forum where they can seek justice if they are aggrieved, and also for the employer to refer matters because it is not just arbitration, it is conciliation as well. In a

## UNCORRECTED PROOF ISSUE

number of industrial disputes in the public sector the commission has played a conciliatory role to bring the parties together to resolve such disputes.

**Mr WILKINSON** - Are the commissioners on contract?

**Mr O'BYRNE** - Yes, they are on contract. The president, Pat Leary, finishes her period in February next year. Commissioner McAlpine has been appointed until this time next year and Commissioner Abey is appointed until December 2013. We do have some flexibility in terms of their roles.

**Mr WILKINSON** - In relation to the savings you are hoping to achieve, what is that going to amount to?

**Mr O'BYRNE** - A few million dollars. Can we itemise the amount purely for the TIC?

**Mr STEVENS** - The Tasmanian Industrial Commission is \$359 000.

**Mr WILKINSON** - And you were talking about support staff -

**Mr O'BYRNE** -The associates.

**Mr WILKINSON** - You said savings were to be made there. Are you able to give numbers in relation to support staff that may be made redundant or used in other areas?

**Mr STEVENS** - We are looking at simply running support staff for both the State Service Commissioner and the Tasmanian Industrial Commission, so we will work towards that over the 12 months. It will be on a voluntary basis.

**Mr WILKINSON** - So there is going to be a vacancy control with that or people who wish to - as you say - voluntarily move to another area or retire.

**Mr O'BYRNE** - Yes.

**Mr WILKINSON** - Is the workforce in that division an ageing one? I say that because we have been here for four days and we have been talking about this renewal. It is -

**Ms HUTTON** - Getting rid of the old fellows.

**Mr O'BYRNE** - Well, yes, the secretary makes the point that the entire State Service is ageing, and that is -

**Mr WILKINSON** - We are doing it day by day, minute by minute, second by second!

**Mr O'BYRNE** - Yes, but age shall not weary us here, of course. It is the baby boomer impact on the workforce, especially in one with low levels of turnover.

**Mr WILKINSON** - Unions Tasmania and the Worker Assist initiative, can you provide some details as to what the \$100 000 for Unions Tas will be utilised for?

**Mr O'BYRNE** - It is a pilot program and the service is intended to provide a confidential, comprehensive assistance program for Tasmanian workers who have been injured in the course of their employment. It is really designed to be a one-stop shop where our injured workers can access information about compensation, rehabilitation, and return-to-work services. In recent years we have reformed our workers comp system in several ways to ensure people injured at work are not disadvantaged. The reforms introduced in 2010 have ensured that workers get fairer compensation and are also better supported.

**Mr WILKINSON** - Yes, that is all in overview.

**Mr HARRISS** - Did the Worker Assist initiative go to tender, because unions are not the only organisations which have some speciality in workers compensation claims or assistance?

**Mr O'BYRNE** - No, a proposal was put forward by Unions Tasmania for a lot more money than we have allocated. It is not unusual in certain areas of policy; for example, the Tasmanian Chamber of Commerce receives money from Economic Development and other sources. For the asbestos education program we allocated money to the Tasmanian Chamber of Commerce and Industry, Unions Tasmania and Asbestos-Free Tasmania to undertake a role in education. I think we acknowledge that peak organisations, as recognised by their members and within the community, have a unique position within that sector, so there was a proposal put forward for a fair bit more money than that for a longer period of time and we saw fit to allocate that amount of money as a pilot to see if it was successful. If it is not successful we will not continue it.

## **9.1 Services of the Tasmanian Industrial Commission -**

**Mr WILKINSON** - The figures are coming, I understand, in relation to matters that are going through the commission.

**Mr O'BYRNE** - Yes, we have to get some other information on it. What we might do is tender that to the committee tomorrow.

## **9.2 Workers Rehabilitation and Compensation Tribunal decisions -**

**Mr WILKINSON** - How many matters have actually gone to hearing and the workers comp tribunal, and how many matters are settled prior to hearing?

**Mr O'BYRNE** - A total of 23 matters have gone to hearing. We will have to get that other information to you, so I will take that on notice - my apologies.

## **9.3 Industrial Relations Policy and Advocacy services -**

**Mr WILKINSON** - In relation to this service we can see a drop

**Mr WILKINSON** - In relation to industrial relations policy and the advocacy service we can see a drop of around about \$100 000 - exactly \$100 000 - and the comment for that under the footnote is that it reflects a reduction in the level of resources required to deliver these services.

**Mr O'BYRNE** - Yes, that team within the department has been asked to do a smaller amount of work because of the transfer of the responsibility to Fair Work Australia. So the role of that team would be to provide assistance to the State Government in matters when we go to the

National Workplace Relations Ministers Council on matters of industrial relations. We seek advice from the department to do that.

**Mr WILKINSON** - You talk about a team, how many are in the team?

**Mr O'BYRNE** - A team of one.

*Laughter.*

**Mr O'BYRNE** - He is very capable and apparently he is a former fast bowler.

**Mr WILKINSON** - He was wanting me to press these questions to you and say that there should have been a marked increase as opposed to the decrease of \$100 000.

**Mr O'BYRNE** - Is that right? I will take that on record so that is excellent.

*Laughter.*

**Mr WILKINSON** - Buy a new pair of boots, that is what he wants, I think.

### **11.1 Workplace standards -**

**Mr HARRISS** - Minister, would you provide us with some information - not now, I suggest tabling? I would like to understand the details of the various areas of licensing registration accreditation undertaken in the office under this output. In addition to that, I would like to know the fee structures which apply to each. So for people who have trades that have to be registered - what sort of fees are they paying for that process of registering?

**Mr O'BYRNE** - To clarify this, you want the different forms of licenses and regulation -

**Mr HARRISS** - The license registration accreditation.

**Mr O'BYRNE** - License registration accreditation, the amount we have and the cost for each.

**Mr HARRISS** - Yes, which segments.

**Mr O'BYRNE** - Yes, we can undertake to do that because obviously there has been a debate about plumbers' licences, which is still unresolved.

**Mr HARRISS** - I would also like the current balance in the building levy and a breakdown of the expenditure of funds from that levy.

**Mr O'BYRNE** - The carryover figure for the end of this financial year is expected to be \$1.6 million. Was the other question what do we spend it on?

**Mr HARRISS** - Yes, the expenditure of the funds.

**Mr O'BYRNE** - I do not have a breakdown. The funds, overall, are used to administer the act through the establishment of the Building Control Branch of Workplace Standards, so it is



## UNCORRECTED PROOF ISSUE

administrative. Further advice concerning the fund is provided by the Building Regulation Advisory Committee which is established under the act so there is a cost there.

The Building Regulation Advisory Committee's function is to advise the minister in the administration of the act, provide advice to the minister regarding proposed regulations under the act, investigate and report to the minister on matters relating to building and plumbing, provide advice on the building administration fund and advise the minister in relation to the scheme for the accreditation of building practitioners.

So there are costs associated with that committee in terms of sitting fees and also travel and other associated costs. For the year to 30 June 2010 the income into the fund totalled \$1.6 million and expenditure totalled \$1.2 million. The balance of the fund at that date was \$1.9 million but the carry over is \$1.6 million so there is a whole range of functions there.

I do not actually have a break-up here with me of all of their expenditure but I can undertake to get that for you.

**Mr HARRISS** - Thank you. In addition to that, you have just mentioned the Building Regulations Advisory Committee and that there are sitting fees associated with it - if we could have provided to us at a later time the costs of -

**Mr O'BYRNE** - It is \$5 000 per annum.

**Mr HARRISS** - \$5 000 per annum are the sitting fees for the BRAC?

**Mr O'BYRNE** - Yes.

**Mr HARRISS** - Does that include travel?

**Mr O'BYRNE** - No.

**Mr HARRISS** - That is just for your fees?

**Mr O'BYRNE** - Not all of the members have to travel; some of them are based in the south.

**Mr HARRISS** - Do you have a breakdown of that, please?

**Mr O'BYRNE** - I can get you that.

**Mr HARRISS** - Thank you. I am aware of the Building Construction Industry Training Board and you have indicated that the BRAC provides advice to you as minister on a range of issues. What other committees operate out of this office? We have asked for licensing details, registration and accreditation, so what other industries operate out of the office or support for industries?

**Mr O'BYRNE** - In terms of building control?

**Mr HARRISS** - Anything. You mentioned the Building Regulation Advisory Committee.

**Mr O'BYRNE** - Within Workplace Standards?

**Mr HARRISS** - Yes, whether there are other committees. Focus on building control for a moment and then you might give us some advice as to whether there are others.

**Mr ORMEROD** - There is an informal group, the Building Reference Group, that meets as required. They do not pay sitting fees. They give advice to the Director of Building Control on issues arising from their area of expertise. They are from areas like building associations, fire safety, local government. There are about 10 or so and I can get the actual membership for you. It is an informal group. It is not set up by legislation; it is there to give policy advice to the Director of Building Control. That is the only other group that is formed with advisers in that area.

**Mr HARRISS** - Clearly you can see the logical question as to potential for duplication. We will get that information and make some judgments about that, I guess.

Moving away from that committee side, how many major workplace injuries or fatalities in 2010-11? Any planned changes to the workers compensation scheme?

**Mr O'BYRNE** - We went through a raft of changes last year, so at this stage none is foreshadowed.

In terms of work-related fatalities, in 2008 we had 7 fatalities; 2009 was a particularly terrible year with 15, which was the highest for many years; last year in 2010 we had 7. I do not have a year-to-date figure in front of me but obviously at the end of the reporting period we will let you know.

**CHAIR** - Thank you. Grants and subsidies, unless there were any other questions you wanted to ask.

**Ms FORREST** - On the rates of serious injury, page 7.27, there are no numbers for 2009-10. I just wondered why. One of the issues in the mining industry is lack of consistency of definition of what constitutes a serious injury. Have we made any progress in that area?

**Mr O'BYRNE** - We have.

**Mr ORMEROD** - National workplace safety authorities have been looking at definitions around serious injuries. There has not been any set definition yet, but there is one that is commonly recorded - more than five days lost through injury. It is commonly used, but the degree of injury and how it is measured does vary from State to State.

**Ms FORREST** - Still does?

**Mr ORMEROD** - Yes.

**Ms FORREST** - So it is a bit hard to compare with other States.

**Mr ORMEROD** - Very hard to compare.

**Ms FORREST** - Why the lack of numbers in 2009-10?

## UNCORRECTED PROOF ISSUE

**Mr ORMEROD** - They just haven't been calculated.

**CHAIR** - Thank you very much and thank you very much to your staff and advisers.

**The committee adjourned at 5.25 p.m.**