

UNCORRECTED PROOF ISSUE

Monday 5 June 2017 - Estimates Committee A (Groom)

LEGISLATIVE COUNCIL

ESTIMATES COMMITTEE A

Monday 5 June 2017

MEMBERS

Mr Armstrong
Mr Farrell
Ms Forrest (Deputy Chair)
Mr Gaffney
Mr Hall (Chair)
Mr Valentine

IN ATTENDANCE

Hon. Matthew Groom MP, Minister for State Growth, Minister for Energy, Minister for Environment, Parks and Heritage, Acting Attorney-General and Justice

Ministerial Staff

Sean Terry, Chief of Staff
Colin Shepard, Senior Adviser (attending DPIPW)
Anthony Reid, Adviser (attending DPIPW)
Adam Foster, Adviser (attending State Growth)
Mike Connarty, Adviser (attending Energy)
Rowena Gilbertson, Senior Adviser (attending Justice)
Tim Mills, Adviser (attending Justice)

Department of State Growth

Kim Evans, Secretary
John Perry, Coordinator General
Bob Rutherford, Deputy Secretary, Industry and Business Development
Amanda Russell, Deputy Secretary, Business Services
Sue Morrison, A/g General Manager, Industry Strategy, Planning and Coordination
Peta Sugden, A/g Director Investment Attraction, Office of the Coordinator-General
Mark Bowles, General Manager Client Services
Erin Buttermore, A/g Executive Director Trade & International Relations
Lesley French, A/g General Manager Workforce Development & Training

Stuart Hollingsworth, Director Policy & Programs - Workforce Development Systems

Department of Primary Industries, Parks, Water and Environment

John Whittington, Secretary

Tim Baker, Deputy Secretary

Adrian Pearce, Manager Finance

Jason Jacobi, Deputy Secretary, Parks and Wildlife

Wes Ford, Director, EPA

Louise Wilson, General Manager, Natural and Cultural Heritage

Climate Change

Sophie Muller, Director, Tasmanian Climate Change Office

Department of Justice

Simon Overland, Secretary

Nick Evans, Deputy Secretary

Kerrie Crowder, Acting Deputy Secretary

Stephen Morrison, Director Finance

Julia Hickey, Manager, Office of the Secretary

Jennifer Lee, Director Communications and Executive Support

Emma Gunn, Principal Policy Officer, Strategic Legislation and Planning

Wayne Johnson, Director, Monetary Penalties Enforcement Service

Penelope Ikedife, Administrator of Courts, Magistrates Court of Tasmania

Pamela Honan, General Manager, Magistrates Court of Tasmania

Jim Connolly, Registrar, Supreme Court of Tasmania

Donna Spong, Registrar, Guardianship and Administration Board

Vanessa Fenton, Registrar, Mental Health Tribunal

Sarah Bolt, Anti-Discrimination Commissioner, Equal Opportunity Tasmania

Andrew Hawkey, Electoral Commissioner, Tasmanian Electoral Commission

Graham Hill, Director, Legal Aid Commission of Tasmania

Kim Barker, Public Guardian, The Public Guardian

Ann Owen, Manager, Births, Deaths and Marriages

Catherine Edwards, Manager, Victims Support Services

Jarrold Bryan, Project Officer, Single Tribunal

Michael Varney, Director, Crown Law

Dale Webster, Manager, Consumer, Building and Occupational Services

Michael Easton, Acting CEO Integrity Commission

Richard Connock, Ombudsman

The Committee met at 9.01 a.m.

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CHAIR - Good morning, everybody, and we are on air and welcome, minister, to these hearings and we have just discussed which way we are dealing with the outputs and everything else. For the purposes of Hansard, could you please introduce your people at the table?

Mr GROOM - Yes, I appear with Kim Evans and Bob Rutherford on behalf of the department.

CHAIR - Yes. Thank you very much. All right, so we will move straight into State Growth, and I will invite you, if you would, if you would like to give an overview of - thank you.

Mr GROOM - Yes, I would appreciate that, Chair.

So thank you very much. It is a pleasure to be here and have the opportunity to discuss the budget with respect to the portfolio of State Growth. Just in terms of some brief, broad overview comments, obviously the economy continues to be positive and I think it's fair to say more positive than it was in past years, and we're continuing to see growth. Business confidence continues to be up, amongst the highest in the country. Employment trends are generally positive with the unemployment rate currently at 5.8 per cent which is equal to the national average, and equal second of all the states.

Importantly tourism has been very positive for the economy, contributing significantly with growth around 8 per cent per annum over the last five years. Manufacturing has been mixed, but there have been some high spots and I would like to note in particular the fantastic outcome that we're seeing with Incat as an example of that and now employing around 500 people. There are ambitions for that employment number to increase further again, and some have suggested as high as 750 in the short to medium term, obviously off the back of some significant contract outcomes, and I've been very pleased with the state Government's partnership approach with Incat as we do with many businesses around the state.

A significant element in terms of our economy has been our population growth which, of course, is increasing, supported by increase in overseas migration, but very importantly we've seen a return to positive interstate migration, a combination of relative affordability, labour market growth and general confidence in the Tasmanian economy, and certainly the projections are that that population growth will continue in the medium term.

Private investment levels are still recovering. Housing investment, which had fallen off a little bit, is expected to pick up again, and so I think that is a significant contributor to a more positive outlook for private investment going forward, and of course there are a number of very significant investments currently under way including the Myer redevelopment; the MACq 01 Hotel, of course, which opened very recently; Parliament Square; The Hedberg Development; other hotel developments in the south; and CH Smith Development and the Silo redevelopment in the north; and manufacturing related investments in the north and north-west.

Now, we do recognise, of course, that there's more to be done, and that's why we have placed a very heavy emphasis in the budget on supporting further opportunities for growth in the economy and job creation in particular, and there are a number of important policy initiatives that are in that category. I obviously won't go through all of them because it would take too long, but some of the more significant ones from my perspective would include the \$17.1 million payroll tax relief for businesses employing apprentices; \$11 million in additional support for tourism and marketing.

Again, it's very important because of the significant impact tourism has had for regional employment, in particular, and I hope we get the opportunity to have a brief chat about that because there are some great examples of it, Blue Derby Project, and the boom that we've seen from mountain biking up at Derby; and then also the phenomenal impact that Three Capes Track has had for the Tasman Peninsula, just to name two; the \$10.4 million continuation of the First Home Builder Assistance; again \$8 million for tourism, infrastructure and parks. This is an extension of the previous commitment that we'd made; \$7.3 million for the extension of the Accelerated Local Government Capital Program, again we've seen a very positive response from local government, and it's helped stimulate investment, bring investment forward which has been important. \$4.1 million for the Jobs Action Plan; \$3.2 million to support Drysdale Centre of Excellence; \$2 million in support of the growth plan for the forestry industry; and \$10 million in grants for small business employing new apprentices.

And also I'd like to mention the \$3 million global education strategy, again a very important one for promoting Tasmania's brand leveraging off a growth opportunity, and also being important from the population perspective, and then in addition to that we have the additional \$1.5 million for the population strategy itself; and the last one I want to mention, and I know John will want to talk about it, is the \$900 000 for the start-up Accelerator Program. This has been a strong initiative of John's to help stimulate activity and start-ups, and there have been a number of initiatives that he has championed in that space. It's a really exciting opportunity for young and emerging businesses in Tasmania. So that would be my opening comments.

CHAIR - All right. Thank you very much, minister, appreciate that. I have a couple of quick overview questions and if we have a go around the table if we've got some of those, and then we'll head straight into first output, which is Coordinator-General. But one I have, and we have talked about the economy in general and I accept that. One thing that I have always mentioned, I think, in budget replies, or the last couple of years, and it's always been talked about a little bit about that two-speed economy and how much better, good luck to the southern part of the state, and they have got the centralisation of the bureaucratic system down here and everything else.

Isn't it high time that the Government makes some serious attempt to decentralise some of those services outside. Of course, we are the most decentralised state in Australia, you could argue. We are not like a Melbourne city, Melbourne, Victoria, New South Wales, sort of one big capital state. More than half the population still lives outside Hobart, so from where I sit, coming down to Hobart, and having been engaged in private enterprise all my life, I do see really a marked difference between attitudes and the way things work down here than what they do. I see a lot of people in my electorate say, okay, that's our choice, but in rural electorates and regional electorates, we are behind the eight ball to quite a degree.

So, there's still some opportunities, as they've done in New South Wales, Victoria and other places, to give some impetus, for example, to put people in Launceston so that there are some opportunities to try to give some quality to the state as it is. Otherwise we might have to secede to Victoria!

Mr GROOM - We're obviously very aware of the issue, and the Government has gone out of its way to pursue policies that can help stimulate economic activity right around the state. We have previously promoted the Northern Economic Stimulus Package. We've been very supportive of the re-investment at the university into Launceston, for example, and university investments upon the north-west coast. We have been very keen to pursue a number of policies that can help stimulate economic activity and therefore job creation in regional parts in particular, so that Capital

Accelerator Program for the Local Government spend was an example of that, deliberately focused on the north and designed to stimulate activity in some of the regions that hadn't enjoyed the full extent of the economic growth that we've seen in the south.

Tourism has been very important in this regard. Again I mentioned some of the nature-based tourism experiences that we've seen emerge in Tasmania off the back of Government policies which have made a huge difference. I would cite Derby as one of the most extraordinary examples of that. Anyone who has been up to Derby more recently, and compared that to only a few years ago, would see really the renaissance of economic activity in that part of the state, and it's a great credit to a lot of people who have taken risks in establishing businesses. I mentioned the Blue Derby Pod Ride as an example of that - two young Tasmanians that have had a crack, and the feedback we've had from that project has been quite positive. We've seen it also down the Tasman Peninsula off the back of the Three Capes Track; the last three or four times I've been down to the Tasman Peninsula, the feedback we get from local businesses is really quite extraordinary.

So these are all policies that we have pursued to spread economic opportunity, but you're right when it comes to Government investment directly. There are opportunities for us to look for ways to decentralise, and we continue to be open to identify those opportunities. Obviously the Office of the Coordinator-General was an example of it, and there have been others where we've taken the decision, and MRT obviously up in Burnie.

CHAIR - That hasn't been a raging success, has it?

Ms FORREST - Not entirely successful.

Mr GROOM - There might be different views on that, but the Government has had an intent to look for opportunities to create additional direct employment through Government in different parts. We're very focused on doing all we can to help support economic opportunity right around Tasmania.

CHAIR - There was an article recently, I think from Sean Ford, the journalist in *The Advocate* which pointed out the number of - 120-odd - very highly paid senior Government executives in the south of the state, in Hobart, but only three in the whole northern part of the state. So there's obviously a big inequity there.

Anecdotally I hear, even out of your own department, that young engineers, for example, have said, 'Look, if you want to keep your job, you've got to come south'. So, there's been quite a bit of that shifting, that transition to the southern part of, to Hobart. That's a bit concerning for some people. I need to get a few more figures on that, but anecdotally that's what I'm hearing.

Mr GROOM - Yes, a lot of the stats are very historical in the way Government emerged, I guess, in Tasmania. Certainly from the Government's perspective we want to look for opportunities to provide employment potential in different parts of the state, right around the state, so we're certainly open to those opportunities, yes.

CHAIR - I just hope the Government does take some note of that and starts to do something. They've been talking about it for some time, from where I sit anyway.

Another overview question I had, minister, was in regard to how grants are dispensed. You have heard me on this before, and for growth, and particularly in election years, might I say, and

it's something that all governments do, and I put it in inverted commas, a 'pork barrel' round some of those. You may not agree with that but it does happen. The problem is that it does, in my view distort the market. When you do that, you might satisfy one person and upset about 10 or 20 others. Often the people who are able to put grant applications in have them done - are probably sometimes larger corporations who have unlimited access to finance and banking facilities anyway and still get the largesse of the taxpayer, and they are able to, in fact, put in grant applications which are put in by professional people, and that certainly helps. So the question is, that does create quite a lot of angst in -

Mr GROOM - I should acknowledge John Perry joining the table.

CHAIR - The Coordinator-General, thank you. - within the community. What I'm suggesting is, and it's been suggested by, not just, of course agriculture, but small business per se is that perhaps it's much better to go down a HECS-type system, where the money is then valued, and it might be some industries or businesses take a long time to draw a payback period, therefore there's an opportunity to be able to lend them money. But they have to pay back the principal which then goes back into a revolving fund so it's not lost to the taxpayer base forever. With some of those grants, I think it's perhaps been demonstrated that there is very little in the way of auditing.

Ms FORREST - That's a long question, Mr Chairman. What's the question?

CHAIR - This is the one I was going to prune.

Ms FORREST - Well, you haven't done a very good job.

CHAIR - Now, I've finished.

Mr GROOM - We've had this conversation before and I certainly understand where you're coming from. I will make the point that not all government support is through direct grants, so there are some arrangements that involve either loans or other support, other forms of support. My approach and the Government's approach more broadly is that you have to be careful about being too absolutist when it comes to these issues. There have been some great examples in Tasmania. There's been some targeted support for individual opportunities that have really, I think, made a significant difference, and certainly there's the potential for some of the decisions that the Tasmanian Government has made in that regard that would fall into that category that have made a very positive difference for Tasmania and will into the future.

So we try to strike a balance when it comes to these issues, but from our perspective we want to make sure that we're using taxpayers' funds wisely. That's why we typically look at these types of arrangements through the TD Board, get the advice and expertise of that particular board to make sure that we're making sensible and prudent decisions.

CHAIR - Now, I've finished my long-winded question and been brought to heel by the committee, I'll pass along to Mr Armstrong who has an overview question.

Mr ARMSTRONG - You touched on MRT moving to Burnie. What sort of staff numbers actually went? How many resigned from their positions that didn't want to go to -

Mr GROOM - I might hand over to Kim on that if that's okay.

Mr EVANS - Yes, we've got a program of moving MRT to the north. Minister Barnett has a lot more detail, but I can give you a bit of a snapshot. Early on we took the decision to keep the core library in the south of the state. It would have been totally unviable to have moved the core library, and so the fundamental position around the relocation is that the core library stays in Hobart, and those staff who rely on the core library for their day-to-day work stay with the core library, and all other functions move to Burnie.

So in practice, what's that meant, we have had a couple of staff, I understand, voluntarily relocate, and every time we get a vacancy emerge, those new positions are in the north, and so progressively we have started to expand in the north-west and contract in the south, but even at the end point, which is scheduled to be early next year, we won't have all of the staff in the north-west because it doesn't make any sense to move the core library and it would create inefficiencies in the provision of support and services to the industry to do so.

We have worked very closely with Mineral Council in the plans to relocate. They agree with the plan that we have in place. I can find you the details about the precise numbers, but they are in minister Barnett's briefing pack, and I'd have to go on-line to find those.

Mr GROOM - Yes, we can follow that up.

Mr ARMSTRONG - I was just curious how many staff actually resigned and didn't move.

Mr GROOM - Yes, I might make the point because we'll probably get there anyway just in the context of the Coordinator General itself. I mean, at the moment there are eight positions that are based in Launceston, five in Hobart, one -

Ms FORREST - In relation to what?

Mr GROOM - This is the Office of the Coordinator-General.

Ms FORREST - Right, okay.

Mr GROOM - One in Shanghai.

CHAIR - We will move to the Coordinator-General in a moment if you like which -

Ms FORREST - There's still more overview questions.

Mr GROOM - Sorry, I was just going to add to the relocation point. If you want me to do it later, Chairman?

CHAIR - Yes, we'll do it the next output. Yes, all right, thank you. Any more overview questions at all?

Ms FORREST - Yes, and again, this might be minister Barnett's area, but it's in this whole section, and we have a bit of a muddle of Ministers in State Growth obviously. The Copper Mines of Tasmania -

Mr GROOM - Strongly support it.

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Ms FORREST - Strongly support it?

Mr GROOM - Yes.

Ms FORREST -Yes. The giving, the additional funding of \$9.5 million over two years is a lot of taxpayers' money.

Mr GROOM - Sorry, which one? This is Copper Mines?

Ms FORREST - This is Copper Mines, yes, and this is to assist them to undertake capital projects to make ensure work commences with the reopening. My question relating to this, and if it's wrong placed with you then I can refer it to Committee B, but as I understand, I've had regular contact with the mine. The mineral price still varies. Their reopening is dependent on a number of factors, one being the mineral price. Is this money going to be spent regardless of whether they get it up or not? It does say it will help them restart, but as I understand, there is no guarantee at this stage. There's lots of hope and there's been lots of hope for a long time, minister, that it's going to get up. It's going to recommence, to my concern is, we could spend \$9.5 million on a project that doesn't go ahead.

Mr GROOM - I understand where you're coming from. As you'll appreciate, this is a very important project, not just for the west coast actually, but for Tasmania, and there are significant costs that CMT is undertaking in order to maintain the viability at the mine. As you have alluded to, they haven't quite reached a point yet where the commodity price and support the reopening, but it is important that they're undertaking certain works, as I understand that, to be in a position to be able to take advantage of that opportunity should the commodity price reach the point that can justify the reopening. So we've had extensive conversations with the company over an extended period of time to make sure that we're doing everything we can as a Government to maximise the prospect of that happening.

There was an earlier package that was put together which is premised on the mine reopening, but this particular package was about ensuring that certain works can be done. In committing the \$9.5 million, it will, in effect, commit CMT to a significant spend - I don't have those figures; Kim might be able to get them for you - but it's in the tens of millions that we're talking about, but the \$9.5 million involves a number of things which are considered to be essential pre-conditions to the reopening. So \$4.5 million for repair and preparation of the decline tunnel used by trucks to bring ore to the surface; \$1.5 million to repair the North Lyell tunnel which is currently blocked, and is used to remove acid forming in the water from the underground mine; \$2 million to replace the 100-year-old West Queen water supply pipeline that supplies water to the site; and \$1.5 million for necessary infrastructure works in relation to the upgrade of the crushing mill. The four projects that are contemplated by this spend in and of themselves will create employment opportunities at the mine, so it will generate 55 direct jobs in the construction phase, and approximately 300 jobs with the full reopening of the mine.

The issue from our perspective is, we have to make a judgment, and really there are two elements to it. One is the economic importance of this particular operation to the west coast and to the state, and we say that's extremely high, but also if that mine were to not reopen then then it does represent a significant environmental risk, and so that's also an important factor. So, it's a little bit like the Chair's question before. These are not easy judgments, and we make these decisions based on advice, but it is the Government's view that for all the reasons I have outlined, we believe this is a prudent use of taxpayers' money.

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Ms FORREST - What was the amount you provided in the previous commitment that did require reopening?

Mr GROOM - There was a previous package which provided for the provision of \$25 million of financial assistance which is, I think, largely payroll tax.

Mr EVANS - It is payroll tax relief, and it's also deferral of mining royalties.

Ms FORREST - So it's not a holiday, just a deferral?

Mr EVANS - It's to reimburse CMT for payroll tax.

Mr GROOM - It is a reimbursement of mineral royalties.

Mr EVANS - Mineral royalties.

Mr GROOM - To be paid over a seven-year period, but the point being there that that is income that you would only get if the mine was operating. So you're effectively forgoing.

Mr EVANS - So the \$9.5 million is for what we would classify as essential capital works to bring forward a decision to reopen the mine. In addition to that, should they make a decision to reopen, the company will have to invest between about \$80 million and \$100 million in capital to reopen. So we have made a judgment call that this \$9.5 million isn't wasted because it is for infrastructure and projects that will have a broader benefit than just supporting the reopening, for example, a replacement of the water pipeline. But it will facilitate the company making an earlier decision as to whether or not they will reopen.

Ms FORREST - So you're confident, again this might be more minister Barnett's question, but should they not reopen, I hope they do, and you can't - the community is not convinced as yet, they've been let down a few too many times - but if they weren't to reopen, then you have, as you have rightly pointed out, the ongoing acid drainage issue. So are you confident that the mine, that CMT, has the capacity to manage that? They would have a bond, surely?

Mr GROOM - What is the position in relation to the environment legacy?

Ms FORREST - I understand that.

Mr EVANS - Prior to Vedanta taking over the mine, we have a century of environmental legacy issues which -

Mr GROOM - Not all of it would be there.

Mr EVANS - which are not attributable to the company.

Ms FORREST - Which all the money for remediation to the fox task force if you remember, under the previous government.

Mr GROOM - Yes, but the point is, there is a residual exposure frankly for the start at some level. So this is part of the consideration that we have to have regard to in making these judgments.

I totally understand why it is that people are nervous about the potential for this to recommence. Certainly the advice that we have is that the signs are very positive but, as a Government, we want to make sure that we are making prudent decisions that maximise the prospect of that happening. That's why we've made the commitment.

Mr FARRELL - Minister, I would like to ask about one of our big exports, the salmon industry, and with the current disruption within the industry. Has there been any impact on the markets that Government's aware of, and what precautions are taking place around ensuring that that doesn't become damaging to the Tasmanian brand as far as what's proposed on the east coast goes?

Mr GROOM - I'm certainly not aware of any, but as we have indicated many times on this issue, it's really important that we're doing all we can to maintain public confidence in what is a very important industry for the state. That's about ensuring that it has a genuine sustainability from an environment perspective, from an economic perspective and in terms of what you might describe as social licence. It's very important, and that's why the Government has undertaken a number of measures to try to support that sustainability, including tightening up the regulatory arrangements, and increasing penalties. There have been a number of decisions that have been made over recent months, including very recently the EPA which are reflective of that. So from our perspective we want to make sure that there are good decisions being made which very much support public confidence in that very important industry.

Mr VALENTINE - With respect to population growth, I am interested to know whether you have any analysis of the people who are coming here to live. We tend to think that they are retirees coming from the mainland to set up here, and live out their twilight years, if I can put it that way, and that can be a good thing. It provides jobs and the like, where they're not demanding a job themselves. But do we have any real understanding of what that split is, people actually coming here to live? Are younger people coming back? Is it just retirees? Can you give us some understanding of that?

Mr GROOM - The difficulty that we have is the lag in terms of some of the stats on this. What we can say with confidence based on the official data is that the trend is positive, and as I indicated in the opening comments, what's really significant about the recent movement in population growth numbers has been the return to the positive in interstate migration, so for a long time that was a negative number and it's become a positive number.

Certainly anecdotal feedback that we're getting is that there are increasing numbers of people that are in a working age bracket that are choosing to come back to Tasmania. I don't know if you've had that exposure, but certainly I have, I can tell you. I know quite a few people who have come back at a working age, where they have a young family. They are recognising that the confidence in Tasmania is high, and they see opportunity, whereas a few years ago they may not have seen that opportunity.

Mr VALENTINE - Mostly those working in the digital economy.

Mr GROOM - There are a lot in the services industry broadly. In fact, I had a phone call from someone I know yesterday who said to me that he is going to be moving back from Melbourne to Tasmania. That's a really positive sign, certainly from an anecdotal perspective.

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In the most recent job numbers, there was a slight, and I'll just qualify it - I think there was a slight improvement in the participation numbers, is that right? And -

Ms FORREST - They're pretty low, though.

Mr GROOM - No, they are low.

Ms FORREST - Yes.

Mr GROOM - One of the reasons why we think they might be, that we're not going to see a really dramatic recovery of that number is because, when you get confidence in the economy, you do have it offset by people in a working age bracket coming into the state. So you have more people who are looking for work, and that does tend to impact on some of the unemployment stats. That's why the forward forecast for unemployment is - I think it's about 6.25 per cent, going forward. Certainly to the extent we're able to get the break-down, I'm very happy to make that available to you.

Mr VALENTINE - I would appreciate that, and especially if you have any stats on these people starting up new businesses here. If you have anything in that regard, where they're going to in the state, if you have a split up of regions I'd certainly be keen on that.

Mr GROOM - Yes, we'll definitely follow that up.

CHAIR - We will take note of that, and just a little bit of a follow-on to Mr Valentine's question, just if you wouldn't mind just reminding me, minister, just what was that target we had?

Mr GROOM - It was 650 000.

CHAIR - So, 650 000, yes.

Ms FORREST - We need to have more babies.

Mr GROOM - Yes, by 2050. I think we're currently on track -

CHAIR - How achievable - do you reckon that's still on track?

Mr GROOM - I think we're currently on track to be just in excess of 600 000, don't quote me on that, but I'm sure I have read that somewhere. Yes, so what we've seen is an improvement in terms of the trend. As I say, that interstate net migration number is a very significant one, but we have to continue to pay attention to this issue. In order for us to achieve the ultimate task, it's a very long-term objective, and that's why it's important that we continue to invest in areas like supporting those who settle in Tasmania from overseas, making sure that we're investing in the community groups to make people feel welcome and maximise the question of them remaining in Tasmania.

That's why it's important that we're doing what we can to promote opportunities through the university. So we have the \$3 million commitment for the Global Education Strategy which is very much about maximising opportunities through the university. That's why it's important that we're promoting the brand of Tasmania, making sure that people are aware of the fact that we have renewed confidence and employment opportunities in Tasmania, and a lot of promotional spend that we do has a double effect.

For example, the \$11 million additional funding for tourism marketing - that's not just an opportunity to promote Tasmania as a place to come and visit. It also is promoting Tasmania as a destination to live and to raise a family. So it's really important we're pursuing all these initiatives.

CHAIR - Yes, and so some of that information is going to get to us?

Mr GROOM - To the extent we have that detail broken down, we'll provide it.

Mr VALENTINE - Especially whether they are retirees or whether they are economic -

Ms FORREST - Looking for employment, yes.

CHAIR - Some of the most up-to-date population figures will be predicated on the last ABS and some of those haven't been released yet. They are still a couple of months away.

Mr GROOM - That's right, yes.

CHAIR - All right. Any more on that before we go to that?

Ms FORREST - Yes.

CHAIR - Yes.

Ms FORREST - I sent this question on notice last week, a week ago at least, so I'm hoping you have an answer, minister. Referring to the policy and parameter statement in table 4.5, Budget Paper No.1 on page 67, can you provide a break-up of the parameter adjustments for State Growth?

Mr GROOM - I've not been made aware of that question. I might invite Mandy Russell to the table.

Ms RUSSELL - Good morning.

Ms FORREST - I sent this question through the system last week.

Mr GROOM - I'm not aware of the question.

Ms RUSSELL - Sorry, Ms Forrest, I didn't hear the question.

Ms FORREST - In relation to the policy and parameter statement with parameter adjustments for agency expenditure related to State Growth on page 67, there's significant blowouts, you might call them, in parameter changes. I am just interested if you can give me a breakdown of what's happened there, which areas of State Growth have created such volatile changes to the agency expenditure as a parameter change as opposed to a policy, and policy changes aren't that great. It's the parameter ones that are huge.

Ms RUSSELL - No, this table also actually reflects changes in the Capital Program. I'd actually have to confirm those numbers which I can do for you shortly, but that largely represents the change in the funding for the Launceston City's Program in 1718 that's been reclassified from

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Capital and is now in the Coordinator-General's budget. You'll see that it also goes down in 1819 to \$13 million. So I can get some of the detail of -

Ms FORREST - And then up again in 1920 to 63.

Ms RUSSELL - And then up again in 1920, again to reflect some of those out close. I can get that information for you and get the reconciliation table, minister, through you.

Ms FORREST - I must say it's disappointing, minister. I sent these through in good faith Sunday to the -

Mr GROOM - I will follow that up. I'm not aware of the question, so I'll follow it up.

Ms FORREST - Yes, there are a lot of questions I sent through before the Budget reply to try to facilitate these questions across the table.

Mr GROOM - Yes, I'm with you on it.

Ms FORREST - And the Treasurer has not answered any of them.

Mr GROOM - Right, okay. I'm with you on it, and I'll follow that up, definitely.

Ms FORREST - Yes. Just one other thing in regard to the - sorry, and it may be better in the Coordinator-General, if it is, it's fine. The tourism marketing funding you've referred to a couple of times, minister.

Mr GROOM - Yes.

Ms FORREST - How is that actually going to be spent? What is the approach that's going to be taken? We have seen tourism marketing fiddled with over the last 12 years I've been here, and we keep potentially running the risk of throwing the baby out with the bath water sometimes.

Mr GROOM - Yes. As I understand it, and it's obviously not strictly speaking in this portfolio, but my understanding is the funding is channelled through Tourism Tasmania, so presumably that would be making judgments, no doubt in close consultation with the industry in terms of how best to spend that money. I will say from my perspective, they do an outstanding job in promoting Tasmania and as I indicate there are lots of benefits that we can get from this type of advertising. It's not just the direct benefits from tourism, but also it's a way of promoting Tasmania as a confident, growing economy, and an attractive place to live as well. It's a very important spend.

Ms FORREST - Yes, I don't disagree with you there. Would you accept that the tourism has been a real boon in the south of the state and the north, but the west coast and the far north-west are really struggling in terms of visitor numbers, overnight stays, visitor spend. The great boon we've seen, when you talk about the state, is not reflected in all parts of the state, and is there an indication or some suggestion that we would focus on those areas that are lagging, where business operators do need assistance with marketing.

Mr GROOM - I agree that we have to make sure that we're promoting tourism opportunities right around the state. I agree that there are some parts of the state that haven't seen the visitor number growth to the same degree as we've had in some of the peak locations. Having said that,

we've had some really significant improvement in visitation in regional parts. I mentioned before the Tasman Peninsula has done exceptionally well from a tourism number perspective.

We've seen the impact at Derby, but we're very conscious of the fact that we need to do more on the west coast, and in the north-west in particular from a tourism perspective and, as I'm sure you'll agree, they are great untapped opportunities for Tasmania. I don't think there's any doubt at all that they are very attractive tourism destinations, and if we do what we can as a Government to be working with the private sector to facilitate tourism opportunities and make sure that we get the spend right then there's a real opportunity for growth in those parts of the state.

CHAIR - Yes, on the back of that, add to the bucket list, minister. Some parts of the central north, and I highlighted those in my budget reply, and I talked to various operators and they have had a pretty ordinary year to be quite frank. There are isolated pockets which are really struggling in terms of that, so just need to take that on board, and on the back of those -

Mr GROOM - I see those as opportunities, those.

Mr VALENTINE - On this visitation matter.

CHAIR - On which one?

Mr VALENTINE - On the visitation if I can. It is just our observation when we were doing the Built Heritage Tourism enquiry that Port Arthur was about to receive 360 000 visitors a year, but the West Coast Mining Museum at Zeehan was getting 17 000. It's quite obvious through that that there is an absolute disjoint, and there's a lot of collaboration required to pull that up. Are you looking at how that collaboration can occur?

Mr GROOM - We do collaborate, and Port Arthur in particular has been really good at sharing their knowledge, in particular, in relation to heritage-based tourism. We have to be a bit careful about comparing things to Port Arthur because Port Arthur is off the Richter scale, and for good reason. It's been a magnificent story with the reinvestment down there, and the way they have been at the front edge of how they present heritage tourism which has presented the model, and not just for Tasmania, but also nationally and internationally.

But there are other examples of it in different parts of the state that we have a focus on. That is why we've made a real effort with Maria Island, for example, I think it's around 20 000. You get an extraordinary number of people going past Maria Island, so there are lots of untapped jewels in Tasmania.

Ms FORREST - Have you visited the Queenstown Heritage Museum in Zeehan?

Mr GROOM - I have, yes.

Ms FORREST - You would recognise the amazing collection they've got.

Mr GROOM - Yes, you don't need to persuade me on it.

Ms FORREST - Yes, and the need for investment in it, yes.

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Mr GROOM - Yes, you don't have to persuade me on it. We have lots of untapped jewels in Tasmania, and as I just indicated to the Chair, I see these things as opportunities. They are opportunities for us.

Mr ARMSTRONG - Yes, the museum in Zeehan is brilliant. The Abt Railway - what's the story of that railway at the moment? How is it travelling? What's the Government's position on it? Are they looking for another person to take it over?

Mr GROOM - I might hand over to Kim for this one.

Mr EVANS - No, we're in the process of consolidating. We have a new general manager in place and the visitation last year was significantly up on previous years. I have those numbers here, but it will take me a few minutes to pull them up. They are in minister Hidding's portfolio.

CHAIR - Yes, we are extrapolating the overview. We have gone into Kerry Pincher's Tourism Half Hour at the moment.

Ms FORREST - We will have minister Hidding in front of us anyway.

CHAIR - Yes, I know. We have to focus on what we have to do here as well. So if we just give that and move on to Coordinator-General.

Mr EVANS - For the period 1 July 2016 to 31 March 2017, we've had an increase of 21 per cent and total revenue has increased by 28.44 per cent compared to the same period year before, so the numbers for the West Coast Wilderness Railway are looking really strong.

CHAIR - Thank you.

Mr GAFFNEY - Thank you. Minister, I'll try to keep my points more specific, and I thought, if you give me leave, I'll ask Mr Perry some questions perhaps about the office in general and its facilities, and then some budget questions, and then come back to you with some questions that involve these.

CHAIR - Yes, I'm happy with that, yes.

Mr GAFFNEY - Last year you stated there were 13 FTEs within your office. Is that number still the same?

Mr PERRY - It's one more, so 14, and then we also have the person in Shanghai who is another FTE, but her time is split between trade and investment.

Mr GAFFNEY - I'm interested in finding, that fourteenth person - there is somebody within the organisation you need to fill a role in attracting development, or is it just how you believe that you need to spread your wings?

Mr GROOM - Yes, we have staff dedicated to particular functions. For example, we have the Red Tape Reduction Coordinator, and his time is predominantly focused in that area, but also works across our office. We have two-and-a-half FTE equivalents, so three people but split time focused on the northern city, so the projects in Launceston, Devonport and Burnie. The remainder of the staff - we have two administratives, one in Launceston, one in Hobart; and the remainder of the

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staff focus mainly on investment attraction and major projects, but they do work across whatever come into our office.

Mr GAFFNEY - I will ask a number of questions regarding some of the responsibilities, and we can trim these ones and then get on with the others. Can you give us an update on the two major projects identified in last year's report, and I think for members, for a major project it is \$5 million of client investment, 25 full time jobs or a (indistinct) estate. The first one being the \$50 million manufacturing plant in Northern Tasmania, 250 jobs to infrastructure, 20 jobs once in operations. So how is that?

Mr PERRY - Yes. So that was announced and that's an investment that will take place in Westbury with Ridley, which is an Australian Stock Exchange listed aquafeed company. We made the announcement earlier this year and they are working with the EPA around the design of the mill and also all of the different enabling infrastructure that will need to be on the Westbury site. So, that's progressing well.

Mr FORREST - Is there a projected timeline for when it's open and starting and under way?

Mr PERRY - Yes, we expect it to be completed by the end of next year, but we're hopeful that it will be under way quite soon.

Mr GAFFNEY - The other one was the \$45 million hotel and hospitality training facility in Kangaroo Bay by a Chinese company, Chambroad. There has been some community disquiet about that. Would you like to just comment on how that's going?

Mr PERRY - Yes. So, the development - the DA was approved earlier this year and there is a range of activities which are progressing. The company remains extremely excited about the opportunity to build here. There has been a lot of work going on in relation to the hospitality training college and that's in conjunction with TasTAFE. You might have noticed in the budget that there is an amount, I think it is \$200 000 allocated to TasTAFE in relation to that particular project. So it is progressing well. We are aware of some community disquiet and there have been discussions with the architects and some of the people that have expressed concerns about design and they're ongoing.

Mr GAFFNEY - Where does your role and responsibility with a project such as that start and finish? When do you pass the baton onto councils or whatever? How does that work?

Mr PERRY - We're still quite involved in that project, but there is a range of other parties also involved. Our initial role was to deliver the investment and that was working with the proponent that's a Chinese company and bringing them to Tasmania and introducing them to one of their partners, the developer, that was the initial part, and also helping facilitate the arrangements with TasTAFE. We are still involved. The council is the critical statutory body that determines the development agreement, et cetera, but the Crown has a range of interests and both Department of State Growth through some of the work around the lands and the property itself that is being transferred from the Crown to the council and then ultimately to the proponent. So, our involvement is really the account management with the client who we have the relationship with, but also case managing all of the approvals and applications that are needed through the system.

Mr GROOM - I might just add something if I can, Mr Gaffney, to that answer. It is really important that we acknowledge the Office of the Coordinator-General is a function that helps attract

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and then also facilitates larger project opportunities and investment opportunities in the state, but it's not the planning authority. There is a clear demarcation there. They are matters that are properly matters for, in this instance, the local council.

Mr GAFFNEY - Are there other developments planned for Kangaroo Bay with that company interested? Is that part of your role to attract them to do other developments in the area? Is that part of State Growth?

Mr PERRY - Yes, our role is to attract investment and so that is also if there are existing relationships that we have and there are opportunities, other opportunities, then it would be to focus on that as well. At the moment, the company is very much focused on this project and we are not working with them on anything else. We have had conversations around other opportunities.

Mr GAFFNEY - You highlighted last year that you did some work with the industrial precincts, Bell Bay and Valley Central, regarding the prospectus. Any positive development from those prospectuses?

Mr PERRY - Yes, a couple of things. The first one is that we have also developed another two industrial precinct prospectuses, but part of the purpose of it is marketing, but the other part of it is so that we have readily available key information on each of those industrial precincts. So we are able to use that when we have enquiries and we have in a number of instances both from overseas coming through direct to our office and also through our arrangements with Austrade.

Mr GAFFNEY - Have you been to the Wesley Vale site at all? You have had a look at the old mill site?

Mr PERRY - I have not been on site, but I have been past the site.

Mr GAFFNEY - I'm not sure if you're aware - and it wouldn't be surprising, that the north-west of the state is struggling as the member for Murchison pointed out - that site is ripe for further work.

Mr PERRY - Yes.

Mr GAFFNEY - It would surprise me that State Road hasn't been - you haven't been to that site at all.

Mr PERRY - Personally, I haven't, but part of my -

Mr GAFFNEY - But your department has -

Mr PERRY - Yes, a number of my team have been on site. In fact, we have shown more than two, probably a few more than that; we have taken them to that site and shown them that site as part of their looking at Tasmania as different opportunities. What we normally do when we have companies come to Tasmania around a specific project if we will look at their needs and we will take them to a range of different places for them to view and we have done that with Wesley Valley site.

Mr GAFFNEY - You are accountable for the Northern Cities Major Development, which is the two universities, Launceston and Burnie development, and also the City Project. Are there any concerns or issues you have with any of those projects fulfilling the brief or getting completed in

time? I know that each project has issues because that is what happens, but are you comfortable that each of those projects are on track and fulfilling their goals?

Mr PERRY - All projects have challenges and risks, but each of the three of them present tremendously exciting opportunities for Tasmania and clearly the next stage of the Devonport Living Cities represents a really exciting development for that city. We have seen a lot of interest as a result of that just as we have also seen the university location and transformation in both Launceston and Burnie attracting a lot of interest from other parties, not necessarily in the education sector, but it's really been a catalyst for other interest and potential investment.

Mr GAFFNEY - Thank you. One of your roles is the expression of interest program for National Parks. Last year you gave us some information and that the remaining proposal to be assessed in the third quarter of 2016. How many proposals in total were approved since that last update, and how many of those approved have included licence and leasing arrangements and are moving into development? Of those things that you have been involved with, how many of them have gone further? Last year, Mr Groom stated the fruition of the first tranche for each state due was \$75 million, an injection of that and 275 jobs in total. So where is that at?

Mr GROOM - I will just get these stats because I wouldn't mind providing some content on this. There were 37 in the initial round; 25 of those went through for further assessment and of those, seven have been approved, gone through to lease and licence negotiations. Eleven are currently in the process of negotiation. One is still being assessed and the balance of those projects have withdrawn.

So to go through those that have proceeded, they include a number of pretty significant ones from our perspective. I mentioned before the Blue Derby Pods Ride. This has been a fantastic story for Derby, leveraging significantly off the success of the mountain biking boom that is emerging in that part of the state. Then also we have had a significant response already to the proposed Eagles Eyrie Maydena Adventure Experience where we have seen a really significant impact in terms of increased business confidence. The *Mercury* ran a story recently describing it as a real estate frenzy. You may have seen the story that was in the newspaper yesterday at narawntapu which is a new horse riding adventure experience. Again, it has the potential to be very significant for that part of the state. We have Tasmania Boat Charters operating at Port Davey. We have the Freycinet Eco Retreat Walk which has commenced and -

Mr GAFFNEY - Minister, it might be good if you could table all of those for us to have. But the question was, how many jobs in total have been realised out of that environment? Last time you said \$75 million injection, about 275 jobs.

Mr GROOM - That's their best time and this is the point I want to make on this. We will endeavour to get you a jobs number. But I want to just make this point. The \$75 million - I think it was - what was the number that we gave last year?

Mr GAFFNEY - \$75 million.

Mr PERRY - Seventy-five. It's a little bit less because that was for the 25.

Mr GROOM - No, sorry, is that the investment dollar amount?

Mr PERRY - Yes, that's correct.

Mr GROOM - So that was for the total 25 that we identified. Obviously, there have been a number that are no longer proceeding, but what we have seen for those that have proceeded, I think has been very significant as a catalyst in their local area. So that's why I cite the example of Blue Derby. I don't know if you have been there. It is an incredible success story and a great credit to a young couple, very entrepreneurial taking a big risk. What we have seen is a flow-on consequence into that local community as a consequence of that investment. I know it is in a slightly different context but we have seen that in the Mayden proposal. So that hasn't yet commenced construction, but by virtue of the announcement of that project, we have seen a significant response in terms of increased investment confidence in that area.

Mr GAFFNEY - Can you provide the figures, please, of how many were a success and still in the running, what they were worth in the injection, and how many jobs did they make?

Mr GROOM - We can provide the information but I want to make the point that this has been a very important opportunity for Tasmania and it's leveraging off investment in tourism in parks more broadly, which is very important for regional development.

Mr GAFFNEY - John, can you comment on the incubation hub in the Mercury building in Hobart (indistinct) system because they have both been successful. So just a very brief overview of how they are going and what we are expecting out of that?

Mr PERRY - Sure. They are going very successfully. We have been open of both the pop-up in Launceston which is in the interim until we move into Macquarie House and also in the Mercury Building and in the less than six months from operation up to the end of March, we held some 80 events and over 2000 people came through the two hubs. So, at the moment we're in the inspire and develop stage which is really just building the eco-system. You will have noticed that the Government has committed funding for the next four years to ensure that we can develop that path to sustainability, but it has been very exciting and the way that the community has developed in receipt of these is something that we are very excited about which is the reason for the further support.

Mr GAFFNEY - You mentioned earlier that you two point whatever staff with red tape induction as their focus or their responsibility. How is that continuing? Are you pleased with what's happening there or are there areas that you have been disappointed you haven't been able to reduce some of that red tape? In fact, are there areas where the government itself just because of the nature of the beast has had to increase so called red tape? I'm just wondering how you find that process.

Mr PERRY - I think it has been very successful. The audit report that we produce each year identifies all the different issues that government undertakes. One of the things I do whenever I speak to different industry groups and businesses is ask them to effectively nominate the challenges and red tape issues they want us to undertake. We have a web-based tool for reporting those and I know, Stuart, the red tape reduction coordinator, works very closely with industry associations, in particular, to encourage them to extract from their members those sorts of issues.

I would say the other aspect of that function that has been very successful is probably 20 to 25 per cent of Stuart's time would be spent as a mediator-quasi-ombudsman-type of role which is really working with businesses where they have found that they have reached an obstacle and it's not necessarily a red tape obstacle. It could be a process thing or some other challenge and where we

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have been able to assist in just trying to unblock that. So it's not regulation per se; it's just the operation of different things.

Mr GAFFNEY - What is the relationship between State Roads and the new planning laws and the Statewide Planning Scheme? There are obviously going to be tape issues there as people work through that. So do you have a relationship with that sort of thing? How does that work?

Mr PERRY - The statewide planning reforms are properly managed from Department of Justice and the Planning minister.

Mr GROOM - John is not involved in the planning side of that. This is the point I was making before.

Mr GAFFNEY - No, but the red tape side of it. I mean, if there is red tape in those laws and what people have to use within the planning office and they can see that red tape -

Mr GROOM - If there are opportunities to improve things then, yes, that's in the ambit. But it is important to just make a distinction here. We all recognise that we have regulation. Everyone accepts that. When we talk about red tape, we're talking about inefficient regulation or duplication. That's the issue. There will always be opportunities to find ways for improvement. But, it's not the role of the Office of the Coordinator-General to be making decisions in relation to call-in powers or anything like that.

Mr GAFFNEY - No, I wasn't asking that. I was asking what was the relationship between his office and those powers. Was there a relationship.

Mr GROOM - In that sense, he has none. The role is to identify opportunities for removing duplication or removing inefficient regulation and there have been many examples. Can I give you a piece of feedback? I know you have a time frame. A really quick one, because it's just important.

There is a whole series of examples here of practical feedback that have been provided by businesses that have been assisted by the office, and I will just give you an example of it. A southern refrigeration company that was advised its occupational licence no longer allowed them to undertake commercial work they had been performing for over 40 years engaged with John's office. They got a positive outcome and they provided this response. This is from that particular company:

I wish to thank the Tasmanian Government and especially your department for representing K C Fabrication and the RAC sector of Tasmania in taking up the challenging of pursuing the change to licensing laws, restricting refrigeration and air-conditioning fitters from practising their trade. I highly commend Stuart Clues for his professionalism, his integrity, his consideration and guidance, on the approach to achieving the outstanding result.

Now, there is a whole series I could give you here, but they are practical examples of where the office has been engaged with businesses in Tasmania to identify where regulation doesn't make sense or it is inefficient, or there is duplication, where the office has made a practical difference to that outcome.

Mr GAFFNEY - All right. Now, we'll focus on the Budget, a couple of questions on the Budget and then come back to some on the clarification of some roles here.

In the Budget, so it's Paper 2, Volume 2 at 260, an additional \$595 000 is currently needed to be provided to the Office of Coordinator-General for 2017-18 to increase the scope of investment attraction and promotion and major project facilitation to realise that Cradle Mountain Master Plan and support of the National Pitch-in Program in Launceston. How will the money be utilised in each of these areas, and how will this extra money change what is able to be achieved under the previous funding arrangements? In essence, why was this extra funding needed for those two projects?

Mr PERRY - The extra funding will apply to a range of different activities that we undertake and so the primary budget for the office is really for the operation of the office and the additional moneys is for projects that we undertake. There are a range of activities which we will be undertaking, including investment and trade missions that we participate in, including the pitching competition that relates to - again, it's sort of linking with enterprise and also the activities that have been undertaken with enterprise. And also with some of the other - we are supporting Regional Pitchfest at the moment and it's really about building on those later in the year to maintain the interest in this area. And we also undertake a number of different specific projects where we identify that there is an opportunity and that's through working with investors. That's through looking at benchmarking Tasmanian opportunities. So, it's a mix upon which then we undertake those activities.

Mr GAFFNEY - You have noticed in 2017-18 there is an extra \$15 million and in 2019-20, \$50 million to reflect the cash flow of the Northern Cities Major Development Initiatives which have been reallocated from the capital investment program. Funds will now be transferred as grants. Will those funds still be used for capital investment? Is that the aim of those funds?

Mr PERRY - The funds will be used for the projects, but they will be grant funds to the recipients. So, rather than capital of the governments, it will be a grant to the different organisations.

Mr GAFFNEY - Is there a benefit to that or is it just an easier way of processing it?

Mr PERRY - There is. The fundamental part is that in the example of the university, they are the project managers. They are receiving the \$150 million from the federal government and they are doing the building. They own the land and so it's a cleaner way of undertaking that support.

Mr GAFFNEY - Thank you very much. Now, my question is to the minister and this is no reflection on Mr Perry's work, but the question is about the role. In light of the Labor budget policy to abolish the Office of the Coordinator-General, it was reported on the ABC in late 2016 that the Coordinator-General is on an annual salary of \$446 000. What justification is there that the Coordinator-General should receive a base salary that is higher than the Department of State Growth's Secretary to whom he reports? Second, part of that, considering that this is higher than the Premier's salary and on par with the US presidential salary, what makes the role deserving of such remuneration? I might add, this is not a reflection on Mr Perry's output or work. It is a reflection on where we are investing our money in the state. So, those two questions are valid. Would you like to just respond?

Mr GROOM - Yes, I would. Obviously, I understand why people ask these questions. It is a little awkward having this conversation in front of John.

Mr GAFFNEY - It is not really because it is not the person per se. It is the position and the role.

Mr GROOM - Yes, I understand, but I will make the point that I think John does an outstanding job on behalf of the state. We developed this policy having consulted widely including with a lot of people in the private sector. We looked at the way governments presented an interface for investment in other states and, in fact, around the world. This model of the Office of the Coordinator-General has become the default model for most states and most states have an equivalent of this type of operations where you have a more focused point of contact. They typically involve people that have specific broad business backgrounds and are well-placed to be able to engage with the private sector in terms of potential opportunities. When we came into government and sought to set it up, we sought advice of what appropriate remuneration would attract a person that had the capability and the experience and the capacity to be able to perform the role until we established a remuneration that was consistent with that. And we stand by our policy.

I will say to you that the feedback that we have for the Office of the Coordinator-General is extremely positive. I get it every day and there is no doubt at all that there are lot of businesses and private investors who very much appreciate the fact that we have a dedicated function that can provide that point of interface. This has become the default structure for governments around the country and around the world. It is quite common and I think it is interesting, notwithstanding the fact that the high-level position of the Labor Party with their alternate budget was to abolish the Office of the Coordinator-General. It's a bit of a Clayton's abolishment, I will say, in the sense that they appear to still have the function. It has a different name, but it's still there. It's a dedicated unit which is focused on attracting investment and facilitating major projects in the states.

So, we stand by it and I will again also make the point that if you stand right back and look at where Tasmania is right now, as a general proposition we will recognise that we are going pretty well as a state from an economic perspective. There is a lot of business confidence. There is a lot of investment interest in the state and all parts of the government's policy initiatives have played a role as well. It has been very positive.

Mr GAFFNEY - Yes, I understand what you're talking about, but you're getting into it. There has been a question about Tas Infrastructure and its relationship. Should it be included with State Growth? There seems to be a disconnect. Whose responsibility is it to ensure funding applications are carried through? Is it State Growth or Tas Infrastructure because it seems to me if you have on one side State Roads and the Office of the Coordinator-General looking at the whole state and then we have the Tas Infrastructure over here. Recently it could be suggested that there was no the effort put into federal funding applications probably for water and sewerage or perhaps even the Launceston Scheme, freight for King Island. There just seems to be a disconnect between Tas Infrastructure, State Roads and the Coordinator. Do you think there could be a better relationship there?

MR GROOM - I reject the proposition. I don't think it's accurate. I will make the point they have different functions. John's function is very much focused on specific investment opportunity. Infrastructure Tasmania was established based on feedback that we had from a lot of different quarters which was the desire to have better long-term planning in terms of key infrastructure. Now, there will be people who will choose to be critical, but the fact is that there is a constructive purpose in having a dedicated group which is focused on long-term planning for critical infrastructure. We would say, in our strong position, that the inter-relationship between each of these groups is very positive. Infrastructure Tasmania is not in my portfolio of responsibility, but I have no doubt at all that it has a very constructive engagement and I will say confidently that John does with the department.

Mr GAFFNEY - We can ask this because we have Mr Hidding later in the week. Federal funding requests for things like the Bridgewater Bridge or King Island Freight or water and sewerage for Launceston is not your responsibility under State Growth or the Coordinator. It's under Infrastructure Tas. So, it's their responsibility to apply for those grants.

Mr GROOM - I am not responsible for Infrastructure Tasmania. That's Mr Hidding. State Growth is a department which has a number of different functions with a number of responsible ministers.

Mr GAFFNEY - Thank you.

Mr FARRELL - Just to go back a bit onto Blue Derby and the mountain bike issues or successors. Have you done modelling on where we get to saturation point with that? There seems to be quite a few plans for mountain bike trials. Will it get to a point where one starts to take away from the other? Has there been any sort of broader modelling done on how many you can have before you kill the goose off?

Mr GROOM - It's extraordinary if we're talking about a saturation point for that sector. This is a fantastic opportunity for Tasmania and that's why we announced the additional spending. Is it \$6 million? \$6 million over two years for a broader cycling infrastructure spend to be able to leverage off it. From the advice we have had, we see these opportunities as being very important to support increased tourism visitation. We want to make sure that they complement and they can complement. I don't think there is any doubt at all that Tasmania can develop a reputation for being - if it's not already - it probably is, but genuinely one of the most attractive places for mountain biking in the world. We are very committed to that effort.

Mr FARRELL - Is there any documentation that you have that shows the research done into the project flow of mountain bikers into Tasmania? I know that it's working very well, but to see how big that picture is?

Mr GROOM - I can see if we can find anything that talks about the potential opportunity that we have from mountain biking. I make the point that any suggestion that we should put the brakes on, so to speak, in terms of this opportunity, I'd have to reject.

Mr FARRELL - I wasn't suggesting that at all.

Mr GROOM - Yes, this is a special moment for Tasmania in a sector that has growth potential and the beauty of mountain biking is that it can present opportunities right around the state. We said before about potential opportunities for the west coast, for example, and the north-west. It can be -

CHAIR - Great Western Tiers.

Mr GROOM - There you go. It can present opportunities right around the state. It's great because it encourages a cohort to Tasmania that tend to stay for an extended period of time and spend money. So, it is very productive in that sense. It's consistent with our brand. It's showing off our extraordinary parks and reserves in many instances. This is a winner for Tasmania and we are going to pursue growth opportunities.

Mr FARRELL - I wasn't suggesting putting the brakes on it. I was more trying to find out how big it can actually be on a sustainable basis.

Mr EVANS - The one thing I would add is that we have done some extensive research and consultation around the development of a Tasmanian cycling tourism strategy. Later this year, we will be releasing that through the Minister for Tourism and that will guide the investments that we made using the additional \$6 million. So that work is being done and it will be released before decisions are taken about the allocation of the funds or all of the funds.

Mr GROOM - But this is a winner for us.

Ms FORREST - This may be in the information that you provide relating to the parameter changes, but the re-allocation of the northern cities, what is that actually about?

Mr GROOM - I think John touched on that. Do you want to talk about that again?

Mr PERRY - It is the grant money for the university relocation in both Launceston and Burnie.

Ms FORREST - So when you talk about re-allocation, though, what's happening with the funding?

Mr PERRY - It was previously characterised as capital and now it's characterised as a grant. So, there's no change to the amount. It's just the way that it's treated in the accounts.

Ms FORREST - I also recall, and I'm sure which one this fit under the Treasury announcing helping local government bodies being for capital expenditure by providing access. It was to Tascorp loans or other loans of low interest. Did that eventuate and how is it working and does that appear in the Budget papers at all?

Mr PERRY - I would need to defer in relation to that.

Mr EVANS - It doesn't appear in our budget, but it would be dealt with in the Treasury Budget.

Ms FORREST - In Finance-General, probably there. So you have nothing to do with that then?

Mr EVANS - No, it's administered through Treasury.

Ms FORREST - Initially it was through State Growth, wasn't it, to assist local governments to -

Mr EVANS - This is part of the Northern Economic Development Stimulus Package. No, it was through the minister for Local Government.

Ms FORREST - It's always good to ask every day because sometimes you miss your opportunity.

CHAIR - Thank you, minister, we might be done with the Coordinator-General.

Mr GROOM - Thank you very much, John. Doing an outstanding job on behalf of the state.

Output 1.2 Industry and Business Development

CHAIR - We will make a start on 1.2 Industry and Business Development. Do you need to call anybody else?

Mr GROOM - Mark Bowles.

CHAIR - I might just lead off with the first question, minister. I note there is a significant reduction in funding proposed for Industry and Business Development over the next four years and I also note the explanation indicating that that situation is a result of some programs coming to an end.

Mr GROOM - Yes, that's right.

CHAIR - The question is, does the funding proposed over the next four years actually support any new initiatives in this area, bearing in mind what I just said?

Mr GROOM - Yes, there are a number of new initiatives.

CHAIR - In the next four years.

Mr GROOM - Yes. I will just give you the ones that are coming on this year. International engagement would be an example of it and that's \$200 000 a year. Yes, so \$200 000 a year for international engagement. Again, very important that we continue with that work. I mentioned the global education strategy which is \$300 000 over four years which is very important in maximising our opportunity through the university and that can also be relevant to the population growth target. We have mentioned the small business grants program. This is \$2 million over two years which is about supporting small businesses that are taking on apprentices. So, you will have seen a strong emphasis by the Government in supporting the uptake of apprenticeships and traineeships. We see that as being a very important initiative and we want to do more to support small business in that context. We have the population growth strategy, which is \$1.5 million additional over two years, and it addresses some of the issues that I mentioned before in supporting the communities that are very important in retaining international migrants into Tasmania. The historical trend has been that when we attract people from different countries, a very high percentage of them then relocate.

CHAIR - They do. They go back to Melbourne or Sydney where they have a bigger ethnic grouping.

Mr GROOM - Yes, Melbourne or Sydney because they have a bigger peer support group. We have been doing a lot of work as a Government investing in our local communities to make sure that we can support people appropriately. There is specific support there for the Tasmanian Business Council. We have the Digital Ready for Business Program, an extension of an existing program which I think has been very successful, \$900 000 over four years. Then there is the broader employment partnership job actions package. So, that's the partnership that we did with the TCCI and TasCOSS, looking at a number of ways to reduce barriers for people into employment. There are other ones. Whitley was another example of the -

Ms FORREST - They are all listed in the Policy and Parameter Statement, aren't they?

Mr GROOM - Yes, I think they are.

Ms FORREST - Yes, there is a whole list in there.

CHAIR - All right. So just in regard to the second question, the funding for TAFE has been increased, but I am also aware there has been some concerns. There have been concerns raised in the media recently as to whether that funding is appropriately targeted. The question is how and to what extent is TAFE engaged with industry to ensure that it responds effectively to contemporary industry requirements.

Mr GROOM - The first point is that we are very strong supporters of TasTAFE and very conscious of the need to make sure that we are doing all we can to keep it strong and it is well positioned to be able to provide the skilling outcomes that we need, in particular, to support growth opportunities in the state. We have a broader skills budget, so the broader skills budget is around \$100 million on an annual basis. I did find it slightly curious that the Labor Party adopted the position they did in relation to TasTAFE in the sense that their guarantee amount is actually less than the current spending on TasTAFE, so it will effectively involve a potential cut under the Labor Party policy to funding to TasTAFE. But we are not about that. We want to see a very strong public provider.

Now, in terms of industry engagement, again, I know there has been suggestion by some opposite that we should reintroduce industry training boards. This was a model that previously existed and was abolished because it was seen as being expensive and not working. There are some residual examples of it.

We have the building and construction training board which works well. But we have emphasised as a Government the importance of engaging with industry to make sure that we're responding to their needs. I don't think there is any doubt that we have seen a positive shift in training outcomes in this state and the responsiveness that they have to the immediate needs of industry. There are many reasons for that. But the strong engagement that we have is a big part of it. Through Skills Tasmania we have very strong engagement with our 10 strategic industry partners - the Tasmanian Chamber of Commerce and Industry, Age and Community Care Tasmania, Tasmanian Farmers and Grazers Association, the Tasmanian Seafood Industry Council, National Disability Service, the Tasmanian Building and Construction Industry Board, that's the one that I mentioned, TAS ICT, Tasmanian Hospitality Association, Tasmanian Mineral and Energy Council, Tasmanian Transport and Logistics Workforce Advisory Group.

We also have a number of community partners in identifying training opportunities including Neighbourhood Houses Tasmania, Migrant Resource Centre Southern Tasmanian and Migrant Resources Northern Tasmania. We have had a number of catch-ups with those groups on a regular basis to make sure we're getting feedback. We have provided specific funding to these groups to enable them to identify their training priorities.

Building construction and civil engineering, we gave \$88 000 to, to do a skills register training map. Age and Disability Services, \$160 000 to invest in a number of projects including disability industry people and culture strengthening project and sustainability quality outcomes value for money. Agriculture and Forestry, \$137 000 to develop a number of industry awareness and pre-employment training development projects. Aquaculture, \$54 000 to identify some work in their disease first response strategy. Advanced Manufacturing and Engineering, \$344 000, to do a

pathway map in advanced manufacturing. As well as a number of workforce development projects - I don't have the list in front of me here, but we have specific workforce development plans with quite a number of these industry groups, very broad groups - tourism, aged care, disability, transport and logistics. I don't think we could be more focused on being responsive to industry needs.

CHAIR - As long as we're engaged with TAFE. The next question I had just in regard to international engagement functions to promote economic growth, just changing tack a little bit. Could you indicate what international engagements have occurred to date in this financial year and provide a brief overview of costs and outcomes, and what, if any, engagements are planned for next year? There are three or four components to the whole question. You might have to take some of that on notice.

Mr GROOM - That's okay. China remains our most important trading partner and we have made the point before that we have been very committed to doing all we can to engage with China. But we made a deliberate decision to broaden our exposure when it comes to international engagement more widely to the region and that's why in August of last year, we lodged the Tasmanian Prospectus for South Asia which outlined some of the opportunities that we have when it comes to markets such as India and Sri Lanka across a number of different sectors.

In September 2016, the Premier and I led the first Tasmanian Government trade and investment mission to India and Sri Lanka to give action to our strategy and support a range of Tasmanian business delegates to identify market opportunities.

CHAIR - What sort of response did you get in India?

Mr GROOM - We had a very positive response. We also went via Indonesia, at least I did. We had a very positive response when it comes to sectors like the premium products that we get here in Tasmania. Very significant interest in higher education and in tourism and also very significant in skills development. In fact, in India there was a very strong interest. We met with Minister Rudy of the Indian Government and had very good discussions in relation to skills training opportunities between India and Tasmanian and, in particular, with a particular focus on Kerala which is a state in the south-west and then in Sri Lanka, a number of conversations around opportunities in higher education, skilling. There was a particular interest in skilling around the Maritime College in Tasmania, potential opportunities for there to be cooperation as well, again, premium produce. This has proven to be very successful and we'll continue to emphasise it.

In February of this year, the Deputy Premier led the first government mission to Japan and Korea since Australia's free trade agreement with those countries came into force and they have represented very significant trading opportunities for Tasmania. There are several delegations that have come in the other way. Sri Lanka had sent a delegation, and then also Japan and South Korea have also recently visited Tasmania as follow-ups including in relation to opportunities in hospitality, dairy, seafood, forestry, looking for opportunities for increased trade and investment.

Of course, in March of this year, the Premier chaired the second Australia China State Provincial Leaders Forum in Sydney which is a very high level engagement with senior government leaders from China. There were seven Chinese governors and mayors that joined state and territory counterparts for productive talks on trade and investment. We are going to continue to do all we can to make sure that we're investing in these opportunities.

UNCORRECTED PROOF ISSUE

We now have Erin Buttermore, the Executive Director of Trade and International Relations. Erin, would you be able to provide any update of future opportunities that we might be looking at from an international engagement perspective?

CHAIR - Yes, that was the next part of the question. What engagements have you got planned for next year?

Ms BUTTERMORE - Yes, certainly. We are looking at following upon the engagements that we have made over the previous year, led by ministers to help us open doors into new markets. Our plan for the next year is to follow up on those opportunities particularly in China through an arc down through Asia including Indonesia, Singapore, Japan and Korea. The key sectors where people have shown interest are in aquaculture, renewable energy, international education and tourism, as well as a range of other things including Tasmania's timber industry and resources.

CHAIR - The other part of the question was a brief overview of the costs - you might have to take that on notice - of what we have done in the last -

Mr GROOM - Take that on notice unless you -

CHAIR - If you would, please, yes.

Mr GROOM - We can do that.

CHAIR - In regard to the enterprise hubs, I notice the allocation of \$278 000 flows to enterprise hubs in Launceston and Hobart.

Mr EVANS - That was Coordinator-General, wasn't it?

CHAIR - Yes, so, it was a Coordinator-General's one, I suppose. The question I had was some of those small town hubs, I noticed have closed over time through lack of funding. Those two new hubs, are they in addition to what already exists, those enterprise centres?

Mr EVANS - I can answer that.

Mr GROOM - Yes, please.

Mr EVANS - The enterprise hubs are the two enterprise centres that John is working for which are essentially incubators for the ICT industry, one in Launceston and one in Hobart. Quite distinct from our support to the enterprise centres, we have six enterprises centres around the state which are private sector local government centres which work with local businesses. So they are quite distinct and separate from enterprise which are the incubator.

Mr GROOM - I will also make the point that we have announced this year, the start-up accelerator program which is a \$9 000 000 over two years and that's another opportunity to leverage off the enterprise hubs and make sure we are doing all we can to support start-up business investment in innovation and emerging business. So it is a strong part of John's - this particular initiative.

UNCORRECTED PROOF ISSUE

Ms FORREST - I have just a quick matter, you can deal with it if you want? It is really just to clarify that the energy rebates for business that appears in Finance-General as well as in this - where do we ask about that?

Mr GROOM - You can ask me about that in Energy, or you can ask now.

Ms FORREST - I want to make sure I have the right people. It does show up in Finance-General as well as in this area. Why is that?

Mr GROOM - That is where it will be funded through, as I understand it, Finance-General. Obviously it is an important policy initiative in response to issues around power pricing.

Ms FORREST - Yes, I might drill down more into Energy perhaps. It might be more appropriate. It just means it is named up twice.

Mr GROOM - It would describe it as a very important policy initiative within the portfolio. So it is rightly identified in the Energy portfolio. From a financing perspective, it goes through Finance-General.

Ms FORREST - These cross over so many of these areas it is a bit hard to know which is which. You did read out the list a while ago of the initiatives in your area of State Growth and the dollar amounts related to those. Have you got a complete list you could actually table?

Mr GROOM - There is a complete list in the budget. There should be.

Ms FORREST - You take me to it. I will be happy to see if it is in there. Because the policy and parameter statement has everything in, but that's just the adjustments.

Mr GROOM - Yes, we can get you the list anyway if you would like a list.

Ms FORREST - Yes. So each of the initiatives, and over what period, and if they are new or existing.

Mr GROOM - Yes. I can do that.

Ms FORREST - It is a bit like the infrastructure list that is the budget papers. We have new and existing. This has so much - in the policy and parameter statement, all of State Growth run into together. So it is really hard to understand what actually fits in this area.

Mr EVANS - So you want a list of initiatives relating specifically to industry business and growth?

Ms FORREST - Yes. The industry skills development business growth. The whole output group.

Mr EVANS - Yes, which is a subset of two pages of initiatives.

Ms FORREST - I know. But in the policy and parameter statement, it does not actually tell you the full cost or the full provision for it if it is already in place. You understand what I am

saying? The policy and parameter statement only indicates the changes. It does not tell you the amounts.

Mr EVANS - We have that here. We could run you through the list. The minister started to do that earlier.

Ms FORREST - If you could table it and we could have a cup of tea. I think the Chair is keen for a cup of tea.

Mr EVANS - We will do that. I understand.

CHAIR - I think output 1.2 is done and dusted. We can make a start then on 1.3 and then with Mr Valentine and we might then call sub set. We will see how we are going in time and how many questions you have and make a start. So Rob, 1.3.

1.3 Skills Development

Mr VALENTINE - Thank you very much. Minister, before getting onto some nitty gritty questions, I am very conscious of the fact that we have a training organisation in TAFE that is suffering some public exposure at the moment. The CEO has resigned and the deputy is on leave. Really for an organisation, that is an appalling situation - I am sure you would agree.

What role are you playing as minister to ensure that the exposure is being addressed; that the staff are being supported? I believe some of those staff are quite angry. I am interested in that and I am interested in how the organisational management side is being addressed.

Mr GROOM - I might take the opportunity to welcome Lesley French to the table, Acting General Manager, Workforce Development and Training.

My role as minister for this particular portfolio responsibility is as the provider of the overall funding package for skills. The portfolio minister responsible for TasTAFE is the Deputy Premier, Mr Rockliff. What I can say from my perspective is that the Government is very aware of the importance of engaging closely with TasTAFE to make sure that it is supported through this very difficult situation.

No-one would want a situation such as this. The Government has had to respond appropriately to the circumstances that have presented. As indicated before, the Tasmanian government is very supportive of TasTAFE. We recognise the importance of having a strong public provider of skills training in Tasmania and they do a very important job for skills delivery. We want to make sure we are doing all we can to support that organisation through what is a very difficult time.

Mr VALENTINE - So you are saying TasTAFE answers to the Deputy Premier?

Mr GROOM - That is correct.

Mr VALENTINE - Directly to Skills Tasmania as such?

Mr GROOM - That is correct. I have responsibility for the overall skills package.

Mr VALENTINE - Yes.

Mr GROOM - TasTAFE is a purchaser, for want of a better description, of skills funding in Tasmania. There are a number of private sector organisations that are also a purchaser of skills funding so I have responsibility for the provision of those funds. We have a portfolio minister responsible for TasTAFE who is the Deputy Premier.

Mr VALENTINE - So with regard to the call for the Drysdale Centre of Excellence, for instance, to be something that the industry should be taking on - can you comment on that or is that something that the Deputy Premier should be commenting on?

Mr GROOM - No, I have a view on that. There would be a number of ministers that would have views on that. The Premier as Minister for Tourism and Hospitality has a strong view, and Mr Rockliff because of his responsibility for TasTAFE as well as myself, having responsibility for skills funding broadly in Tasmania, and from our perspective, as I indicated before, we are very focused as a Government in making sure that we are engaging with industry and understanding their needs and requirements and thoughts. We established a working committee to have a look at some of the issues when it comes to hospitality training in Tasmania, and they have provided certain advice in relation to that.

There has also been the opportunity, a strong focus, on doing what we can to maximize the capacity of Drysdale to deliver high-quality education when it comes to tourism and hospitality. Some people would argue we are restoring it to its former glory, because I do not think there is any doubt at all, that at its peak, it had a very enviable reputation around the country for skills training in that sector. I think everyone recognises that it needs additional focus and that is why we have committed the \$3.2 million allocation for the establishment of the Centre of Excellence in Drysdale.

Mr VALENTINE - It is certainly the case that the island is experiencing an explosion of cafes and restaurants and all those sorts of things. I don't think anyone would deny that. You only have to walk around the street and you think, 'Hang on, that wasn't there yesterday'. It is happening everywhere. Do you think that the strategies going forward are really going to address that sort of a problem; the staffing shortages that may be experienced out there at the moment? Do you think your strategies are in fact going to fill the gaps?

Mr GROOM - There is a combination of factors that are relevant here. One is the training itself, and as you have indicated, there has been a bit of a mini-boom recently in relation to cafes and restaurants opening up in Tasmania, as well as hotels. That is starting to emerge as well, and these create pressures from an employment perspective. It becomes more competitive in securing people with good training. It is well-recognised when it comes to tourism and hospitality that the expectations of the customer have increased. It is really important from a Tasmanian brand perspective that we are doing what we can to invest in that training to make sure that it meets the expectations that people have, particularly when they are coming from interstate or overseas. They have expectations of very high standards.

I do not think there is any doubt that the standards are lifting in Tasmania and you can get an appreciation of that anecdotally from your own practical exposure to it. We have to do more to make sure that we are maximising the outcomes and doing the best we can. Then also, as I have indicated, there is the need for us to do better promotion of employment opportunities in the state and we have the \$500 000 skill operation promotion program. This is an initiative of the Premier.

Mr VALENTINE - Can you explain that, please?

Mr GROOM - I do not know if we have details in relation to that. We will try to get details in relation to that. That is a different portfolio. That is about promoting the opportunity in Tasmania in terms of a workforce opportunity. Then there are also really practical things that we can do to address some of these issues. We have had a number of programs in the past that continue in Tasmania such as the Work Readiness for Growth programs, and that is where we have worked with potential employees and potential employers that try to identify practical skills gaps that people have.

So you take a café, for example, it is not infrequent for someone to present for employment at a café where the employer needs to employ someone, but a particular person who presents just does not have certain practical skills. So it is not a certificate so much, as just practical skills, basis skills in some instances.

Mr VALENTINE - I am assuming something like the fact that we are getting a lot more Asian tourists coming through, having people who can speak various languages to be able to cope with that.

Mr GROOM - That would be a potential example of it, but sometimes it can be more basic than that. Sometimes it is about teaching a kid how to engage in a work environment and when it comes to hospitality, that is a very important part of the product.

Mr VALENTINE - They are the face of the state, aren't they?

Mr GROOM - That is right. For a lot of people, the experience that they might have at a café or a restaurant has as much to do with the interaction they have the waiting staff and how professional that is and how engaging it is, as anything else.

That Work Readiness for Growth program has been very successful in identifying practical skills gaps and working with people. As I mentioned before, we have the new Work Now and Work for the Future Programs, a \$1.1 million partnership between TCCI and TasCOSS and other industry participants, identifying practical barriers that people have for getting into employment. We also have initiatives like Whitelion and the Beacon Foundation which are working with people who are at high risk to make sure that they have practical skills that can get them into employment. They are a lot of things the Government is doing. We are moving in the right direction. It is not easy. It is a good problem to have because it is reflective of job opportunities in this state.

Mr VALENTINE - That is true enough. But there have been some de-accreditation of training providers out there, over a period of time. Do you have any figures on that? How many training organisations have been de-registered? That is a concern. I would like some figures on the last couple of years if that is possible.

Mr GROOM - Yes.

Mr VALENTINE - And the reason I mention those is because of the loss of funding to those institutions. What strategies are actually being put in place to make sure that the training received by the students who used to go to those training providers that they are getting a seamless transition perhaps, into TAFE and that their training is recognised by TAFE? How can we be assured that seamless transfer is actually going to be able to happen? A lot of people put - well, not only money, of course, but effort into training, getting the training they need for their particular needs, but if all

of a sudden the training organisation falls out from underneath them, we need to make sure that we are taking care of those people.

Mr GROOM - This has been a significant issue in a national context. Actually Tasmania's exposure to this issue is more limited. I am going to hand over to Lesley to talk a bit about it, but as a general proposition, Tasmania has had a very positive record when it comes to the quality of our training providers and we haven't had the same issues that some people have had interstate. There is a potential for some Tasmanians to be exposed to programs online or that are operated in other states. So it is not to say that there is absolutely no exposure, but as a general rule that exposure is much less. I will hand over to Lesley to talk about that.

Ms FRENCH - Many of the providers who are closing down are providers that have been previously working through the VET FEE-HELP Program, which has now been closed and the VET Student Loans Program. Both of these are Commonwealth programs. We have seen last week Careers Australia fall over. Our exposure to that is that there are some students in Tasmania who have been doing studies online. The Commonwealth has made us aware of the numbers of those and where they are picked up by tuition assurance requirements that that provider had to have previously, we will find ways for those students, as we become aware of them, to get either their training done through TasTAFE or through some other means. So in a sense, we do not have a responsibility for a Commonwealth program, but we pick up the responsibility as we see it as something that we can do through our system.

Mr VALENTINE - So how can you guarantee that there aren't students out there who are left hanging?

Ms FRENCH - How the Commonwealth deals with this is a matter for them.

Mr VALENTINE - I understand that, but what mechanisms do you have in place to -

Ms FRENCH - At the moment, for example with Careers Australia, it is a matter of getting the names of the students through the administrator. There is a process that has to be followed through that, and I know that the Commonwealth is very aware of this matter and is working with the Commonwealth and with ASIC to make sure that those students are not disadvantaged.

Mr GROOM - Obviously from our perspective to the extent that we are able to identify particular people who have been impacted by this and we are able to work with them to find alternative training opportunities and to ensure they get good outcomes from a training perspective, we will do that. Lesley, I wonder whether it is worth you making the broader point in terms of the difference between Tasmania's exposure in relation to these issues. It is not to say that they do not exist, but our exposure just generally has been less?

Ms FRENCH - We have a program in Tasmania called Our Endorsed RTO Program and that means that any provider that wants to access Tasmanian government funding for VET has to go through a process of becoming endorsed by us. Specifically, they have to demonstrate really close relationships with Tasmanian businesses and Tasmanian industry sectors, but they also have to have a demonstrated and sustained record of training outcomes. We make sure that where we have concerns about a provider, we will ask them to go away and create those relationships and to build the relationships with Tasmanian businesses.

Mr VALENTINE - How many RTOs are there that we have a relationship with?

Ms FRENCH - One hundred and fifty-one at the moment. During 2016 there were 68 that were awarded 86 per cent of the contestable funding for Tasmania, and there were 73 interstate RTOs but they only got 14 per cent of the available funding. So that number obviously during 2016, there were only 141 that accessed money, but there were 151 on our books that could access that money. They still have to apply for that money and get be successful in applying for that.

Mr VALENTINE - I am interested in how many have actually fallen over, if you can give me that at a later stage? It does not have to be now.

Mr GROOM - You mean those that have a Tasmanian exposure?

Mr VALENTINE - Yes, a Tasmanian exposure.

Mr GROOM - Yes. It can be sometimes difficult to make that judgment, because some people do these things online. So we have a limited capacity. The general point I would make is that you hear a lot of grief through the national media on this issue, and the experience that we have seen, for example, in Victoria has been really quite significant. Our exposure as a general statement is much less for the reason that Lesley just pointed out. But we will see what information we can get for you.

Mr VALENTINE - Yes. The reason I am interested too, is that there is need to make sure that the training that is being provided, is actually consistent. You don't want people going to an RTO and getting 50 per cent less training for the same course that another service provider is providing. I am interested in how you assure that, or ensure that level of consistency. Can you give me some understanding as to how you do that?

Mr GROOM - We have tighter arrangements in Tasmania.

Ms FRENCH - All registered training organisations have to be registered through the Australian Skills Quality Authority, ASQA, and they have to meet a minimum set of standards. Of course, our endorsement of those standards is in excess of that. Every RTO that tries to provide accreditation under the Australian Qualifications Framework has to be accredited with ASQA.

Mr VALENTINE - How often are they re-checked?

Ms FRENCH - They have a process of audit that they work through, but they also have a process that they have in place which is where they have tried to develop good intelligence on what's happening with RTOs so they can be aware of providers that are at risk of either not providing good quality training or who are financially viable.

Mr VALENTINE - Perhaps I will leave it there, Mr Chairman. I have other questions but you need to -

CHAIR - That is fine. Any further questions on skills development?

Mr VALENTINE - I do have more questions, but I thought you wanted to stop at 11 o'clock.

CHAIR - You have a few more. I knew you would run over time. How many more do you have, Rob?

Mr VALENTINE - I have a couple of questions, two or three questions left.

CHAIR - Everybody will be succinct and we will be right.

Mr VALENTINE - I will do them now. Perhaps, minister, you could expand on the programs that are being put in place to grow the apprenticeship force across the state. There are a couple of programs that have been announced and I might be wrong, but I do not see much in the budget papers on those. Perhaps you could expand what is actually being done to satisfy that apprenticeship shadow, if I can put it that way.

Mr GROOM - There are a number of different initiatives that have been pursued. So the first one is the payroll tax relief for larger businesses. There are about two-and-a-half larger businesses in Tasmania that pay payroll tax, and so we have two parts to the program. The first is that where one of those businesses puts on an apprentice or a trainee, then they get payroll tax relief for two years as a consequence of that. That is designed to provide relief from a cost perspective.

Ms FORREST - For that employee, the apprentice, or their whole business?

Mr GROOM - Payroll tax in respect of that particular employee, I believe. I believe that is right. Not complete payroll tax relief, no.

Ms FORREST - I need you to clarify that, that is all.

Mr GROOM - It is designed to be a cost offset which makes it more achievable. I was very pleased the other day, and you will appreciate this, Mr Valentine, I went up to Hill Street Grocer and they were making the point that as a consequence of this they believe they can put on more apprentices or trainees up there. So it is a very positive practical example of the opportunity that exists from it.

The second component of it is that there is also payroll tax relief in respect of one of these businesses if they employ a younger person, so between the ages of 15 and 24. Again, this is designed to recognise that we need to find additional ways to get younger people into employment, and even better at the earlier stage that we can. We are being reasonable about it. For a lot of young people, if they miss out on employment in those early years, those foundational years, it can have a very significant impact for their prospects for employment later on. So it is a very important initiative.

In addition to that, we have a pilot program that we are doing with small business. That's a \$2 million program over two years designed to provide some rebate to small business if they put on an apprentice or a trainee so \$4000, that being one milestone arrangements that they will have to meet in order to qualify for that particular program, but another very practical example of it.

I have mentioned another of others that are relevant to this more broadly, and that was the \$4.1 million Job Actions Package which was the partnership between TCCI and TasCOSS as well as other industry and community partners which is about removing barriers, including transport. One of the things that has been raised consistently, has been transport as a barrier for people being able to -

Mr VALENTINE - Get to jobs or get to training or both.

Mr GROOM - get to jobs or training. Get jobs and stay in jobs. Concerns about the capacity for transport and when it comes to the apprentices, one of the piece of feedback that we have had is that often there are young people in more regional parts that are very attractive to employers. I am not going to name them, but I had a major business identify this as an issue where - and they knew there were a couple of kids that were very attractive for some of their employment opportunities that were based down south, and they were struggling to be able to make it work from a transport perspective. Some of these practical barriers can be very relevant in terms of security opportunities for young people in particular.

Mr GAFFNEY - Minister, payroll tax, it's full time apprenticeship or full time work? If that is the deal, I am wondering why do we have 15 to 24 year olds, because a 15 year old is a student in grade 9 in our current system. Our grade 10s are 16. First year out are 17, 12 are 18. Why would that package be 15 to 24 year olds?

Mr GROOM - There are two parts to it so it doesn't relate to - so there's the apprenticeship and traineeship. That's for any age and then there's the young payroll tax rebate.

Mr GAFFNEY - So what is the 15 to 24 year old age group that you mentioned?

Mr GROOM - So there's a payroll tax rebate if you employ someone between the ages of 15 and 24, so that is young employees.

Mr GAFFNEY - Is that a full-time employee?

Ms FRENCH - We have a significant number. I think there are about 500 school-based apprentices and they often are working part-time, so there is the capacity for a young person to, under the changes to the Education Act to work part-time as an apprentice and then spend the rest of the time at school.

Mr GAFFNEY - Even in grade 9?

Ms FRENCH - You can do that, yes. And it might be that you have someone who in a family going into a family business and they want to do that as their pathway. They see that as their pathway. It could be a young person who has worked part-time in a business and the business has identified them as someone they want to promote into the future and sees them as a good employee. It's a really good outcome and under the new Education Act changes that they are able to do that: work part-time and get some good training embedded in a job and do their schooling as well. They are required to do both in school.

Mr GAFFNEY - Both in the school. Yes, that is my point so far as this - they are not exempt from their schooling. It is just part of their school package.

Ms FRENCH - That's right.

Mr GROOM - They are not exempt from their schooling, no. We don't want to send that message. In fact, our message to young people is the exact opposite to that. We want them to stay in school, but this is a deliberate scheme designed to get younger people into employment.

Mr VALENTINE - Mr Chairman, that points me to a question. If you look at page 27 and you look at apprentice/trainee commencements on the performance information, for 2016-17 you have 6500. Then for 2017-18 you have 6500 and these initiatives are being taken. Are you not expecting that to lift? I know there is a dip apparently. If you look at Note 7 it says 'Apprentice/trainee commencements represents a number of Tasmanian trainees and apprentices who began their apprenticeship or traineeship in the 12 months to 30 June. The 2015-16 figures are not filed and could be revised. 2017-18 target reflects a stabilising of the downwards national trend experience since 2012-13'. My question is, why isn't that 2017-18 figure higher, because you are actually putting money into trying to lift apprenticeship engagement, yet at the same time we have a push to keep kids to year 12. It seems to work against itself a bit. That might have been the point Mr Gaffney was possibly making.

Mr GROOM - The figures that are there are actually targets.

Mr VALENTINE - Well, they are, but why isn't that 2017-18 a higher target if you are expecting to get a better outcome with the extra money you are putting in?

Mr GROOM - I want to exceed the target. It is higher than the actual figures that we have had, and the actual figures have declined; they have declined all around the country.

Mr VALENTINE - They have, but do you think that is to do with the fact that kids are being encouraged to stay to year 12 and so they are disinclined to engage in the apprenticeship schemes.

Mr GROOM - I do not want to send any message to anyone that we don't want to encourage kids to stay on employment.

Mr VALENTINE - No, I understand that, entirely.

Mr GROOM - There are all sorts of reasons. Lesley might be able to provide a broader overview. There are all sorts of reasons why we believe we are seeing this trend, and a lot of it has been to do with changes in the way that work is happening. Part of the feedback that we have had is that cost is a factor for businesses, and we are trying to mitigate that as a way to improve the numbers. That is why we have identified these particular schemes. We are very committed to it. I will hand it over to Lesley for a broader snapshot.

Ms FRENCH - On that, it is very important to recognise that an apprentice or a trainee must be in work, and therefore they have a job on offer. So the projects that have been announced in this budget are about encouraging businesses and making it easier for businesses. Last year in the budget there was also one which was about helping the small business to recruit and identify where they had a need, and then support the business owner and the individual into that relationship because it can be quite a sensitive relationship. You might be a sole business owner working with one apprentice or trainee so there is an important building of that relationship that has to be happen and everybody needs to build those skills, both the business owner and the apprentice or trainee. Effectively, this is trying to drive the lever of getting an apprentice or trainee into a job.

CHAIR - You have some more questions.

Mr VALENTINE - I have.

CHAIR - I am also mindful that we have a long day to get through.

Mr VALENTINE - I understand that. Quick questions?

CHAIR - You have to be very quick, Rob.

Mr VALENTINE - Older workers. There is an issue there where they don't always have the opportunities for retraining. Are you doing anything to improve opportunities for older workers out there, especially those that are unemployed?

Mr GROOM - I certainly agree with you that we need to make sure that we are doing all we can to support older people in employment. That is the essence of your question. I think we have discussed before -

Mr VALENTINE - They are quite often out on a limb when they lose a job and it's very difficult for them to get back into the workforce sometimes or if they are in the workforce, they are sometimes seen as a bit of a legacy, not up with the latest technology.

Mr GROOM - Yes, that's right. And it is a significant issue. There are lots of ways that we can assist in this. One is to talk about it. There's lot of latent opportunity in Tasmania, those that have a lot of work experience but for whatever reason have found themselves out of work. It has been part of the focus of the Rapid Response Skills initiative which is a program. This program is used in lots of different ways. It is used in part as an emergency response where there's a decision that is impacting particular employees at a business. A key part of it is focusing on the potential to upskill and retrain to gain re-employment or self-employment where they have lost their job, been retrenched or, for whatever reason they have found themselves out of work. That is a practical example of an initiative.

Mr VALENTINE - What about businesses? What about within businesses themselves where there are employees, who are older and not up with the latest technology. Is there any incentive being provided to businesses to retrain employees?

Mr GROOM - We have skills funding available and as I sit here right now, I am not aware of a specific program that has targeted that issue specifically. But it is a good one and we have funds available. We do rounds for grant applications for funding applications for skills development and I am very happy to take that on board.

Mr VALENTINE - Can you get some information on that?

Mr GROOM - Very happy. It is an important opportunity, because there is a latent skill set that sits there.

Mr VALENTINE - That's right. The last question is with regards to skill shortages. Last year it was noted that middle management skills were an issue in terms of shortage of middle management skills. What is the case today in your analysis of the situation we find ourselves in? Is it aged services? Is it disability services? What sort of areas are found wanting at the moment?

Ms FRENCH - There are areas that certainly have high growth and high demand for employment, and they are aged care and disability. They are key priority industry sectors that the Government has identified and we identify those through our purchasing. When we have a skills

fund round, they can apply for funding through that. They can also work with us on their workforce development and they do.

Things can also happen with construction when construction projects come online and that goes up and down with those projects. We try to work with the Tasmanian Construction Industry Training Board to be aware of those sorts of ups and downs. Very often what will happen is that people will move to follow the need for those skills in that project.

Mr VALENTINE - So does that training board monitor the training that people are getting, say for instance, apprentices? Does the training board monitor organisations that are employing apprentices to make sure they are receiving the training?

Ms FRENCH - They are not responsible for overseeing the training unless they actually fund it. They actually are funded through an industry levy under an act of parliament. So the money that runs that particular training board is funded through industry themselves. They distribute the funds that they use for a range of different -

Mr GROOM - But we do.

Mr VALENTINE - So you do that monitoring?

Mr GROOM - Yes, the government is very focused on training outcomes. I will give you a couple of other points. You mentioned aged care. This is a huge opportunity for Tasmania and it is going through a significant growth period. To go to your point, it is an area that suits people right across the career spectrum, including people who might be older because for obvious reasons, they can relate well so that is a great opportunity right across the spectrum including young people.

One of the things we have done with that particular sector, is we have invested with them in the Development Workforce Development Plan. We have invested with them in the development of an employment hub - it is like a clearing house for potential job opportunities. A very neat thing. You can get it on the web. We will give you the details. The other thing we have worked with them on, is representing the employment opportunity. So they have a new advertising campaign, I don't know if you have seen the ad, which is representing aged care to make sure that, for example, a young person recognises the value of working in that sector, that this is an exciting sector that often has quite a heavy emphasis on technology and innovation. It can present fantastic opportunities.

So all those types of initiatives are practical examples of how we can work with a sector that has a strong growth profile in their workforce.

Mr VALENTINE - If you have any information with regard to any gaps that are perceived at the moment, I will be interested in that. Thank you, Mr Chairman. I realise you are on a time line.

CHAIR - You are doing very well, Mr Valentine. Thank you.

The committee suspended at 11.20 a.m. to 11.37 a.m.

CHAIR - Minister, we will resume the session and call the meeting to order.

DIVISION 9

(Department of State Growth)

Minister for Energy

CHAIR - We will move on to the Capital Investment Program under State Growth. Are there any questions? I have one, '\$200 000 over four years in the budget towards the A Workforce for Now and the Future initiative'. What is that going to be used for?

Mr GROOM - Is that the bus?

Mr EVANS - That is to establish training facilities.

Mr GROOM - That is the training facilities. Yes, so that's part of that program which I was mentioning before that it's about removing barriers, and there was a driver licence component to it.

Mr EVANS - Yes, that's right.

Mr GROOM - Then there's the training facilities components. That's what that would be.

CHAIR - Do members have other questions under Capital Investment Program in that area? If there are none we will move into your capacity as Minister for Energy and Energy Policy and Advice. Do you need to call somebody else to the table?

Mr GROOM - I think we're set.

CHAIR - We'll open the batting and ask Ruth if you would like to -

Ms FORREST - Does the minister want to give an overview? Otherwise I am happy to get into it.

Mr GROOM - I am happy to give an overview. It's a very important focus of the Government, it tends to be a very important focus of the Government, and our budget this year was very much about looking for opportunities to facilitate further momentum and growth, reinvest in critical services such as health and education, and then also be very focused on cost of living. That's why we have a number of initiatives that we have facilitated to keep power prices as low as possible, and are very much aware of the impact that power prices can have for everyone, but in particular for households and small businesses that were otherwise looking at a potential increase of around 15 per cent on 1 July. This is very much as a consequence of national issues which people would be well aware of - the disruptions that they have had in South Australia, as well as the coal-fired power station coming off in Victoria, as well as the flow-through impact of gas prices and the impact that has had on the cost of generation. All these things combined have had a significant impact on the wholesale price of power in a national context, and absent the Government intervening, we would have seen an increase for households and small businesses of around 15 per cent which equates to about \$300 for the typical household, so a significant cost impost. As a consequence of the Government's intervention we will see those price increases limited to around CPI, around 2 per cent on 1 July. This is a very important outcome and will continue to be a strong focus of Government.

That means that with that increase power prices, even on 1 July with that increase around CPI, will still be lower, regulated power prices will still be lower than when the Government came into office. That stands in stark contrast to the experience we had under the previous Government, and then we are also making sure that we move concessions consistent with the underlying movement of power prices.

In addition to that, we have been very focused on doing what we can to encourage people to invest in energy efficiency. That's why we commenced the Tasmanian Energy Efficiency Loan Scheme, which is known for its loan scheme, which is designed to facilitate investment in energy efficiency products. I've been very pleased with the response we've seen to that particular program, well in excess of the expectation, I will say. It's a \$10 million loan frame, and applications are now in excess of \$12 million, so it's been a very positive response, and that's a very important opportunity for Tasmania.

When it comes to power prices, there's the underlying price. The Government is doing what it can in that regard, but then there's the need and the opportunity to be more efficient. Historically, Tasmanians have been less efficient than their counterparts interstate. There's a latent opportunity for us all to get into that, and this has been an important way, not only for the direct opportunity for those involved in the scheme, but also just in terms of raising the awareness of the opportunity from energy efficiency.

We are focused on the potential impact for larger businesses, unregulated, coming out of contract. There are a number of those businesses now, and they are otherwise being exposed to higher wholesale prices, a consequence of the national factors that we have identified, and so there are a number of things the Government has done. It has worked with Hydro Tasmania to facilitate a reduction in the contract price that's being offered by Hydro Tasmania to the market, potentially a discount against the prevailing price at around 20 per cent.

In addition, we've identified \$20 million through this budget for further work that we are going to do in providing additional energy rebates to the CNI customers coming out of contract. Importantly, that will provide an opportunity for relief for those that were exposed to the really significant increases that we saw from 1 January this year, so it will have a retrospective component.

In addition to that, you know, we continue to be focused on broader issues like gas. We recognise that as an issue and we want to continue to do all we can to get a good outcome on the transport contract arrangements. We are working through COAG to encourage reform that can make a difference in the underlying price, but we have natural constraints. We are, in essence, a price [inaudible] when it comes to gas. We are very focused on renewable development, and we are going to see very shortly positive outcomes from a renewable development perspective. It's a great opportunity for us. It's an opportunity for employment in regional parts of the state. It's an opportunity for us to be more self-sufficient, and potentially an opportunity for us to have more of our clean energy being made available, not just here in Tasmania, but also into the national market. That can be a significant contribution we can make as the mainland transitions.

We are focused on a number of key reports that we're expecting to come in very shortly, so the energy security taskforce. A final report will come in very shortly, I expect. Also the Finkel Review is another important piece of work that's been done, and we are expecting to get a further update from Dr Finkel very shortly regarding his thinking on the future of energy.

In addition we have focused on the opportunities from a climate change perspective. We might deal with that more in the climate change section, but there's a lot going on. We believe that we are in a position now to be more secure from an energy perspective. The current dam level rate as confirmed to me this morning is 35.9 per cent, so it's a very solid dam level. This is a consequence of us having restored the prudent management levels up and we'll continue to make sure that -

Ms FORREST - And the fact that it rained.

Mr GROOM - And the fact that it rained.

Ms FORREST - Yes.

Mr GROOM - But the prudent management level's a very big part of it.

Ms FORREST - It's not so brief, Mr Chairman. I thought we'd have a brief -

Mr GROOM - Sorry, you invited me. I was going to go straight into it. The main point I am making is that there's a lot going on and it continues to be a very strong focus of the Government.

CHAIR - All right. Thank you.

Ms FORREST - Thank you. I thought I'd give him a chance to talk about the key areas you were interested in.

Output Group 3 - Energy Policy and Advice

3.1 Energy Policy and Advice -

Ms FORREST - In the Budget Papers it talks about the \$20 million to support business by reducing electricity costs. This is separate to the bill we recently dealt with in this place in the minister setting the wholesale price for regulated customers. How is this money going to be spent? What's the purpose of it and how is it going to be used to assist business?

Mr GROOM - This is completely separate from the arrangements that we made for the regulated market, as you've said, so the regulated market being all households and the vast bulk of small businesses, 99 per cent of all customers in Tasmania are regulated. That was that direct intervention that you have mentioned, that means that the power price increase will be around 2 per cent rather than 15 per cent.

Ms FORREST - I understand that. I want to know what you are doing with the \$20 million.

Mr GROOM - This \$20 million is focused on the CNI component. I component the regulated contract segment of the market, and in particular those that are coming out of contracts, so be coming out of contract now. You're exposed to higher wholesale prices as a consequence of the issues that have emerged in the national market. So the number of things that we've focused on in this regard, so we've worked with Hydro and Hydro announced a direct arrangement that they have proposed to reducing the price for contracted energy into the market. They indicated that a discount of about 20 per cent from the then prevailing price, and so this \$20 million is an additional component designed to assist that same segment, and we will be working with the retailers, so Aurora Energy and ERM to make sure that we have arrangements in place.

UNCORRECTED PROOF ISSUE

Ms FORREST - Mr Chair, I would like to redirect the question. You are missing the point here. You have had some [inaudible] with Hydro and they are going to reduce the contracted energy price. That's one, but I assume that they will wear that. They will wear this as a loss of revenue, so the Government won't notice that, as such, except in the flow through of dividends, perhaps, and the income tax equivalence. So that's a Hydro expense.

Mr GROOM - Yes.

Ms FORREST - So the \$20 million, how is that going to be spent?

Mr GROOM - Sorry, can you repeat that?

Ms FORREST - The \$20 million, how are you spending that?

Mr GROOM - We are going to work with retailers to provide direct rebates.

Ms FORREST - So you are going to pay the retailers?

Mr GROOM - Yes, we are going to facilitate rebates back to these customers that are coming out of contract that are facing these prices through agreed -

Ms FORREST - So they will still be charged the higher price technically, but then -

Mr GROOM - The price is the price, so -

Ms FORREST - It's not going to interfere in the market price again then?

Mr GROOM - No, that's not the intent. The intent is that this would be a rebate that would be provided back to customers through the retailers. We want to work with the retailers to make sure that we are doing this in the most effective way possible. I'm sure you would appreciate these are very technical, and we want to make sure that we are getting the best possible outcome from that spend. It's a very significant spend.

Ms FORREST - That's why I'm asking you about it. So the retailers, who are they?

Mr GROOM - Aurora and ERM are the two.

Ms FORREST - Right. There's only the two that you're dealing with there?

Mr GROOM - Yes.

Ms FORREST - So they will continue basically to charge the same rate, but you will pay part of the power bill?

Mr GROOM - Yes, there will be a rebate arrangement. We did something similar last year as a consequence of the energy security issues where there were groups that were impacted, so it'll be some arrangement. We have to work through the details. It's highly technical and we want to make sure that we get it right.

UNCORRECTED PROOF ISSUE

Ms FORREST - So in terms of the forgone revenue from Hydro, what are we talking about in terms of a dollar amount here?

Mr GROOM - For their intervention?

Ms FORREST - Yes, in this sector, where they have already forgone revenue for the regulated customers.

Mr GROOM - This impact their revenue. This will be a direct rebate facilitated by the Government.

Ms FORREST - So the whole cost is being met by the Government then? Because you did say -

Mr GROOM - For this additional \$20 million component, that is direct Government arrangements.

Ms FORREST - So there will be no impact on Hydro.

Mr GROOM - Not for that component.

Ms FORREST - You did say earlier that there would be.

Mr GROOM - No, no.

Ms FORREST - You said that the Hydro was going to reduce their contracted energy price and discount 20 per cent. You did say that.

Mr GROOM - Yes, that's right. Hydro estimated a revenue forgone of about \$10 million to \$15 million for that component, but this \$20 million rebate is separate.

Ms FORREST - Yes, so if you just confirm, this \$10 million to \$15 million forgone revenue for Hydro related to this aspect of people coming out of contract, not the regulated customers, for this part?

Mr GROOM - Yes, but not the \$20 million rebate.

Ms FORREST - No, I am not talking about that.

Mr GROOM - All right, yes, for the CNI customers coming out of contract, yes.

Ms FORREST - So how much was the forgone revenue related to the regulated customers for Hydro?

Mr GROOM - The estimate that I have provided through Treasury was about \$70 million.

Ms FORREST - Seventy million?

Mr GROOM - Yes.

UNCORRECTED PROOF ISSUE

Ms FORREST - So that's only \$95 million to \$100 million in forgone revenue for Hydro as a result of these initiatives. I am not saying they're wrong, minister. I want to understand the impact of this.

Mr GROOM - Yes, I think that's accurate.

Ms FORREST - So what impact will that have on Hydro and their ability to pay dividends, to pay income tax equivalence and their share to equity ratio?

Mr GROOM - Yes, so all of these revenues that we're talking about were not factored in to their forward planning, so this is upside revenue. It's because of the fact that they are now achieving higher prices than were otherwise anticipated, so this is upside. If the Government didn't intervene and Hydro hadn't readjusted its contract pricing arrangements, that would have meant additional revenue to Hydro Tasmania of about \$100 million, and that would have been at the expense of Tasmanian power consumers. I have made this point many times. I did it in opposition. I have done it all the way through Government as part of the energy strategy - we believe that it's important that energy operates to the benefit of Tasmanians. So when you are talking about significant price increase, as we have seen in the wholesale market, there is a question as to whether you allow that to just flow through to Hydro, with Tasmanian power consumers paying more for their power, or whether you seek to have some reallocation of that, and we've done all that. We think it is appropriate that we act to keep power prices at lower levels for households and small businesses and to do what we can to mitigate the larger exposure that larger businesses are having as they come out of contract.

Ms FORREST - I am not arguing that point at all, and I would not like it to come back and say that I am. This is one of the challenges of being linked into the electricity market. Once you're in, you're in, and you are subject to the vagaries of the whole market. We know that Treasury and Finance are doing a review over the next 12 months of the linkages we have with the Victorian price.

Mr GROOM - Yes.

Ms FORREST - So we have about 12 months to do that. In your opinion, as Minister for Energy, do you think there's another way forward here?

Mr GROOM - We have to change it. Yes, I do, so I am not suggesting that we remove ourselves from the national electricity market.

Ms FORREST - Just cut the cable?

Laughter.

Mr GROOM - I absolutely wouldn't suggest that. No, but what's happened is that we have a pricing methodology for determining wholesale pricing in Tasmania, and that methodology was set with reference to the Victorian contract price. So what's happened is that as the Victorian contract price has gone up as a result of the issues in South Australia and Hazelwood and gas prices, that's flowed through, so what we have done with the regulated customers is direct intervention, and then we have had the outcome from Hydro. We are going to try to mitigate some of the CNI customers through direct rebates in addition, but we have asked for there to be a review of that pricing methodology to see whether there's a better way of doing it. It's proven through this experience that

that pricing methodology doesn't quite work where you see these dramatic increases, and so we need to look at that because you can't have a situation where mums and dads are looking at increases of around 15 per cent in an individual year. People can't cope with those types of price fluctuations.

CHAIR - Neither can small business.

Mr GROOM - And neither can small business, and frankly -

Ms FORREST - Or even large business.

Mr GROOM - No, that's right.

Ms FORREST - If they're exposed to the market.

Mr GROOM - That's what we saw previously, and so we have directly intervened to prevent that from happening. The Government has limited capacity to be able to mitigate with the larger businesses, but we want to do everything we can, acting responsibly, to avoid it. What we are seeking to do through these mechanisms is try to smooth out the pricing outcomes.

It is anticipated that pricing outcomes will come - that the wholesale price will come back a little bit in a couple of years' time, so we're trying to sort of take - take the edge off some of these really significant spikes in prices, but we do need to have a look at this methodology to make sure that in the future we don't have to engage in this type of direct intervention.

Ms FORREST - We have had to take a very strong view about that, and the amended legislation requires you to come back in two years and demonstrate the need to continue. You are not aware of that amendment?

Mr GROOM - I'm very aware.

Ms FORREST - Oh, right.

Mr GROOM - But I have to say we are on a unity ticket on this. From our perspective we think this work needs to be done as soon as possible. This is the intent of the Government. I know there has been some suggestion, some commentary, made on the fact that the pricing outcomes for households and small businesses on a 12-month basis but that's the system we have. Prices get set on a 12-month basis. We recognise that we need to adjust the pricing mechanism. We want to make sure that it's done properly in a considered way because this is very complex. We don't want to have the need for this sort of direct intervention in the future if we can avoid it.

Ms FORREST - I agree with you on that. On a positive note for consumers, regulated and others, I guess is the downward provision of the network charge for Tas Networks which the regulator recently released.

Mr GROOM - Yes.

Ms FORREST - So again, it's a similar sort of argument that will have a positive impact on consumers, but will have a negative impact on Tas Networks, and we have seen through the policy and parameter statement, there is significant downward provision of the income tax equivalence and dividends that Tas Networks will be providing to Government. These are the things that fund

our health and education services, so there is a balance to be met here. Do you, as Minister for Energy, have concern about Tas Network's debt levels as a result of this, and their income?

Mr GROOM - All the advice that I have is that they are in a sustainable position. Again, I take your point that they can provide dividend income to the Government and that can be used for things like health and education. But it is important that we make sure that they are not used as cash cows -

Ms FORREST - As they have been.

Mr GROOM - Yes, and that's right in the past.

Ms FORREST - Your Government as well as past.

Mr GROOM - I disagree with that. I will cite the example in the context of Tas Networks because one of the reasons why we had really significant increase in regulated prices under the previous Government was because we had really significant increases in capital costs through transmission and distribution.

Ms FORREST - That was a major capital expenditure and was a big blip in the landscape.

Mr GROOM - Yes, people can argue these things, but the net effect of it was that we had really significant increase in household power prices, and for the vast bulk of small businesses that were not manageable, and so it is important that we are looking for opportunities to put downward pressure on power prices. It's an outstanding outcome that Tas Networks has reduced their capital expenditure in the way they have, and they are the gold standard nationally. In fact, Tas Networks gets recognised in a lot of the national conversations because of its performance in this area. Again, from the government's perspective, if you look at our response to this, it's an important part of it. We can't stop directly South Australia having its disruption problem and we can't stop directly some of the supply demand issues that are emerging in Victoria. We can't stop directly the underlying gas price issues that exist nationally. All of these are national factors that are contributing to the cost of power. But what we can do is we can put down the pressure where we can and we are doing that through the network price.

Ms FORREST - And that's happened, yes.

Mr GROOM - It's a very good example of it.

Ms FORREST - That was the regulator making a decision there which was reflective of Tas Network's current - or the current arrangements with what they're doing, isn't it?

Mr GROOM - That's right and very much supported by the Tasmanian Government.

Ms FORREST - Just going back to the question I asked which you might have missed in that question about Tas Networks, how would this affect their debt levels, their gearing ratios?

Mr GROOM - I don't have the specific gearing ratios. That was here and it's -

Ms FORREST - They were at the upper limit. The Auditor-General has been flagging this every year for a period.

Mr GROOM - The advice I have is that their debt ratio levels are manageable and their position is sustainable. Otherwise we ought to recognise the very important role this outcome plays in putting significant downward pressure on power pressure in Tasmania. It's been a very positive outcome.

Ms FORREST - I wanted to go to the gas contract. We know that is a work in progress, so to speak. Can you tell us more about where that is, the gas transport contracts, and any work the Government is doing in encouraging uptake by residential users in trying to increase the demand and the use of gas in Tasmania?

Mr GROOM - It's a very difficult environment for the latter because of the movement in the price, to be honest.

MS Forrest - Gas price, yes, I know.

Mr GROOM - We have a situation in Tasmania where we are a little bit half pregnant when it comes to gas. It was brought in to start on the promise of more than 100 000 customers and we have about 14 000 or thereabouts. Unfortunately, that presents challenges for us. When it comes to the transport contract, I have made my position clear on this. I want to see an outcome as soon as possible. The Government is doing everything it can to encourage that outcome. Obviously, it needs to be done.

Ms Forrest - We don't have an outcome as yet then.

Mr GROOM - We don't and it needs to be on terms that are fair and appropriate for the people of Tasmania. We have sought to put in place an arbitration mechanism through a change to the National Gas Rules. We have argued for that through COAG and that is expected to be in place in around September, I believe. That's an important fall-back position if the parties aren't able to come to an agreement on it. We want to see an agreement as soon as possible so that there can be certainty from a transport cost perspective. That's just one component of the challenge of gas. The other one is the underlying commodity price and, as I indicated before, Tasmania is a price-taker when it comes to the underlying cost of power. We seek to play a role with all of the other states and the Commonwealth in encouraging greater transparency in the market and other factors that can put downward pressure on gas. At the end of the day, we are a price-taker.

Ms FORREST - I assume that's a decision that is going to be made and adhered to, to keep the Combined Cycle Gas Turbine at the Tamar Valley Power Station.

Mr GROOM - You can be assured of it.

Ms FORREST - I don't want to have that discussion again, but with that being kept as part of our energy - and I assume it's now part of our energy security arrangements which it wasn't a couple of years ago, but, anyway, according to the CEO and others across the table. Anyway, so, doesn't that make it easier to renegotiate the gas contract when we know that that's going to be there because that was part of the challenge that it was potentially going to be sold which then it would reduce because it was the whole take or pay contract that was causing some of the challenge. So you are going to reduce a significant uptake of gas, but now it might not use a lot of gas because it's only going to be used, I assume, when necessary. We're going to rely on Hydro when we can. Correct me if I am wrong on any of this, minister. So, doesn't this make it easier to negotiate that contract?

Mr GROOM - I wish it were that simple.

Ms Forrest - I'm not saying it's simple.

Mr GROOM - It is a very difficult situation. In essence, the State of Tasmania, through Hydro has negotiated with monopoly provider. It is a difficult issue and there are no clear mechanisms which is why we are yet to resolve that, which is why we have sought the arbitration mechanism to provide that as a fall-back. We have had good engagement with Palisades, the owner of the pipeline and we are seeking to do all we can encourage a very positive outcome when it comes to this issue.

Ms FORREST - I have a couple more unless anyone else wants to come in.

CHAIR - Yes, just a couple. I might follow on with a couple of those and we'll come back.

Just on that gas pricing, as I understand it our gas comes out of the Longford fields in Victoria, so that retailer sets a price across all jurisdictions. Is there a fairly comparative gas price from all the retailers, or is Longford gas field higher than the others?

Mr GROOM - I couldn't give you the details of the spread around the country. There would be some variation in different parts of the country because of transport costs mainly. But gas pricing is going up around the country and that's very much a consequence -

CHAIR - Yes, I'm aware of that. I'm wondering whether we are below the other differential or above?

Mr GROOM - We would be in the mix.

Mr RUTHERFORD - Sir, I don't think there is much difference - sorry, minister - I don't think there is much difference. It's been international pressures that have largely dominated the rise in gas prices. It is a problem for the sellers as well as the buyers that the prices come up like this nationally. That's no doubt assisted the Prime Minister's conversations because a bit like the issue we were talking electricity. You have the difference between how the price allocates existing gas and how it incentivises future customers. The problem of investing in willingness to take gas, we were talking earlier about why domestic consumers in Tasmania are unlikely to take up gas at the current price, well, that's a long-term problem on the industry side as well. There is a big issue going on nationally over how we get that balance right and the volatility that the minister referred to in both gas - because a lot of the volatility in electricity is driven by the volatility in gas. The energy markets have become much more volatile than any of us expected to us.

CHAIR - Yes, and following on from that, if you look at the fact that we have been getting premiums for clean green power to the mainland at times -

Ms Forrest - We were. We lost that.

CHAIR - but now you see the Port Augustas and the Hazelwoods as you mentioned closing down and the Victorias and the South Australias more into renewables and everything else. So, they are going to increase their renewable outputs into the NEM, I suppose. Down the track that might mean that we may not achieve so much in getting those premiums on the national market.

Mr GROOM - There is a fantastic opportunity for us in terms of the potential for us to be delivering more of our clean energy into the national market.

CHAIR - I realise that, but I am asking if there will be more competition from other jurisdictions?

Mr GROOM - Yes, but there is still the opportunity for Tasmania to be exporting its clean energy into the national market.

CHAIR - Yes, sure.

Ms FORREST - But don't you need a price on carbon to maximise that otherwise it's just a nice thing to do?

Mr GROOM - I still think the opportunity exists. Right now we are in a position, and this is the whole point of the conversation we have been having, there is the opportunity for us to achieve significant additional revenues by virtue of the fact that the wholesale price nationally has gone up because they are struggling with this transition to cleaner energy and we are able to deliver our cleaner energy into that national market. As I indicated before, there is then a question as to where that revenue goes. Does it just stay with Hydro and have power consumers in Tasmania pay more, or should we forgo some of that revenue and put downward pressure on power prices in Tasmania and help create a relative comparative advantage to the other states? Well, I think the latter and that's what we're doing.

CHAIR - In regard to the proposal to regurgitate water coming through -

Mr GROOM - Pump storage.

CHAIR - Generating and then pumping it back again, is there much more work? How far advanced is that work? I'm aware that there has been quite a bit concern from the agricultural sector, for example, as to how that might affect river flows and water available for irrigation.

Mr GROOM - There is a way to go with the pump storage projects and, in terms of our renewable development opportunity, there is very immediate opportunity with further wind development and potentially solar development in Tasmania. That's imminent. Then we have the opportunity for augmentation of the hydro system. This is the potential to look at things like Tarraleah or putting an additional turbine at Gordon. These are quite well scoped out projects and some would argue that they will inevitably happen at some point. It's a question of whether we can seize this opportunity of bringing that forward to maximise our capacity to be able to generate hydro. Then there is this broader question of the pump storage. That's more pre-feasibility. We have a lot of work to understand it and that's some of the work that is going on with Arena as well as other relevant stakeholders. We are a long way shy of any decisions being made on that and we will need to properly engage with all relevant stakeholders to understand the business case proposition for them and also the broader management of water.

Mr RUTHERFORD - We have to distinguish between the battery use of energy and pump storage is just an enhancement of the battery and the value of our system in the national market comes from being a battery. But the minister is quite correct. Some of the current enhancements we have on the board are cheaper and more efficient than pump storage at the moment so we still have room to enhance the value of our existing battery before we go to what can be quite expensive

solutions in a technological sense. We could be part of that or we may not, but we will part of being a bigger battery.

Mr VALENTINE - That may be relatively short-lived, though, as the mainland gets increasing interest in renewable energy themselves.

CHAIR - That's what I was pointing to before, yes.

Mr RUTHERFORD - If that is the question, that is fundamentally wrong. The mainland economy is changing in two ways that drive the value of the battery. The first is on the supply side: we are losing firm thermal through coal and the other firm thermal is gas and it is too expensive. What is happening is a significant rise in intermittent forms of renewables, particularly solar and wind. They come with two disadvantages. First of all, in the mainland, the common way was to provide spinning reserve from the coal stations, but also there other ancillary services, the need to provide inertia, the need to deal with frequency variability because of it. The minister knows more about this than I do.

Mr GROOM - I'm not sure about that.

Mr RUTHERFORD - So the value of being able to provide firm base load energy is rising in terms of the battery. But the other thing people forget is the structural change in the Australian economy. Back a while ago, and Victoria is a good example, South Australia too, they are getting peakier and peakier in their demand as they transfer from being a manufacturing-based economy with process industries that went all night, like the car industry. A bit like the advantage we get from our wonderful smelters. They are moving to a more service-based economy where the peaks are during the day. That again increases the value that the minister is looking to unleash further of our ability because the great thing about hydro is you can turn it on and turn it off and, if we only had the interconnectivity, we could supplement that with wind which drives the value of the battery harder. So that's it in a nutshell, but these are fundamental long-term changes in the Australian economy.

Mr GROOM - We are going to hear more about this shortly through the Finkel review and he has strong views on that.

Ms FORREST - Will you make the Finkel review public?

Mr GROOM - It will be public.

Ms FORREST - It will be public, right.

Mr GROOM - Yes, ultimately. He has a lot of thoughts on these issues and I will say he is a very strong supporter of hydro for exactly that reason because of its capacity to firm. Hydro is the gold standard of electricity generation because it's carbon-free and base-load.

Mr ARMSTRONG - We have already touched on the pumped hydro. You have had that one. Mini hydro schemes - is there any future for those? We have heard a few of those over the years coming up, but is there any more coming in line, or are the hydros looking at mini hydro schemes throughout the state?

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Mr GROOM - Yes, a lot of the mini hydro schemes have not been done by Hydro. They have been done by private investors and there have been some great ones. Do you know the number that we have? We have quite a few in Tasmania.

Mr ARMSTRONG - There's the little one on the canal.

Mr GROOM - We have quite a few in Tasmania. They tend to go under the radar a little bit and there are great opportunities in mini hydro. What I mean by that is that there is the potential for all the reasons we have described for us to continue to get further value from further renewable development. So, from the Government's perspective, we would be very supportive of that type of further investment.

Mr ARMSTRONG - I was thinking on your schemes that you have now can you attach them to any? Are you looking at attaching any mini hydro schemes to your current one? You have one on the canal at Tarraleah where it comes out of Butlers Gorge. There's one here that's a couple of megalitres.

Mr RUTHERFORD - It's probably 10 per cent.

Mr GROOM - Yes. We have looked at this. I can't give you the specific numbers. We might be able to get you some further information on it, but as part of our project of identifying further generation capacity through the hydro system itself, I know these issues were looked at. There are some very significant enhancements or augmentations that we are currently looking at including those I have previously described. I know the potential for further mini hydro was considered. We can see if we can get further information. I will make the point that there can be great opportunities in mini hydro outside of the hydro itself, yes.

Mr FARRELL - You spoke before of the importance of the major industrials and certainly the whole energy system is pretty reliant on the success of major industrials. I know whenever there is talk in my area about the future of the paper mill, everyone gets a little bit worried about that. Recently, there was an editorial comment in *The Examiner* newspaper from the general manager of the Dorset Council saying that within the next decade there may be one or two smelters close down at Comalco. I don't know what he was basing that on, but is there any truth or any communication to you as minister that may be something that is happening and, if not, has the appropriate action been taken to tell people not to go around spooking others about the potentials?

Mr GROOM - We shouldn't be talking a negative story when it comes to major industry in the state. From the Government's perspective, we see a positive outlook. We continue to be very engaged with all of the major users to identify ways that we can work together acting responsibly to maximise the opportunities for those industries for many decades into the future and we'll continue to do that. We all recognise that they operate in very competitive environments globally, so there are pressures. But from my engagement with them, I see cause for optimism. I am not denying the challenge, but that is what I would say and I would discourage people being too negative about it, notwithstanding the fact that there are challenges.

Mr RUTHERFORD - It's an interesting observation about aluminium. Any smelter faces the world market for its commodity and aluminium has had problems because of over-capacity in China. We need to remember that our smelter produces a higher quality for a start, a considerably higher quality product. It has the flexibility to move into production lines which are smaller and quite specialised and produce specialist alloys, which it does. Its markets are strong. World markets

for aluminium are likely to continue to get better over the longer term because when we talk about carbon and energy, we need to remember that aluminium as a product in vehicles where it still has plenty of room to go is part of the solution to all of this. So, the long-term market, the question is will we continue to be a player and there is every reason, as the minister says, to be optimistic that that can be retained as a strong commercial business in the state.

Mr GROOM - One of the things I would just add to that again is the potential. This is still emerging, but the potential for our products through these industries to have brand value by virtue of our renewable energy and that is emerging right now, the potential to be able to monetise that in a meaningful way. In some respects, we are going to have advantages that other places don't necessarily have.

Mr VALENTINE - Can we hear about any strategies being investigated to make sure the cost of providing electricity to households without any personal renewable facilities like solar, PV, wind or hydro, mini hydro schemes, how those without these facilities is not going to be unduly impacted by those that are actually installed in them. There must be a tipping point at some point where people that are installing these things are going to affect the whole network. Have you done any analysis as to where that tipping point might be? I see Bob screwing up his face there, but there must be a point where it simply becomes uneconomic to run the network as a back-up for these people that are running renewables?

Mr GROOM - That is more about managing the transition well and making sure that there is fair value for costs that are being charged and also for tariffs that are being paid for those that are contributing generation. This is about making sure we manage it to get good fair outcomes.

Mr RUTHERFORD - That is absolutely it in a nutshell there, minister, what you have just said. There are issues over the change. A changed pattern of use on the network may require a changed pattern of charging in the future. We are not there yet by a long way and at the moment, most households that have PV are still drawing significant amounts of electricity from the network.

Ms FORREST - Because they don't have batteries. They only have a PV on the roof.

Mr VALENTINE - As soon as the battery is hit -

Ms FORREST - Yes.

Mr RUTHERFORD - You can certainly imagine that with economic batteries there will be a changed pattern of demand on the network and that will alter those economics. But battery technology is coming, but whether it will displace large elements of the network is not something that is being broadly anticipated.

Mr VALENTINE - Going back to your previous observation about demand from the mainland, one assumes that that is going to be very important to keep your network operational in the event a lot of Tasmanians actually end up going to their own personal energy systems and I understand that really it's not decades away. It's really not decades. I don't think it is decades away, my personal feeling on this. I would be comforted if you can tell me that it is.

Mr GROOM - No, but I guess the point that I am making is that there is no doubt there is a transition going on and there is no doubt these are real challenges, in particular, for the transmission distribution companies. I know Tas Networks has looked to identify how this might impact their

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businesses going forward. For the foreseeable future, notwithstanding all the technological developments, there is still going to be a need for large-scale transport of power. It might not necessarily be your individual home because you may have gone off grid, but if they are going to be -

Mr VALENTINE - No, I haven't gone off grid.

Mr GROOM - No, but there are going to be large businesses and the central services, and so on and so forth, that will still require transmission of power in the medium term. There are still opportunities for these businesses, no question about that. What it is about is making sure that there is fairness for the costs and how that is distributed. The extent to which even if you went off grid, the extent to which you are otherwise getting benefit from the fact that we have this large-scale public infrastructure which provides power for central services and major businesses in the state. They are the sorts of questions, but I don't think we're quite there yet. I understand the point.

Mr VALENTINE - I understand the point you're making and I guess it's the price point. If it ends up being too expensive to put this on your roof, say, or your wind generators or whatever it might be, maintenance of that over a long period of time, it might be a better option to go with the grid. But if your prices are too high then you have that problem.

Mr GROOM - These are the challenges of the transition. These are the challenges.

Mr VALENTINE - Every time a person leaves the grid or relies more importantly on their solar systems and the like, the greater problem you are going to have. I am interested in that extrapolation. From what you are telling me, it is decades away.

Mr GROOM - This is a transition that is happening before our views and Tas Networks is very focused on it. The only point I am making is that for the foreseeable future we are going to have to have large-scale transmission infrastructure. I believe that is still the case and, therefore, it is a question of who pays for that and how there is fairness in that. Certainly from our perspective, we want to make sure that there are fair outcomes in terms of those arrangements.

Ms FORREST - You will probably find a lot more people end up being in grid rather than off grid so that, you know, in the winter, perhaps, when the solar is not as effective and even in the winter the wind is not effective, if you look at the current weather we had in May.

Mr VALENTINE - That's right.

Mr GROOM - Yes.

Ms FORREST - So that's when you are probably going to draw from the grid.

Mr GROOM - Yes, that's right.

Ms FORREST - Unless you have a big bank of batteries.

Mr VALENTINE - It's the base-load that provides it.

Mr GROOM - Yes, yes.

Mr VALENTINE - It is the base-load the grid provides. So with this in mind, obviously, and I think the increasing importance of demand from the mainland on our power, to be honest, given Basslink has been operational for a considerable period of time, have you actually done any analysis of its performance and operation and how that performance lines up in terms of outcomes with the business case that was originally done to get in that system.

Mr GROOM - The expert panel did an analysis. The expert panel did an analysis a few years ago and they concluded that it was a net positive to the state.

Ms FORREST - That is prior to the major breakdown.

Mr VALENTINE - That's true. Given the major breakdown, there is talk of the second link. Do you want to comment on that and any perceived benefits of having a second link?

Mr GROOM - Yes, the case for the second link is very much about Tasmania maximising its capacity for renewable development. If you stand right back and look at the national and you look at the challenge of transitioning, Tasmania is well-placed because of its resources for significant further renewable development in the state. So if you take wind, for example, we have substantial further development potential in Tasmania. Whereas if you were looking at new wind projects in South Australia, they look particularly challenging at the present for obvious reasons.

Ms FORREST - In terms of the offshore one in Gippsland that has been proposed.

Mr GROOM - That's right, yes.

Ms FORREST - I don't know how serious that is, but is that something you think is likely to go ahead and what impact will that have?

Mr GROOM - I don't know the details of it. I remember from my old development days that offshore wind farms were materially more expensive to maintain and so this is the point. We have great resources and we have local areas in Tasmania where they are very supportive of the development. So if you stand right back and look at this from a national perspective, you might argue - I would argue - you might argue - that Tasmania should be a place for significant further renewable development. That makes sense from a national perspective and, if we are to maximise it, you need a second link. That's a hard case and that's why we have been doing that work to try to understand it.

Mr VALENTINE - It is maximising it to the point where you are not over-capitalising in the event that the demand drops. That is the issue.

Mr GROOM - Yes, these are the difficult judgments that have to be made. For all the reasons that Bob indicated before, most people see hydro as being a really important source of generation to maximise. Again, if you stand right back and you ask yourself what is the first thing that you would seek to do if you were wanting to plan for the management of this transition from this point until the other side of it whenever that might be, and probably your first point would be let's maximise Hydro, you know, because it is carbon free and its base load, so therefore it is very good from a system's stability perspective.

Mr VALENTINE - And it is.

Mr GROOM - Yes, so if you are thinking along those terms, then you might take a very close look at Tasmania.

Ms FORREST - Just on that point, maximising Hydro. When you say that, do you want the people out there in Tasmania thinking you are going to build some new hydro systems or that you are actually enhancing the capacity?

Mr GROOM - We are not talking about substantial new dams. That is an important point. We might be talking about mini-hydro type systems. We are talking about the potential to augment. One of the other challenges we have is that we have an aging asset base and we need to invest substantial amounts of money. Over the next decade we will spend a billion dollars just maintaining the current system. In that process, there is the opportunity to modernise it, to reinvest by rebuilding some of the power stations to make sure that they have an extended life. So there are lots of opportunities like that. Then there is the potential for the storage.

Ms FORREST - So on that point, we know Hydro are aging assets. They have been around a long time. They have done a good job. But they are going to have to spend a lot of capital to maintain them, let alone maximise or upgrade their capacity. Going back to that forgone revenue. Do they have the capacity to undertake that without the additional revenue that they are forgoing? I know their prices are high at the moment, but they will drop back I would think. The predictions are that the price will drop back.

Mr GROOM - Yes, but it is important to recognise that these are higher prices so it is additional revenue.

Ms FORREST - I understand that, but I am saying that the predictions are that in a couple of years they will drop back, and this is when the work, the capital investment that Hydro is going to be required to do, will need to be happening.

Mr GROOM - Yes, but our maintenance has been projected based on those lower prices so prior to this -

Ms FORREST - So you are confident it can be done within the current arrangements?

Mr GROOM - Yes, I am. Prior to the recent price spikes, we had a forward projection which provided for an investment of somewhere in the order of a billion dollars over the course of the next decade. Reinvesting in our hydro to make sure that it has a strong future for decades to come, and so yes, all of the forward projections that Hydro are providing confirm that they are in a position to be able to meet those requirements.

Ms FORREST - Yes, even in the lower price environment; that is what you are saying?

Mr GROOM - When we say lower price environment, we're talking about the prices coming off the current spikes. But yes, all of the earlier projections were based on prices that were lower than where they currently are. Yes, we are confident based on the advice we are getting from Hydro Tasmania that it is in a position to be able to continue that strong reinvestment program, and it is important that it does do that.

Ms FORREST - I am trying to clarify that we are not relying on that and might have to facilitate some capital investment in the future.

Mr GROOM - No. no.

Mr VALENTINE - After the terrible situation we had last year when we had to bring in diesel generators, have you changed your minimum storage level requirements at all or the percentage of use that you are actually putting on basically?

Mr GROOM - We have. We have increased the prudent water management levels, so they were previously reduced in - I think it was 2011 or 2012.

Mr VALENTINE - What were they?

Mr GROOM - It was previously at 30 per cent. It was then reduced to 25 per cent. We put them back up to 30 per cent. We were waiting for the final position of the Energy Security Taskforce which is imminent. But we have put them back up 30 per cent at the end of June and around 40 per cent at the end of spring. At the moment we are well in excess of that, so currently the dam levels are at 35.9 per cent.

Mr VALENTINE - 35.9 per cent collectively?

Mr GROOM - Yes, that is well in excess of the revised level.

Mr VALENTINE - What about Basslink usage? Have you revised?

Mr GROOM - Basslink usage - judgments are made on a commercial basis but consistent with that prudent water management requirement, so you do not export if that is potentially at risk. But if you have water in the dams and there is a commercial opportunity then that's a fair opportunity for Hydro to take.

Mr VALENTINE - What about the nervousness of using Basslink too much? With the breakage that we had and the outage - there must be some nervousness there until you get a second link in place.

Mr GROOM - We have no advice that there is no materially heightened risk but -

Ms Forrest - It was a once in 3000 year event we were told.

Mr GROOM - That's right. It is important for all of us to recognise that things can happen and we need to make sure we have arrangements in place that can keep us secure. That is why we have adopted a much more conservative approach when it comes to the prudent water management levels - not putting them back to where they were before they were reduced, I think it was in 2011, but in fact higher than that. And it is important.

While we are encouraging further renewal development on island, our renewable development to increase our capacity that is also why we want to encourage people to be more energy efficient. That as a double benefit in the sense that it can reduce your requirements and also save you prices. We have a suite of initiatives that are designed to ensure that we are in a more secure position. I am pleased to say, based on all of the feedback I have now from major industry and people from around the country, Tasmania is now recognised as being one of the most secure locations in the country, right now, when it comes to energy. That is a pretty remarkable turnaround.

Mr VALENTINE - I was just going to say that it points up two issues. When you say you are encouraging more renewables, are you looking at bringing back on the incentive for people to put renewables in place with the feed-in tariff going back up to 25 or whatever it is, rather than six cents or whatever it is at the moment? I am not quite sure what it is.

Ms Forrest - No, but that was too high.

Mr GROOM - You see this is the point. It goes back to your earlier point. This is about making sure we get fairer outcomes and we have an arrangement in place. It was put in place by the former government through the Economic Regulator of determining a fair price and we do not have any current intention to change that. We have introduced a number of initiatives that can help offset the cost of installation. A good example of that is the Tasmanian Energy Efficiency Loans Scheme which enables you to go and purchase solar PV or solar hot water systems, among many other eligible energy efficiency products, interest free.

Mr VALENTINE - The other thing was just with respect to the owners of Basslink. Have you renegotiated any terms on that as a result of the outage or is that something you can't talk about?

Mr GROOM - Yes, I am sure you appreciate these are highly complex contractual arrangements that have been worked through, but there is very strong positive engagement between the parties, and from the Government's perspective we want to see all of those issues resolved and we want to make sure that we are in a position to have good reliable energy supply and as a government, we have taken steps and we will continue to respond to any further recommendations that come through the energy security taskforce to make sure that we are maximising energy security. But we are in a very strong position now.

Mr VALENTINE - When does that contract run out?

Mr GROOM - It still has a while to run.

Ms FORREST - Twenty-five years still to go. Something like that?

Mr GROOM - It still has a way to go.

Mr VALENTINE - Thank you, Mr Chairman.

Mr GAFFNEY - Budget paper 2, volume 1, page 271, there is a table 10.5 and some information about group 3 and talks about policy advice National Energy Market Development Security Projects and Programs.

Ms FORREST - Is this the one I gave you the prize for last year for the most useless set of tables ever. He still wins the prize.

Mr GAFFNEY - The note there says that 'The satisfaction adequacy and outcomes are largely measured by feedback from the minister's office and secretary using a five point scale where four is rated good'. So what is your five point scale? What is satisfactory, good, very good, or unsatisfactory?

Mr GROOM - I don't have the details of that particular scale, but from my perspective, they have done a very good job. We have dealt with some pretty tricky issues, difficult issues, over the course of the last couple of years. We continue to deal with some very difficult issues, and I very much appreciate all the support I get and I make the point that we do not only get it from the State Growth department, we get it from around government and through the energy businesses.

Mr GAFFNEY - It is interesting because you have nothing less than a four in aspiration or in actuality. I thought I would go back to the four years beforehand when it was under the infrastructure of Energy and Resources and they all got fours as well.

Ms Forrest - So nothing has changed.

Mr GAFFNEY - From 2010 to 2018, with the energy stuff that we have gone through, every government has said that they are doing it good, and the only difference back in those, they did have more than just the minister's office and secretary giving some feedback. They also had the Director of Energy Planning and colleagues and clients using it. So really this is a *Yes, Minister* table which should not be there or it should be better qualified. Why is it there?

Mr GROOM - I have been very pleased with the level of support and assistance I have received through the department and around government. I make the point because this goes to the substance of it. In terms of the performance indicators, I agree these need to be improved and I have asked for a review to be done. Not just with respect to these ones.

Ms FORREST - You asked last year, minister. You failed to ask last year maybe.

Mr GROOM - I am going to hand over to Kim on this. I have formally asked for this to be reviewed, because I agree. The main point is that it does not really extract meaningful information.

Mr GAFFNEY - It is superfluous really, isn't it?

Mr GROOM - Yes, it should be fixed and I have asked for that to happen.

Mr GAFFNEY - Sorry, Kim are you answering the question or -

Mr EVANS - I was just making the point that the minister has written to me and asked me to a review of our performance indicators.

Mr GAFFNEY - All right.

Ms FORREST - When did he write?

Mr EVANS - I would have to check. The last few months at least.

Mr GROOM - I agree with the point here. These need to be made to be more meaningful. We have made some changes with some of the performance indicators that are helpful, but I agree that you do not extract enough information from some of them and that is why I have asked for them to be reviewed.

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Mr GAFFNEY - Thank you. Because you go back to before, you think somebody has to say 'No, it was just average' or poor, in one of those categories over the last eight years because of what we have gone through so.

Mr GROOM - When you say 'because of what we have gone through', that is where I disagree with you. I have made this point for the record. The level of support that I got as minister through that period was unbelievable, and it is still one of the untold stories of that experience. It was an incredible collective effort and to say that I was pleased with that support would be an understatement. It was an extraordinary contribution. Regarding the actual information, I take the point completely.

CHAIR - We are in accord now. The point has been made and action will be taken. Thank you, minister. Ruth, you are back again.

Ms FORREST - I want to continue on with this for one moment. Last year I talked about this, and the year before I probably did too. I talked about outcomes based. This is just measures of activity. I don't deny that the support and everything through that period of the Basslink failing and the dry period, I am sure was very effective and helpful. That is an assessment only you can make. These KPIs mean nothing to the consumer out there and us. It is not about updating this information in here. It is about changing the performance measures to make them meaningful and relevant.

Mr GROOM - I agree and that is the basis upon which I have asked for them to be done better.

Ms FORREST - I hope we will not be having the same conversation next year. I want to go back to a couple of points that were raised by Mr Valentine. The Basslink value and the legal battles with Basslink were well publicised. They are not secret. They were in their financial statements and we have had many discussions about them. Is there an ongoing cost to government of those, or is Hydro wearing the cost of all these?

Mr GROOM - There would be legal advice that the Government has had itself, and then legal advice that Hydro has had which, no doubt, they are meeting the cost of. I do not have those figures with me.

Ms FORREST - Do you have figures that you can attribute to the cost of the Basslink failure that the Government has had to wear? Your area had to wear?

Mr GROOM - Sorry, are you talking about the broader issue, or are you talking about the dispute?

Ms FORREST - Of the issues relating to the Basslink failure and the dispute that was associated with that?

Mr GROOM - Yes, the actual dispute, the contractual dispute?

Ms FORREST - Well, there is more than one dispute as I understand it.

Mr GROOM - There is a contractual dispute between the parties. Are you talking about the cost? I can find out through the department and I can find out what the position is, but the state has had legal advice, as you would expect it to do, to make sure that it is managing its situation. Hydro has its legal advice. Regarding what the net position is, you need to have a resolved outcome to

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understand what the net position of that would be. I can see what further information I am able to share.

Ms FORREST - The other matter I want to discuss is the renewables which we have touched on. You said there are a number of other renewables - beside the Hydro, wind energy, Gramble Harbour for example. What is on the radar at the moment and what is the Government actively working on in terms of other renewable energy generation?

Mr GROOM - We are actively working on this. As I have indicated before, it is my expectation that we will be in a position to make further announcements in relation to further renewable development very soon, and we have a number of substantial further wind developments that are possible. There has been some interest in solar which is best progressed, but there are broad opportunities in Tasmania, whether it be in those more established technologies or whether it be areas like wave technology, for example, or other forms of early evolution renewable generation technology. So from the Government's perspective, we want to do all we can to be supportive of it and encouraging of it. There are some substantial developments which we will see announcements of -

Ms FORREST - The ones that are in the pipeline, the announcements that are imminent you referred to, what generation and capacity are we talking about with these ones?

Mr GROOM - When you talk about substantial further -

Ms FORREST - Yes, but what's 'substantial'? How many megawatts?

Mr GROOM - You are talking about substantial further development, so you would be talking about in excess of 250 megawatts or thereabouts.

Ms FORREST - Of additional generation?

Mr GROOM - Of additional, yes. And the potential for more.

Ms FORREST - These are the ones that are likely to come online. Not perhaps some of the others that are a bit less well advanced. You said solar was less well advanced and I imagine the wave energy is probably less well advanced.

Mr GROOM - Two fifty is about right in terms of what I think -

Ms FORREST - Is likely to come online in the future?

Mr GROOM - You can expect to hear further announcements fairly imminently, I will describe it as. We have some potentially very significant announcements that will be coming forward imminently in relation to substantial further renewal development in Tasmania, but our potential beyond that 250 that I have identified is very real, and as Government, we will continue to pursue those opportunities also.

Ms FORREST - Is there any consideration been given by Government at looking at battery storage for some of our renewable energy as well?

Mr GROOM - You can potentially have battery storage through pump storage, and we also use some battery storage on the islands.

Mr RUTHERFORD - It goes back to the earlier comment that you made, minister, that the cheapest form of storage we have are in our empowermentments.

Ms FORREST - Our what, sorry?

Mr RUTHERFORD - Our empowermentments. That is why we are the envy of the rest of Australia. They are pursuing battery storage; battery storage is still quite expensive. It is coming down in its expense and it is quite expensive compared with the ability to use higher storage levels in our existing empowermentments and enhancing those empowermentments.

Ms FORREST - Somewhere like King Island -

Mr RUTHERFORD - It would be dominated. You would first invest in enhancing what we had before you move to battery storage. Battery storage is already important in situations where you have remote need to offer support and there is no doubt it is going to appeal, as Mr Valentine was saying, to those who wish to have a degree of independence from the grid.

Ms FORREST - I am talking about not residential customers for example. I am talking about other opportunities for the government to actually invest in this. Like whether it sits with TasNetworks or whether it sits with Hydro and look at batteries as a storage option which it can also then mitigate some of your energy security risk potentially.

Mr GROOM - We pay attention to the emerging technology in battery storage. I know TasNetworks has done a bit of work to make sure that they understand it. There has been work that has been done through the hybrid systems on the island. Is that right?

Mr RUTHERFORD - That is right, yes.

Mr GROOM - So, as an example, in fact potentially that is an opportunity for an export potential for Tasmania.

Ms FORREST - That is what I was going to say. You could store it up and sell it at a higher - we store our water - bank our water and prior to the carbon tax period, we did. We banked the water or Hydro banked the water to maximise the return that they got at the time when it was in place. This is another opportunity to store energy and then sell into the market at a higher price. That is what I am talking about.

Mr GROOM - Yes. It is really important that we pay attention to the development of that technology, but as Bob has indicated, by far and away our most substantial is still the dams. People are amazed when you talk about the potential size of the reserves. Our system is very different to the Snowy, for example, where they predominantly have run off river. If you take Gordon full, that is the equivalent of - I have to get this right - I think it is 26 Sydney Harbours. Twenty-two. Twenty-two Sydney Harbours. It is incredible. It puts it in perspective. So Tasmania's hydro system is the best battery around right now. No doubt.

Mr VALENTINE - As long as there is water in it.

Mr GROOM - That's right.

Mr RUTHERFORD - The point you are making, Ruth, our constraint is our ability to get it out, because the value of the battery is only really there in peaks and a bit into the shoulders. As long as we are constrained then it is very difficult to invest in more battery, as it were, because it does not assist you in getting it out. It assists us in our energy security.

Ms FORREST - That is right.

Mr RUTHERFORD - But that is a different thing to the value we want to drive if we could get a second.

Ms FORREST - So in one of the areas of this - advancing Tasmania's interest in the National Electricity Market Policy Reforms and Developments, can you tell us a bit more about what you have been doing in that space?

Mr GROOM - The engagement with Dr Finkel and his review would be a very good example of it. As you would appreciate there is a live conversation going on in terms of the future of the energy sector, and there are potential opportunities for Tasmania to be well-placed or not so well-placed in relation to those outcomes. We have been very strongly engaged to make sure that we are maximising the outcomes for Tasmania. We will continue to do that. We have also been taking the opportunity to advocate the certain outcomes that we believe are important for Tasmania in relation to the gas arrangements. I mentioned the arbitration mechanism previously. We continue to do all we can through the COAG arrangements and then in addition, we have been having direct conversations with the Commonwealth government in relation to maximising our hydro potential in Tasmania. They are the examples.

Ms FORREST - So in terms of monitoring Tasmania's energy security and continuing to improve the preparedness to deal with any high impact low probability energy security or supply emergencies, who is responsible for security in the state now?

Mr GROOM - It has not changed. The state government is ultimately responsible for energy security in Tasmania, but we have the benefit of various parties that all contribute. So Hydro Tasmania continues to play an important role through its management at the dam levels, and we have statutory arrangements, Bob in his statutory role play important roles in ensuring that we have energy security. We are going to listen very carefully to the recommendations of the Energy Security Taskforce in this regard to make sure that we have the best arrangements possible. As I indicated before, any objective assessment of Tasmania's energy security position is a very sound one. If you compare it to the positions they are confronting interstate, in particular South Australia, Victoria and New South Wales where they have very real issues, and still into the future, real issues with no short-term solutions to those issues, Tasmania is well-placed in this regard.

Mr ARMSTRONG - I notice that our Lake Gordon has approximately 10 metres more water this time of year than what it had last year.

My question is on pay-as-you-go power. There are stories going out that it was going to be pulled a few years ago. What is the future as pay as you go?

Mr GROOM - We are very committed to it. We have been doing work to make sure that the technology is fit or purpose into the future. So one of the things that they have been looking at

doing is utilising the mobile phone because a lot of people, you know, have mobile phones and they have done a number of trials as I understand it to test that type of mechanism. We remain very committed -

Mr ARMSTRONG - When you say mobile phones -

Mr GROOM - An app that enables you to top-up through your mobile phone. We remain committed to it as a product but we do need to make sure that we have the technology arrangements in place to give it a future, because a lot of the technology is quite outdated.

Mr RUTHERFORD - Pay-as-you-go is a great successful story for Tasmania because in other places they brought in those kind of meters to put consumers who are in bad credit on, and they were used in a way to get the disconnections off the books to put it broadly. In Tasmania, we brought it in as a tool of empowerment for customers so that they could control their bills and get the benefits of managing their resources better. That is the reason it was not stigmatised in the way it was in other jurisdictions. Other jurisdictions have looked at what we did as a way forward because some of the ministers' other actions on pricing are all about this. We know we have a customer base that in significant parts struggle to pay their bills, and we all know how important it is to stay warm in Tasmania, particularly in the winter, and it has been an important tool in giving people control of how they live.

Ms FORREST - Going back to that question of the energy security. There was previously during the year, a submission to another committee that suggested Hydro Tasmania was going to be given the responsibility of energy security. That was the Government's submission saying that. Has that changed or what's happening?

Mr GROOM - It is not quite how I would describe it. Ultimate responsibility for energy security in Tasmania sits with the Tasmanian government and ultimately me as the minister. When we first entered the national market and put in place Basslink, there was this question around whether the ministerial charter, I believe it was, should recognise energy security as a specific obligation of Hydro, and there was a decision at some point to remove that, and it was substituted for a different obligation, I think to use the water prudently, something like that. Bob will be able to give you the corporate history on this. When the expert panel looked at broader issues, they had made a recommendation that there should be a more explicit recognition of energy security in the arrangements with Hydro. The previous government said they would act on that. They did not act on that. We have made arrangements now to make amendments. We want to see the final form of the Energy Security Taskforce but we will be making further amendments to the ministerial charter to make it clear why Hydro Tasmania's obligations are made in this regard.

It is really about addressing a change of wording that was made back when we entered the national market that we believe, as a government, should be cleaned up. But it is not to suggest and it has never been to suggest that Hydro has responsibility over there and the government is wiping its hands of it. That is not right. Ultimately, the government, the State of Tasmania, is responsible and in the end that lands with me.

Ms FORREST - So is the comment in the submission to the PAC then that said that Hydro Tasmania would be given responsibility to manage security, are you saying that they are not -

Mr GROOM - I do not have that wording in front of me but I suspect it says something along the lines of making sure that there is an express provision recognising their responsibility for energy security. So, in the old days that used to sit - was it in the ministerial charter?

Mr RUTHERFORD - It was in the original charter. When we went into the national market there was a lot of discussion over the need to try to get some competition into the generation market. You will recall that the building of the gas-fired power station originally was intended to be a competitive development to Hydro. Now, as things have transpired, we ended up without it being a private sector and being taken over by government, but we were very aware that Hydro needed to underpin the system. Under normal circumstances you would not tell a purely commercial business how to manage its fuel, but it was put into the charter that they had to prudently manage and have the responsibility to the minister to demonstrate that they were prudently managing their water storages and that was a proxy for their role in energy security. It has been a tension between wanting to drive some innovation and competition and the need to underpin the security of the system, and I suppose with the changing volatility of outcomes, the need for security and being more prescriptive has risen.

Ms FORREST - So it will rest with the government, you are saying, into the foreseeable future.

Mr GROOM - No, the energy security has always rested with the government. Will always, has always. This was about identifying a specific obligation of Hydro to manage its affairs having regard to energy security. Previously in the old days that was an express provision as I understand it in their charter, and it was changed when we went into the national market. We are saying that we think that that needs to be tightened up. The wording needs to be tightened up to make it clear that when they make decisions, for example decisions about export across the link, they are having regard to energy security. It is not suggested that ultimate responsibility is not with the government. That is not the case.

Ms FORREST - Just to read from the Government's submission to PAC in this regard, it was a discussion around potential sales of combined recycled gas turbine at Tamar Valley Power Station, and the comment was made that Hydro Tasmania would be formally given responsibility for energy security as well as review its prudent water management, water storage management.

Mr GROOM - So that is exactly what I am saying, that there was an understanding that the amending of the words had left a provision in the charter that was not explicit in relation to their obligation to manage their affairs having regard to energy security. We believe it should be explicit, that is to say, it should say in the charter that they have responsibility to manage their water, manage their affairs, having regard to the energy security or upon -

Ms FORREST - Having regard to energy security, rather than being responsible for it.

Mr GROOM - Sorry, I will make the point again. We have never suggested and it is not my suggestion that the state government is not the ultimate entity that has responsibility. Of course, that is the case. But this was about correcting a change of wording that had been amended in their charter as I understand it, when we entered the national market. We believe that that should be addressed and we will be hearing the views of the Energy Security Taskforce on these issues and making sure that we respond to them.

CHAIR - We need to move on.

Mr VALENTINE - With respect to the pay-as-you-go meters, what is the price differential between the two? Between normal electricity and pay as you go electricity? Significant?

Mr GROOM - There are differences. The differences have narrowed. We might be able to get you some information.

Mr VALENTINE - The issue is if people rent a property, some might want pay as you go, others, because of the pricing, might want to go back into a normal situation as opposed to doing it through a meter. Does the system cope with that, or are they forced to use the meter?

Mr GROOM - They are quite specific questions on pay as you go, so we will follow that up.

Mr VALENTINE - Thank you, Mr Chairman.

CHAIR - At this stage we will adjourn. Thank you, minister, for that and to your adviser, Geoffrey. We will go to climate change with Mr Valentine.

Committee suspended from 1.08 p.m. to 2.01 p.m.

CHAIR - Minister, we will start straight off with your role as Minister for Environment and Parks. We have climate change first up, but would you like to make an opening statement on that?

DIVISION 7

(Department of Premier and Cabinet)

Minister for Environment and Parks

Mr GROOM - I just introduce Sophie Muller, the Director of the Climate Change Office.

CHAIR - Thank you.

Mr GROOM - Look, from my perspective, this is an important moment when it comes to climate change and I've been absolutely delighted to have recently released the Climate Action 21, Tasmania's climate change action plan from 2017 to 2021, and it really sets out the Government's thinking in this space and our objectives. We make no apologies for the fact that this is a very serious issue. We need to have real and practical action in response to it that recognises the very significant leadership role that Tasmania already has in this space, our emissions profile on a per capita basis are amongst the lowest emitting reporting jurisdiction in the world, but nonetheless, we can continue to contribute more, and of course we also have to respond from an adaptation perspective.

We do see great opportunities in renewable energy. We see opportunities with respect to electric vehicles, and we see an obligation to all we can to see opportunities for reducing our emissions profile more broadly across the economy, and then also taking prudent steps to prepare and adapt in response to a changing climate.

So they are my broad overview comments. I am very conscious of the fact that this is a topical debate in a national context -

Ms FORREST - And international.

Mr GROOM - Well, I was going to get on to that.

Ms FORREST - Yes, all right.

Mr GROOM - But in a national context with the Government currently overtaking a review, their climate change policies, that is, the Commonwealth Government, and we have the pending Finkel Review which will no doubt go to some of these issues. It's focusing on it from an energy perspective, but nonetheless it will be relevant, and of course we have recently seen comments from President Trump in relation to the Paris Agreement. We make no apologies for the fact that our Climate Action 21 sets a long-term target of zero emissions by 2050 in line with the Paris Agreement. Australia as a country is a signatory to that agreement and we do see it as an important demonstration of our ongoing commitment to action in this area that we adopted as our target, bearing in mind, of course, we've smashed our existing legislative target of 60 per cent of 1990 levels by 2050.

CHAIR - Thank you, minister. I will hand straight over to Mr Valentine.

Output group 1

Support for Executive Decision Making

1.2 Climate Change -

Mr VALENTINE - Thank you very much. We have an increase, and this is the first of four years of funding for Tasmania's Climate Change Action Plan. When all is said and done that might sound like a reasonable amount, but there is a lot of work to do, as your own plan outlines, even though we've reduced our emissions by 95 per cent, I believe, and the target was 60.

Mr GROOM - That's right.

Mr VALENTINE - So we're doing okay there. That might be related to, I suppose, a lower activity in the forestry space, and that's 90 per cent to 95 per cent of our pre-1990 levels, I believe. There's a need to look at the possible impact on a whole host of things. Changing growing conditions in the agriculture sector impacts on marine environments with the rise in sea temperatures, crayfish habitats, abalone fishery, the oyster industry, those sorts of things, and impacts on Tasmania under various emission scenarios of extreme events, including sea level rise, ocean acidification, changing rainfalls, et cetera, and some of those are mentioned in the Climate Action 21 Plan.

Can you give us some hope here that \$750 000, over four years, is going to be at all adequate in the implementation of those actions under that agenda? It seems to me that there's a lot there to do.

Mr GROOM - Yes, there is a lot to do and that's additional spend. It represents a record spend in support action on climate change by the Tasmanian Government, but it's not the totality of our spend. As Climate Action 21 makes clear, over the course of the forward Estimates, it's anticipated that in excess of \$400 million will be spent collectively by the state in relation to actions which are relevant to climate change as an issue. In fact, if you take account of the need to re-invest in our renewable energy, so our hydro system as we were discussing earlier today. Collectively over the course of the next decade that's around \$1 billion, so Tasmania is making a significant contribution, but we can do more and we must do more. That's why we have identified that record spend.

I want to just put on the record the results of the recent Greenhouse Gas Accounts for 2015. There is a delay with the presentation of these accounts, how they go through the process of verifying them, so these are the 2015 results. They were released on 29 May in the Australian Government State and Territory Greenhouse Gas Inventories 2015 Report.

In 2015, Tasmania's greenhouse gas emissions totalled 0.9 megatonnes of carbon dioxide equivalent which represents an overall decline of emissions of 95 per cent since 1990, and our current reduction target of 60 per cent below 1990 levels is the current target that is legislated in the Climate Change Action 2008. It's the third year in a row that we've exceeded this emissions target, and massively, and it's in that context that we believe that it's important that we look for an alternate as a legislative target. What we have sought to do is leverage off the thinking around the Paris Agreement which has seen emerge this target that's been adopted by a number of jurisdictions around the world of net zero emissions by 2050. It is on that basis that we propose to do that. That was also a recommendation that was made in the Jacobs Review on the Climate Change Act.

I will also make the point that our per capita carbon emissions are 1.7 tonnes of carbon dioxide per person, and that is the lowest of any jurisdiction in the country, and one of the lowest recorded per capita emissions profiles of any jurisdiction in the world. So we come at this issue from a very good starting place, but there is more to be done and we are committed to doing that.

Mr VALENTINE - Largely that's to do with our hydro energy, I presume?

Mr GROOM - Energy is typically a very significant component of an emissions profile in most places, and we're very different in that regard.

Mr VALENTINE - Fair enough.

Mr GROOM - And it's not zero.

Mr VALENTINE - No.

Mr GROOM - But we are different.

Mr VALENTINE - I understand that, and the fact that we have had a downturn in the forest industry, you could say how well are those programs that were running achieving, and to that end, is there going to be any assessment of fitness for purpose, to call it that, of the current climate adaptation programs that you have on page 17 of the Action Plan. So there's quite a few there that are listed, about 14 or so programs that are on that - on that page, page 17, and just wondering whether you are going to assess those as to how well they are going, whether they're worth continuing, whether they're delivering.

Mr GROOM - I might hand over to Sophie in a minute to provide some further details. As part of this we constantly monitor the programs that we have to identify those that are successful and not successful, and those that might need to be enhanced in some way, shape or form. Part of the work that we are doing through Climate Action 21 is leveraging off work we have done in the past.

A really good example of that that I'll give you would be climate science and research. As you would know, we have done some really fantastic work in that space. In fact, the Climate Future's Project has been recognised nationally and internationally as being at the front edge of projecting some of the impacts of climate change, and a clear focus of this particular plan is to leverage off that work and make sure that it's being updated.

I make the point that there have been a number of other sectors in addition to land use and land change and forestry that have been part of the change, so we have seen a reduction in our emissions profile from energy of 0.7 per cent. We've also seen a reduction in agriculture more broadly of 8.5 per cent, and we've seen interestingly a reduction in waste of 37 per cent, quite interesting in terms of the emissions profile. So we are seeing progress across our economy, but we recognise that there's more work to be done in some of those areas in particular. Do you want to say anything on it?

Ms MULLER - Yes, the only other thing relates to how the office operates and that's an adaptive management framework. It's one where we're constantly monitoring and evaluating our programs to determine their effectiveness; working collaboratively with partners, particularly local government, but also businesses and communities, and through that adaptive management process, reviewing and updating the approaches that we have to emissions reduction, and also to responding to the impacts of climate change.

Mr VALENTINE - Some local governments are really putting in some work on some of this stuff and I have an intern doing some work on this at the moment. Are there any aspects of the review of this Climate Change Act, that's the Jacobs Review, that you didn't take on board for various reasons? Any recommendations that they have made that you haven't actually grabbed hold of and run with?

Mr GROOM - Generally we were supportive of the recommendations. Recommendation 5 we support in principle, so that's the Government continued to prepare a plan for mitigation and adapting to climate change, and that the act is amended to make the Climate Change Action Plan a statutory requirement, and with specific sort of rules around that, so we want to have a good look at that as a concept to make sure that that makes sense from a Tasmanian Government perspective.

Another one was Recommendation 3 which we support in principle, but we want to understand a little bit more, which is that the act is amended to require state agencies and departments to consider the target objects and proposed principles in the act in relation to relevant decisions. We already have embedded principles within decision-making in Tasmania to take account of climate change. There's potentially more that we can do consistent with the recommendation, but in terms of any specific amendment to the act, that's something we would want to have a closer look. As a general proposition we were supportive of the recommendations of the review, and in particular in relation to the target, yes.

Mr VALENTINE - Thanks for that. Moving on to electric vehicles. You have made statements about electric vehicles and needing to be market driven in a sense. Since that statement

was made, I asked a question in parliament some months ago on that. Given there's now a significant interest in electric vehicles, and it really is building, and as an electric vehicle owner, at least a hybrid owner, I declare a little bit of an interest here. I note on page 14 of the plan you're going to be working in partnership with Tas Networks, local government and the private sector to roll out electrical vehicle charging infrastructure. Can you give us a bit of an update on where that's at and how close we are to actually having better charging facilities across the state? There are people out there who are really quite frustrated, and this could assist a move over to this technology which saves emissions and all those sorts of things.

Mr GROOM - As is clear through Climate Action 21, we are very committed to doing what we can to facilitate the uptake of electrical vehicles in Tasmania. We see this as a great opportunity for the state and it's consistent with the brand. It is good from an environmental perspective. It can be good from a cost efficiency perspective once you've paid for the upfront capital of the car, of course, and we think it's the future. This is where things are trending, so there's an opportunity in that sense for Tasmania to be a bit of a pilot location for the roll-out.

There has been strong interest. We've had significant interest from a number of private sector operators. I know the RACT, for example, is very interested in this space, and there have been a number of broader companies in the tourism sector that have expressed interest. I've had director designs with Tesla who have had an interest in Tasmania as a location for the roll-out of this infrastructure. But as I've made clear before, it is important that this is market led. If it's the government sitting in a little office somewhere designing the roll-out, I don't think that works. It has to be driven by the private sector but we want to be a partner. We want to help facilitate and we have already had some good engagement through Tas Networks in relation to the pilot program which Sophie might be able to talk more about, and similarly, in undertaking an assessment of the best approaches for the roll-out of charging network infrastructure in Tasmania. We want to make sure that we're leveraging off both the energy businesses and also the expertise within the private sector.

As I understand it, there are some basic concepts in terms of the type of locations that you might be seeking in the first instance to see electric vehicle charging stations in order to be able to promote Tasmania as an electric vehicle friendly destination. But there are issues around the type of technology. I'm not an expert. Sophie, you probably know more about this than I do, but there are different types of charging systems.

Mr VALENTINE - There are, minister, and Tesla might be one type and then there might be others. The Mitsubishi I have is off a 15 amp outlet or you can even do it off a 10 amp outlet. It's a competitive edge, isn't it, that we have here in the sense that we have the renewable energy through the hydro, if you put it that way, solar systems. We have the research smarts. We have the software development smarts. We have the renewable energy, the engineering smarts. Couldn't we be capitalising on this in some way, working with CSIRO, working with UTAS, working with Tesla? Can you explain how we might be pointing -

Mr GROOM - I'm very much in the same space and it's why it's emphasised in the plan. I see this as a great opportunity for Tasmania. You're right, it makes sense in so many respects because there's no greater place on earth to be talking about the concept of electric vehicles than a place like Tasmania when we're very close to 100 per cent renewable now electricity generation. From an environmental perspective it's a win-win in that sense, and there are opportunities for Tasmania to market itself from a tourism perspective as a location which is electric vehicle friendly, and there are some ideas that are being put forward by some private sector operators in terms of a map of

potential charging locations that would establish Tasmania as an electrical vehicle friendly tourism destination.

I also think that by virtue of our size and the fact that we have a simpler road infrastructure in terms of our core road infrastructure than some other locations, there is the opportunity for Tasmania to be a good pilot location. There has been some interest expressed to me in terms of Tasmania's potential in that regard.

Sophie, did you want to talk about this?

Ms MULLER - The only other thing to note is that there's an Australian Electrical Vehicle, Australian Association with a Tasmanian -

Mr VALENTINE - AEVR, yes. I know it well.

Ms MULLER - Yes, with a Tasmanian Branch, and they are very active in this space as well and have been doing some detailed thinking around future infrastructure requirements. It is important that we work closely with all organisations that are active in this area and make sure that the infrastructure that we support and leverage is well-planned and considered.

Mr VALENTINE - So you're keeping in touch with those sorts of organisations. There are two projects that are mentioned in the Climate Action 21 Plan. One is sponsored research into the future viability of planned burning. Do we have any findings coming out of that yet or recommendations flowing from it?

Ms MULLER - What page is that on, sorry?

Mr VALENTINE - It's on page 20. No, it's not page 20, sorry. I have the wrong page down, but it's one of your projects to do with planned burning. Anyway, let's move on to the next one. I've put the wrong page in my notes and I can't put my hand on that at the moment.

There is another one and that is the Tasmanian Coastal Adaptation Pathways Project. The value of infrastructure in the state in the path of a rising sea level is really significant and the Sharples Report early pointed that up, but that's some time ago now, a bit long in the tooth. What's happening in that space? Is there any more assessment being done, any understanding of the value of infrastructure that really is facing real problems in the sea level rise area?

Ms MULLER - We have, over the last couple of years, undertaken a Tasmanian Coastal Adaptation Pathways Project which has worked 12 of the most at risk communities around the state, looking at -

Mr VALENTINE - Can you tell us which ones they are on your way through? Just for the interest of members.

Ms MULLER - Yes, I can. That's looking at future risks for those communities, showing them maps and really raising awareness about what the future may look like in a high emission scenario, and then using that information to have a conversation with the community about management options. That's one of the things we've been doing. Another thing that we've done in relation to sea level rise is to update the sea level projections and planning allowances, and these have informed

the Tasmanian Planning Scheme. So Coastal has a mapping for erosion and inundation forms part of the state planning provisions and the local provision schedules.

Mr GROOM - I might just leverage off that one because it's an important general objective of the plan to facilitate greater access to the best available science and projections. So in a number of respects there's an opportunity for us to improve that and make sure that people can access this information easily. They know where to go, that it's up-to-date, and as I indicated also before, a strong emphasis has also been on undertaking further science and research to make sure we have the best available projections. A lot of the work that we have at a local level did leverage off the Climate Futures work, and there's the opportunity for us to identify specific areas where we can update that work, or undertake new work, to better understanding potential impacts at a local level. We have a list here.

Ms MULLER - The councils that we have worked with include Break O'Day Council, Clarence City Council and Lauderdale; Port Sorell with Latrobe Council, Kingston Beach, Turners Beach with Central Coast Council, Somerset with the Waratah-Wynyard Council; Kelso with the West Tamar Council, Nutgrove, Garden Island Creek and the Huon Council offered with Glamorgan Spring Bay Council, Triabunna, again with Glamorgan Spring Bay and Adventure Bay with Kingborough Council.

Mr VALENTINE - So it really is quite widespread across the state as to what the issues - as potentially significant issues, so how critical are these areas? Are we talking a sea level rise of half a metre, a metre?

Ms MULLER - For the first time we've done sea level rise projections that go by municipality, so it's not just a statewide average, but it also is broken down into different areas, and the range for projections through to 2100 are from 0.2 metres in the north-east to 0.82 metres in the central north.

Mr VALENTINE - 0.2 metres?

Ms MULLER - By 2100.

Mr VALENTINE - That's a pretty low number, especially when you get high tides and the like, so that can be inundating now, I presume, so you have that in mind, and you are working actively with local government on that or is this more passive?

Ms MULLER - We are working actively through the planning reform, so through the local provision schedules, the sea level rise planning allowances are considered in that process.

Mr VALENTINE - But that's not saying to local government, 'Well, this is a real issue. Don't approve development on that land, going forward'.

Mr GROOM - You have to be careful from a state government perspective, us being prescriptive. What is important is that we are -

Mr VALENTINE - Not like Tas Water?

Mr GROOM - What is important is that we're making available the information so that people can make their judgments. As you will appreciate, Sophie's just made the point that there are variances which are not insignificant in terms of projections, and there's probability and people have

different views about that. From the Government's perspective, do we see this as a serious issue that requires very close attention, strong commitment from Government? Yes, we do, but it's important that local government is making decisions based on information rather than having the state government come in and impose planning outcomes. That would be my view on that.

Mr VALENTINE - The last question is two parts, but to do with the level of emissions. How have our emissions been affected by the using the Basslink facility? I'm presuming we are importing brown fired coal and we are exporting clean energy. Do we have any understanding in total how that's impacted on our emissions?

Mr GROOM - I don't have that that information available. There is a slight lag effect in terms of the timing of the figures.

Mr VALENTINE - Can we get that?

Mr GROOM - I can follow it up to see what we can get. I remember getting advice during the course of it and it was anticipated that the impact from an emissions perspective would not be material for a variety of reasons, but I'll follow that up. I'm happy to provide any information we can get on that.

Mr VALENTINE - That would be good. With this Climate 21 - I must say it's quite comprehensive in what it's trying to do.

Mr GROOM - Yes.

Mr VALENTINE - And the vision.

Mr GROOM - Well, the intent is very genuine, Mr Valentine.

Mr VALENTINE - I understand the intent is genuine, very significant, and of course you can aim at lots of things, but you have to get action under way. Once this has been addressed or achievements have been made, do we have any understanding as to how much lower our emissions are likely to be?

Mr GROOM - That's a very hard thing to project. We don't have -

Mr VALENTINE - A crystal ball?

Mr GROOM - That's right. We don't have a specific calculation, but we are setting as our longer term target net zero emissions. Now, we'd like to be able to have as close to zero emissions in seeking to achieve that target, but there's a long way for us to go.

Mr VALENTINE - That's by 2050?

Mr GROOM - By 2050, yes. Yes. That has become an emerging default target position coming out of the Paris Agreement, and Australia's a signatory to the agreement. From the state Government's perspective, we believe that it's an appropriate target for us to set and it is consistent with us continuing to adopt a leadership position on the issue of climate change and the response to climate change.

Mr VALENTINE - Do you have any idea of the main areas of industrial activity or whatever that were the emitters, the ones that actually need to address?

Mr GROOM - We have identified a couple that we think are very significant opportunities. Transport identifies a very significant opportunity, and we are a little bit different to most jurisdictions because the latent opportunity for most jurisdictions is energy. We are not zero on energy but we are very low. But in transport we are inefficient. Waste would be another one that we would cite. Despite the fact that we have seen actually a significant movement in waste in the recent accounts, that's also a bit of a latent opportunity.

Ms MULLER - The other area of opportunity is agriculture which accounts for a quarter of the state's emissions, so it's an area that we work closely with DPIWE on a range of programs to support farmer, reduce their energy and emissions.

Mr VALENTINE - I noticed you were saying that agriculture has dropped in its emissions. Do you know what's caused that?

Ms Forrest - Less farting cows!

Mr VALENTINE - No, not the type of cows, but we have a real understanding as to why emissions in agriculture have dropped? That is what was stated earlier by the minister.

Ms MULLER - Yes, you might need to take that on board.

Mr GROOM - We can take it on board. As you'll appreciate, these figures are collated at a national level, and so it's not like we have it -

Ms FORREST - So that figure is not related to Tasmania specifically? It's Australia -wide?

Mr GROOM - No, it is Tasmania-specific.

Ms FORREST - Oh, it is?

Mr GROOM - Yes, but it's collated and verified at a national level, but we can follow that up and identify what we think have been contributing factors, yes.

Mr VALENTINE - Thank you, Mr Chair.

CHAIR - Thank you. Further questions on climate change. Ruth?

Ms FORREST - The Minister for Poor Performance Indicators, page 187 -

Mr VALENTINE - There's a big spoon there.

Ms FORREST - Yes. Again, there is no outcomes base performance measure.

Mr GROOM - No.

Ms FORREST - You have an action plan here which Mr Valentine has gone through well. Surely we need some performance indicators that show outcomes from these, the actions that have

been taken rather than outputs, otherwise how do we know that anything we are doing is being effective?

Mr GROOM - I agree. The primary performance indicator would be our greenhouse gas emissions and they are coming down, so that's positive. But as I have said to you before, I completely accept the position that we need to make sure that we are delivering more meaningful information through the performance indicators. That is why I have asked for a review.

Ms FORREST - You have written to the Climate Change Office for a review of the performance indicators?

Mr GROOM - I actually did that through State Growth, but I'll make sure that it gets to the Climate Change Office.

Ms FORREST - Goes all the way through, okay.

CHAIR - Any more questions on climate change? Thank you, minister for that.

Mr GROOM - Thanks a lot, and I thank Sophie and the team. The Climate Change Office does a great job.

DIVISION 8

Department of Primary Industries, Parks, Water and Environment

Minister for Environment and Parks

Output group 3

Natural and Cultural Heritage

3.5 Threatened Species -

CHAIR - We will move to Division 8, Output 3.5 - Threatened Species. You will introduce somebody new to the table.

Mr GROOM - Mr Chair, this is John Whittington, secretary of the department.

CHAIR - Thank you, minister. Unless you want to make a short opening statement on that I will head over to the threatened species himself, Mr Farrell.

Mr GROOM - Just in the broader portfolio of Environment and Parks, this is a very important moment for us when it comes to this particular portfolio, and the number of reasons why that's the case, and make no apologies for the fact that we've committed very significant resources to ensuring that we're meeting all of our obligations, from the environment management perspective, whether that be natural and cultural values or whether it be in relation to wildlife management.

But in addition to that we do see significant opportunity for the state through nature-based tourism in our parks, and this will continue to be a very strong focus of the Government, so we have seen a significant additional commitment in terms of parks infrastructure of \$8 million so that leverages off the work that we've done previously in that space. We've seen a significant uplift, about \$6.8 million additional to realise the master plan at Cradle Mountain, and we continue to be

very supportive of the opportunities for new tourism development. We continue to have positive outcomes in relation to the management of the TWA and we continue to invest very heavily in relation to these areas.

Mariah Island, which I mentioned previously, we see as a bit of an untapped opportunity, so we've committed additional funds to undertake the Mariah Island Rediscovered Project which is very apt, because a lot of people went there when they were young as through school groups and haven't been since. If you haven't, you should get there. We want to continue the great work we're doing with Three Capes which has been one of the most extraordinary outcomes. It has smashed expectations - 15 838 local, national and international people have now completed the walk since it was open. It's quite an incredible statistic. It's had a magnificent positive impact on the local area.

We have responded to some of the issues that have been raised from a fire management perspective, so no doubt we'll go into that, but I wanted to make the point that this portfolio area broadly is a very important one and we're continuing to do all we can to manage the issues and seize the opportunities.

CHAIR - Thanks, minister. We will head right straight into 3.5 and Mr Farrell on threatened species.

Mr FARRELL - Just a comment prior, Chair, if I may, with the Three Capes Track, it shows the importance of long-term infrastructure planning across governments. When you look at projects like that which have gone through a different government and keep growing, that's not a bad model to base future developments on.

Threatened species - of course the orange-bellied parrots is the name that springs into everyone's mind, and I would like some more information. I notice the old Taroona site is being decommissioned and sold off, and there will be a new management of orange-bellied parrots in the wild. If you could just expand on that.

Mr GROOM - This is a very significant initiative of the Government. In total an investment of \$3.2 million to do all we can to save the endangered orange-bellied parrot, and we all recognise the challenges that parrot is currently experiencing. During the past breeding seasons, 15 females and eight male adult captive bred orange-bellied parrots were released to help with supplementing the wild population, but as everyone recognises, the numbers have been very low.

So in 2016-17 the total number of wild birds that were returned to Melaleuca numbered 17. Now, numbers have fluctuated to something equating to that, so back in 2012, 13, the number was 19, but in 2014, 15 it got up to 35, so they do fluctuate, but these were low numbers, and so one of the things that we're looking at doing is updating the facilities and making sure that they have the capacity to increase the captive population, so the insurance population, so that we're able to put more birds into the wild. So to give you a flavour of some of the increasing numbers in terms of our captive population, back in 2012 there were 73 in the captive population in Tasmania, and in 2017 the number is 156, so there has been a significant increase and we want to grow that further. So it is true that as part of that we are going to offset the cost of doing this through the sale of the Taroona facility.

CHAIR - Do you have any idea of what you would like to realise out of that sale, a rough figure?

Mr GROOM - I am not sure that we want to put a figure out into the marketplace. I want to hear what people have to say on that, but from our perspective we want to make sure that it captures its full value.

CHAIR - Yes, it's a reasonably substantial site in an area that's grown up well.

Mr GROOM - Yes, I would agree with that.

Mr FARRELL - The feral cat issue, like, we have had an inquiry going on in the Legislative Council on the fallow deer and the impact they have and it's come up several times, people's concern with the feral cat population. Are there any future controls planned to try to get the numbers down at all?

Mr GROOM - It's been an area of very close attention. I will hand over to John.

Mr WHITTINGTON - The Government is developing the cat management plan at the moment. It is being led by Mr Rockliff through the Primary Industries portfolio. Ian was asked questions on this this morning where he indicated that he anticipated having the plan out quite shortly. You might recall in his portfolio there was an additional \$1.44 million or thereabouts set aside for funding to local government to help support the implementation of the cat management plan when it comes out. Mr Rockliff said this morning that it's imminent and there is funding in the budget for supporting that work. As well, that will perhaps come up in the Parks portfolio is that there are cat eradication programs on islands in Tasmania and Tasman Island is a good example of that. Macquarie Island has been a previous example of that. We have got very specific cat eradication programs for areas of natural values.

Mr GAFFNEY - Bruny Island has an identified list of rare-ish or threatened birdlife. They raised the question with the forestry question about opening up the native forests that that could impact on that. How do you manage that as a Government to see which areas are sensitive to that undertaking? How do you balance?

Mr GROOM - An example of this is the issues confronting the swift parrot and there have been a number of efforts that the Tasmania Government has engaged in in order to address some of those issues. It has been working very closely with the Commonwealth Government in relation to this particular issue. There are a number of things that they have been doing. The department has worked with local governments, regional NRM, Tasmania Police, Forestry Tasmania and other stakeholders to tackle the problem of illegal firewood harvesting which has had a significant impact on potential breeding sites. In the past six months, the government has contributed \$10 000 to develop a comprehensive education program. The department has also worked with researchers to ensure that approximately 330 nest boxes were deployed and 59 artificial tree hollows were created in time for this past breeding season in order to improve breeding outcomes.

We continue to work closely with the Commonwealth, Forestry Tasmania, the Australian National University, to ensure that research findings provide practical conservation benefits for the swift parrot. Through this collaboration, \$297 000 has been secured to continue vital monitoring of swift parrot migration and breeding in Tasmania for the next three breeding seasons and this monitoring directly informs the management of timber harvesting operations in order to protect known breeding sites. That is to say they identify where the birds go and they make harvesting decisions in order to minimise any potential adverse impacts for the swift parrot.

Mr GAFFNEY - It was presented to us through Birds Tasmania at one of our hearings that that is the issue with the swift parrot. They don't return to the same habitat each year. They go to where the food is. That's one of the issues dealing with opening up further areas for forestry or whatever is that it can impact unintentionally on it. I am not saying that that's not a reason to open up the forest. I am just saying that is what was highlighted to us.

They highlighted as well that when areas get opened up it is actually - I think they said the flying fox or the pygmy possum is one of the main predators on young eggs and young birds. It is actually the flying fox because they then have access to the environment that they couldn't before get to.

Mr GROOM - I know it's complex and what has been really important is the department working closely with other experts including, for example, undertaking work with the Australian National University that have tried to identify ways that we might be able to help mitigate impact in terms of their habitat. We are very aware of this issue and seeking to do what we can. Is there anything further you can say that on, John?

Mr WHITTINGTON - Probably just to reiterate what the minister said, that we are involved with a range of - the ANU, with the Forest Practices Authority, doing research and assisting in research not to get in the breeding and feeding areas for swift parrots. As we get new information, that's fed back into the management systems that we use and that are used by the Forest Practices Authority for forest practice plan decisions.

CHAIR - Thank you. Minister, with regard to one species we do have and that's wombats, of course, and mange, which is a nasty infliction for them to have. There has been a lot of talk about that in the last couple of years and the difficulties of treating that. There is a chap from the country, as you can tell. But it seems to me often that it is a cyclical matter. From as long as I can remember wombats have mange at different times and then populations, unfortunately, die out, then they repopulate again and everything else. As a general question, how are things going with some of those control programs then and with some of the numbers particularly in the narawntapu National Park which has been really heavily affected.

Mr GROOM - Yes, that's right. This has presented very significantly with the wombat populations in and around narawntapu and as well as some other locations, but as I understand more location-specific. So, that's not something which is prevalent everywhere, but where it is prevalent it is pretty ugly and narawntapu would be an example of that. The Government has sought to respond to this issue, so we made an announcement of \$100 000 to fund additional activities to address wombat mange. So, \$35 000 is to be spent on monitoring of statewide wombat populations and assess the prevalence and extent of mange. So, that's important that we do effectively an audit of the population to understand the scope of the problem. \$35 000 is to be used to contract UTAS to undertake research into mange treatment methods. \$30 000 is allocated to provide financial support to wombat community groups and individuals to treat mange-affect wombats. We are administering the grants to individual groups. We will make assessments of their capacity to meet certain criteria. Funding of up to \$3000 is available. We will continue to utilise these funds to make sure that we understand all we can about this disease, understand where it's prevalent, understand what practical measures might be able to impact on it. That will continue to be an ongoing effort.

CHAIR - Thank you for that. In regard to devils, I note you have the wild populations which have been on Maria. Where else did we have them? On the Tasman Peninsula a new population was established as well on the Forestier Peninsula. In terms of devils that are incubated in private, zoos or wildlife parks, do we have any under the program that are placed there to try and keep them free of DFT?

Mr GROOM - We do. We have a very significant - I am just trying to work out where the stats are here, but we have a very significant insurance population now. From memory, it was around 600 000, is that right? Sorry, 600. Yes, so, from memory it is around 600 and it is a combination of the locations that you have mentioned as well as some of the ambassador arrangements. We have Tasmania Devil Ambassador Programs in 13 international zoos. There are six in the United States, three in New Zealand, three in Europe, one in Japan. In addition to that we have insurance populations in various locations on the mainland. I am just trying to work out where that is of the locations. This has been really important because the insurance population has been a huge success and it now has almost complete genetic diversity. So it is the ultimate really in terms of an insurance population.

The net effect of that means that as a species, the Tasmanian devil, is in a much more secure position than it was prior to the establishment of that insurance population. The challenge that we have to save the Tasmanian devil in its true sense is to return the devil to the wild and re-establish healthy disease-free populations in the wild. That is what the Wild Devil Recovery Projects is all about and it has been very successful to this stage. We are learning. Every time we do a release, we learn. So we have learnt quite a bit in terms of road kill and amendments have been made to the way it is released and the nature of the release. We have been utilising more wild devils, so more of the wild population. As part of the release, there have been various other things. GPS tracking has been undertaken.

So the figure is actually 511 devils held in a network of over 40 institutions across Tasmania and the mainland and in addition we have the ambassador program. What we are also doing is working with the Menzies Medical Research Institute in relation to the development of a vaccine and there has been good progress that has been made in that regard. All of these efforts which are part of the Wild Devil Recovery Project are about having the benefit of the success of the insurance population and looking for ways to rebuild disease-free populations of devils where they belong which is in the wild. I will make the point that where they belong is in the wild in Tasmania.

CHAIR - Yes, so when we talk about in the wild, anecdotally, minister, do you have any actual figures on, say, the Central Highlands, in the regions, Central Highlands or West Coast, where devils are flourishing quite well without any impediment from DFT? Do we have any indications, any feel for what's going on?

Mr WHITTINGTON - I don't have the data in front of me and we can provide that on notice.

CHAIR - If you could, thank you.

Mr WHITTINGTON - We do have several programs for measuring not only devils, but other animals as well, so we have a good sense, regionally, how they are going. I don't have the numbers in front of me.

CHAIR - Take that on notice. But generally, we are winning the war, that's what you think at this stage?

Mr GROOM - We are in front, but we definitely can't relax.

CHAIR - No. That's interesting. An observation going back -

Mr GROOM - In fact, right now is the moment to redouble our efforts in this fight. If we are successful in saving the Tasmanian devil, and to me the definition of success to go to a performance indicator is the return -

Ms FORREST - With an outcome focus.

Mr GROOM - Yes, that's right, is the return of healthy disease-free devils in large numbers across the state where they have otherwise suffered very significant decline. That's the measurement of success. If we are successful, this will be one of the greatest examples of the recovery of an endangered species that has been undertaken anywhere in the world. It is an extraordinary opportunity in that sense that we have and it's one of the reasons why a lot of people are interested right around the world. We have researchers in the United States, in China, in Japan, and in Europe, wanting to engage in this. We have a lot of other stakeholders that are very interested because they realise we are on the cusp of something. So, this is a very real opportunity that we have and from our perspective as a government, we want to do all we can to help save the Tasmanian devil.

Mr ARMSTRONG - This would have been going for nearly 10 years or more, wouldn't it?

Mr GROOM - It's more than 10 years. It goes back 20 years probably now.

Mr WHITTINGTON - It was around then when it was first detected in the wild.

CHAIR - An interesting observation if you go back and read some of the history back in the 1930s of the hunters and trappers of the high country and other places in Tasmania, the devils virtually disappeared for a while. The science wasn't around then whether it was a virus or whatever it was, but sometimes these things happen in native populations.

Mr GROOM - Yes, it's quite an interesting history. I remember catching up with John Berry, the former US ambassador to Australia who has a very strong interest in the Tasmanian devil. With some of the research that they were doing in the United States at some of the leading institutes over there I had the opportunity to catch up with some of the senior researchers. They were talking to me about the history of the information that they held in their institutions on the Tasmanian devil because it had had earlier issues. Some of their research goes back to the 1930s that they have in their institutes in the United States. It's quite incredible, really.

Mr VALENTINE - Must have been sepia photographs because they depict it as brown in their cartoons, not black.

Mr GROOM - They got the fiery bit right.

Mr VALENTINE - Yes, they did.

CHAIR - Yes, thank you. Ruth, you had a question on that.

UNCORRECTED PROOF ISSUE

Ms FORREST - Yes. Going back to the orange-bellied parrot, going full circle here, there was an outbreak of disease in the captive breeding program in Hobart. Has that all been resolved in your mind? That no doubt would have contributed to the low numbers being able to be put into the wild to help breed them.

Mr GROOM - I'm not sure that it had a direct impact in that sense, but it was a matter of significant concern. I'm just trying to get the notes on that. In January of this year in the Hobart Wildlife Centre and Melaleuca experienced an outbreak of a particular bacteria.

Ms FORREST - Don't you want to have a crack at it?

Mr GROOM - Pseudomonas.

Ms FORREST - It's not that hard.

Mr GROOM - What's the other bit, John?

Mr WHITTINGTON - Aeruginosa, is that how you say it?

Mr GROOM - Seventeen adult birds died, although not all the deaths were attributable to the bacteria. The department commissioned two formal reviews of the mortality event. These reviews have helped inform operational biosecurity changes to prevent further outbreaks. But the point that I would make, as I indicated before, just in terms of our captive population and the capacity of us to actually put birds back into the wild, we have significantly larger numbers than we used to have. I gave the stats before, but in 2012 it was 73 and last year - or, in fact, this year, it's 156. What we want to do through this new investment is actually increase that again and make sure that we have the best purpose-built facilities to achieve it with a view to endeavouring something slightly different which is based on advice that we have received, and that is to materially increase the numbers of birds that are being released in the wild to see whether that changes the patterns we are seeing in the success rate of those migrating back from the mainland.

Ms FORREST - The Pseudomonas infection in Melaleuca, how did that get there, do we know? Was it from a bird from the Hobart centre or not?

Mr WHITTINGTON - I don't know, to be honest.

Ms FORREST - Has that been looked at?

Mr WHITTINGTON - It will have been looked at. I just don't have the answer.

Mr GROOM - Yes, it has been looked at. They are making a point that it has helped inform operational biosecurity changes to prevent further outbreaks.

Ms FORREST - In both locations?

Mr GROOM - I don't have that detail. We can see if we can find something further.

Ms FORREST - Melaleuca is essentially a wild place in terms of where the birds are. So, for an infection like that to get in there, you'd think it would have to come from somewhere.

UNCORRECTED PROOF ISSUE

Mr WHITTINGTON - We hold birds there prior to release, so it could have been - I don't know. I don't want to speculate, but we have people who are working at both facilities and it has been through both facilities.

Ms FORREST - That has been investigated, though. Could you provide that information about the outcome of that investigation?

Mr GROOM - Yes, we can. So there were 17 that died, but not all of them were attributable to the bacteria.

Ms FORREST - No, I understand that.

Mr GROOM - So there is a broader impact.

Ms FORREST - Going to my favourite, the performance indicators, and now I can't find the page it's on. Page 227. The footnote says that there is a changed status. We look at the threatened species showing an improved status, the number has gone from 17 down to five in terms of the target. That's 17 species was the actual in 2015 and 2016, so that has shown an improvement in their status. But you're only targeting five this time. Why is that?

Mr WHITTINGTON - That is a recognition of what we think can be achieved over the coming years. The improved status can be a result of many things and what we see on the horizon about what is likely to be the improved status over the next couple of years, the targets would be five and one.

Ms FORREST - Is that because there is less you can do? I know it's a target, but if you continue to see such decline in the improvement of their status, what you're expecting -

Mr WHITTINGTON - Many of the improvements that we have seen have been the result of changes in taxonomy from the listing. They are process issues that we have gone through and cleaned up lists and we have cleaned up the taxonomy. In doing so, some species have come off. When we look forward, those improvements aren't there, so what we would be looking forward to are genuine changes of a particular species in the wild going forward and they are just really slow hard jobs to do.

Ms FORREST - Yes.

Mr WHITTINGTON - These are rather than a movement because we have changed the name of something or split a taxon or joined on, actually, these on-ground improvements that will be required to get those listing with us through time.

Ms FORREST - It becomes harder. The more work you do it obviously becomes harder, I guess. Is that what you're saying?

Mr WHITTINGTON - Yes.

Ms FORREST - Yes, it does interest me that this is a separate area than resource management and conservation in some respects. It seems that they do tend to go together with biosecurity and that sort of thing in protecting our threatened species.

Mr GROOM - They are complementary.

Ms FORREST - Yes. Is there crossover between those areas in terms of the work that's done?

Mr GROOM - I have no doubt that there is in terms of the work that is done. It would be very complementary, I am sure, in a number of the initiatives, yes.

Mr WHITTINGTON - For example, the devil program or pretty much any of the programs are jointly run across the agency. So the animal health labs, which is in Biosecurity Tas, would be a very important part of the devil program.

Ms FORREST - It seems odd that we have two groups that are natural and cultural heritage, we have different ministers, and that's a political decision.

Mr GROOM - Yes, we are to make some adjustments because of the current situation that we are -

Ms FORREST - Mr Rockliff previously had this one? I thought you always had this one in your environment portfolio?

Mr GROOM - No, I previously had it, but we have made some adjustments to deal with the present circumstance.

Ms FORREST - It seems odd to split that across two ministers when there are so many synergies between the two.

Mr GROOM - Yes, I understand, but we are seeking to manage a situation. I work very closely with Mr Rockliff on a number of things and it's working effectively. I feel very confident about that.

Mr GAFFNEY - One bird that seems to not get a high profile is the Tasmanian wedge-tailed eagle. There are only 440 breeding adults left, apparently estimated, and 35 are killed each year usually by human contact and loss of eggs. Recently, there was one in the paper where it had been shot on a farm. Misinformation regarding that. It is the largest eagle in Australia, I think. I am wondering if that on your radar. Is there money set aside on that program to try to increase because that is one bird that is very much threatened? We say the devils. In the mid-1990s they estimated 150 000 devils. There's probably 20 000 to 30 000 left now and yet we have less than 500 or around 400 adult wedge-tailed eagles surviving. Is there anything there through your department that you are looking to that, I suppose, or that issue or -

Mr GROOM - I am very aware of this. Back in the old days I was very conscious of this in the context of the wind farm developments. There were all sorts of arrangements put in place to mitigate the exposure and Tas Networks does a lot of stuff as well. It was a really sad thing to see the recent story of that shooting. It worries me when you see an incident like that. It's important that we are sending a clear message to people in our community that this is a threatened species. It is a magnificent species. You have to be careful about relative judgments about these things, but they are extraordinary birds and it is incumbent on all of us to make sure we are acting responsibly to mitigate any threat. The notion that someone would shoot at one of those birds is a disgrace.

I have been asked, and I am not making any representation in relation to this, to have a look at the penalties for people who engage in this type of behaviour. The fine for the shooting a wedge-tailed eagle is about \$15 700 plus the mandatory forfeiture of hunting equipment. But it does raise a question as to whether that is an appropriate level. I make no representation about that. I want to have a look at it. When I look at some of the fines, for example, interstate for equivalent, in the Northern Territory you can have a fine up to \$154 000.

Ms Forrest - An individual or a corporation?

Mr GROOM - I don't have that detail with me, but it's still a substantial amount. I'll just finish it, though. In Western Australia, \$300 000 to \$500 000. In Victoria, it is \$37, so that's significantly less. In Queensland, \$366 000. It's important that we have a look at this.

Mr GAFFNEY - It is important not so much from the penalty side. We have spent a lot of money on - which is fine for funding for the devil and there are 20 000 to 30 000 estimated still in existence - the parrot which is fine too. Yet here we have about 400 adult breeding birds left, and I am wondering if it's more of an education program, some awareness. Most people would not know that two out of the top 10 endangered species in Australia are from Tasmania - one is the devil and one is the eagle. I am not having a crack at the government. I don't think the public actually knows and some of the people out there shooting eagles, as they do, are probably not aware of it. The fines have to be upped -

Mr GROOM - I should make the point that if you can demonstrate because it is listed as endangered under the EPBC Act, that you can demonstrate that an action has had a significant impact on the species, that's a very high standard, then you can have penalty of up to \$75 600 and seven years' imprisonment. But that's obviously a very high standard. I had asked to have a look at that. We will have a look at that.

Ms Forrest - Shooting one wedge-tailed eagle will fit into that.

Mr GROOM - That is the point I am making. Yes, it is a pretty difficult case to make out, although the numbers are getting down, but it would be a pretty hard case to make out. We do want to have a look at it. I have a point. It is important that we do talk about this as a community. We should raise the awareness. I know it goes under the radar, but there are significant funds that are expended in trying to mitigate the damage to the species. As I say, Tas Networks does an extraordinary amount of work on this. I can remember from my own previous exposure when we went through the wind farm development up at Woolnorth and also at Musselroe, a lot of attention was given to the potential impact of the wedge-tailed eagle, as it was also the orange-bellied parrot.

Mr WHITTINGTON - Similarly, just to follow up from the minister, with operations that relate to impact on an eagle nest during nesting season, a whole lot of conditions are put in place around forestry activities, but also more generally activities that might disturb a nest. There are set times of the year where you can't do works around eagle nests. As the minister said, when you sum up of all of it, what we have done is identified the key threats to the eagle, so disturbance during breeding, for example, is one. We then build a system around that to mitigate that threat. A lot of these threats aren't the public at large. Random shootings are a problem, but those that are managed through electricity infrastructure, we work closely with Tas Networks, and with Forestry. We work closely through the Forest Practices Authority to ensure that those sorts of things are managed where the threat is most immediate.

CHAIR - Thank you. Is there any monitoring to indicate a particular species or a native animal, bird, whatever, becomes over-represented in the population? Sometimes it seems they can do. Then attrition or nature sometimes takes its course and you get a disease or a virus. Is there any monitoring done of that matter? I cite the example of native hens at home, the turbo chooks. They come and they go. At the moment they are rampant. A couple of years ago, we had none and now they're away again. So, as a matter of interest.

Mr VALENTINE - You have stopped eating them.

Ms FORREST - They're pretty tough.

Mr GROOM - That's right.

Mr WHITTINGTON - We have our spotlight surveys that look at a whole range of animals and we measured those really since the mid-1980s, so we have some long-term trends in numbers of a range of animals and, as you say, the numbers come and go. We have broad baseline data sets that we can manage and that impacts on browsing animal management. So, we take wallabies and possums and we can look at their numbers over the last 30-odd years.

Ms FORREST - They are not threatened, unfortunately.

CHAIR - No, by crikey, they're not.

Mr WHITTINGTON - But the Chair's question was exactly to that point.

Mr GROOM - Yes, that's right.

Mr WHITTINGTON - The same with a number of our bird species, particularly the ones that were used for game. So we monitor those over long periods of time and we can see cyclical variations in numbers. That then feeds back into how we manage them.

CHAIR - Perhaps we will have another category called abundant species as well as threatened species.

Mr VALENTINE - Poor old Maria Island seems to be chosen for all sorts of little trials and over the years they have had emus there, and they have had Cape Barren geese. They might have even taken Forester Kangaroos over there, all sorts of things, and now the Tassie devil. Do we have any understanding as to the impact that introducing Tassie devils to the Maria Island environment is having over there, and whether there is any negative impact that you would say is occurring, or is just simply introduced species that it's taking out? You might have dealt with it, but I don't think so.

Mr WHITTINGTON - When the decision was made to put devils on Maria Island, it wasn't taken lightly. Prior to making the decision to put devils on Maria Island there was a lot of work done to see what species that were endemic to Maria Island that would be impacted. That work was done and now we monitor the populations of those animals that may have been put at risk by devils. We also manage the population of devils on the island as well. Of course, the devils are eating something in the wild and they are eating a range of birds, animals, insects, and so we study the diet and we can work out what they are taking. We are monitoring things like penguin populations, Cape Barren geese.

Mr VALENTINE - Are they eating carrion or are they taking down live animals?

Mr WHITTINGTON - They will do the full range.

Ms FORREST - They are not selective.

Mr WHITTINGTON - As I said, we are managing the final population of devils on the island as well and we take those devils off and they are relocated into the wild. So balancing all of those things, there will be an impact on Maria Island, but it is within what is an acceptable level.

Mr VALENTINE - You can cope with it.

Mr WHITTINGTON - In our view, absolutely.

Mr VALENTINE - The other question was with regard to the wedge-tailed eagles, you mentioned wind farms, what measures are being taken? You talk about measures being taken to reduce the impact of wind farms on wedge-tailed eagles. Do you know what they do to try to keep them out of the area?

Mr GROOM - They have explored all sorts of measures. I can remember - this is going back some time - they had various shutdown requirements. If you saw a death, there were certain measures that had to be taken to report the death and take other measures to try to distract the birds or dissuade the birds from coming near the turbines.

Mr VALENTINE - Can we get that information maybe?

Mr GROOM - We can, yes.

Mr VALENTINE - That would be great.

Mr GROOM - I know a lot of work has been done in this and there are various technologies that have been developed to try to help mitigate. I know Tas Networks in terms of the lines has done a lot of work on this. We can get you further information on it, but it was a very strong focus, I remember, and I know it is an ongoing focus of Tas Networks.

Mr VALENTINE - Thank you for that.

Mr WHITTINGTON - It has very much got into the approvals process. The sighting and operational requirements are very much a part of the approval process for wind farms for where the turbines are actually placed in the landscape.

Mr GROOM - Yes, that's right, the location, yes.

Mr VALENTINE - If you could get, that would be great, thank you.

CHAIR - Members, if we are not feeling threatened anymore, we will move then to the next output, Minister, which is 7.1, environment management and pollution control, so you might have to have a changing of the guard.

Output group 7
Environment Protection and Analytical Services

7.1 Environment Management and Pollution Control -

Mr GROOM - I would like to welcome Wes Ford, the Director of the EPA.

CHAIR - Welcome Wes. Is there anything you would like to say to start off or do you want to go straight into questions?

Mr FORD - I am happy to go straight into questions.

Ms FORREST - I want to start off with this grant to Nyrstar. Where does that actually come from? Is it a specific purpose payment, or is it included in other grants subsidies? Where does that grant come from?

Mr FORD - I am trying to think where we have a detail of that. It is included within the expenditure of the agency under the output.

Ms FORREST - Where does the grant come from? Is it a state grant? Is it a Commonwealth grant?

Mr GROOM - No, state. This was an arrangement that we entered into. As you may be aware, Nyrstar have been doing extensive works to try to improve groundwater quality for an extended period of time and there was a particular sequence of projects that we had sought to partner with Nyrstar on. That was the purpose of the grant.

Ms FORREST - I assume then it's included in other grants and subsidies on page 82 of Budget Paper No.1. It just says: 'Other grants and subsidies'. Maybe it's not. It just says: 'These grants subjects primarily relate to payments to the state and the Commonwealth and (indistinct) expenditure'. Or is it somewhere else? I am trying to track where it comes in.

Mr FORD - Ms Forrest, it is within the output budget for output group 7 within the expenditure.

Ms FORREST - I asked the Treasurer last week through questions without notice to provide a breakdown of that because I can see what was actually there. So it is hard to track. That work has actually started, has it, at Nyrstar?

Mr FORD - The work has started, but no payments have been made at this stage because the payment itself was subject to the broader restructuring arrangements that Nyrstar had in place and they are still working through those as well. At this stage, we are still talking to Nyrstar around actual payment. But from talking to them last week, they have done about \$3 million-worth of work of which \$1.5 million is liable for payment under the grant deed by the state.

Ms FORREST - They are getting on with it then.

Mr FORD - Yes.

Ms FORREST - They have benchmarks to meet before the money flows?

Mr FORD - Yes.

Ms FORREST - Over what period is this project likely to take?

Mr FORD - It is a five-year project and it commenced a couple of years ago. The first part of the project is continuing the sealing of the floor under the cell room and the second part of the project is extending the groundwater collection system under the whole site itself. They have largely finished the first part and they are working through the second part.

Ms FORREST - In terms of the role and function of (indistinct), I guess, in the regulation of that fresh water marine farms in Macquarie Harbour, particularly, but all of them, as you would be well aware, unless you have been living under a rock, there has been a lot of concern about the health of Macquarie Harbour and potential contamination or pollution or whatever you want to call it getting up into the world heritage area particularly up towards Gordon River mouth into the harbour. Can you give us an update on where you are at with that because we don't want to see this harbour damaged to the point that we can't have a marine farm and it impacts on the other portfolio areas that you're interested in, minister about tourism and other opportunities there.

Mr GROOM - Sure. I will provide some broad some broad comment and then hand over to Wes for the detail. From the Government's perspective we are very conscious of some of the issues that exist in the harbour as has been more documented. There have been issues that are complex and it has been very good work that has been done to try to identify some of the factors. I do not think there is any doubt that fish farming has been a factor and we have needed to respond to that. From the Government's perspective on this, as I indicated in the question earlier in the day, we are very supportive of a sustainable future for the industry.

It is a very important industry. It employs a lot of people, including regional parts of the state, but it is important that it is genuinely sustainable. It is important that we maintain public confidence. A big part of that is good regulatory arrangements, and it is in that context that we have made decisions to tighten up the regulatory arrangements. We have transferred ultimate responsibility to the EPA so at the moment Wes has responsibility has had for about a year under delegation. So that is through Mr Rockliff still, but later this year, in the spring session, we will be introducing legislation to formalise the transfer of that, and we have also taken steps to increase penalties for those that are not doing the right thing.

In addition, you will have seen a number of decisions that have been made by the EPA. As I say, consistent with that adaptive framework approach, but tightening up the biomass levels to ensure that we are properly managing the outcomes.

Ms FORREST - Before we go to Wes, the current framework provides for the minister to ignore the advice of the EPA in terms of stocking levels or any other matter related to this design standard. This was brought in, not under your government, it was brought in previously.

Mr GROOM - I can assure we do not ignore the advice that we get. We pay very careful regard to it and from our perspective, we want to make sure that we have arrangements in place from a sense that are genuinely best practice and they can support public confidence. It is important.

Ms FORREST - So there has been no occasion then when the minister has overridden or ignored the advice and said, 'No, we won't worry about that'?

Mr GROOM - This is has a history to it, so I cannot speak for arrangements in the past. I can say that we have paid careful regard to the advice that we get, and I take the opportunity to acknowledge the work Wes has been doing. These are not easy issues and it is important we are making sure that we get good sensible outcomes.

Ms FORREST - In terms of breaches of the requirements put in place, have we had, in terms of effluent from the fish farms or anything like that? Do you have records and details of that?

Mr GROOM - I am going to hand over to Wes in relation to these details. Wes is the regulator and it is important that Wes speaks.

Mr WHITTINGTON - I will make the first comment. There are two things that you are asking about; one is around the planning functions that sit with Mr Rockliff and he takes advice from the panel, planning panel, and so when it comes to planning decisions, the minister makes those advice of the panel.

Ms FORREST - But he can ignore the advice.

Mr WHITTINGTON - He takes advice from the panel and then he makes his decision that is right. That is around planning matters. When it comes to environmental management of a lease or of the licence, when those decisions are made, have been made, until 12 months ago by myself and now they are made by delegation. So they are not made reference with reference to the minister of the day. They are made as statutory decisions in their own right.

I wanted to give you that by way of background and then perhaps now to Wes about specifics.

Mr FORD - I could take up the rest of the afternoon talking about salmon but I won't. So as a starting point, to pick up on your comment about the decision-making process. Albeit, I am acting as both delegate of the secretary and delegate of the Minister for Primary Industries and Water, at no stage over the last 11 months have they sought to deal with the decision-making. I have been dealing with the decision in my own right as an individual as we move -

Ms FORREST - An independent statutory officer.

Mr FORD - As a delegated officer under the Marine Farm Planning Act and the Living Marine Resources Management Act.

Mr GROOM - Which will be formalised.

Mr FORD - As we move forward in terms of amending the legislation it moves it across to (indistinct). In relation to the questions you ask about information, there is a lot of information about Macquarie Harbour and a fair amount of it is now publically available. In relation to my decisions in November, my decisions in January and my decisions last week, it is all on the Eco website and maybe if members of the Council would like a more full briefing on Macquarie Harbour I would be more than happy to deal with that out of session because there is an extensive amount of material there.

A couple of documents that are valuable to refer back to in terms of information about the views that I have formed about Macquarie Harbour. There are two documents up on our website.

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One I prepared, which I was in the process of doing anyway, but Mr Groom also asked for information about the impact of the world heritage itself as it related to what we know about the aquaculture industry. The other one is a more technical review about the actual nutrients in terms of compilation of information that EPA and others have collected over a number of years.

In relation to the management process, I am satisfied that the marine farming activities operating at around about 12 000 tonnes should be able to be managed in a way where there is not an unacceptable impact in either the harbour or in the world heritage area. That is why I have reduced the biomass from what started at 21 500 tonnes to 12 000 tonnes, and you need to remember in one growing cycle, that will take Tassal from 8000 tonnes to a bit over 2000 tonnes.

At the moment, I am faced with a dilemma of what to do with the 2016 year class fish that have already gone to sea and these are the finish that much contention is around. Tassal really has two choices here; one is to take the fish out or the other is to look at what mitigating measures they can put in place. So I have been prepared to allow them to grow an additional 4000 tonnes of fish that are already in the harbour through to market size by seeking to capture the majority of the faecal material from the fish pens themselves.

Ms FORREST - How are they doing that?

Mr FORD - Tassal has put a submission in terms of what they are proposing to design and install. Essentially it is a cone that hang off the bottom of the pens and it will sit at around about 20-odd degrees in slope and so therefore the faecal material move down the slope and into a collection cylinder or pod. Then they will remove it under vacuum pressure and remove the waste, the solid and the liquid from it, take to the surface and take it to the harbour, take it to the shore and treat it. At the moment I have given approval for a trial for four weeks which is commencing as we speak -

Ms FORREST - Using this particular device?

Mr FORD - They are having to design these and install them. Design them and build them, install them and then they will tweak them as they go. At the peak over the December/January period, they will need to operate around 35 of these units to effectively capture the waste.

Ms FORREST - Once those fish are removed and sold, then their limit will apply and they will only be able to bring in 2000?

Mr FORD - Yes. So that will be 2000 tonnes of fish in the summer of December 2018/January 2019 which means that what that equates to, going to sea this year is about 500 000 smolt.

Ms FORREST - Are you confident that the measures taken will actually capture the effluent that is affecting the harbour?

Mr FORD - Tassal has to make this work. My level of confidence around whether it is going to work or not really depends on what we see over the course of the next couple of weeks. This is not -

Ms FORREST - So you could order them to destock?

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Mr FORD - If it could get to a point where the trial does not result into a set of arrangements they can operate then they will need to restock. The reality probably will be, by the time we get to the end of July, they will have 11 or 12 units in place. You would hope that by then we will have ironed out any bugs and they will have them working and they can manage them. If they can't manage them, then the alternate is that they are going to have to pull fish out and they understand the stark reality of what means.

Ms FORREST - So in terms of monitoring this, what is the process around that from your perspective?

Mr FORD - From a monitoring program, we will have an extensive monitoring program that they will put in place to monitor the performance of the units and we will do a weekly inspection with officers there looking at how it is actually performing.

Ms FORREST - So do you undertake your own independent assessments?

Mr FORD - Yes, we will be undertaking our own independent tests on a weekly basis. This is going to cost Tassal a lot of money because Tassal will get a bill for this at the end of the process.

Ms FORREST - Any idea about what it will cost them to do all this?

Mr FORD - I have previously had conversations with Mark Ryan; personally, I don't think they are going to get much change between \$5 million and \$8 million.

Ms FORREST - How much would it cost them to destock now?

Mr FORD - I do not think it is the cost of destocking; it is the value of the fish.

Ms FORREST - That is what I mean. The loss of value; what is the fish value?

Mr FORD - About \$60 million. That is based on 4000 tonnes at an industry land and value at about \$13 to \$14 a kilo, it is up around the \$55 million to \$60 million-worth of fish.

Ms FORREST - So you say you are watching over the next couple of weeks and that should give a clear indication of whether the system is working or not?

Mr FORD - It will be continuous over the next couple of months.

Ms FORREST - The fish are growing in this time and producing more effluent. So if it looks to you that they are not keeping up, then you will issue an order to destock?

Mr FORD - Yes, and I have made that very clear to Tassal. If they fall behind in terms of implementation, they will be proceeded against in relation to infringement notices for exceeding the biomass. If the system is not working or if they are falling behind, they are going to have to start pulling fish out.

Ms FORREST - How many breaches of exceeding the biomass have occurred so far?

Mr FORD - None is the answer to that in terms of - at the moment having 13 tonnes per hectare last week, none of the companies are at 13 tonnes per hectare right now. Tassal was approaching

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it fairly fast, hence why they need to get this trial up and running. I have given them a schedule of which they need to put the waste collection systems into the harbour and they need to stay ahead of that schedule, otherwise they will have exceeded the biomass limit because especially for them, the biomass goes up as the waste collections go up.

Ms FORREST - How many pens do they have?

Mr FORD - About 44.

Ms FORREST - So why only 25?

Mr FORD - No, it will be 35. So those 44 pens hold about 7000 in January, December, January and will hold about 7700 tonnes of fish. So that is 4000 tonnes more than they would be authorised to at 13 tonnes a hectare so what I have said to them is they need to capture waste from effectively 150 per cent of that additional component. So they have to capture waste from 6000 tonnes of fish out of 7700. So it is about three-quarters. And the reason for that is, I do not think they are going to be 100 per cent effective.

Ms FORREST - Have there been other breaches in terms of the discharge from the pens and that sort of thing, contaminants in the harbour?

Mr FORD - I don't know what you mean by contaminants. It has been well-documented Tassal's compliance breaches associated with at least 266 for which I direct to them to destock. That is a significant visual impact being the presence of Begeatoa if was about 12 out of 19 compliance points in September last year.

Ms FORREST - What is the penalty for those?

Mr FORD - They have not been pursued as a specific penalty because in order to succeed, you have to establish a level of intent. So the way the management system works is that if they have Begeatoa present at a compliance point, then they are directed to destock or move away. If they do not, then that is when we start to say 'You have an offence there because you have failed to follow the direction'.

Ms FORREST - So they followed the directions every time you have issued one. Is that what you are saying?

Mr FORD - Across all three companies, across a period of both when John was regulating and the last 11 months when I have been issuing directions, the companies have complied with the directions to move their pens around. This is not the first of these directions. They are a reasonable number of them that have been issued over the period of five years.

Ms FORREST - A fuller briefing at some stage would be good, minister.

Mr GROOM - On that issue?

CHAIR - Yes.

Mr VALENTINE - When you are doing the testing to see how they are complying, do you dissolved oxygen testing as well?

Mr FORD - We are collecting a range of parameters. Oxygen is one of them. We are also collecting nutrients, watercolour nutrients. We are going to be looking at what is happening in the sediments themselves. The presence of animals. We are looking at the presence of Begeatoa. Looking at the opportunistic polychaete worms, they are the dorvilleidae that feed off the material, to look how they respond. So this is all around.

In the public sense, there is talk about these dead zones. In order to see those recover, we will see an increase in the number of animals that are there consuming the faecal material that is on the bottom.

Mr VALENTINE - And the native species that are about? What's it called?

Mr FORD - The Maugean skate predominantly inhabits the waters between about 8 metres and 15 metres around the edges of the harbour. The Maugean skate [inaudible] where the marine farms actually are themselves.

Ms FORREST - Never have been or is not there now?

Mr FORD - It is believed they might use the deeper water to lay their eggs but they have predominantly always been found in the shallower waters.

Ms FORREST - So you are monitoring water temperatures as well?

Mr FORD - Yes.

Ms FORREST - What have you noticed in that?

Mr FORD - The water temperature is more of an annual change rather than any - there is no trend.

Mr VALENTINE - Can we get the licence condition breaches over the last two years, per se, right across the industry, if you would not mind.

Mr FORD - Yes.

Mr VALENTINE - Thank you.

CHAIR - I suppose it is to take a bit of advice from them as well, minister. I suppose this output group really belongs in some ways to aquaculture primary industries and everything else.

Mr GROOM - It does, that is right. It has a broader environmental relevance and then we will be transitioning to formalise the arrangements but at the moment it is correct.

CHAIR - I have a question in regard to this container deposit scheme. I am very pleased -

Ms FORREST - Finally listened to you.

CHAIR - \$100 000 towards that. I have banged on about it for many years and a successful notice of motion through our House to go down this track and despite a couple of recalcitrants here

on my right. Anyway I am pleased - correct me if I am wrong, I think it is South Australia, Northern Territory, New South Wales and perhaps the ACT, have moved down that track as well. But a question I had, in a broader context. It is a bit like the Dirty Ashtray Award. We also get the Dirty Litter Award. If we do enact this legislation, it will assist in (indistinct) litter which is a pollution matter. We consistently say this is the clean green state, you know that award. I will ask you another question about that in a minute because I know you are going to tell me something else about the container deposit first.

Mr GROOM - Yes. I very much agree. This is a great opportunity for Tasmania and I was very pleased with the securing of \$100 000 commitment to fund the design of a container deposit scheme that makes sense for Tasmania and you are right, it is in the context of a significant shift that has happened nationally. So if you go back some time, there was a bit of a stalemate against the states. South Australia have had this for a long time. The Northern Territory was an early or an earlier mover.

CHAIR - And survived a bit legal challenge from Coco-Cola Amatil.

Mr GROOM - The game changer in the national context was New South Wales and now we have seen a number of the states move. Opposition has always been clear on this which is that we have had a preference for a national approach to this which we have argued for consistently but by virtue of the fact that there has been this movement now on a state-by state basis, then we have formed the view that we need to move. That is why we have allocated the funding to design an appropriate model. We will make sure we are consulting with relevant stakeholders including local government and industry and also community groups. This can potentially present an opportunity for community groups and we want to make sure that we are having a conversation with them in designing up an appropriate scheme. This is another practical way that we can make a difference when it comes to litter and looking after our environment.

CHAIR - In terms of litter, we do have some legislation and it went through two or three years ago - it might have been longer than that in terms of penalties - but can you cite the number of instances -

Ms FORREST - Infringement notices issued.

CHAIR - Infringement notices - that is what I am trying to think of, yes - that have been given and penalties dished out. It is a very difficult matter to police and some people, they see people littering and I know people who have been threatened, 'If you dob me in then I am going to get you'. That sort of attitude and it is really disappointing. I don't know whether you have any answers to it.

Mr GROOM - We can probably take that on notice in terms of any specific -

CHAIR - If you could on those stats, if you would thank you. Thank you.

Mr VALENTINE - One issue on the container deposit schemes, we did have one here, of course, in the 1960s and Scouts used to do very well out of, thank you very much, but we also had a glassworks here at that point, CGI I think it was called. The problem that I was made aware of when I was in local government is that the processes, if you take glass out of the system through the container deposit system, it makes it unviable for them to do the recycling because they have to get it across the water to do it. So the only alternative is to do it on the island.

Have you had any discussions in regard to looking at the recycling of plastic on the island? I know there are companies that do plastic fabrication, and the problem with the glass? Have you looked into that?

Mr GROOM - These are potential opportunities in Tasmania. As I have indicated, in the first instance what we want to do is design a model for the scheme itself and then what we will be doing is engaging with broad consultation with all relevant stakeholder. So in part, that will be local government and industry and talk about what it might mean for them and how we can make sure that we make it a positive outcome, but it may also potentially involve engaging with community groups in terms of their involvement. I do think that some of the models that have been adopted interstate have presented very significant opportunities for community groups, and I would be very interested in that. Then it may well present opportunities from a business perspective. So they are all the things that we want make sure that we have good advice on.

Mr VALENTINE - I am sure you have seen the ABC program *War on Waste* and the problems that plastic is causing in the environment. There is no question about that.

Mr GROOM - I have been watching the *War on Waste* with Ruth, my wife, and also we have encouraged the kids to try to have a bit of a look, and it is fair to say we have had a bit of feedback on the *War on Waste*. It has been a great reminder for every one of the importance of tackling, simple practical steps, to minimise the impact on the environment. I have received a fair bit of feedback in relation to the plastic bags and I have asked that we undertake an audit in relation to the plastic bags to determine the level of non-compliance and also for recommendations to be made back to the government in ways that we might be able to improve it.

When we introduced that Tasmania was a national leader, and we want to make sure that we continue to be so. We are very keen to move on that. The container deposit one is another practical measure we can adopt to make a difference when it comes to litter.

Mr VALENTINE - It is good to know that some attention is being paid to it. Thank you.

Mr FARRELL - On the tyre issue, that is a growing problem that we have. Tyre disposal in Tasmania, and there is, of course, the huge tyre dump near Canara, along from Canara and there is another one that has been started in Launceston area. Are there any plans for legislation or any controls around the dumping of tyres? It is something, with the number of cars and trucks we have on the road, it is going to be a growing problem for us.

Mr GROOM - Yes, this is a significant issue, not just in Tasmania but in a national context. We have sought to address this issue in a number of different ways, so there has been speculation about the potential for various market solutions. One that emerged was Barwick's Landscape Supplies and they have opened a tyre shredding facility at Bridgewater in August last year, and that received \$144 000 from the Australian and Tasmania Government, Tasmanian Jobs and Investment Fund. In addition, we have been seeking to tighten up regulatory arrangements to ensure that this issue is being better managed from an environmental impact perspective.

Mr FORD - So there is a number of processes to that. The Government will amend to introduce the storage of waste tyres as a level 2 activity. That will remove the regulatory assessment process from councils and put it back with the EPA Board. That will allow the board to make

decisions and allow me, as the director, to impose appropriate regulatory requirements on the stockpiling of tyres.

The clear intent in terms of stockpiling of tyres is that it should be a temporary activity until some end of life process becomes available. One of the challenges in finding end of life proposals is that at one level there is the Barwick's process shredded into reasonably large chunks and send it to Victoria for sending through the Tyre Recycle Australia plant. The alternative proposals, people are suggesting things like pyrolysis or on island treatment, all of which are significantly, I suppose, a challenge economically.

Pyrolysis plants around the world exist. There are quite a few in Malaysia, for example, where Australia was exporting tyres to Malaysia. Overnight they closed about half those plants down. So one of the challenges is the economics of finding the end of tyre solution. Any recycling in Tasmania we are challenged by the small scale of what happens here compared to elsewhere, so by having appropriate approvals in place, we can ensure that there are mechanisms to prevent the tyre stockpile developing again and hopefully along the way, we will manage to regulate that down so that those tyres get utilised.

Mr ARMSTRONG - My question is on the container deposit and the feasibility of that. Will there be samples taken along the roadside because from what I see on the roadside, it is not the glass bottles, it is the big major chains' food wrappers and mainly not anything that you are going to get a container deposit refund on.

Mr GROOM - I do not think anyone would suggest that a container deposit scheme is the complete answer to the litter question.

Mr Valentine - Get rid of Red Bull cans.

Mr GROOM - Yes. But the issue is whether it can make a difference and we believe it can make a difference. We have always had a preference for a national approach to this. From our perspective, we think that makes sense. We have similar arrangements between the states when it comes to this type of scheme, but that is how it has emerged. Given the fact that there has been movement on a state-by-state basis, we now believe that it is important from Tasmania's perspective that we move on this. That is why we have -

Mr ARMSTRONG - Because it will come at a cost to the consumer, won't it?

Mr GROOM - There are some costs. The early advice I have is that by virtue of the fact that a number of the other states will now be moving, that some of the costs may be less than they would otherwise have been if Tasmania, for example, had gone it alone, but it does have a cost associated with it. How that cost is disbursed - this is all part of the design work that we have to do. But we see this as a practical measure that we can put in place to make a difference, but it is not the only solution to our litter problem.

We have a broader problem when it comes to litter. There are lots of different ways that we can make a difference. The plastic bags was one. The micro plastics is another thing that we are pursuing through the Commonwealth environment ministers. I am looking forward to having a conversation about that in the coming weeks. This is another one. Anything that we can do to raise the awareness of litter in our community and encourage people to take practical steps the better.

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CHAIR - I can cite some really good local examples where local groups have cleaned up roadsides, put some very smart signs up. And a couple of the signs have disappeared in the last week or so and there is a great heap of litter there again. You cannot help the mentality of some and unfortunately, I do not know how you get through that.

Mr GROOM - No, but we cannot give up and it is important that we continue to do all we can, and this is important to the brand of Tasmania as well as, of course, its environmental benefits.

Mr ARMSTRONG - It is education, isn't it, really.

Mr GROOM - Yes, and we all have to do what we can. I will say, notwithstanding that practical experience you have cited, I have my confidence in our capacity to be able to better address this issue and reaffirmed when I speak to kids on this because kids really engage on the issue of litter. They do.

CHAIR - Thank you.

Ms FORREST - This also goes with the air quality monitoring and other sites as well. The performance information regarding Launceston exceeding PM2.5 standard, the last 14, 15, 16 was 12 times your target zero. How are we tracking with that?

Mr FORD - The target is zero because the method was changed from a guideline level of less than five to a stated level of zero, so that the zero target is the target that is set nationally. Launceston is always going to be a problem and challenging because of the nature of Launceston and wood smoke. So it is a case of trying to work with the community to reduce wood smoke impacts.

Ms FORREST - In terms of the number of days that it has exceed, what are we looking at this year?

Mr FORD - So in terms of 2016, at this stage I do not have the 2016/2017 figures because the year is not out.

Ms FORREST - I know it is not over.

Mr FORD - And it can change quite quickly in the next month. That is a question we can take on notice and provide you advice in August, September when the data is compiled.

Ms FORREST - Do you have any indication though that they are improving or not? Because it seems to be fairly consistent in that regard.

Mr FORD - I do not have the data at hand so I will have to take the question on notice.

Mr VALENTINE - How many stations are there that you monitor?

Mr FORD - In terms of the air quality stations that meet the national approval standard, there are three of them, and then over and above that, we have about 35 stations that operate under a different technology. Those are comparable but these are not the ones that are required to address the national environmental protection measure. So if you look on our website, you see the information goes up, so we have them in places like Geeveston, Huonville -

Mr VALENTINE - Bridgewater?

Mr FORD - I can't tell you off the top of my head but I can look on the website.

Mr VALENTINE - I happened to come over the hill towards Bridgewater the other day, and it was a beautiful sunny morning and I could see this pool of smoke. It is probably because people are using fires rather than purchasing electricity. It is cheaper for them. I wonder whether you have that -

Mr FORD - The information goes up in real time. They update it every 10 minutes or so.

Mr VALENTINE - I will check it out the website.

Ms FORREST - When it goes red it means you need to get out of there.

Mr FORD - We gave a presentation to one of the select committees for the Council about 18 months ago.

Ms FORREST - In terms of the environmental protection notices and contaminated sites notices, these are for major industry these ones or all of them you're talking about?

Mr FORD - It is all of them. So those notices range from so contaminated site notices for service stations that have leaking fuel tanks. We still have contaminated site notices on the old ACL Bearings factory in Launceston, so some of them are large scale and some of the environment protection notices, some of them are amending permit conditions. Some of them are addressing emerging issues. So not all of them are a punitive notice. Some of them are notices to amend permits.

Ms FORREST - So what percent would be punitive notices?

Mr FORD - Probably about 15 per cent of them.

Ms FORREST - The majority of them aren't?

Mr FORD - The majority of them are in collaboration with the regulated sector to update their permits.

Ms FORREST - So those where they are punitive, what sort of matters do they relate to the notices?

Mr FORD - So one recently in the tribunal was about not operating in accordance with its environmental permits which directed to cease operating. Often they deal with issues of either complaints or matters that have come to our attention through an audit. They are required to address particular issues.

Ms FORREST - The other thing, the planned audits for premises. I have read the footnote and understand that that was still a work in progress. That is why the numbers are lower. So would you expect if you do a hundred percent of premises, that you actually find more breaches and so we would likely see that increase?

Mr FORD - So what will happen is we increase our auditing where we will find more things that need to be rectified and therefore there will be more notices to have things rectified.

Ms FORREST - Is that why the target of what you expect to be likely, is that why it goes back up again?

Mr FORD - Yes. We expect it to have a higher level of auditing but it is better to do the audits thoroughly and when you have audits that then result in more work. You spend more time closing out those audits before you can get onto the next ones.

Ms FORREST - So audits are one way of picking up these problems. Complaints from the community or others. What percentage of those come in through that manner?

Mr FORD - It is generally relatively small, probably less than ten per cent of our activities are based on complaints from the public. We have, at times, complaints that wax and wane. Sometimes they get very premises focused. Sometimes it is a broader issue. Sometimes it is an industry. So it sort of really depends on what is happening in the environment at the time.

Mr VALENTINE - About the premises focus, the Copping C-Cell is one that has been on the radar for a while. How is that going? Are there still concerns and issues out there that people have and is their performance fine?

Mr FORD - The C-Cell is well under construction. I saw some aerial footage of it about three weeks ago taken by a drone and it is a very big hole in the ground and it is all formed and shaped and now the liner is going in, they expect that work to be completed by the end of July. Then there will be a bit more work to be done and it is expected to be operational between, I suppose, the end of August and into towards Christmas. They still have some work to do, they have to do leaching management plan in order to get final approval to commence putting material in it. But I will expect by 2018 it is going to be ready to receive material.

Mr VALENTINE - So is that a welded plastic liner?

Mr FORD - Essentially, yes. More higher tech than that, but essentially, yes.

Mr VALENTINE - Hopefully there is not more plastic in the environment. So it has some degree of resilience because down that way there is actually seismic activity as you would probably be aware.

Mr FORD - Yes.

Mr VALENTINE - It's something like 20 events over the last so many years. So it is plastic so it is not likely to tear so easily. Is that the idea?

Mr FORD - If you look at the report by the independent consultant reviewer, his conclusion is it is over-engineered so therefore it should deal with any seismic activities.

Mr VALENTINE - So it has been designed specifically to deal with seismic activity as well?

Mr FORD - Yes.

Mr VALENTINE - Thank you.

Mr WHITTINGTON - If I may close up that question you asked about air monitoring in real time. I will give it to you now. So if you come down the Derwent Valley this is data that is collected in real time. This is from 3.30 this afternoon. So it is measured in Greerton, New Norfolk, Glenorchy and then across at Mornington, in Hobart, Upper Oatlands. So that is the scan down the Derwent Valley and they are right around the state.

Ms FORREST - When the Mayor for Derwent brings his ute to town it is probably a lot worse.

Mr VALENTINE - I noticed that in Bridgewater it was noticeable so you might think about installing one there.

Ms FORREST - Do you want to have a break before we go to services, we will have a 10 or 15 minute break.

The committee suspended from 4 p.m. to 4.17 p.m.

CHAIR - Minister, we are right to go. We will move to the next output which is analytical -

Mr FORD - Before you do, Mr Hall, I have some statistics which I will table, send the table through. To give you an example to date, 2016-17, there have been 286 calls to the hotline, and that has resulted in 214 infringement notices issued against 280 calls.

CHAIR - All right, so there's no penalties?

Mr FORD - No. Each infringement notice has a penalty associated with it.

CHAIR - All right. Thank you very much. That fixed that one. We'll scrub it off the list. Thank you, Mr Ford.

7.2 Analytical Services -

CHAIR - Minister, we'll move to output 7.2, Analytical Services.

Mr VALENTINE - Thank you very much, Mr Chairman.

A reduction in the budget of around \$35 000 or so, and I believe that's to do with losing the Tas Water Testing contract? This is interesting. It's basically noted that the Treasurer, when discussing the takeover of Tas Water, has referred to its environmental performance. Presumably in doing that he has been using the data obtained from Analytical Services, Tasmania. Can you advise how such information will be attained in the future following the loss of the Tas Water contract?

Mr GROOM - We are strong supporters of Analytical Services, Tasmania.

Mr VALENTINE - No doubt.

UNCORRECTED PROOF ISSUE

Ms Forrest - Not so much of Tas Water.

Mr GROOM - We want good outcomes for the people of Tasmania, that's fair, but one of the ways that the Government is addressing this issue - the lack of external revenue - is to work with the shellfish industry to develop a biotoxin testing facility at the laboratory here in New Town. So the Government is investing \$1.2 million in creating a world-class facility to provide our shellfish industry with a fast, accurate local service. One of the issues they have had is with their testing. They sent it up to Sydney and there can be a time delay, and that's critical in then being able to respond to any concern. So by reinvesting in this facility that will provide a good outcome for that particular industry and provide additional work for Analytical Services Tasmania.

Mr VALENTINE - The question is around the fact that the Treasurer would have received information on data collected on the Tas Water scene.

Mr GROOM - Yes.

Mr VALENTINE - So the question was, how are you going to obtain that information in the future if you are not going to be able to get it from Tas Water that -

Mr GROOM - Are you talking about Tas Water? Tas Water is getting that information. Sadly they are getting it from elsewhere.

Mr VALENTINE - The reduction is related to the loss of the Tas Water Testing Contract.

Mr GROOM - That's right.

Mr VALENTINE - So if Tas Water is not coming to you to get their water tested, presumably that's where the Treasurer would have got his information from as to the environmental performance of Tas Water.

Mr GROOM - Yes.

Mr VALENTINE - How is the Treasurer going to do that in the future?

Mr GROOM - They will still have the information. They send it interstate which is a matter of regret. So that was a decision that was made by Tas Water. The issue from -

Mr VALENTINE - No, I understand that.

Mr GROOM - Yes, the issue from our perspective is ensuring that we have a viable operation at Analytical Services, Tasmania. Hopefully at some point in the future that work might be able to be done by them again, and that's one of the reasons why we're investing in this new facility. Do you want to talk through it, Wes?

Mr FORD - The Tas Water is required to undertake a range of water testing as part of their permit requirements. Where they have those tests undertaken is a matter for them. It's a commercial decision to move it interstate. Information that they're required to provide, they still provide -

Mr VALENTINE - They're still going to have to provide that?

UNCORRECTED PROOF ISSUE

Mr FORD - Still have to provide it and it forms part of my decision-making and goes into their overall compliance information.

Mr VALENTINE - Okay, so they have gone to the mainland, did you say? For a mainland service rather than local?

Mr GROOM - They have. Yes, a matter of regret.

Mr VALENTINE - Do you outsource any testing, like, to Allison Laboratories -

Mr FORD - As a commercial laboratory ourselves, we outsource work. So in order to manage peak supplies sometimes we have to outsource work to other laboratories. As a result of not securing this contract, we are looking for other opportunities to secure other commercial work. Probably about two-thirds of the work that goes through the laboratory is commercial and one-third of it is done for Government.

Mr VALENTINE - To the point the minister was making, when it comes to the POMS virus and those sorts of things, we are going to be able to do that at the New Town research labs now which, I have to say was my first place of employment as a research technical officer back in the 1970s.

Mr FORD - Antiquated.

Mr VALENTINE - Ageist. Sorry, getting back on track. So that means you are going to be able to get a quicker turnaround, you would hope, with testing for shellfish and –

Mr GROOM - Do you want to talk to that, Wes?

Mr FORD - As part of the biotoxin testing of the Alexandrina and isdt 42302 issues on the east coast particularly, the shellfish, the mussels and the oysters, and now also rock lobster, need to be tested reasonably frequently. As we get peaks in the algal blooms, then we have to increase the testing.

The turnaround time to get samples to Sydney means samples have to be collected, got to Sydney, tested and got back again. By being able to do it at New Town AST we take out that turnaround time to get to Sydney. The requirement to retool really means we need a capital boost so the Government's put the \$1.2 million to allow us to buy the appropriate equipment to be able to do the testing at AST. That will mean that the industry can have a greater level of confidence that they can get information turned around fairly quickly.

Mr GROOM - To re-emphasise the point, the advice we received from the industry is that is critical because the timeliness; if you have a lag, then you have damage to your end market. So you need to know the answer to the question as soon as possible.

Mr VALENTINE - I appreciate that. Is Analytical Services part of the New Town Research Labs? It is not actually in that site, is it?

Mr FORD - No, it's up on the hill - it sits next to Forensic Sciences.

Mr VALENTINE - I know where you are. Do you look at environmental indicators in all of those tests you do to establish what's happening in our environment in general terms?

Mr FORD - We have environmental testing capabilities across nutrients, metals, pollutants, so we collect the vast array of information from people who use our services and from government agencies that send samples to us. It allows us to understand what's happening in the environment more broadly. The EPA doesn't conduct routine monitoring in a number of areas. We undertake some periodic monitoring in places like some mining operations.

Mr VALENTINE - With the testing you do, you're not bound to not use that data for your general observations as to what's happening in the environment. If somebody comes to you and asks you to test for a commercial purpose, certain things, are you able to use that data to help build up an holistic picture of what's happening?

Mr FORD - People who use us need to understand that information does flow back to the EPA, so if we get, for example, if it was a Tas Water issue and Tas Water had detected something in one of their water -

Mr Valentine - Toxins of some sort or whatever.

Mr FORD - Toxins or something, and the information does go back to the department of Public Health and ourselves, we can use the information where we need to.

Mr VALENTINE - So you could, for instance, when you're monitoring, say, the flow of farm sites where they're using irrigation, which you might do from time to time, you can give an early warning that there's an issue with nutrients going downstream, those sorts of things, for oyster growers?

Mr FORD - It would depend on who is using us as a client. So if a council is using us, or if Tas Irrigation is using us, then we get information. Tas Irrigation, for example, might collect that sort of information for an early warning system. It really depends, and we have a multitude of clients.

Mr VALENTINE - Thank you.

CHAIR - Any further questions on that output? If there are none? Thank you very much. We will now move to the Parks and Wildlife Management, at 8.1, and you may have a changing of the guard.

Output group 8 Parks and Wildlife Management

8.1 Parks and Wildlife Management -

Mr GROOM - We do. I will ask Jason Jacobi, the Deputy Secretary for Parks and Wildlife, to join us.

CHAIR - Thank you, and welcome.

Mr JACOBI - Thank you.

CHAIR - You have pretty well covered that in your opening. Thanks, minister.

The first question, the budget papers indicate a funding decrease in 2018-19 and 2019-20, those years, reflecting the cessation of the current funding agreement with the Commonwealth in relation to the management of the World Heritage Area, Three Capes Track and bushfire planning. It's noted in the papers that you are negotiating with the Commonwealth over a new agreement?

Mr JACOBI - That's right.

CHAIR - So the question is, can you provide a ballpark annual funding break-down of those three programs and any information as to how these negotiations are proceeding, and an outline of the more significant consequences should these programs supported by the federal government not continue.

Mr JACOBI - So the current funding arrangement, back in 2014, the Government accepted an offer from the Commonwealth for \$10.2 million over four years in addition to the base funding, which was \$3.4 million annually. The Tasmanian Government matched that base funding, but this was an additional funding component, \$10.2 million over four years. That included \$1.55 million per annum to take account of the fact that there was an expansion of the World Heritage area; a one-off \$3.2 million for high risk road safety and also biosecurity issues; and then there was the \$580 000 for cultural heritage study.

As you've indicated, these arrangements are now coming to an end, and we're in the process of having discussions with the Commonwealth about what arrangements might happen going forward.

Mr WHITTINGTON - As the minister said, these arrangements are on as rolling agreements. They are periodically renegotiated. All of the indications that I've had are that there are no impediments to the sorts of quantum we have received in the past going forward. We've had historically \$3.4 million with an additional, what was \$1.55 million, as the minister said, which is indexed actually, so we're expecting just a little over \$5 million per annum going forward and there is absolutely no indication from the Commonwealth people that I've been speaking to on negotiations, any risk to that.

CHAIR - Minister, can you provide any details to how Tasmania compares with the other states when it comes to dollars per hectare spent on reserve management? Are there any national or best practice performance indicators that might provide a guide as to our performance? I go back to last year's Auditor General's report where the national average is about \$26 a hectare, but we spend \$12 a hectare.

Mr GROOM - We have a lot more of it.

CHAIR - Yes, we have.

Mr WHITTINGTON - So the Auditor General did his performance report and presented that earlier, and used data on an expenditure in Parks and compared it to other park services. I think one of the first things to be aware of is that when the Auditor General did his determination my understanding it was actually on appropriated revenue. Expenditure associated with appropriated revenue as opposed to the broader suite of expenses that Parks does. So there was a bit of an apples for oranges comparison. Rather than the total expenditure that's on Parks, it was only expenditure

associated with appropriate revenue as opposed to all of the additional sources of revenue that Parks expends in our reserve estate.

So the first point I'd make is that the number that was reported by the Auditor-General was correct in a very specific way, but it's not directly comparable to data that's being used by other states. If you were to look at the total expenditure across the board in Parks, which includes capital, includes expenditure from parks' fees, letters and licences and those things, as well as the appropriated revenue, then the number is above \$20 per hectare which is well and truly in the national average.

CHAIR - Right, yes, I get that.

Mr GROOM - And we have a lot more of it.

CHAIR - Yes, we keep getting given more of it sometimes through other arrangements, might I say, so just more specific questions, then. What is the cost of managing the land transferred from - you may even have to take this on notice, from FT to Parks when it was done in 2012-13 as a result of TFA, and second, how much has been spent on maintaining roads, bridges and fire mitigation measures? I'm just talking about that TFA extension. You might have to take that on notice.

Mr WHITTINGTON - I can give a part answer to that if that's okay, minister.

CHAIR - Thank you.

Mr WHITTINGTON - As you may recall when the land was first come across from the TCFA, Forestry Tasmania were, or Associated Parks were the recipient of just over 40 staff from Project Tasmania. There was no appropriation attached to those staff. The first budget of this Government, I think an additional \$3.4 million, \$3.5 million was put into our appropriation to cover their salaries. So since 2014-15 we've had an additional \$3.5 million in our appropriation to cover the additional resources from Forestry that were given to us to manage those lands. But I couldn't tell you the break-down of fire and other into that particular sector of land. We manage across the portfolio. It would be just a pro rata on portfolio area. That would be the best I could probably do, to be honest, because of the way we budget that. We just manage across the portfolio. It's essentially wider than our portfolio, so.

CHAIR - Yes, I get that. You might have to take this question one on notice. Could you, through your minister, provide some details including location of any infrastructure such as roads or bridges within the broad heritage area that have been removed or rehabilitated since this area was extended in June 2013, and also any costs of those particular works? That's one that you'll probably have to take on notice.

Mr GROOM - This is the extension area?

CHAIR - Yes.

Mr GROOM - We'll take it on notice.

CHAIR - As a matter of interest, in terms of environmental groups such as the TCT and the EDO, does the Government still provide any funding? Does that come out of state government funding or does it come out from a federal funding? I know those groups do get some funding.

Mr GROOM - Yes, it's probably a slightly different portfolio in where there might be some funding. There's a small amount that's residual. We could have a look at that.

Mr WHITTINGTON - It doesn't come out of this output group. I have a recollection that there is a sum out of a different output group that goes to the TCT but I'd need to confirm the exact quantum of that. It's not out of this output group, I can assure you of that.

CHAIR - Sorry, I'm not quite clear on that. What output group? How could we get the information, that's the question?

Mr WHITTINGTON - It's out of one of the three output groups -

Mr GROOM - We will check.

CHAIR - Thank you, minister.

Ms Forrest - Probably in primary industries.

CHAIR - Could be.

Ms Forrest - Which we haven't got.

CHAIR - No. The fires in the World Heritage area, particularly in the Western Tiers close to me, why wasn't the Lake McKenzie Road used to transport firefighters and firefighting equipment to fight the fire that surrounded the manmade lake, which was Lake McKenzie - that's a Hydro impoundment anyway. You may be able to take it on notice.

Mr GROOM - Yes, we'll take that on notice. I will make the point that I'm very conscious of the fact that you would have had close exposure to it, but it was a phenomenal effort that was put in in response to that. We have seen some early indications of some of the environment impact, some recovery as I understand it, and we're also responding to the issues that were raised from the Australasian Council, I think it's called, in terms of the recommendations and press report. We've committed an additional \$2 million over four years to deliver the bushfire risk assessment model and fire plan. That's about identifying and managing risk to natural and cultural values as well as essential infrastructure, and it will also involve rehabilitation trials. These projects will remove current knowledge gaps, identify short-, medium-, long-term action strategies consistent with our obligation to manage natural and cultural values. In addition we have committed \$500 000 per annum over four years for targeted fuel reduction program which is being in part funded through the fuel reduction program, yes.

CHAIR - That was the next question I was going to ask. That mitigation in terms of fuel reduction, particularly in those areas, as you are aware, are inaccessible.

Mr GROOM - Yes.

CHAIR - I have been up there and walked most of them, but it was very apparent, even from the last fires that those that had been low intensity burns were left unscathed, which was a pretty stark example of if you get the management right, then you can certainly assist with that.

Mr GROOM - Yes, that's right. We are committed to that effort and you have identified that there are practical limitations in what we are able to do. There is opportunity for us to, in a targeted way, undertake additional fuel reduction burns in the TWA in order to be able to protect critical infrastructure and also protect natural and cultural values. I am committed to that.

CHAIR - I suppose that includes keeping the access. There are some key access roads which need to be kept open, which were probably some old forestry roads which have now been closed. They provided that access to our World Heritage areas and national parks. Somehow they have to be maintained and kept open, or accessible, if not just for the general public but for that very matter of firefighting.

Mr GROOM - Good judgments have to be made in that regard to make sure that we have access and, as you alluded to, they have historically paid an important role in terms of providing that access, so we have to make good judgments. It's not an easy one because we have significant risks going forward for future events, but we want to make sure that we are taking the learnings, as you should always do, from the most recent experience that we have had and there have been a number of recommendations that we have responded to in the press report and also through the - I have it here - the Australasian Council. Presumably, that is fire and emergency services. There is a national body that provided recommendation in relation to the response and how we can improve it and as I understand it we have or we are in the process of undertaking an audit of roads from an access perspective to make sure that we are making good judgments in relation to the maintenance of access.

Mr Valentine - Keep the beekeepers in mind.

CHAIR - Minister, in regard to infrastructure, private infrastructure development within our parks and there is probably some listings there somewhere that I noted. It is the intention of your government, I presume, to continue appropriate development, if we can put it that way.

Mr GROOM - We are very committed and we want to make sure that we are doing all we can to secure the opportunity. As we all recognise, we have a lot of interest in our national parks and reserves. Some of the numbers that we have seen have been quite extraordinary and we are looking at in some instances breaking significant thresholds in terms of visitor numbers. We expect for the first time ever to be on our target to break the 250 000 visitor level for Cradle Mountain and the 300 000 level for the first time at Freycinet and, as I understand it, the 200 000 level for the first time at Mount Field, and 100 000 level for the first time at Lake St Clair. On average, that represents a very significant increase against visitations.

If you go back to 2014, it is quite significant. We want to make sure that we are investing appropriately and it is in that context that we have been very pleased with the outcome of our wilderness tourism initiative and the opportunities that have emerged from that. I made the point before that we have really seen the significant impact that this has had for regional Tasmania and the local economies.

A great example is the Blue Derby Pods which, of course, is a new high-end mountain biking boutique accommodation experience that is helping to further stimulate the boom in mountain bike tourism. The operators, Tara and Steven Howell, two young Tasmanian entrepreneurs recognised a gap in the market and the response so far has been beyond expectation. In addition, we saw a similar story with the recently announced Dirt Art Project utilising the Eagles Eyrie facility at Maydena. This project operated by Simon French will involve a world class mountain bike trail

centre. It has had a significant impact on business confidence in the local community. We have seen it with the outcome in relation to RACT's redevelopment at Coles Bay which is providing a significant additional accommodation option in an area that has great growth and great future opportunity.

I was pleased to recently approve one of the new projects that has come through involving West Coast Yacht Charters; it was a proposal for a Gordon River multi-night ecotourism experience. They want to increase their offering from an overnight experience to a three to four-day river cruise on board the *VS Stormbreaker* on the Gordon River and Macquarie Harbour. The new venture will provide for up to 10 guests to experience guided historical and cultural walks and kayaking allowing guests more time in the area to fully appreciate the cultural and natural values. This has been a huge success and is stimulating economic opportunities and recovery, frankly, in localised areas and also meeting the need that we have for new tourism experience to satisfy the increasing tourist numbers that we have. We are very committed to it.

CHAIR - If we just move away from the larger investments like the Cradle Mountain job and everything else, which I am very pleased to see, I might say -

Mr GROOM - Yes, now in excess of \$21 million.

CHAIR - If you then move into the next level, which is with a pack on the back and going through some of those areas and, I suppose, you have through Cradle Mountain, you have the private arrangement. Is there any intention in other parts, like on the south coast, we are talking about some significant improvements there, but in other areas as well, as they do in New Zealand and a lot of other places, they do them very well. They do place huts strategically which can help. I know other people might disagree and I have been bushwalking for a long time and other people say, 'Look, I want a pure wilderness experience. I don't want to see any man-made structures in the place'. There are two schools of thought on that.

Mr GROOM - Of course, there are a number of projects that are being considered through our Wilderness Tourism Initiative. The South Coast Track Huts Walk is currently in the process of being considered. In addition, there were a number of new hut experiences that were being proposed by the Tas Walking Company. So there are definitely future opportunities for that type of investment. In addition, we have spent a lot of money upgrading the infrastructure. We announced in this budget an additional \$8 million and, of course, we have previously had an \$8 million program which had really significant practical outcomes including work that was done on the visitor centre at Marakoopa Caves, Mount Field, walking track upgrades at Cradle Mountain, Lake St Clair, The Nut, Fortescue Bay, Ben Lomond, and car park upgrades at Corinna, Ben Lomond and Wineglass Bay. So there is a number of very significant infrastructure investments. We are very keen to pursue this. The Three Capes Track has been quite extraordinary. It has had a significant flow-on impact for the local community. It has had a significant impact in terms of retained revenue. I might be able to get those stats a little bit later for you. That has enabled us to be able to reinvest.

CHAIR - Yes. What I am referring more to are the more remote locations, when you get down the South West Wilderness and the Arthur Range, et cetera. Perhaps there is opportunity there for strategically isolated infrastructure put in for older walkers like Mr Valentine and everything else to help us.

Mr WHITTINGTON - We haven't forgotten about the far back country. Some of the works that we have been doing, the South Coast Track, we have put \$2 million in over the last three or four years.

Mr GROOM - It is a little bit more now.

Mr WHITTINGTON - On the South Coast Track?

Mr GROOM - Yes.

Mr WHITTINGTON - It is somewhere around \$2 million, maybe a little bit more. Toilet facilities, duck boarding, vegetation pruning. We put a toilet in at Hanging Lake, Federation Peak. We completely appreciate those sorts of environments need a toilet. We are currently replacing the toilet hut at Tahune Hut on Frenchmans Cap. So we are working in the back country as well as in, as I said, sort of, the front country. As the minister said, the management plan was amended recently and one of the outcomes of that was to allow for commercial huts along the South Coast Track. So, we have built the infrastructure in a management and planning sense to allow those opportunities to come forward through time.

CHAIR - There is a significant safety element in some of those more remote areas too. You can seek shelter because, as we know, our weather changes so quickly and people do get caught and unprepared sometimes.

Mr GROOM - Yes, it continues to be a very strong ongoing commitment of the Tasmanian Government to make sure that we are doing all we can to be investing in our parks infrastructure.

Mr VALENTINE - There is a balance. We could promote ourselves to the nth degree and end up with 20 000 people in our parks every day. They do come for a wilderness experience, so have you looked at what that balance might be? People going into an area like the South Coast Track, probably the last thing they want to see is - someone mentioned this in the paper the other day 40 red plastic raincoats going across the -

Ms Forrest - I hope not plastic.

Mr VALENTINE - Or whatever. You can wreck the experience by loving it to death, by having too many people in there at once. That does two things. It not only makes that area undesirable for some. They will then try to seek out other experiences that are more remote and are more wilderness, and that ends up degrading other areas. Is there a balance and do you have any of those balances in mind? Can you share them with us?

Mr GROOM - There is a balance and that is why under the management plan we placed a heavy emphasis, notwithstanding comments to the contrary, on the wilderness experience making sure that we can maintain it. We also spoke through that plan on the need to have regard to accumulative impact. In terms of the government's policy for supporting new tourism experience in our wilderness areas, it is part of the criteria that you have regard to the appropriateness of particular developments in locations and that is in context. We need to have the full spread of experiences here. Some people want to have the true wilderness experience. In which case, it will be the real deal. That is what you will be going and doing. Then you want to have experiences that have greater accessibility including for older people or younger people and that is where the Three Capes Track has been such a brilliant product because you talk about investing in safety and the

quality of tracks, you won't get a better example than the Three Capes Track. And there are experiences that will be in between, but we are very conscious of the need to make sure that we maintain the wilderness experience. John, did you want to -

Mr WHITTINGTON - Yes, I might just add one other thing. We are very conscious of the carrying capacity of walks and a good example of this is the Overland Track. The Overland Track was in danger of being loved to death at one point, so we ended up saying, 'Okay, this is essentially the carrying capacity per day before the experience is genuine degraded'. So, we put in a booking system and what that means is that you cap the number on any one day and the shoulders are being pushed out as the track fills up. Unfortunately, we are nowhere near that with the South Coast Track. But, as we are constantly monitoring what is an appropriate level of usage and we will manage that if and when we get to it. The other part of it is the creation of new experiences.

Mr GROOM - I mentioned before there are many untapped opportunities that we have in Tasmania and part of it is about spreading the love, isn't it? I mentioned Maria Island. There is opportunity for further growth there. We have seen a great response already to the new ferry service. You might want to talk about that, Jason, and the impact that we have had at Maria Island. That is why we have invested in the new ferry service which includes an ongoing commitment of \$200 000 a year plus we have the \$1.8 million Maria Island Rediscovery Program. That is an example of a nature-based experience that you can have that probably has historically been underdone. I would argue that it has been underdone. If you encourage more people to do that, it can help some of the love. There are many examples of untapped opportunities that we have around Tasmania. Do you want to talk about the ferry?

Mr JACOBI - The Maria Island Ferry Service has proven to be a tremendous success. In the time it has been operating, we have had over 3500 passengers taking that new vessel and the navigators are already planning and undertaking the build for a second vessel which will replace the smaller one and it has a much larger capacity. Not only will there be a greater reliability in service, but the frequency of service and the numbers of people that will be able to be transported from Triabunna to Maria Island is significantly increased. It has also seen a positive flow-on in terms of other products. A bike hire business is now established on the island and rather than our rangers servicing and maintaining bicycles for the public, we now have a professional accredited operator with quality bikes providing a higher standard of service for the business.

Mr VALENTINE - The ranger is doing what they have been trained to do -

Mr JACOBI - The rangers are actually rangers, yes.

Mr VALENTINE - Yes, actually rangers. Another question is the capacity for people that don't have to many resources to still be able to enjoy those spaces, so with the new expressions of interests you are getting for various businesses to operate in these areas, and like the Three Capes Track, for instance, it is not a problem if a person wants to step up and do the walk without staying in the huts. They can get through at a reasonable price. Can you give me an understanding as to -

Mr GROOM - You can have many experiences for your Parks Pass. John, do you want to?

Mr WHITTINGTON - With the Three Capes Track, if you want to do the track from Port Arthur to Port Arthur - so you go to Port Arthur, you visit Port Arthur, you get a fantastic boat journey through the Pennicott, then you do your four-day, three-night experience, picked up in the bus and come back to Port Arthur. There is a cost associated with that of about \$500.

But if you want to walk down to Cape Pillar, you can walk in from Fortescue on your park pass for no additional cost other than your park pass. There are public campsites at the falls where you can camp and then walk out to The Blade - out to Cape Pillar. So it caters for self-catered people. You can't do the full experience on your parks pass.

Mr VALENTINE - I understand what you're saying about that and that's fair. I don't have an issue with that unless people can buy the pass or purchase the trip across the bay separately?

Mr WHITTINGTON - No, the way it's operated now is that if you wish to do the full walk then it is part of the package.

Mr GROOM - The new development, the third stage, will also be consistent with the parks pass-type option. There are fantastic opportunities for people and we encourage people to get out there and experience places that you haven't been to for a while. The anecdotal feedback we get is that people are surprised. They haven't been to Mt Field for 10 or 15 years and they go there and rediscover the place. That is what we are seeking to do with Maria Island. We think that is a good example of the opportunity.

Mr VALENTINE - I don't have a desire to go up the top of Federation Peak again, unless the good Mr Hall would want to.

Mr GROOM - I'm impressed.

Mr VALENTINE - That was back in 1981. That was my main concern that people, who couldn't afford, still can go in there and enjoy those places.

Ms FORREST - I am just trying to get some idea about the revenue for this area. How much comes from federal grants, how much comes in in fees, and how much does the state tip into Parks and Wildlife. Do you have a breakdown of that?

Mr GROOM - Fees are about \$7.2 million. Is that right? Yes, so that's the total. The total from facility use fees, track fees and park entry fees is over \$17 million for 2016-17.

Ms FORREST - Do you have a breakdown with you there?

Mr GROOM - Yes. The park fees, from recollection, was about \$7 million.

Mr WHITTINGTON - \$7 million.

Mr GROOM - Yes, and then there was about \$10 million for various facility use fees. That would include, presumably, Three Capes as well as Overland, and that's reinvested.

Mr WHITTINGTON - I can give you a straight breakdown if you would prefer.

Ms FORREST - Yes.

Mr WHITTINGTON - So, retained revenue, so that's revenue other than appropriation for 2017-18 is budgeted at \$37.65 million. \$10 million will be through business enterprise revenue. So, that is the Overland Track, Three Capes Track and those sorts of fees. Park entry fees is

\$7.3 million. Rental from Crown land properties is \$4.4 million. Australian Government funding for the world heritage area, approximately \$5 million. Then as part of retained revenue we have Crown land asset sales which is included in that which is \$4.8 million, and leases and licences revenue from Crown land which is \$1.82 million.

Ms FORREST - With the Crown land sales, what was sold in that period?

Mr WHITTINGTON - This is budgeted for 2017-18, so that will be based on historically.

Ms FORREST - What will be sold, yes.

Mr WHITTINGTON - It is mostly small parcels of land that are things like encroachments.

Ms FORREST - I was thinking of The Nut, for example; that was sold off many years ago.

Mr WHITTINGTON - Those sorts of things yes. Sometimes it can be major sales. Jane Franklin Hall was a major sale. Generally, the sales are small pieces of Crown land.

Ms FORREST - It would be helpful to have this breakdown in the budget papers because you can't find specifically how much is in fees, and how much the federal government contributes. In terms of retained revenue, is there a breakdown of what that relates to? Some of it is Three Capes Track. Is there a breakdown of each track as to what?

Mr WHITTINGTON - We have it within our internal accounting. It is not in the budget papers.

Ms FORREST - Yes, well, not much is in terms of this, yes.

Mr Valentine - He is trying to check out how much is ploughed back in.

Mr WHITTINGTON - We can provide that sort of information if you would like.

Ms FORREST - Yes, it would just be good to have this breakdown in more detail to see what's coming in from where. The retained revenue and where the money flows from and into this area.

Mr WHITTINGTON - We will provide a breakdown of retained revenue.

Ms FORREST - Yes, okay. It hasn't really been touched on, the alpine conservation area and we know there is a number of challenges up there in terms of access and that sort of thing, one of your members, minister, went to the last election with an open all tracks approach which no one wants. What is the approach up there now?

Mr GROOM - We have remained committed to our election policy. We are in the process. It's been through a federal court process and the net effect of that was that, interestingly, the opening up of the tracks was not deemed to be a controlled action referable under the EPBC, but the work that was being proposed to mitigate potential damage to heritage was deemed to be a potential controlled action. So consistent with that we have made the decision to refer the work that we are proposing to do to the Commonwealth. That will involve a new management framework to make sure that we are doing everything we can to mitigate the risk of damage to natural and cultural values. We remain committed to sensible recreational access, but in a way which is respectful of

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natural and cultural values. We believe that there is a way that we can find that balance and that is the work that we are doing in putting together the referral and we will be seeking to get that to the Commonwealth Government for the minister's consideration as soon as we are able to.

Ms FORREST - What is the timeframe around this?

Mr GROOM - It is difficult to put a precise timeframe on it. John, do you want to talk about what you think a reasonable timeframe is? We are committed to getting the referral up as soon as possible, but, this year. It would happen this year. I don't know.

Mr WHITTINGTON - That has been our commitment and one of the commitments with the court decision was that we would advise the TAC at the time of any referral and we are committed to doing that. That was a commitment made through the court.

Ms FORREST - The Tasmanian Aboriginal Corporation.

Mr WHITTINGTON - Sorry, yes, that's right. We are progressed in developing a referral, but it is still not quite ready yet.

Ms FORREST - They say they don't want all tracks open because lots of them are duplication. You don't need three or four tracks to get to one spot in many respects. That was the concern of a lot of people who live in and use the area, as well as the Aboriginal community. The local Aboriginal community had been shut right out of this discussion up until more recently. I commend the Government on changing that approach. There are still concerns that there is not the necessary support to enable the access to be well managed. You said you want it to be sensibly managed. You don't want to see further harm done to a natural cultural heritage there. The perception is or is it a perception of a reality that parks is not adequately resourced to manage this? What do you say to that?

Mr GROOM - We want to make sure that it is appropriately resourced. There are opportunities for us to do it slightly differently. We are interested in pursuing the potential have Aboriginal rangers involved in joint management and that's a real opportunity. We want to make sure it is appropriately resourced. We want to make sure that we are finding a way to protect the heritage. The heritage up there is extraordinary and I wish more Tasmanians had the opportunity to see it and to experience that and particularly what you said, when you understand that in the context of the history of the Aboriginal people of Tasmania. So, it is important. At the same time, there are a lot of Tasmanians that have strong association with that area from a recreational perspective and we want to find a way to do that sensibly.

Ms FORREST - There are a lot of mainlanders who feel they have a connection to it but come and trash it.

Mr GROOM - If people trash it, we want them held to account and that is why it is, you have just made reference to the need to be protecting cultural values. That is why we have the legislation to increase it. I was delighted to see the outcome of that because that is a significant step forward in the proper protection of the Aboriginal heritage. We have to make sure that we are using that properly. We have to make sure that we are having the conversation with the community as well as those that visit. Parks does a great job from my perspective. They do a great job in raising awareness, but we can all play a role in this. From our perspective, we want to make sure that it is done properly. John, did you have something further you wanted to say?

Mr WHITTINGTON - Yes, just going back to a point you were asking before. The Government's commitment is to opening tracks 501, 503 and 601. So, that's essentially the north/south route.

Mr GROOM - That is why I particularly wanted to clarify that because there is all the concern out there that it is going to be a free for all again.

Mr WHITTINGTON - The referral that we will need to put in before we can do any works to open those tracks will make it very clear which tracks and the referral will refer to specific tracks, but it will also refer to the regulatory and education regime that we have around the opening of those tracks, as the minister said. So, in finalising the referral, we will have to be very explicit in the resourcing that we are putting on the ground to manage visitation and it will be done through education. But in the end, the enforcement, compliance enforcement, as required, as there is now.

Ms FORREST - Minister, a number of years ago there was a local Arthur-Pieman Conservation Area Management Committee before you were in government and I am not quite sure what happened around the disbanding of that, but they were local people with a local connection to the area who were actively engaged in the management plan for the area and it gave community buy-in and the members of the community who had connections with this area, which a lot of them do in Circular Head, direct access to someone involved at the coalface and with direct access to the minister through that process. It seems to me that local ownership, I don't mean owning the land, but owning the process, can be very beneficial in trying to help the education side of it, their respect for the place. It is not getting kids to paint rubbish bins in the town and it is vandalism reduced is when you get young people to take ownership of the infrastructure in the town. So, will you consider more closely engaging and more meaningfully engaging local people in this process including the Aboriginal people that you mentioned?

Mr GROOM - We are very committed to making sure that we are engaging properly with the local community. That is a commitment from my perspective. Did you want to -

Mr WHITTINGTON - You are right. The previous committee is not active at the moment.

Ms FORREST - No.

Mr WHITTINGTON - But we do need to have a much better engagement with the north-west community around the management of that area and that is something that we need to do.

Mr GROOM - Yes, I totally agree with the point you have just made about local buy-in. I absolutely agree with that a hundred per cent because as the end of the day the locals will be the ones that will hold everyone to account to do it properly.

Mr WHITTINGTON - That's exactly right, yes.

Mr GROOM - It is important that it has that engagement. From my perspective, we remain committed to that.

Ms FORREST - And having that pride in a place.

Mr GROOM - As they should.

Ms FORREST - It's a very special area.

Mr GROOM - Because it's one of the most remarkable locations on the face of the planet, the west coast of Tasmania. Sorry, John, did you -

CHAIR - Any more on parks management?

Mr VALENTINE - Yes.

CHAIR - You have, Rob, yes.

Mr VALENTINE - With respect to the Eaglehawk Neck Officers' Quarters, you manage that at the moment. How far away is that from being taken over or managed by the Port Arthur Historic Site?

Mr WHITTINGTON - I don't know the answer to that.

Mr GROOM - I know it has been raised.

Mr VALENTINE - And the same with Darlington -

Mr GROOM - We are very committed to pursuing the Darlington model and there is further work that we have asked to be done in terms of getting the management model for that right. It is my view that PAHSMA in conjunction with Parks can present a very potent model. PAHSMA is leveraging off their expense in relation to the built heritage and the opportunity to present that from a tourism perspective. I don't think you will get a better example of that and then Parks with the ongoing management expertise in relation to the natural and cultural values. That is a really exciting opportunity for Maria Island and we are committed to pursuing that in terms of broader opportunities. I will probably have to take that on notice. Jason.

Mr JACOBI - The Maria Island proposal and Maria Island rediscovered budget announcement provides a substantial opportunity in the future to invest in a lot of activities and the experience of the site. There was an intention to look at the possibility of the Port Arthur Historic Management Model being applied to Darlington. But the reality is that having investigated some of the options, there is a substantial investment required at Darlington before it's, I suppose, commercially ready for a third party investment in the site. So, before we adopted a full Port Arthur type model, there is a significant amount of work that needs to be done at the Darlington site and there is a tremendous opportunity for the Parks and Wildlife Service to lead a lot of that work and provide a short and mid-term solution to improving the whole visitor experience of Darlington.

Mr VALENTINE - The reason for asking about the Eaglehawk Neck site is because during our built areas tourism inquiry is pointed out that it is the beginning of the Port Arthur experience, if you like, right there at the neck. It is part of a story and it is obvious that there is a good cogent reason for seeing that managed through Port Arthur rather than Parks and Wildlife being, I might say, saddled with it, because it is more a built heritage experience than it is a parks experience at that point, I would have thought, and it would properly sit in that sort of line item. I notice that under PAHSMA they have an increasing budget there. Whether that's the intention, I'm not sure, to take over, but you don't know about that, of course. That is not your -

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Mr GROOM - We will see what we can find. It is not my technical portfolio, anymore, as a matter of regret.

Mr VALENTINE - I am interested to hear if you can what the moves might be between the two of you.

Mr GROOM - Yes.

CHAIR - Thanks, Rob.

Mr VALENTINE - Thank you.

CHAIR - Anything on grants and subsidies at all?

Ms FORREST - Yes.

CHAIR - Ruth.

Ms FORREST - Yes, grants and subsidies, I can't really find a breakdown of what this relates to on this. I assume it is \$3.76 million, but there is no other explanation, no footnote, nothing to tell me what that actually relates to. So, can you tell us what it relates to? I assume it is page 220, the grant and subsidies line item there.

Mr WHITTINGTON - The grants and subsidies, that \$3.95 million goes to Port Arthur Historic Site Management Authority. It is an administered expense. And then there is \$110 000 to the Wellington Park. It is a contribution to Wellington Park. So that is in table 9.16 is the sum of the two that you see in table 9.2.

Ms FORREST - What page are we on? The table?

Mr WHITTINGTON - So, table 9.16 on 246 shows where administered expenses, grants and subsidies, go and the ones related to Output Group 8 are the Port Arthur Historic Site Management Authority and Wellington Park contributions.

Ms FORREST - It is such a mish-mash, isn't it, in this. Hard to tell. So there are just the two in that area then?

Mr WHITTINGTON - Yes, so the grants and subsidies in that output group of \$3.6 million and change and that is those two added together, Wellington Park and Port Arthur.

Ms FORREST - Right, okay, thank you.

CHAIR - Thank you. Any more? C'est la vie.

Ms FORREST - Just with capital investment and I assume it is a question for here, the West Coast Trails, it was on the trail at some stage, it seems to have fallen off the trail. What's happening with that?

Mr JACOBI - The West Coast Trails Project went to tender, so we had a proposal for a downhill mountain biking experience in the Queenstown vicinity. It went to tender. The tender

was unsuccessful in soliciting a suitable proponent to undertake that work. As a consequence, we have gone back to our previously prepared report which identified a suite of priority mountain biking experiences in the West Coast that would fulfil both tourism but also recreational opportunity in that area. We have identified the highest priority which is what is called a gravity MTB mountain biking trail immediately in the Queensland precinct adjacent to the township. We are currently prepare a scope of works to tender that as one new project. It is envisaged that the scope of works will be tendered within the next two months. And the funding is allocated in the budget for us to both design and construct that gravity mountain biking trail?

Mr WHITTINGTON - Just one minor correction. The one that went to tender was actually out at Zeehan, not out at Queenstown. But the tenders were non-compliant with the design, so it just didn't work.

Ms FORREST - Shame you can't run at Zeehan and run it through spray tunnel, anyway.

Mr WHITTINGTON - We have done a number of tracks around Zeehan and the spray tunnel is one of those that has been fixed up.

Ms FORREST - You can't drive through anymore, which is a shame, really.

Mr WHITTINGTON - But you can ride a bike through it.

Ms FORREST - You can. We drove through it. I took them through an electorate tour once. You can't get through there anymore in a car, though.

Mr VALENTINE - I have been through it twice.

Ms FORREST - I have been there a few times. It may not be your aware, minister, and if it is not, I can ask elsewhere, but the walking track along the scar on the mountain near the Iron Blow that was one of those integrating the west coast projects a little while ago. That seems to be going nowhere. Is that in your area or is there another minister's area?

Mr JACOBI - The track is being constructed. It is there.

Ms FORREST - Part of it is there. It doesn't go anywhere just yet. You see it around the side of the mountain.

Mr JACOBI - One to the waterfall, yes.

Mr WHITTINGTON - Horsetail Falls.

Mr JACOBI - Yes, Horsetail Falls. It goes to a viewing platform to see the falls.

Ms FORREST - Is it open to see Horsetail Falls?

Mr JACOBI - It's not completely open yet. But it should be open very shortly, yes.

Mr GROOM - It will be exciting when it comes.

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Mr ARMSTRONG - The viewing platform is open up there because I went up there the other week.

Ms FORREST - You wouldn't have walked along this trail. It's not open.

Mr ARMSTRONG - Yes, I did.

Ms FORREST - To Horsetail Falls?

Mr ARMSTRONG - Yes, to under the falls. I walked along it up to where it stops.

Mr GROOM - It's not formally open.

CHAIR - Thank you very much, minister. On behalf of the committee, I thank you and your team and advisors today. We had a pretty satisfactory day. There are a few other bits and pieces we have to catch up, so our secretarial staff will be in touch. Thank you very much.

Mr GROOM - I appreciate it, Chair. I put on the record my sincere thanks to all the departmental representatives, not just those who have been present today, but to the many people involved in putting the information together, and for their ongoing work they do on behalf of the people of Tasmania. I also thank my own ministerial staff who did a phenomenal effort across a range of different portfolios.

CHAIR - Thank you so much.

The committee adjourned at 5.20 p.m.