

Tuesday 29 June 2010 - Estimates Committee A (Giddings) - Part 2

CHAIR - Welcome back to the afternoon session, Minister. Would you introduce your staff, please?

Ms GIDDINGS - Yes, I have with me the Secretary of the Department of Economic Development, Tourism and the Arts, Mike Kelleher; Craig Watson, Executive Director, Corporate Services; Carl Cazaly, an adviser from my department; and Richard Downing, who is my other adviser.

CHAIR - Minister, I will lead off with a couple of overview-type questions. The agency cost reduction savings are being achieved through the implementation of a range of employment and management strategies, including vacancy control, early or phased-in retirement, leave without pay, and voluntary redundancies. How has DED implemented these, and can you provide a breakdown of those savings?

Ms GIDDINGS - The number of voluntary separations across the entire agency totalled 33. Within Economic Development itself there were 16; in Sport and Recreation, two; Tourism, 11; and in Arts, including the Tasmanian Museum and Art Gallery, four. There were another 36 staff as part of the Tasmanian Temptations closure, but that was separate from our voluntary redundancy process. Then we did have another five SES-level redundancies there as well.

In terms of the savings that were required of the department, I will hand over to Mr Watson for those figures.

Mr WATSON - Our total BMS reduction for the previous year was approximately \$9.7 million, although that included \$2 million coming out of the work force participation program. A total of \$1.9 million was out of travel, vehicle advertising, mobile phone expenses; the reduction in senior executive and middle management salaries was approximately \$1.3 million and then the remaining efficiency dividends and agency cost reductions were of the order of \$4.5 million, including amalgamation savings that we were required to make upon the abolition of DEPHA, and the consolidation of corporate support functions. We have met our total saving target for this year through the strategies you referred to earlier. In terms of some of those specific issues around staff matters, during the course of the year we had 22 employees who took leave without pay. We also had three employees take secondments; 26 employees reduced their working hours during the period from 1 May 2009 to 31 May 2010; 28 employees also commenced, continued or renewed their State Service accumulation of leave scheme, and one employee took up the option of taking phased-in retirement.

CHAIR - How many senior executive positions actually went?

Ms GIDDINGS - Five.

CHAIR - Any detail about board and committee savings made at all within the department.

Mr WATSON - We do not have figures on that.

CHAIR - The present employee numbers in terms of staffing. As at 31 May 2010, across the entire department there is a total of 530 staff that equates to 455.09 FTEs; a total of 50 staff - 47.66 FTEs are employed in the northern region. A total of 14 staff - that is 12.4 FTEs - are employed in the north-west region. A total of 466 staff or 395.03 FTEs are employed in the southern region. If you are interested in the gender breakdown, there are 257.27 FTEs who are women, which is 56.53 per cent of the total.

Ms FORREST - We are taking over - slowly but surely!

Ms GIDDINGS - Yes.

CHAIR - No wonder the males at the table are looking a bit despondent! Over the past few years, Minister, have these figures changed much? Has there been much of an increment over time - say, the last 10 years?

Mr WATSON - The department has changed a lot in that period. We have had units taken out and units added to us, so it is very hard to make any sort of comparison across the years.

CHAIR - Do you expect to see any reduction over the coming year, or will the numbers remain stable?

Ms GIDDINGS - The department still has some efficiency dividends that they need to be able to build in, and certainly not filling job vacancies is one way of addressing some of those budget pressures. We certainly have not asked government departments as a policy question to reduce staffing any further, but that was a measure we took last year when we were still coming through the worst of the GFC. We are through that, so there is certainly no push that I am aware of for voluntary redundancies or the like to continue. However, I would support the department in using job vacancies as a tool that does not damage people as one way to manage their efficiency dividend.

CHAIR - You might like to take this on notice, Minister - the top 10 salary earners within the department and any bonus provisions that might go with those.

Ms GIDDINGS - We have the senior executive salaries here - we can table that document.

CHAIR - That is fine, thank you. Any issues of litigation pending at the moment?

Ms GIDDINGS - Against the department?

CHAIR - Yes.

Mr WATSON - We have a couple of matters around some property issues that are currently under mediation or working towards a solution.

CHAIR - So they are only minor at this stage?

Mr WATSON - Yes.

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CHAIR - Okay. A list of consultancies? Do you have those at hand, or you can table them if they are very extensive?

Ms GIDDINGS - We do not have a list with us. I can tell you that \$870 000 has been used on consultants to 31 May 2010, which is less than we had at the same time last year.

CHAIR - Can you expand that information?

Mr WATSON - We don't have a complete list, but we can provide some examples if you would like that.

CHAIR - Can you also table a list of the consultants?

Ms GIDDINGS - We will take that on notice.

CHAIR - In terms of asset disposal, have you disposed of any assets during the last financial year? Are there any more in the pipeline?

Mr WATSON - In terms of major asset disposals, we do have the former Centre for Precision Technology building - a technopark currently occupied by PAT - under a sale negotiation with the occupier to potentially buy that building and the land next to it. That is currently under negotiation. We are also in negotiations with Transend in relation to a small piece of land at the northern technopark. I believe, from memory, that they are the only two significant ones we have at the moment. We have obviously had assorted sundry asset sales around office equipment and those sorts of things.

CHAIR - In regard to climate change, are there any new developments in the Department's response to climate change at this stage?

Ms GIDDINGS - Yes. There has been a fair bit done in this respect. The Department has progressed a number of measures to reduce its contribution to climate change, and it is participating in a number of the initiatives that the Tasmanian Climate Change Office have been pursuing as well. Their focus and activities are outlined in the Department's carbon emission reduction plan.

There are a number of key initiatives that fall out of that plan, including that all of the pool cars that are available be progressively replaced with higher green rated vehicles. There have been new videoconferencing facilities put into the Department and officers have been encouraged to use those videoconferencing facilities rather than travel intrastate. We are developing reporting tools to highlight to staff how reductions are also being met. All new electronic devices and appliances are to meet higher energy ratings and water ratings. Printers are defaulted to print double sided where that is possible. We are moving to electronic records and document work flow systems. A communications plan has been developed to support and implement the CERP.

The Department has also implemented a program to de-lamp light fittings within the main work location - that is, the ANZ Centre - where lighting levels already exceed the national standard requirements. The program commenced 12 months ago and has been implemented progressively from floor to floor. A reduction has already been achieved in the

order of four per cent of energy consumption and it is expected that further reductions will be achieved once we see a full 12-month impact of that reduction on the various floors.

A number of policies have been developed to encourage behavioural change as well and to create a culture of individual responsibility, including policies for saving energy, reducing waste, travelling smarter and green purchasing. The department also participated in Earth Hour 2010. On an ongoing basis it is reviewing its options to reduce the amount of electrical equipment in use, including printers, copiers, scanners, fridges and fax machines. A climate change working group is being established to review progress, implement initiatives and promote staff participation.

I was rather impressed, when I read that out to the other House yesterday, by all the work that has been done in relation to that initiative.

CHAIR - Succinct, too.

Ms GIDDINGS - Yes, very succinct.

CHAIR - I have a couple more questions on the overview before I open up to questions from other members. In regard to the Farm Water Development Loan Scheme, how many loans have been provided? How many applications have been rejected? You might have to take that on notice. Also, can you provide a list of the recipients and any other details?

Ms GIDDINGS - You know that it was announced by the Premier in May 2009 and it commenced operation in July 2009. Four-year loans between \$100 000 and \$750 000 are available to eligible farmers at a discounted interest rate, which is currently at 6.03 per cent per annum for the first two years. The scheme is administered by the Department through the Farm Water Development Act 1985 as an alternative source of irrigation infrastructure finance. As at 16 June 2010, the loan scheme had attracted seven applicants valued at \$3 242 550. Of the seven applications, four totalling \$1 492 550 have been approved with one for \$80 000 deciding not to proceed. Two totalling \$1 million withdrew prior to decision and one totalling \$750 000 was declined.

The funds approved under this scheme have, in the main, been used to assist with the purchase of pivot irrigators and related infrastructure. In one case, a \$400 000 loan was used to purchase a pivot irrigator, pipes, a pump and cover costs associated with dam works that, when complete, will allow an extra 160 hectares of land to be irrigated and used to grow poppies, potatoes and lucerne crops. A second loan of \$150 000 was approved to assist with the purchase of a pivot irrigator and pump that allowed irrigation of a further 100 hectares to be used for pea and poppy crops.

The Department has reviewed the operation of the scheme in December 2009 and consulted with a range of stakeholders, particularly prospective irrigators. The review noted initial uptake levels and calls from some irrigators for Government to finance the purchase of water entitlements, as was the case with the Meander irrigation scheme, but recommended the loan scheme continue in its current form subject to further review.

When considering the uptake and scope of the loan scheme, it is important to note two things. Firstly, the rollout of Tasmanian Irrigation Development Board schemes has only just begun, with three out of 10 current schemes approved. As more schemes get off the ground, demand for the loans is expected to grow, particularly in dryland areas such as the Southern

Midlands or properties with no history of irrigation where new infrastructure, particularly storage dams, will need to be built from scratch. Secondly, all initial TIDB schemes have reached irrigator subscription thresholds without the need to enlist either Government financial support or external investors. We will continue to monitor the uptake and rollout of irrigation and will again review the operation of the loan scheme in July 2010.

CHAIR - Can I just suggest, Minister, my feedback from the rural community is that the application forms were thought to be overly complex, given that only seven people have been approved. Most people felt that it was easier to go through their own commercial banking facility. I know there was an interest subsidy for the first two years, but after that it all goes back to a commercial rate anyway. I have to say that that is just an opinion I pass over to you, that most people would prefer to use their own facilities or whatever to do what they have to do. In terms of other industries seeking support, can you provide some detail on any loans to business or industry provided outside the Industry Support Scheme? Do you have a list and do you have any bad loans?

Ms GIDDINGS - We will take that on notice for you. There have been loans provided through the Tasmanian development board, but we do not have details of those right here with us.

CHAIR - Okay. Do other members have any questions in regard to the Department overview?

Ms FORREST - Yes. Minister, the economic development strategy was mentioned last year with a focus on investment attraction and facilitation, job retention, skill development, leveraging key public sector infrastructure investments with complementary private sector investments, improving business competitiveness, sustainability of productivity, leveraging Tasmania's brand and assisting businesses to trade nationally and internationally. Has this economic development strategy been abandoned or has it morphed into something else?

Ms GIDDINGS - No, it has not been abandoned at all. The only difference is that it is called a plan rather than a strategy.

Ms FORREST - I wondered if that was the change.

Ms GIDDINGS - Yes, that is the only change. That was purely because I had discussions with the Department and I said that I thought the wider public understand plans better than they do strategies in that sense. We just changed the name to a plan. That work is still developing. It is in its early stages at the moment. We anticipate that we will start talking to stakeholders and consulting with stakeholders in the not-too-distant future.

Mr KELLEHER - We are engaged at an individual level with the different sectors.

Ms GIDDINGS - What we are anticipating is that a draft of the plan will be available to me by the end of January. Then I expect to take that to Cabinet. Then we will release that for public consultation. So the final element of the plan will not be finalised until mid next year. But from the work we are doing this year we will have work to be able to put into the public arena in about February of next year for public consultation.

Ms FORREST - Where is that work funded? There was a significant amount of funding allocated to this last year.

Ms GIDDINGS - It is being done by the Department. I am being advised that there has not been significant funding provided for it, that it really is part of the day-to-day core business work of the Department. So it has been undertaken by a team led by Ros Harvey within the Department.

Ms FORREST - Looking back a couple of years ago, the structure of the Department of Economic Development was described as trading as Tasmanian Development and Resources. Does that structure remain and, if so, is it deemed to be an optimum structure and why?

Mr KELLEHER - We have changed the structure. I think in the first few days of my first week last year I had the pleasure of coming along here and talking to you. Within the next couple of months we undertook a restructure of the organisation. From the overall Department point of view, we had arts and the museum coming in. Relatively recently we had tourism coming in. The restructure that was undertaken in about August, which is now our current form, essentially has the economic development piece. We have a culture, recreation and sport group, which is generally about the various lifestyle and livability elements of Tasmania - the Tasmanian Museum, Arts Tasmania. Events Tasmania comes under Tourism Tasmania. Then there is a strategic policy and innovation unit, which is responsible for overall strategy of the agency, the economic development plan and also looks after the Premier's new portfolio.

Then the remaining part is the economic development portfolio piece. It comes under the industry development division. The structure of that division is really predicated on three main focuses on the economy. It has a sectoral view, so we have a unit within that division that is really focusing on building up expertise and liaising with the various industry sectors within the State-food and agriculture, manufacturing, mining, forestry. It is a group that is really about making sure that we have the right understanding of the opportunities and risks for each of those sectors. There is a regional unit, which really has primary client interface responsibilities. We have decentralised staffing areas in the north-west, the north as well as the south. Then there is a dedicated business response unit, which has particularly done a lot of work over the last year in responding to the impacts of the global financial crisis. So it is really about responding to companies in difficulty and trying to, where it can, work with them to see them through that or, if their viability is not able to proceed, helping workers transition to new jobs. Then there is the export and trade unit, and it is the major -

Ms FORREST - So do you have that schematically -

Mr KELLEHER - Yes, we can -

Ms FORREST - Can you provide that? You have not got it now?

Mr KELLEHER - No. It is an organisation chart.

Ms FORREST - Yes. It sounds a bit complicated to say it like you did.

Mr WATSON - I think we can add something to that, Minister. You referred specifically to Tasmania Development and Resources, the statutory entity, as to whether it still exists. It does still exist and is part of the Department and has been ever since it was merged in

the Department in 1998, from memory. So that statutory entity of TDA trading as TDR is still part of the Department, as is the statutory entity of Tourism Tasmania, because that is also a statutory entity in its own right.

Ms FORREST - So where does it sit?

Mr WATSON - It is part of the broader department.

Ms FORREST - I am sure that will show up on your schematic diagram somewhere.

Mr WATSON - It will not, because it is not, if you like -

Ms GIDDINGS - Incorporated into the department.

Mr WATSON - Yes, a part of the department in its own right. Multiple business units contribute towards it. It was essentially merged with the Department in 1998 when the Department of State Development was formed, so it has an existence as a body corporate and has a board that has statutory responsibilities for certain issues, including the provision of loans and grants, and that is supported by units across the department.

Mr KELLEHER - For example, in addition to being Secretary of the Department, I am the Chief Executive Officer of the Tasmania Development and Resources Board, overseeing that.

[2.15 p.m.]

CHAIR - Minister, if I might go back to farming, water and development, and just revisit that for a second. You said a review was done at the end of 2009. I know a lot of farmers were a bit miffed by this, but there was an expectation that the actual purchase of the water rights - for example, if you bought 1 000 megalitres, like some bigger landowners were, you were looking at \$1.1 million to buy the water rights and then you had the infrastructure costs on top of that - there was an expectation that may well have been included in this loan facility and it was not. What was the rationale behind not having that part included?

Mr KELLEHER - I guess the general philosophy around the loan approach for the organisation, and principally as part of the board's responsibilities, is to provide a role when the market is not able to provide one. I guess there are a couple of reasons for that. One is to not squeeze out opportunities for the financial market to play a role - I guess that is one of the principles there - but to step in where essentially there are some circumstances that mean that the outcomes for the State are going to be short-changed. In the review in relation to water, the application of the loan was for supporting the acquisition of water rights. We really held the review off on that. We have had the review, but have held off any decision to change that until we saw whether, in fact, the market could respond to those matters. There was some question as to whether it would.

We had a lot of discussions with the various banks and working with the Tasmanian Irrigation Development Board to explain the framework for the new schemes and to assess the banks' appetite for providing support to, in a lot of cases, existing clients, to expand their operations.

In the end, as the minister has outlined, so far those three schemes have met their minimum total requirements, with the banks being keen to be involved in that once they

understood it. There is still some question, again as the minister said, in some cases, in some of the schemes, perhaps in the more challenging farming environment, that the banks will not be in a position to deal with that. So we have a watching brief on that in case we need to step in.

CHAIR - I accept that. I think, in terms of economic development, it is a double barrelled issue here, with, as I say, buying the water right and then there is all the infrastructure on top. Particularly for some of the farmers in the Midlands area, they have had some very difficult years and things have run down, if you like.

That is where they need that extra assistance. A watching brief would be handy; I am happy to hear that. But you may reconsider, particularly when as a minister you find out some more of those schemes start to move along.

Ms GIDDINGS - We will be, as I said, reviewing it again in July of this year.

CHAIR - Is there any more on 'Overview' at this stage? If not, we will move to 1.1, which is 'Export and trade facilitation'.

Output group 1 Economic development

1.1 Export and trade facilitation -

CHAIR - Minister, in the performance information on table 2.4, can you explain why there was such a significant drop in exports facilitated between 2007-08 and 2008-09? It went from \$111 million to about \$45 million?

Ms GIDDINGS - Well, effectively we had the global financial crisis hit. We had an Incat boat sold in the first year, which pushed us right up, so there was that element.

CHAIR - What was that?

Ms GIDDINGS - There was an Incat boat sold overseas which helped push exports up for that particular year, so that would account for some of the drop in of the subsequent year, but since then we have also had the global financial crisis hit as well and some of our export markets dropped back as a result of that. Pleasingly, the latest figures are starting to rebound in that sense. We have had the strongest figures since June 2009. So it is starting to come back now, although the high Australian dollar still causes some concern.

CHAIR - That would be a mitigating factor.

Ms GIDDINGS - Yes, but we are seeing some rebounding.

Ms FORREST - Just on that point, Mr Chairman, I noticed in 2006-07 last year's budget paper was \$190.3 million, which is significantly more than \$111 million when the Incat ship was sold. It has been a remarkable drop. You can see it was \$190.3 million the year before that. I notice in the footnote it only says, 'Other than in 2008-09 export facilitation activities performance outcomes were similar to previous years.' That is not really true because the year before it was quite a high level as well. I know that the global financial crisis had not hit then either but -

Ms GIDDINGS - We have seen exports drop off. Exports are still relatively fragile at the moment, although, as I say, the latest figures are starting to show that it is coming back which we are very pleased about. The global financial crisis did have a big impact on exports. Japan, for instance, is one of our key markets. Our exports to Japan fell right back but we are starting -

Mr WILKINSON - Was that in relation to chips?

Ms GIDDINGS - Forestry is one of the areas where we have dropped back on exports but minerals as well - commodities - have also suffered during that time. We have an example here. As one example, for zinc exports between 2007-08 and 2008-09, the volume remains similar at 277 000 tonnes, yet the value reduced by almost 25 per cent or approximately \$183 million. We are still exporting the same amount but the value of those exports dropped quite significantly. In the performance table we are talking about export facilitation that the department has supported, but Tasmania's merchandise exports for the 12 months to April 2010 are currently worth \$3.4 billion, which is a reduction of approximately 15 per cent on the previous year.

Ms FORREST - When you say 'exports you facilitated', what do you actually mean? Are these things that would not have come ahead without the intervention of DED or -

Ms GIDDINGS - Well, certainly they are the ones that we have provided support to. Whether it is through trade missions or the like, we have been actively involved in helping to grow those markets, but for the general exports, of course, we are not involved with everything.

Ms FORREST - Do you have any idea, then, of exports that have gone ahead without any intervention or facilitation by the department?

Ms GIDDINGS - As I said, the latest trade figures around merchandise exports have actually grown to \$304 million in April of this year which, as I said, has been the best performance for Tasmanian exports since June 2009, and that has been partly driven by a surge in exports to China, which grew by \$57 million in one month due to a rise in the value of our non-ferrous metals exports.

Ms FORREST - If that were not done, none of that growth would relate to the activities or the facilitation of your Department?

Ms GIDDINGS - No, it would not have.

CHAIR - Just following on from Ruth's question, then, what exactly has the department achieved over the past 12 months in terms of the facilitation of exports?

Ms GIDDINGS - The department has had quite a lot of success in this area. I am quite happy to bring Alan Campbell to the table as well to help address any questions that you would like to ask. There has been a fair bit. A target of 140 clients to be provided with export assistance has been surpassed, with 277 clients assessed to date. The target of an initial export contracts value of \$14.75 million has been met and is expected to be exceeded when the final results of the full year are reported. The number of participants at information export market

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development events has been 128 to date, surpassing the target of 120. Exhibitions and coordinated trade missions have exceeded the target of 10, with 16 activities being undertaken.

Developing an export culture is integral to continued export success. Nine workshops have been delivered to date, just under the target of 12. To date, 16 inward buyer visits were facilitated against a target of 12, providing valuable exposure to international buyers.

The following are just some examples of the initial new export orders achieved in the 2009-10 year. Retail food products to Japan was \$188 000, and that was through inward buyer and supermarket promotion. Equipment and services through attending the 2010 Australasian Oil and Gas Exhibition and Conference was \$1.69 million. Technology products and services to the USA-that was on a trade mission-was \$630 000. Manufactured equipment to Norway was \$2 million. Beverages to France was \$89 000. Wine and whisky to China and Hong Kong through an exhibition was \$495 650. Manufactured accessories to New Zealand and Europe was \$40 400. Agricultural products to Japan was just under \$1 million and precision manufactured products to the USA was \$1.5 million.

CHAIR - Sorry, just to clarify that, they are actually exports that have -

Ms GIDDINGS - They are new export orders.

CHAIR - Okay. They are firm orders? They are firm contracts?

Ms GIDDINGS - Yes.

CHAIR - Thank you.

Ms GIDDINGS - But there was also another brief that I had which was quite interesting in relation to exports and the number of the different trade missions.

CHAIR - If it is a long one, we could table that.

Ms GIDDINGS - No, I will not go through it all with you. I am more than happy to table the detail around the 16 trade shows and missions that were facilitated with 96 businesses being assisted, resulting in 1 030 business matching opportunities and initial contracts valued at \$4.3 million being achieved. There is an amount - a number of -

Mr WILKINSON - For a cost of? When you look at -

Ms GIDDINGS - \$4.3 million - cost to the trade, for us to participate in the trade shows?

Mr WILKINSON - Yes.

Ms GIDDINGS - We have a 50-50 offer for any businesses that want to and which are eligible for our scheme to assist them in being participants in our trade shows. We try to encourage them to go through any federal programs in the first instance and if they are not eligible for Federal programs then we have our own export assistance programs. So there is a small cost for us. Do you have the total cost for us of the trade missions?

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Mr CAMPBELL - I do not have that, unfortunately. The return is very good on the cost, but I cannot answer the question directly on what it cost us for those 60 trade shows. We could provide it for sure, but I do not have it off the top of my head.

Ms GIDDINGS - I think when we send a staff member overseas to one of these trade missions it is under \$10 000, from memory, for air fares and accommodation and things. So that is our staff member. We go to 16 of those and you are talking around 100 grand or something, perhaps.

Mr WILKINSON - Are we happy with our trade missions? I ask that because I do not know - it is only hearsay as far as I am concerned - but people are over there in a country, they see Tasmania, but the actual scrawl, if we can call it that, was not that flash. I just wonder are we happy with them? What has to be done to better it, if anything at all?

Ms GIDDINGS - I think we are constantly working on our productions and how we present ourselves. In fact, I think just recently there has been a fantastic production that has been put together which the Premier will be taking with him to the USA which promotes Tasmania and is very schmick, I am told. I have not seen it yet.

Mr WILKINSON - That is what I was getting at. Is it only worth having them when it is going to be, to use your words, a schmick production as opposed to otherwise?

Mr CAMPBELL - If I may answer. We have won best design awards at the Fine Food show in all of the majors, in fact - Brisbane, Sydney and Melbourne - and at the big Maritime Defence Show in Sydney. But quite honestly, we do not go out to win the best designed stand; we would prefer good results for the participants on our stand. I think that it is very important for Tasmania that we have it well branded as Tasmania. That is what we aim for. We do that in a cost-effective way. I suppose you could always add bells and whistles and all of this kind of thing, but does that get one any further? I am not too sure about it.

Mr WILKINSON - Do you find that the competitors do it any differently?

[2.30 p.m.]

Mr CAMPBELL - Some of them. Well, you know, at the Fine Food show in Sydney, from memory I think the Thai stand from Thailand was really quite superb. Maybe they had a point to prove; I do not know. But Tasmania's was very neat, clean, tidy, you know, befitting the image that we are trying to portray as a pure, natural, good environment for every cultural produce.

Mr WILKINSON - Because it would seem to me that branding of pure, natural, et cetera is an ideal branding to have. Since you have taken over that branding have you noticed there has been an increase in interest from overseas?

Mr CAMPBELL - Yes. Now, is it exclusively because of that reason? I do not know, but I do think in some, especially the more advanced, economies there is a greater health consciousness. Certainly the consumers are demanding more details on sustainability and environmental factors and so on. So I think it is probably a combination of a few things that does serve Tasmania quite well.

Mr KELLEHER - Perhaps if I could add some examples, I guess not directly related to things Alan has been talking about but overall in the branding and position, which I think is your main theme about how we are presenting that. We have had some significant successes over the years: in supporting Tassal, who recently won the innovation award in Norway at the Global Aquaculture Conference; we have just recently won securing the International Cool Climate Wine Conference here for 2012 - that was through activities as part of the US delegation; and although it is not directly related to export, I suppose, but is still very much enhancing Tasmania's position, Antarctic activities will remain here with the Antarctic Tourism Operators Conference in 2011 and the next Antarctic International Treaty Conference will be in Hobart in 2012. Through those sorts of examples we are presenting, I think, a professional face.

Ms FORREST - How do you actually measure the outcomes and then translate them into reporting?

Mr KELLEHER - Each of the trips that Alan organises, the delegations - would you like to explain, Alan?

Mr CAMPBELL - After all of the trade missions or where we have participated in an expo we get the participants to fill out a client survey form. We are looking for their comments on how successful it was for them from a commercial point of view and, indeed, whether they were happy with the service they got from us as well. So we have that and then we track the commercial results over a period of two years. Because, quite clearly, these expos are not bazaars anymore; the cash sale does not happen there, it takes some time, and that is why we track it over a two-year period to really judge the worth of the effort.

Ms FORREST - So have you got those results, then? So you track them over a two-year period. You have been doing this more than two years, obviously - and I would suggest that maybe five years would be a better time frame, because it is not just getting an export market but retaining the market that can be an issue. So do you have that information?

Mr CAMPBELL - We could go back through our records for a particular company and

Ms FORREST - Don't you do that as a matter of course, though, as part of your record keeping and assessment of your outcomes?

Mr CAMPBELL - We are really tracking the success of a particular expo over a two-year time frame and then we sort of move on to the next one. It would be quite difficult to be sort of rolling it over constantly over a five-year period.

Ms GIDDINGS - I can give you some of those statistics just in the recent 12 months or so where through the Export Marketing Assistance Scheme we have been able to assist 38 companies with initial contracts valued at \$5.3 million being achieved through that scheme. Through the Export Market Acceleration Program we have had one company that was assisted there with initial contracts valued at half a million. Then there has also been assistance provided for VIP visits including ambassadors, high commissioners, consul-generals and high-level Government delegations from overseas. We facilitated 13 inbound trade missions resulting in 327 business matching opportunities and initial sales to date of just under

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\$300 000, and they were for visitors from Japan, Malaysia, Hong Kong, the Philippines, India, Thailand, Canada and the United States of America.

Ms FORREST - You do not track them beyond the initial -

Ms GIDDINGS - It tracks them for the two years and then not beyond the two years.

Mr KELLEHER - No. I guess that basically you would accumulate just so many over a continual period. It just seems to be that the impact of that activity is probably within the two years and the company then -

Ms FORREST - So how many of the companies that are involved do not then achieve any export market contracts? How many involved are unhappy with the service you provide? You do survey them you said?

Mr CAMPBELL - Yes, I did. I cannot say that it is 100 per cent, but it would be a very good strike rate of, I would think, 90 per cent over that two-year period. From going into a new market completely to actually getting a first decent sized order like an FCL - a full container - you would probably be looking at nine months. There might be a little trial order in between, but I would not find that satisfactory personally to just measure that little trial order. That is why we do it over this two-year period, so that at least they have had a little trial thing and then maybe a full container and maybe a repeat order, hence the two years.

Ms FORREST - So how many do not achieve that?

Mr CAMPBELL - I do not have a figure, but it would be few.

Ms FORREST - You do not keep that information?

Mr CAMPBELL - Maybe 10 per cent.

Ms FORREST - So you do not actually have that information as such? It is a guess, you are suggesting here?

Mr CAMPBELL - I do not have it in my head, no.

Ms FORREST - You do have it, though?

Mr CAMPBELL - We could work it out, yes.

Ms FORREST - If you could provide that. It is one of these checks and balances I think as far as how much we are investing as a State and ensuring that the returns are adequate and value for money for the taxpayer of Tasmania.

Ms GIDDINGS - One of the things that we do to make sure that we value our taxpayers' dollars very much is tap into Austrade. Whereas the other States tend to have their own individual State offices in China and places, we closed a Tasmanian office in China because we believed that was not the best value for dollar that we could make. My experience after having been Economic Development Minister in the past is that our relationship with Austrade is probably one of the best relationships of any of the States and the combination of our work

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in Tasmania and Austrade on the ground in Japan, China and places is excellent in supporting our businesses, and I would think that nine months is probably a pretty good time frame. If you think of the cherries, it took years to get into Japan and the work that we had to do there and also previous to that on apples to get apples into Japan.

Ms FORREST - That is why I was suggesting that two years is not a very long time to be tracking it.

Ms GIDDINGS - It depends in that sense. If you are breaking into a new market with product, your market may have some protection measures up against it where you are dealing with product that has already gone in. So salmon into Singapore, for instance, is not going to be a problem.

CHAIR - Minister, I was going to ask a question about Austrade and you have just done that for me. What about any other offices where you could achieve some savings? You said you closed the one in China that you had. Are there any other opportunities?

Ms GIDDINGS - That was closed back in 1998 or something. That was a Tony Rundle initiative which we shut down pretty quickly, believing that it was not worth the money.

CHAIR - So where have we got offices as a State?

Ms GIDDINGS - We do not have any State offices anywhere. We just have them here in Tasmania. There is an export officer in each region; that is what we decided yesterday. So there are people around the State there to support business. Effectively, we are sending staff from here wherever the trade mission is required; it is mostly around the Asian region. We have close relationships with the Austrade offices on the ground.

CHAIR - Did you mention before what trade missions you had in the pipeline? I cannot recall whether you mentioned those or not.

Ms GIDDINGS - No, we did not.

CHAIR - What is coming up in the next year?

Mr CAMPBELL - As for the upcoming ones, the first one is in about mid-August to Shanghai with a group of ICT companies. We have used some facilities at the World Trade Expo in Shanghai as well. At the same time, we will launch at the expo a summit which will be held in Tasmania in November this year - the Australia-China ICT Summit. We are doing that in conjunction with CSIRO, particularly the wireless technology specialists from CSIRO. So that is the next one.

We are looking at this stage as well at another one to China in Guangdong in September which is a small to medium enterprises expo. Australia is the guest nation of China this year. So what we do with that is we canvass companies to determine their interest and if we have sufficient interest we will then participate in that. That one is in September.

Then probably later this year, towards December, we plan to go again to Korea and Japan to push Tasmania's agricultural field further, in particular cherries, because as you know the production is growing in Tasmania so they need to find new outlets for their product. As you

might know, they recently got access to the Korean market as well, so we need to push the product through into Korea.

CHAIR - Do you work in conjunction - often through you, Minister - with those people who are engaged in agribusiness? I am not talking about agricultural exports at this stage. You are in the game anyway, they are the marketers, they are the experts in the field, so do you work in conjunction with them? Do you talk with those people at all? You are not just going out on a tangent and trying to find new markets yourself. Are you talking to these other people?

Mr CAMPBELL - We always work with industry and with enterprises. I do not see much point in us going and trying to find importers for these companies. They must be there as well, so it is really to facilitate business for them.

Ms GIDDINGS - A lot of the time what Government does is give these private operators credibility. For instance, in relation to taking cherries into Japan, Tim Reid could probably do it on his own. He is an expert himself at breaking into new markets, but what the Government does is stand beside Tim Reid and endorse him as a reputable character and as somebody who is providing good product. In a sense, we help to open doors for business in these countries.

They come to us. As much as we might suggest to them, 'We're heading to this region. Is there anybody who wants to come with us?' the likes of Tim Reid will knock on our door and say, 'I'm now ready for you to come with me to open doors for me.'

Mr KELLEHER - Another example, I guess, was Autech in the US recently-a very capable, successful company. That is Darren Alexander's company. Alan, I think that is a useful one.

Mr CAMPBELL - Yes, that was a few years ago. He participated in the first innovation forum that was part of the G'day USA annual event. The idea was that these Australian companies pitched, one from each State, to a panel of experts. The chairman of that was the editor of the *Wall Street Journal*. Autech in fact won in that inaugural year. It got a tremendous amount of publicity. In fact, the publicity travelled to China and he got a buyer out of that particular link which happened to be Nippon Paint, a Japanese company, but it was their Chinese branch. It works almost in mysterious ways sometimes and very indirectly.

Mr WILKINSON - What about overseas education? I have asked you this question over a number of years. How is that going? Is it still increasing, increasing slowly because we do not have the facilities to care for them if they came in a rush?

Mr CAMPBELL - That was transferred to a shared services arrangement housed within the Tasmanian Polytechnic. So the Department of Economic Development is not involved-

Mr WILKINSON - At all?

Mr CAMPBELL - At all anymore. Polytechnic is looking after Government schools, Polytechnic and of course the university. But they do, I understand, cooperate with each other on marketing activities.

Mr WILKINSON - So for how long has DED been out of that?

Mr CAMPBELL - Two years, I think - 18 months, two years. It was at the time of the Tasmania Tomorrow program.

CHAIR - Any more questions on 1.1? If not, we will move to 1.2.

[2.45 p.m.]

1.2 Investment attraction and industry development -

Ms FORREST - Minister, I would like to ask what the Harvey Norman development learnt about the north-west innovation and industry fund grant process that was -

Ms GIDDINGS - The innovation area is actually the Premier's area. So anything to do with innovation -

Ms FORREST - Innovation and industry grants?

Ms GIDDINGS - You can ask your question -

Mr KELLEHER - The north-west fund?

Ms FORREST - Yes, which was to support existing industry expand their businesses. That was the purpose of it. That is not an area that DED was involved in or interested in?

Ms GIDDINGS - Ask your question and I will see whether or not it is.

Mr KELLEHER - It is an area that DED was involved in but we do have multiple portfolios. Some of them are the Minister's and some of them are the Premier's.

Ms FORREST - I will move on.

Ms GIDDINGS - Ask your question and I will see if I can do something.

Ms FORREST - The first quartile of the applicants got 100 per cent of their requests. They got whatever they applied for. It was 50-50. You put in 50 and the funding grant was 50 per cent of the cost. That totalled \$16 million, with the creation of 434 jobs. I am interested in whether DED has had a role at all in looking at those who were successful in achieving funding grants under that round. Also, is this information going to be of any value to the development of this economic development plan - the former strategy, now plan? Is there any monitoring by the Department of how the grantees have got on? One of the grants was given to a company in Circular Head that subsequently became insolvent within a matter of weeks. That money was obviously then taken away from them and given to somebody else. Numbers were changed in the grant allocations in the Circular Head area. I am interested in DED's follow-up of those issues and what DED will do with the huge amount of information that was collected about industry in that region.

Ms GIDDINGS - No worries. I will ask the Secretary to respond.

Mr KELLEHER - Certainly the Department was intricately involved in these support packages that were really brought in as a result of the Tasmanian and Federal Governments

coming together to look at what can be done to address the regional impacts, particularly in the north-west but extended into the north, arising from the global financial crisis. So there was a combination of State and federal contributions to make up the total amounts. There was the federally managed north-west innovation and investment fund of \$17 million. There was also a State based managed fund of \$2.5 million.

Ms FORREST - Which is still ongoing at the moment, isn't it?

Mr KELLEHER - The final round is. We have had the first two rounds and the third one is still closing. That is for the State based one of \$2.5 million. The \$17 million one has been fully addressed. Which one were you referring to?

Ms FORREST - Both, because I thought that DED would have had an interest in the unsuccessful applications on both.

Mr KELLEHER - Okay. We had a representative on the \$17 million one who assessed all of the proposals, and certainly they were significantly oversubscribed. We got \$120 million worth of propositions put forward, and that has been fully committed. As you indicate, there were a couple that were provided with grants that subsequently decided not to proceed with them for various reasons, but they have then been reallocated by essentially going to the next one on the list where it was drawn off. There were grant deeds associated with all of those, so the companies that were successful in those will have to meet certain milestones and the department is responsible for assisting with the administration of those grant deeds. The purely Tasmanian Government fund is certainly being managed by the department and, as I indicated, the first two rounds have closed and the final third round is drawing to completion shortly.

Ms GIDDINGS - I would suspect, too, Mark, that those that are unsuccessful applicants that are really keen to continue pursuing their proposals would be working with our staff in the regional offices as well to see what other opportunities might eventuate that they could tap into.

Ms FORREST - So is DED going to undertake some sort of analysis of those, because there is a wealth of information in that data that has been provided that would indicate the 120 businesses that went to the time and trouble of putting in a grant application but missed out? It would give you a really good snapshot of what potential -

Mr KELLEHER - What possibilities are there around.

Ms FORREST - Yes.

Mr KELLEHER - Yes, absolutely. It is a rich data source. That is a start.

Ms FORREST - So what are you doing with the data source? That is the question.

Mr KELLEHER - I guess a number of different things. Each of the regional areas has got an understanding of those companies' opportunities, but there are no additional funds to put into them. So it is more about working with each of those companies to see which of them may be able to proceed with other measures, for example submitting a proposal for a loan under the existing Tasmanian Development Board and looking at what other of the various programs that are supported by the Department can assist these businesses. So there is the range of programs

that the Department engages with and the information - very valuable information - to understand what sorts of opportunities were there.

Ms FORREST - Are you analysing the data in any way to see that we are really looking at manufacturing, really looking at food or really looking at tourism? As I understand it, none of the tourism applicants were successful because - and this is not an issue with the State; the Federal Government has poached it - they had to have contractual arrangements. Tourism operators do not have contractual arrangements. People book their holidays when they are having their holiday. They do not have a contract. So it ruled out all of those. If you did some analysis of the data, would that not reveal that there is a completely excluded group there because they did not fit the criteria of having contractual arrangements? There is a real area there that needs support, not just support for one or two or three tourism operators but the sector as a whole. Are you doing some analysis of that data to flesh out those sorts of issues?

Ms GIDDINGS - The Commonwealth do have other programs, though, that are aimed at the tourist market, and I have been involved in a couple of the launches down south for instance where tourism operators have been able to tap into smallish grants worth \$15 000 or something. They have had quite a push on those small grants in recent times, so it might be that there are other programs that those people can tap into as well. Under the economic development plan we are focusing on specific industries in a sense and looking at the digital industries, and looking at tourism is part of that. The agribusinesses are another part of that. The energy sector I think is the other element in that as well. So they are primary focus areas, and part of the process through that development is to look at what industries are declining, what industries are stable and what industries are our growth industries and where we do then channel our support in a more targeted way.

But if you know of people on the ground who are frustrated that they did not get through that process and are feeling a bit alone and not being cared for at the moment, encourage them to get in touch with the regional offices because we do have fantastic staff who are really very enthusiastic about working with local businesses on the ground to help them in whatever way we can. If there are new rounds, they can feed into that as well. When the Commonwealth is involved it is very difficult for us.

Ms FORREST - I will ask that question again. Are you doing any analysis of that information?

Mr KELLEHER - I think the emphasis at the moment with the scheme is just deciding a need and the grant is allocated. The emphasis at the moment is to get those grant deeds in and get the money out to those companies that actually were successful and to get them on their way, because they have actually got proposals that work. We have got funding committed.

Ms FORREST - Was there any intention, then, to do -

Mr KELLEHER - Absolutely. So once that is out of the way then, as part of the Department's operations, I suppose, we will certainly be analysing those.

Ms FORREST - So when can we look for some sort of feedback on the analysis of that information?

Mr KELLEHER - I guess, as the Minister has indicated, probably the principal approach under the economic development plan is that we are identifying those sectors within the Tasmanian economy that have the underlying sustainable competitive advantages that can grow and then working with the industry sector associations and the individual companies to identify where the best opportunities are and how can we go and invest it further. Absolutely, the sort of information that is going into there will include the proposals that have come through.

Ms FORREST - So by the end of the year will we have that sort of information?

Mr KELLEHER - Absolutely, yes.

Ms FORREST - Okay. I have just another question on this area - different from that which we have just been discussing. The Tasmanian brand project fits under this, I assume. It is part of this project?

Ms GIDDINGS - Yes.

Ms FORREST - And I think the Chairman actually raised that matter previously, but can I ask what action has been taken to protect the King Island brand?

Ms GIDDINGS - Yes, that has been raised with us. It is a difficult area for us to be able to just bring straightforward solutions in, as you would expect, but we certainly try to do what we can. There were some specific issues that were raised that were quite complex and we could not just simply fix it. We are certainly aware of the fact that, particularly with the meat product, there is a problem where some meat has been labelled as King Island beef when, in fact, it has not been King Island beef. Part of the concern, too, is that not all of the processing happens on King Island.

Mr KELLEHER - There are two sorts of things happening. There is some beef that is grown on the island and taken off and processed off island and then there is other beef that is actually brought on to the island for the last number of months and then processed on the island. So there are differences in views about which of those - should they both be, should one, or should the other. Overall we also have to consider the Trade Practices Act federally, which really governs the use of misleading branding.

Ms FORREST - I understood the Minister was approached about this matter and I think it was what sort of protection there was available to them. I am asking for feedback on that.

Ms GIDDINGS - I was approached - and I think it was through correspondence, and I think I responded back with the complexity of the problem that we have, that it is not a simple branding issue to be able to just click our fingers and say that it is fixed. It is an issue that we are very much aware of and, in principle, we would love to be able to protect the King Island brand as much as possible. It is a very strong brand in its own right and we do not want to see that brand weakened in any way, either. But it is not as simple as just being able to say, 'Right, this is what we can do - A, B and C - to protect it.'

Ms FORREST - When we see a product on the market that is labelled the King Island brand and it is really tough meat, or a cut that is misrepresented, what sort of protection can

you administer, or can we as a State provide for this product, because once the reputation is tarnished, it is very difficult to rebuild that?

Ms GIDDINGS - Again, it does come down, I think, to the ACCC powers that are there. If you are marketing something as being what it is not, then there are powers under federal legislation to pursue that.

What we can do as a State, that is very difficult. We are not there going around supermarkets and checking that the meat in the freezer is actually King Island beef and it is not our role to do that. But if it can be proven that, in fact, there is a problem then there are avenues to pursue that through legal means to protect a brand.

Mr CAMPBELL - If I could just add, Minister, the department is in discussion with the King Island brand marketing group and with Mayor Charles Arnold. It is a very complex matter, all of this. So we are looking at all of these issues that the Minister has mentioned and perhaps at some sort of appellation certification process as well, but it will take some time to work through those because, quite rightly, they do want to protect their brand. I think finding the right mechanism is quite a complex issue.

Ms GIDDINGS - We have allocated a million dollars over four years in this Budget in terms of the broader food branding and marketing initiatives, not just for King Island in that respect, and we are going to be undertaking detailed consultation with industry to invest proposals to maintain and promote the integrity of Tasmania's brands. So I suspect the work that we are doing looking at how we can protect Tasmania's brand will be equally applicable to how you then protect King Island's brand as well, because the same issues King Island has we have as a State.

[3.00 p.m.]

CHAIR - Any further questions on output 1.2? Mr Harriss?

Mr HARRISS - Just further information if I can, Chairman, with regard to 1.2. The difference between the current-year Budget and the looming-year Budget is in the ballpark of \$13 million upwards. The footnote gives an explanation for about \$5 million of that - \$4.6 million - and it specifically identifies two particular programs contributing to that, to the extent of that \$4.6 million. What about the other \$8.4 million, please?

Ms GIDDINGS - Do you want to take that on notice and we will get back to you on that?

Mr HARRISS - Yes. Thank you. Just in terms of investment attraction, if I go to the performance information a couple of pages over in the Budget Papers, on page 2.9 you have set yourself targets for investment attraction in the current year of \$300 million. Do you have any indication of how that is tracking and what criteria you use to, in fact, determine whether the Department has facilitated such investment?

Mr WATSON - I can provide figures to the third quarter of the financial year, because we only gather this information quarterly, so this is essentially to the end of 31 March 2010. At that point in time our year-to-date cumulative outcome was around \$174 million.

Mr HARRISS - Up to what date, Craig, please?

Mr WATSON - 31 March 2010. In essence, our decision in terms of whether we recognise the KPI comes down to our level of involvement with a company in facilitating the investment. We do not just claim every investment that comes along where we have a relationship with a company. We actually have to have had an active involvement in some activity that has led to that investment being achieved.

Mr HARRISS - So the extension of that then would be the question of what specific action is required on your behalf to determine, if you like, your involvement? What specific involvement would generate that assessment by you that you have participated to the extent that would convince you that you have a \$300 million investment attraction?

Mr WATSON - In answering that, really it comes down to the broad suite of activities that we provide within the Department, because a number of different things can lead to investment outcomes. Sometimes it is easier to talk about examples. Where a company, for instance, has come to us for loan assistance to support investment activity or we have actively given them a loan to achieve that outcome, we would naturally claim that. Equally, a company might come to the Department not necessarily looking for direct financial assistance but looking for facilitation support, such as help in engaging with different Government departments to get a project up or local government, again the active involvement of our staff and our resources in helping to get to that ultimate investment outcome we would also claim. Really it represents the suite of activities across Departments that we deliver and where those end up with an investment outcome, it comes down to that.

Mr HARRISS - Thank you, Chairman.

CHAIR - Just in regard to gas and in terms of rollout and given that we have some significant increases in electricity prices coming up, Minister, is there any thought about or moves for the further rollout of gas in the State for commercial and household/domestic use?

Ms GIDDINGS - As you would know, when gas first came to the State the State Government did subsidise and put in a fair chunk of investment to help that initial stage of getting the backbone rolled out. Subsequently, we have backed out of actually subsidising the further rollout and have now left that to the market to basically reach its own potential there. We expect that the take-up of gas will continue to grow over future years. It is tracking on a reasonable trajectory. We did not anticipate that everybody who had gas past their front door would immediately take it up. That is not what happens in taking up new opportunities in that sense. Currently, the penetration rate of gas is about 18 per cent of the properties passed have actually picked gas up.

You are quite right: with energy prices going up, gas is going to become increasingly more competitive. I think you will find that a lot of those residents who previously have not felt that upfront cost of connection was worth it will suddenly start to re-evaluate the benefits of gas. I understand that the work that is in the industry is basically at a level that industry can operate at in terms of connecting houses. If they did have a rush, there would be a problem in terms of having the skilled labour to do the connections. At the moment, the availability of the labour as well as the demand, I understand from conversations I have had, is at a reasonable level in this State.

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CHAIR - You mentioned about 18 per cent of those who had gas going past their premises have taken it up. In the whole context, what is the percentage where gas actually goes past in this State, if you get my drift?

Ms GIDDINGS - As of 30 April 2010, there were 43 000 residential and business premises that had live gas go past them. There were 7 841 customers connected to the network. Of that, 7 239 were residential accounts, 559 were commercial customers and 43 were large industrial users. We will see where it goes. There has been some talk of Ulverstone perhaps being a location where gas will be moving towards next.

CHAIR - I suppose that depends upon Simplot.

Ms GIDDINGS - That is right. You need a major commercial anchor tenant in a sense to bring gas. That is a frustration we have got with the Eastern Shore.

Dr GOODWIN - We would quite like it over there too.

Ms GIDDINGS - Me too. I would love it. There is just not an anchor tenant or a large enough group of commercial businesses on the Eastern Shore that would make it commercially worthwhile to take gas across to the Eastern Shore. It would be quite a fair bit of work to take it over the Derwent River again.

Mr WILKINSON - Similarly, in areas in which it does go past the houses, some streets have, believe it or not, a lot of rock so it is not going down those streets. Therefore, the gas goes down one street but it does not go down the next street because there is a lot of rock in the area. The way it is going at the moment is a bit haphazard, depending upon the terrain.

Ms GIDDINGS - While you have only 18 per cent of properties taking it up though, there is not an incentive by the gas company to actually deal with some of those more difficult environmental challenges that they would have. I suspect that, as that percentage penetration increases and demand increases in that respect, there will be further investment in gas but it is going to take some time. In Victoria, it took 80 or 90 years to roll out gas. I remember this because gas was the hot issue of my time as Economic Development minister last time. I remember very well these debates we had in the Parliament about the benefit of the investment the Government was making at that time into gas.

Mr KELLEHER - It is those household decisions, isn't it, on whether you do change to gas heating or gas cooking. They are those major household expenditure points. It can still happen.

Mr WILKINSON - If you look at it now, it is cheaper. It is cheaper than electricity, so therefore I would imagine that people will be taking it up because of the cheap side of it, especially when you compare it with LPG. LPG heats at a dollar an hour, and gas is much, much cheaper than that.

Dr GOODWIN - Essentially, you are ruling out any further State Government investment in the rollout. I think that is what TasGas were wanting, a commitment over -

Ms GIDDINGS - Of course, they do. If they are going to continue rolling out further than what they have already got, then, yes, they want Government investment in that. We

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believe, in that sense, that we want a return on what we have already put in that way and we want to see the existing infrastructure used. You would not ever rule out being involved in another gas project down the track. It might well be that with an individual company, for instance, we would work with that company around assisting them to take gas on and in doing that we would see further residential benefits come off that. The Government has no plans to have a big \$50 million investment in the rollout of natural gas, but we may well on a case-by-case basis work on that issue.

Dr GOODWIN - So we need to find an investor for the Eastern Shore.

Ms GIDDINGS - We do, and we thought we had one, Vanessa. We did think we had one there for a while and then the company backed away and suddenly decided that it did not want natural gas after all. It was a bit disappointing for us.

CHAIR - Minister, yesterday when we spoke with the Treasurer and Minister for Industry, we remarked that the Budget Papers this year are very silent on major new private investment projects. The question then is: what role is the department playing in regard to the pulp mill, if they get some financial closure? Will you be helping facilitate any further progress towards that project?

Ms GIDDINGS - The department does not have a specific role any longer in terms of the pulp mill. We used to have a Pulp Mill Task Force within the department but that is no longer required. The role of government in facilitating that project has largely come to an end. What I would say very firmly is that this Government is still very much behind a pulp mill and we would like to see that investment come off. I think the level of drop-off in private investment has highlighted even more the importance of that private investment occurring in this State.

Once the company is in a position to move forward, I am sure if there were the need for any assistance in the sense of business assistance that we provide - I am not talking money or anything like that - that economic development would absolutely be there to do what we could to facilitate that investment, but government has really done all it can do in terms of legislation and the like, and we do not intend to do anything further in that respect. But the pulp mill remains an important project for this State and one that we believe in.

CHAIR - As you would be aware, in the days of the old hydroindustrialisation, when we got openings like Zinifex, Norske Skog and Rio Tinto, those industries were attracted here because of the significant component of cheap energy. Those days are now going so, according to that, one day we may lose some of those industries. Somebody has to take up the cudgel and try to attract - I know there is innovation. There are different ways of doing things, but some of those large industries are very important to the wellbeing of a lot of the small businesses that operate in the State.

[3.15 p.m.]

Ms GIDDINGS - They are, and we are always conscious of what our competitive advantages are as well. What we have to remember is that energy costs are not just rising in Tasmania; they are rising around the whole country. In terms of competitiveness on energy, of course we will monitor that but it does not necessarily mean that we are suddenly uncompetitive because of what we are experiencing at the State level.

The other thing we need to keep in mind, of course, is what happens with climate change and what happens with carbon credit and the like as well. It may well be that, whereas we may look unsustainable in one area, when these other areas are put in over the top then suddenly access to clean green energy and the like does benefit industry in this State, too. We are obviously conscious of our older industries, and we work with them and have provided some support to various industries along the way to help them to reinvest in their equipment and to ensure that they do have innovative and modern equipment. There are businesses in the manufacturing industry - the likes of Australian Weaving Mills, which does the towels in Devonport - which you once would have said should have been gone many, many years ago. But because of the investment that company has made into ordering infrastructure, it has meant that it now knows when a towel is sold in any shop around Australia. Immediately the company knows in Davenport and it can send another towel off to that shop to make sure that it remains fully stocked. There are those sorts of things. Cadbury's, for example, has invested in new machinery and things. We work alongside those companies to make sure that we invest in old industry to keep them here as well as attract new industry.

Ms FORREST - Some of the older industries like Grange Resources pelletising plant, Rio Tinto and Alcan have made as many efficiency changes as they can with their current infrastructure. For them to modernise their facilities would be a huge capital investment such that the power price issue is a significant factor perhaps in whether they can continue in the State because of the other competitive issues. Do you see a solution there?

Ms GIDDINGS - I do not have specific responsibility for energy in that sense so -

Ms FORREST - I am talking about the infrastructure of these plants. Energy is just one extra thing but the age of their plant is such that they need to be replaced almost or shut up shop.

Ms GIDDINGS - I do not have a view specifically on those ones but -

Mr KELLEHER - I will make a few comments perhaps. It is the case, as the minister said, that whilst electricity prices are going up here they are going up by at least that much and in some cases more in other places. So it is about the overall package that Tasmania has to offer, and there are a lot of other strengths.

I guess the key difference is that before we had super low prices but now there is a competitive electricity market so it is priced competitively and it is the other factors like the workforce, the other infrastructure that is here, attracting a skilled workforce - those sorts of things. But we also have some differential resources here. The renewable energy that we have here will be very attractive to companies in a new carbon world. Whilst it is still some way off having any international agreement about the precise form that that will take, it is clear where the trend is going. I guess the most clear example that we have had is, as you know, the work that was undertaken in this last year on the silicon opportunity, which has not come to fruition yet but it is very much in play.

We are actively in discussions with two companies that are interested in looking at that opportunity. Those companies' interests here are a combination of the minerals resource and the electricity because, although the prices are higher than they were, still the nature of that resource in being able to have a process in place that can provide renewable energy brings confidence from a risk management point of view for the future and then things like forest

resource are also part of that process. So we have certainly been very active in talking to these international companies about major investment. They are certainly not going to turn up next week, but we are working hard on continuing those -

Ms FORREST - One of the points that I raised with Treasury with regard to the silica plants is the issue relating to the super profits tax. One of the issues that has been raised by downstream processors in our State - not just Grange but others as well, another being the silica plant on the north-west coast - is the taxing point. They are disadvantaged, because they downstream process here where their only competitor in Queensland digs and ships. Is that something that you and your Department, Minister, will be supporting the industry in as far as that could be a major factor for them? If the taxing point is that they get taxed when they dig it up and they get taxed when they process it, then that is a major issue potentially and a negative or a reason they may choose not to invest in Tasmania or establish in Tasmania.

Ms GIDDINGS - In the next couple of weeks when Parliament has risen I will be on the road around the State. I think I have some meetings with some of these industries. I am just trying to check whether Grange is one of them - I have feeling it is - up on the north-west coast.

Ms FORREST - I hope you are going to go to the silica plant as well, because the Treasurer does not know that that exists. He should have come on my electorate tour and he would have been there and visited it.

Ms GIDDINGS - I did not know of your electorate tour at that time.

Ms FORREST - Didn't you?

Ms GIDDINGS - Because we have all been there, haven't we?

Ms FORREST - We have all been there.

Ms GIDDINGS - But I will be talking to industry at those meetings. Personally, I am fairly sure that the Minister for Energy and Resources has been also talking to industry, or has plans to talk to industry.

Ms FORREST - I think he has plans to, but he has not spoken to them.

Ms GIDDINGS - Right. They might be the plans for - in fact, he may even be at the same meeting that I am going to on the north-west coast. There are certainly conversations happening between Government and industry, but we are not particularly here to fight the Commonwealth's fight for them, either, in that sense. That is really a matter of the Commonwealth - the tax reforms that they are trying to bring in - and I certainly think that they have some reason for wanting to reform the tax system as well. But it is really a debate for them.

Ms FORREST - Because if we are trying to attract these sorts of industries to the area I think it is a factor that needs to be known and understood.

Ms GIDDINGS - Yes.

CHAIR - Minister, in response to a question from Ruth you talked about \$4 million - correct me if I am wrong - with regard to Brand Tasmania. There was a budget allocation for the Brand Tasmania initiative - it is not an initiative; it has been running for a while.

Ms GIDDINGS - Yes, the food branding. There was \$1 million that I was talking about that will be over the next four years.

CHAIR - Okay, the food branding. What about the Brand Tasmania council itself? There was a review.

Ms GIDDINGS - Yes, there has been a review of the brand council. To avoid future confusion, we did have Brand Tasmania within the Department of Economic Development as well. That is now called Project Tasmania so it is not confused with the brand council at all.

The review was done and the council was advanced \$300 000 in annual funding on the proviso that on the completion of the review a formal grant deed would govern future funds. Centaur Business Networks did the review and they found that in general the agreed deliverables and outcomes were achieved. Therefore, a grant deed providing funding of \$940 000 over two years to June 2011 to the council was approved in January of this year. The specifics of the grant deed or the objectives in this grant deed include to promote place-of-origin branding for Tasmania by encouraging Tasmanian enterprises to leverage off the Tasmanian brand values, to increase market awareness and the perceived value of products and services, and to improve the recognition of Tasmania as a valued place-of-origin brand within Tasmania and in key national and international markets.

The specific deliverables which were developed in conjunction with the council and which form part of grant deed also include maintaining a dynamic, accurate and contemporary website; holding regional and sectoral workshops to promote the value of place-of-origin branding; increasing membership by 20 new members per year and providing each new member with at least two hours of advice on how to benefit from the Tasmania brand; producing a member newsletter; encouraging businesses to adopt the Tasmanian brand on packaging and communications; maintaining and expanding the e-friends network; providing that network with relevant, contemporary and positive news about Tasmania and our products and services; and, through the Brand Champions program, profiling brand champions to ensure Tasmanians are also aware of the Tasmanian brand.

Of course we are continuing our relationship with Tetsuya Wakuda, and I am not sure if you saw Robert Hazelwood's recent documentary he produced on Tetsuya. It was aired on SBS and it was absolutely fantastic in telling his story but within the Tasmanian context. So it was brilliant in that sense. That was one of them but there are also the regular visiting programs and things. I think Alan may even have some of the brands that Brand Tasmania have been using and which of course we do encourage our businesses to take on. Basically it is the swish Tasmania logo that we are trying to get everybody to take on board and use wherever we can so it is on lots of different things.

CHAIR - Minister, if I can just go back to the \$1 million for food branding. You are probably aware that the two major supermarket chains for example do a lot of generic branding. It does not matter if you produce the best Tasmanian produce or whatever you like; they will insist upon producers generically branding. So that is one aspect and that takes away that Tasmanian brand. The other part of it is, say, milk products for example and national

branding. So with Fonterra the product is mixed in - and it is the same with a lot of our meat - with those things you say. I am just wondering whether we are fighting a bit of a losing battle, apart from some of those small niche markets and niche branding, in that a lot of our food, like it or not, goes into generic and/or national branding. I have been part of that business myself.

Ms GIDDINGS - It feels like a bit of a food chain we are talking about here where King Island is the little fish, Tasmania is the next sized fish and Australia is the big fish. All of these brands are important along the way, and that issue we were talking about in relation to King Island-that is, that complexity of how you protect the Tasmanian brand and promote it-is a really important one. But it is particularly difficult for the major companies, such as the Simplots of the world, to brand their product as Tasmanian in a sense when they are broader than Tasmania and it is expensive as well. I was certainly very impressed with the latest branding that has been undertaken by Simplot that has the Tasmanian farmers who are photographed as being the one who grew your peas and carrots. But unfortunately, from memory, they do not actually specify that they are Tasmanian farmers. They have made the link that they are the farmer who grew the product but not necessarily a Tasmanian farmer. These are cost issues for industry as a whole. This is why we are continuing with the Brand Council as well, in promoting their work in trying to get business to pick up on this Tasmanian brand logo that is there.

It is a bit like the 'Love This Place' campaign. The more businesses that participate, the more a campaign gains its strength and the logo actually becomes something of importance that people recognise immediately as being 'Ah, that's Tasmania'. So, the million dollars over the four years is certainly internal to the Department. That will be spent on looking at these branding issues. It is an issue that is passionate to everybody's heart. Some of it also relates to the Food Regulation Ministerial Council work as well. As a previous food minister, the frustration of trying to get branding material through that mechanism almost draws you to scream, really. But that is also a factor in terms of what we can, through regulation, actually put onto products as well as a branding.

Mr KELLEHER - It is a challenge because it is clear we probably cannot complete at the commodity level. That is why there is pressure on the farmers who are there. There is large scale farming. The logistics with the small scale of the farms here, we are always -

CHAIR - But, still, when 60-odd per cent of our production leaves the sale, at least 60 per cent is then bulked.

Mr KELLEHER - That is the challenge, I suppose, to over time try to move up - move less into that base commodity level and to the premium market.

CHAIR - It is difficult, I would say. I am talking from a background as a farmer. I have had that experience.

Mr KELLEHER - The dairy, I suppose, is an area where there is some mix of that in terms of things like Ashgrove and those areas that have a branding piece. But probably for the scale of the production that we have available here, particularly with the water resources so that we can grow grass - and there will always be a fair amount going into, I guess, the more generic brand issues - as water becomes scarcer and more valuable the cost structures generally that we are competing against will have greater upward pressures than we have here. So each

segment, I suppose, will be different. The cherries and those sorts of things we can definitely find positions for for premium value but it is going to be a long-term transition.

CHAIR - Niches are always good. Sometimes they can be short-lived as well.

Ms GIDDINGS - This was one of the winning stands. You were asking about our trade mission stands.

CHAIR - Right, yes.

1.3 Innovation support-

Mr WILKINSON - There is a decrease in funding for innovation support.

Ms GIDDINGS - 1.3 would be the Premier's. That is all the Premier's.

Mr WILKINSON - Innovation support, is it?

Ms GIDDINGS - Yes. Basically any of the innovations - research and development, science and technology, IT industries, Antarctic Tasmania - are all within the Premier's portfolio.

Ms FORREST - The NBN rollout? That is all his?

Ms GIDDINGS - Yes, the NBN rollout is his, too. I have an interest in it in terms of what I think it can do for the economy, but it is his responsibility.

CHAIR - That has torn that.

Ms GIDDINGS - So we can whiz through 1.3, 1.5 and 1.6.

Ms FORREST - You are saying you are not interested?

Ms GIDDINGS - Very interested, just not responsible.

Mr WILKINSON - In relation to Antarctic development, though, does DED play any role in that?

Ms GIDDINGS - Yes, but it is under the Premier's responsibility.

Mr KELLEHER - All of these categories are part of the agency's responsibilities but we report to the Premier in relation to these, including the Antarctic.

Ms GIDDINGS - I would have loved to have Antarctica back, but, no, he wanted that one. You have got to give in to Premier's. Screen Tasmania is mine.

Ms FORREST - Is 1.4 in? Labour and employment?

Ms GIDDINGS - Yes, 1.4 is me, yes.

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Mr HARRISS - Just quickly, Chairman, can we flick back to 1.2 for one second? Do you have an update on REDI?

Ms GIDDINGS - On REDI plans, yes. The REDI plan is updated and on the website, I understand.

Mr HARRISS - Is there an inclusion in that as to the investment projects previously identified having come to fruition or do they just drop off the list and you produce a new one?

Ms GIDDINGS - When they come to fruition and they are completed, in that respect?

Mr WILKINSON - Yes.

Ms GIDDINGS - It has 'commenced projects' on it. Once they are completed, they come off the ready plan, those investments.

Mr WILKINSON - So they stay there until completed?

Ms GIDDINGS - Until completed.

Mr WILKINSON - So something that does not even start just stays there?

Mr KELLEHER - It is categorised as to what stage of the project cycle it is on.

Ms GIDDINGS - If it is still proposed to be a project it would be, yes.

Mr WILKINSON - Okay, I will have a look at the site, thanks.

CHAIR - We need to go to 1.44, Labour and employment. Any questions there?

Mr HARRISS - There is always a challenge, is there not, with businesses that confront difficulty in either closing or downsizing. Minister, can you give us an indication of how many businesses would be in those categories of confronting some sort of difficulty and may have been assisted by the Government, in maybe the past 12 months?

Ms GIDDINGS - ACL would have one within the past 12 months, or were they even before that? It might have even been before that.

Mr KELLEHER - That was happening around this time last year.

Ms GIDDINGS - ACL Bearing would be one of those. I think about 100 workers were dropped from ACL. That company is actually now operating reasonably well and seems to have a reasonable future ahead of it on the basis that it produces a product that no-one else can produce. The car industry needs ACL Bearing. It is good news to see that company have some long-term stability there, even with its downsized workforce. Of course, we are all aware of Austal Shipping at Margate. They are not far away now from closing their doors. Of course, our Skills Response Unit was on the ground very quickly, once we were alerted to the fact that they would be closing their doors, to work with the workers there.

Interestingly with the Skills Response Unit, around the ACL Bearing downsizing we are reasonably confident that most of those workers went on to find work in other places. Of the ones that we were working with and had close contact with, I think most of those went on to find other employment. There was a group of workers that we lost touch with. We believe the reason we lost touch with them is because they went on to other jobs that they had lined up and they did not need the Skills Response Unit's support to find job opportunities. Interestingly, when you look at the employment data as well, yes, unemployment has gone up and it is now above the national average, but some of that has been to do with the fact that participation rates have gone up as well. In fact, there has been jobs growth. We have had over 4 000 jobs created since November. In the last six, seven or eight months now 4 000-odd jobs have been created. It does give you some heart that, while some industries have been downsizing, in fact there is still employment demand in other areas.

My biggest concern with some of these downsizing industries, or closing industries in the case of Austal, has been how we work with the mature-age apprentices. I feel very badly for those people who have finally gained the confidence and the gumption, in a sense, to take on an apprenticeship at 45 years and over, which would not have been easy for them to do, and then find that halfway through their apprenticeship they have lost their jobs. I have been talking to the Skills Response Unit particularly about those people and how we make sure that that apprenticeship continues on in another workplace.

Mr HARRISS - You have given a snapshot of a couple of businesses that you can recall that have received development assistance. Do you have a comprehensive list of those and can you provide that to the committee?

Ms GIDDINGS - We can put that on notice. Waverley Woollen Mills is another one in recent days that the Skills Response Unit had been involved with in the downsizing that they are going through. Tas Paper and FEA - there are a few of them.

Mr HARRISS - We will put it on notice.

Mr WATSON - Can we clarify that the question on notice is in relation to companies downsizing that the Skills Response Unit has worked with? Obviously we have other business assistance as well. So it helps if we can clarify exactly what -

Mr HARRISS - It is in relation to downsizing and the potential closure, such as ACL. When they were talking about closing some assistance was provided.

Mr WATSON - We will put together a schedule of all the companies the Skills Response Unit has responded to in this current period.

Mr HARRISS - Thanks very much.

Dr GOODWIN - Minister, I am interested in getting a feel with this output what sort of assistance the Department provides for long-term and disadvantaged unemployed people to enter the labour force. I am aware that some support was provided to the TOOL program. But I am wondering what other examples you have.

Ms GIDDINGS - We provided support to the TOOL program by allowing one of our officers to be seconded to the TOOL program. Did we pay for that position?

Mr WATSON - We subsidised their salary for that period.

Ms GIDDINGS - It has been a good program. Since 2003 we have had Partnerships to Jobs Program that has provided \$4.1 million to 25 projects that have created and facilitated 931 jobs for disadvantaged job seekers. In 2008, the Workforce Participation Program replaced the Partnerships to Jobs Program. The Workforce Participation Program aims to increase the participation and to lessen the impact of the State's ageing population on businesses by providing funding to organisations that employ people who have not been employed in the previous three months or who have been made redundant and face barriers to working and being productive in the workplace. Since its commencement, WPP has received 48 applications totalling over \$3.5 million. Over \$2 million has been allocated to fund 36 projects that are expected to generate 331 new job outcomes for Tasmanians.

In response to an increase in Tasmania's unemployment rate and a number of business closures, the program guidelines were expanded in late 2009 to encourage businesses to employ recently retrenched workers. Demand for funding has primarily been from small and medium sized businesses in the north, north-west and north-east of the State.

We also have initiated what we have called the Employer of Choice Awards as well, as an incentive for employers to make their employment places much more attractive to employees as they not only attract employees but retain employees as well.

Ms FORREST - Pot plants and things like that?

Ms GIDDINGS - Pot plants and coffee machines. I remember them being very popular in Economic Development when I first started. Some important simple things like pot plants or coffee machines do make a difference in a workplace right through to -

Ms FORREST - Research supports that. I was half joking about the pot plants but it is quite right.

Ms GIDDINGS - Absolutely, as well as ongoing training opportunities and those sorts of things. That employer of choice program is currently open.

CHAIR - Minister, we have a 3 000 jobs target this year. Are we on track?

Ms GIDDINGS - Since November last year we have already created 4 000 jobs, so I would think that, yes, we are on track to the 3 000 jobs target. We, as a Government, have set the target of 15 000 jobs over the next four years. We are reasonably confident that we can achieve that.

CHAIR - That is creating and retaining jobs.

Ms GIDDINGS - That is 15 000 new jobs.

Mr WATSON - I presume you are referring to the department's KPI target of 3 000 jobs. I can provide an update on that. Again, at the end of the third quarter, 31 March 2010, the year-to-date cumulative outcome was 2 019 jobs.

CHAIR - Are we talking about FTEs there or are we also including casuals?

Mr WATSON - We include all positions.

Ms FORREST - Can I ask further to that? In some of the commentary in the Budget Papers - and it is fairly evident just from talking to industry and business around the region - a lot of employers, in the interests of keeping their valued employees, have cut back their hours and things like that. So in the short term - initially, I would imagine in the next 12 months - we are going to see a ramping up of those positions back to full time, if they were, which is not a new job. So in view of that, do you still remain confident that you will have 15 000 new jobs over that period?

Ms GIDDINGS - Yes. As a Government, certainly that is the target that the Treasurer has set and he is confident that we can achieve those 15 000 new jobs and has no reason to believe that we should not. What is important, of course, and part of our role in government, too, is to help keep business confidence up. We are conscious, as you know, that private investment is down at the moment. We need to make sure that we provide the stability that is required politically in the first instance that we can, which we are doing as a government, and provide the best environment we can for business to grow.

Of course, we cannot control what is happening around the world. I am conscious of the fact that every night when we watch the news there is another bad day in New York, or another bad day in Europe. Spain is in trouble and Greece is in trouble. These things reverberate around the world and hit confidence in places like Tasmania.

[3.45 p.m.]

We actually have a reasonable story still to tell in Australia as a whole and in Tasmania certainly in terms of the way our economy has come through the GFC. Exports alone has been one area where we can show that there is growth happening in the economy. That has not been driven by public sector investment; that is private sector investment that is growing the exports - assisted by government, of course, but that is the private sector. Retail spending has continued to be in a reasonably strong condition as well. That again is not driven by government.

Of course, some of the economic stimulus funding which is driven by government is coming to an end and we are very conscious of the fact that we have to manage the economy through the end of that economic stimulus funding, and that is particularly important in the next Infrastructure Estimates that we will be moving on to. We will talk more about that in Infrastructure.

But as a whole, I think that we have a good outlook here in Tasmania and we ought to continue to operate on that basis - and jobs growth is a key part of that.

CHAIR - You did provide those export figures before, did you?

Ms GIDDINGS - I did, yes.

CHAIR - I think it was only a comparison with 2009 - or not? I cannot recall that.

Ms GIDDINGS - Yes, it was the best performance for Tasmania's exports since June 2009.

CHAIR - Which is only last year.

Ms GIDDINGS - Yes, but the GFC hit late 2008 and was at its worst last year through 2009. So what I am saying is that we have hit rock bottom and we are now starting to emerge out of the GFC. The export figures that came out in April certainly provided some heart. I think it was a 36 per cent growth in the three months to April 2010. Exports are volatile, so I am not saying that we can necessarily keep it right up there. Of course, exports are so susceptible to the Australian dollar as well, but it is a good sign.

CHAIR - Yes, but how did we compare with 2008, or pre-GFC?

Ms FORREST - 2007.

Ms GIDDINGS - It has not reached back to levels of the highs that we had in 2007-08.

CHAIR - No. That was the point I was trying to make before.

Ms GIDDINGS - Yes, and we are not trying to say that it has, either. What we are talking about is that we are coming out. We are on a growth projection in that sense and that is important, I think. We can very easily play down - and I am not saying that the Legislative Council does this - but we can very easily play politics on these confidence issues and that really concerns me when we have Opposition parties playing politics on these sorts of issues. For instance, around the latest export figures, we did. We had Peter Gutwein coming out and talking the economy down and yet here we had some positive figures coming out. The last thing we want to do is talk this State down. That is not good for any one of us.

CHAIR - No, we only talk about realities in our House.

Ms GIDDINGS - Yes, and it is realities. But, unfortunately, in my House they play politics a lot more than they do here.

Ms FORREST - We are much more civilised up here, aren't we.

Ms GIDDINGS - Not perfect I might say, mind you.

CHAIR - We will move to 1.7, Industry research and strategy. Minister, has the whole-of-government economic development plan been completed?

Ms GIDDINGS - We have already touched on that. We talked about that at the beginning. We expect the draft -

CHAIR - That was a long time ago!

Dr GOODWIN - Chair, you have gazumped me. I want to go to 1.6. I think it is important to touch on Film, TV and multimedia industry development.

Ms GIDDINGS - Yes, that is where we are up to.

CHAIR - No, 1.6 is the Premier.

Ms GIDDINGS - No, 1.6 is me. The Premier's were 1.5 and 1.3.

CHAIR - So 1.6 is still in the mix. I am very sorry. I do apologise to the honourable member.

We will move to 1.6.

1.6 Film, TV and multimedia industry development -

Dr GOODWIN - It looks like the funding allocation is depressing over the forward Estimates. I want to try to get a handle on why that is occurring and what the plans are in relation to this output.

Mr KELLEHER - I guess there is some general reduction which is arising out of the overall Budget Management Strategy. Basically, we all copped a share of this need to tighten the belt.

Ms GIDDINGS - The \$750 000 for the grants though is still there as \$750 000.

Mr KELLEHER - That is really the primary reason for that. We are currently undertaking a review as to the future direction of the screen industry in Tasmania. We will bring forward some recommendations for the minister which I expect will include some consideration of options for funding for the future. That review will be completed this year.

Dr GOODWIN - I imagine that Tasmania has some competitive advantages as a place to create films. I guess we saw that with *The Last Confession of Alexander Pearce*, which was quite successful.

Ms GIDDINGS - We do and we don't. We have a problem in that we do not have crew based here in Tasmania. We have some skilled people but they are one or two here and there. In fact, we have got some fantastic skilled people in this State who have worked on big Hollywood blockbusters but they are one or two people and you need a whole crew. In fact, it is quite expensive to bring crews into the State to film and to bring all the equipment with them. We do have the studio out at Goodwood, which is a good, small sized studio that is working very well for television, but if you were to try to do a major blockbuster movie it is just not at that standard. So we are not competitive in that respect.

What we are trying to do is really grow our own industry in that sense. Again, it is easy for a Government to put incentive money on the table to attract a blockbuster but that is a one-off experience. They come into town and they leave again, whereas we are trying to grow the screenwriters, we are trying to grow the crew, we are trying to build an industry - not just the film industry but also the cartoons and web based industries and things. Blue Rocket has been really very clever in capturing both of those animation and website markets. *My Place*, the ABC children's series, has been very successful in that. We try to be in that sense realistic about what our industry actually consists of, but at the same time we are also open to looking at what other opportunities there are to attract productions here. We also send people from Tasmania interstate to work with other productions to gain some of that skill base.

Unfortunately, the film industry is one of those industries where you invest in 100 projects and you might get 20 or 30 projects up, maybe, out of the 100 - it may even be less

than that - that actually get to another stage. Then, of course, by the time you get to a blockbuster movie, you are talking about the very smallest number of projects that ever get to that. We fund a lot of screenwriters to try to get to the next level up. In some respects, that is building skills as well and, hopefully, out of that we will get some success.

We have had probably more success than we anticipated in some respects with *The Last Confession of Alexander Pearce*, which has gone on to win some awards. *Arctic Blast* was filmed here towards the end of last year. I expect that is still in production right now in terms of the editing and the like that is required for that. We have had some documentary dramas filmed here. *The Last Confession of Alexander Pearce* was one of those. There are little bits and pieces happening, but it is not going to be on the grand scale that some of us, including myself, dream about.

Dr GOODWIN - I guess it is the scenery that Tasmania has to offer that is the thing I was thinking might be quite competitive, because it changes so dramatically from the west coast to the east coast, around Tasmania.

Mr KELLEHER - Those are the sort of things that I guess will be looked at. They are the sorts of things that had New Zealand become a shooting spot for many films. Eventually, they will want new sites. That is an example, I suppose, of what we will be trying hard to attract.

Mr WILKINSON - Stuart Prosser was involved in trying to get a film industry up in relation to hunting his own food, maybe fishing and then putting it straight on the plate. I do not know what happened with that.

Mr KELLEHER - That was one of the things considered. There have been a number of very successful ones, such as the one filmed down at Cygnet with a former Sydney food critic. It is those types of things, if we can get some more of those. I pick up the point of getting a scale that is actually getting to that critical mass. The Holy Grail is to try to secure a long-running TV series, like *McLeod's Daughters* which went to South Australia. It is off the back of that and it is a bit like the discussion with food. You certainly need your commodity type thing on which to rely for your cash flow and your basic skills, but then the skill base for the creative elements can also promote Tasmania, as well as the industry itself which can promote Tasmania. You cannot put all your eggs in that basket, because the chances of securing one is not high. However, it is certainly one of the strategies to try to have a competitive offer because of the scenery to try to secure that. That would make a big difference, but you cannot really have a strategy built around that. You have to do all these other things to be ready and then wait for an opportunity like that coming up.

Ms GIDDINGS - The change in technology is helping. I was actually talking to a person involved in the industry, just a week or so ago. He was talking about the Aboriginal film *Samson and Delilah*. The film director was able to film on new digital cameras that were worth \$20 000 a camera, whereas in the past the cameras that you needed to use were \$1 million a camera. Just the fact that he could buy a couple of those cameras and film a film like *Samson and Delilah*, there is hope that, with changes in technology, in fact Tasmania and other locations will become more accessible in that respect.

1.7 Industry research and strategy -

CHAIR - 1.7, Industry research and strategy. I think you talked about the economic development plan. Is there any response to the West report? Is there a government response to the West report at all?

Ms GIDDINGS - The West report, yes. That is under the Premier's area, because that is sort of the innovations report, which sits with him.

CHAIR - Okay. Any further questions on 1.7? If not we will move to 1.8.

1.8 Small business development -

Ms FORREST - I wanted to look at this. There is a welcome increase of \$2 million, which primarily reflects the implementation of the 2010 election commitment, strengthening the economy. The budget paper on page 2.4 outlines a range of initiatives there. Are you able to provide a breakdown of how much funding each program will receive and how it will be administered? Further, what are the outcomes of the support provided through these initiatives, how will they be measured and how will it be reported?

Ms GIDDINGS - Absolutely. I can provide you with that breakdown. In fact, I will provide the same information to the Estimates Committee in the other House. Unfortunately, some of the figures I provided to them yesterday were not quite correct, so they will get this as well. Under the Strengthening the Economy initiative, there is a growing business pilot which is \$300 000 in 2010-11 and \$300 000 in 2011-12.

Ms FORREST - Before you go on, how will that be delivered? It is an online diagnostic tool. So how is that going to be delivered?

Ms GIDDINGS - It is going to be delivered by the Tasmanian Chamber of Commerce and Industry, the TCCI, over a two-year period to approximately 50 small businesses. The pilot project will provide a guide that a business owner can use through the business vitality check, which - you are quite right - is an online assessment of their business, to collate details on current performance in a number of areas. Upon completion, a comprehensive report on the health of the company - including benchmarking, recommendations and tips to address the areas that need most help-is delivered. I presume that that all comes through that program. You get a report after you have put the information into that business vitality check.

Ms FORREST - Will that information be secure and de-identified? I know that businesses are reluctant to provide information at times to bodies such as the TCCI in fear of their business not being protected.

Ms GIDDINGS - It is a confidential process.

Ms FORREST - And any reporting will be de-identified?

Mr DOWLING - It is only reporting back to the individual business.

Ms GIDDINGS - So you want your own check to account for your business. The other is the Business Boost program, which is \$250 000 in both years. The Enterprise Growth program is \$1 million in 2011-12. The Small Business Expo - which again I think TCCI

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delivers - is \$52 000 a year for two years. The business enterprise centres are \$100 000 in 2010-11 and \$20 000 in each additional year after that in the forward Estimates for four years.

Ms FORREST - That is just for the existing ones. There are no new ones.

Ms GIDDINGS - There are no new ones. That is just for the existing ones and it is additional funding. The Springboard into Market program is \$250 000 for two years and the start-up support pilot is \$460 000 in the first year. Effectively, we are trialling these new programs. They have funding for two years for us to then be able to do an assessment on them and determine whether or not we are getting value for money and whether or not we need to go back and ask for ongoing funding.

Ms FORREST - That is all I have.

Dr GOODWIN - Can I just ask a question about the business enterprise centres? I note that in the annual report there is mention of how many new businesses have been established and the number of new jobs. Are there performance measures or indicators for those enterprise centres?

Ms GIDDINGS - We do ask them to report to us what businesses they have assisted and what job outcomes have resulted from that support.

Dr GOODWIN - Is the micro-credit program still continuing?

Ms GIDDINGS - Yes, it is still continuing.

Mr WATSON - Is that the one delivered through NILS?

Dr GOODWIN - Yes.

1.9 Special capital investment funds -

Ms FORREST - I did note that Devonport did very well out of the Urban Renewal and Heritage Fund, with four out of seven listed projects. It must be a marginal electorate.

Ms GIDDINGS - Devonport?

Ms FORREST - It is a marginal electorate. Four out of seven is a pretty good strike rate.

Ms GIDDINGS - The north-west is -

Ms FORREST - It is lovely west of that area. It is lovely in Murchison, I must say.

Mr HARRISS - In the overspent account.

CHAIR - There being no further questions on special capital investment funds, I thank the Minister and her advisers from Economic Development.

The committee suspended from 4.04 p.m. to 4.20 p.m.

Output group 1
Infrastructure

1.1 Infrastructure strategy -

CHAIR - We will start our next session, Infrastructure.

Ms GIDDINGS - I have at the table the deputy secretary, David Peters. Our secretary, Norm McIlfattrick, is an apology this afternoon because he clashed with another minister in the lower House.

CHAIR - It is always good to have clashes with ministers.

Ms GIDDINGS - Yes, that is right - a full-on clash here. But I am sure we will be fine without him.

CHAIR - Okay, fine. We will start with group 1 and 1.1, which is Infrastructure strategy. The strategy has been implemented and tabled, I think. What is the status of that strategy at the moment?

Ms GIDDINGS - The status of it is that this is our infrastructure strategy and it was released in February of this year. It is available on the website. It really is a web document in terms of a printed document in that sense. It sets out the key strategic areas that we are going to be concentrating on with infrastructure, which dovetails reasonably well into what we are doing with the economic development plan as well. In infrastructure we are looking primarily at transport, at the digital economy, at the energy sector and also water development. The aim of the strategy is that it is a 10-year strategy. Out of this will fall projects that we are starting to work on or are part of what we are doing already. For instance, we are working on securing rail, which is a critical part of the transport infrastructure and looking at the road infrastructure that we have, looking at how we develop new ways of delivering transport, some of which is not in my area, the park and rides if you like, urban transport and so on. It is basically a 10-year -

CHAIR - I have got it. I just wanted to see if you had it as well.

Ms GIDDINGS - Oh, yes. It is very important. It underpins everything we are doing.

CHAIR - The first question I have relates to the Engineers Australia report -

Ms FORREST - Before you move on to that, Mr Chairman, on the strategy, do you have a particular priority within that strategy? It does cover a lot of areas and there are some areas that perhaps arguably could be prioritised ahead of others. In each area you have the time lines. I have looked at all of that, but is there a particular area of priority for you to progress the work of the strategy?

Ms GIDDINGS - Well, no, there is not. I do have David Spence here who I am more than happy to bring to the table. He is the person who is driving the strategy within the Department and he can talk a little more about the detail for you.

CHAIR - I think we need to go through the detail at this stage.

Ms GIDDINGS - Just to answer that question.

Ms FORREST - If there is a priority, yes.

Mr SPENCE - In terms of the strategy, as the Minister mentioned there are four sectors covered. Each sector has its own priorities and will be pursuing its own projects and priorities. In terms of our Department, we have a role in coordinating strategy. We have had a look at the strategy from that point of view and looked at some whole-of-government actions that we will need to take that will be across the whole strategy. For example, of the priorities that we have identified, we think upfront we should be appointing an infrastructure advisory council. That will be one of the very first steps that naturally comes at the start.

The second priority that we have identified is looking at introducing a state of infrastructure reporting system. We need to think about how that might work and what we need to put in it. That is our second priority we are looking at. We are looking at means to coordinate and centralise the data needed for good infrastructure decision-making and also look at the analytical systems that are needed. Again, they are across government so they are across those four sectors.

One of the key priorities that came out of the strategy was looking at processes to try to improve the coordination of land use and infrastructure planning. That is something we will be working closely on with the Tasmanian Planning Commission so that is an early priority.

Ms FORREST - I was hoping that was going to be one of your early priorities. That was what I was hoping to hear.

Mr SPENCE - In the consultation that we did in terms of putting the strategy to the Minister at the time, it was one of the highest priorities that were identified. So it is something that we have already started working on with the Planning Commission. So they are some examples of the whole-of-government priorities that we have and, as I said, there are other priorities that we will be pursuing in transport and there are other priorities that water will be pursuing or digital or energy.

Ms FORREST - That is fine. I was looking for that broad overview -

Mr SPENCE - The whole-of-government stuff, yes.

Ms FORREST - That is fine. Thank you.

CHAIR - The first question I had in that regard relates to the engineers report. Mr Harriss and I both came down, and indeed you were there.

Ms GIDDINGS - I was there, yes.

CHAIR - The overall picture is one where the majority of infrastructure categories continue to fall within the areas of needing major or critical changes. In a media release the Tasmanian President of Engineers Australia, Grant Atherton, said that the overall picture clearly shows that Tasmania's infrastructure is stressed and in most cases is rated as either just adequate or poor. Do you accept their assessment?

Ms GIDDINGS - We welcome the Engineers Australia report. We do think that to some degree it is a subjective report and it needs to be remembered in that light in that respect. But we were pleased with the progress that it recognises has happened in infrastructure over the last five years as well. The one area which it gave a big fail to of course was rail, and it would be interesting to know what it would have got under private ownership five years back as well. We certainly agree that rail was an F - absolutely - and look forward to how they consider rail in five years time after the State has had a chance to actually invest the \$400 million that we have now put into rail, and I suspect it will be a much higher grading that it will get in five years time.

The other areas we had actually got some improvement on. So the national roads, State road, port, airport, drinking water, stormwater irrigation and electricity infrastructure were all equivalent condition to or better than comparable national infrastructure as measured in 2005. Drinking water and wastewater infrastructure in Tasmania has improved since 2005, and I think the reforms that have been driven in the water and sewerage area are quite critical in terms of further improvements in infrastructure in that area. One of the very reasons we drove water and sewerage reforms was that small municipalities did not have the ability to invest in their own infrastructure on their own, and by creating these three regional bodies - ideally, we would have liked one body for the entire State, but that was not to be - that gives a critical mass for those municipalities to be able to now invest in far better water and sewerage infrastructure. So I suspect that we will see improvement on that as well in the next five-year review.

The area that was slightly lower in rating compared to the last report card was actually council road infrastructure, and we are aware of that. Council roads and State roads and national roads - all roads - have suffered in the last 12 months. One of the key reasons has been that we went through that long drought and then we hit some heavy rain last year. That rain has actually affected our roads. We know that people comment about the condition of the Midland Highway for instance. That same pressure has been found on many roads and that would account for some of the deterioration in local roads as well.

While these reports are important and they are a guide, interestingly of the recommendations that came out of that report most of those were already done. We have already got a Skills Strategy in place. They talked about skills. They talked about the need for an infrastructure plan. Of course we have that now as well. They said that we should put investment into rail. We are doing that. The investment is happening in rail. Really, most of what they said in their recommendations is well underway.

[4.30 p.m.]

CHAIR - If we could turn to rail, Minister, because that is a matter that does give me a bit of concern. I noticed that Engineers Australia gave it an F rating, as you know. It says that this rating recognises that infrastructure is inadequate for current and future purposes and that the magnitude of the works required to provide any reasonable utility from this infrastructure is enormous.

Ms GIDDINGS - Yes.

CHAIR - We have \$400 million for rail. Could you just very briefly outline how that \$400 million will be spent?

UNCORRECTED PROOF ISSUE

Ms GIDDINGS - We have got advice. Most of these questions will need to be asked at GBEs when we get the TasRail company at the table with me in terms of details as to how they intend to spend that \$400 million. We did have advice yesterday from the CEO in relation to this year's State funding that we have put aside. In terms of the funds that we have provided on the State side of the ledger, that will help the first phase of our new loco procurement project.

CHAIR - Just how much is that?

Ms GIDDINGS - \$52 million in this financial year. That is federal. We have the first phase of our new loco procurement project; upgrading container and other wagons for improved efficiencies - this includes their improved carrying capacity and/or lower maintenance costs; upgrading existing locos to improve reliability; initial funding for a positive train control system; upgrade to the Burnie ship loader - that is, environmental and structural improvements; new workshop equipment; replacement high-rail vehicles. So that is basically the above-line investment.

The rail funding for the actual rail lines - below-line - is mostly the Commonwealth funding, and the projects funded by the Australian Government include rail crossing safety measures of some \$3.9 million. The rail rescue package that they put up - of \$78 million - includes the upgrading of sleepers, rail tracks and some bridgework on the network. That \$78 million has been fully expended already.

There is \$31.6 million for the main north-south line rail capacity improvements. That involves a combination of curve and grade easing along a three-kilometre section of track on the main north-south line. In particular the project will focus on the curves around Coalmine Bend and the Campania areas. The project will also improve the track geometry at road crossings over this section to increase the safety of both road and rail users. There is \$24 million for rail capacity improvements at Rhyndaston. There is \$1.1 million to upgrade the Boyer line; there is \$28.9 million to upgrade the Burnie-Western Junction line; there is \$5.7 million to upgrade the Fingal line; upgrade of the Hobart-Western Junction line of \$20.3 million; and upgrade of the Melba Flats-Burnie line of \$15.7 million.

All of those upgrades pretty much include replacement of sleepers, rerailing, replacing ballast and tamping, bridgeworks, points and crossing works, level crossing upgrades, earthworks, drainage et cetera. So that is fairly consistent across all of those projects.

There is fundamental investment going in here, and what the rail company let us know was that they needed around \$400 million and now that \$400 million has been delivered. It is slightly more for the State than the Federal Government. It is slightly more on the State side, but it is roughly half and half.

CHAIR - I put it to you, Minister, that really the only two lines which have been profitable are the Melba line, which goes from the west coast obviously up to Burnie delivering minerals, and that short haul from Railton through to Devonport for cement. It is a big quantum of money. I am looking at what we have existing at the moment, which is a narrow-gauge railway through some pretty difficult terrain. So what market research has been done to say what the improvements are going to do and will there be, say, a 10 per cent increase in freight?

Ms GIDDINGS - These are questions you really need to ask us when we are at the GBEs because that really is information that the company themselves would have put research

investment into. We as a department now basically are a regulator of the rail services in that sense. I do not even think we have a policy officer now. Basically, we have the rail regulator role and that is it in terms of the Department of Infrastructure. I can talk about investment as a budget that we have put into the company, but if you have specifics around the business of the company and what they are doing, beyond that information I have provided to you I really cannot give you more at this estimates.

CHAIR - That is a bit frustrating, because I do not think there are a lot of unremitting questions which have to be answered. Really, we are appropriating \$400 million on something which could turn out, could I suggest - the main north-south line - to be a white elephant down the track.

Ms GIDDINGS - I do not think it is going to be a white elephant down the track. I think people recognise the importance of rail and the importance in terms of also getting trucks off our highways from a number of perspectives, safety being one of the most obvious ones there. But also again, in terms of climate change policies and things as well, it is far more environmentally friendly to use trains than it is to use trucks. But what we need to do is upgrade our locos. At the moment we have roughly something like 32 locos that are old diesel locos. You need to use about four engines to pull one train of wagons. What we need to do now is upgrade the locos so that they are a lot more environmentally friendly and, of course, have the power that we need to pull the wagons. We have made a long-term investment decision to keep rail in this State. I certainly did not hear anybody at the time of the company being sold saying to Government, 'You should not be buying this company. We should just let rail disappear.'

CHAIR - I am not saying it should disappear; I am saying that there components of it perhaps that should have been let disappear.

Ms GIDDINGS - What we have to accept is that if we are going to take rail on then we have to invest in it to build it back up. It is true that what we have inherited is a company that has been run down into the ground in that sense. The rail infrastructure needs a lot of work. The rolling stock needs replacement and the actual tracks need replacement.

CHAIR - Yes. I appreciate what you are saying at the end there but, at the end of the day, is it going to be of net benefit to Tasmanians? I just want to make the point that if you look at the AusLink paper of 2007 there were about 23 million tonnes of the freight task in Tasmania in total, but only about 2.5 million tonnes of that were carried on rail. Anecdotally, it is even less now than it was. A lot of that is on the Melbourne line, I might say. So how are you going to attract all of this extra freight off the road?

Ms GIDDINGS - We have businesses wanting to get off the road and back on to rail right now and we are talking to them.

CHAIR - Which ones?

Ms GIDDINGS - I do not know that I want to name businesses right here and now, but they are. In fact, I have dinner tonight with the TasRail board and I will be asking them. I am hoping that they are making a decision today which will help us to support one of our businesses right now that wants rail back on. So it is a bit 'chicken and egg'. While you have a transport option that is in decline then, of course, people look for other options. If you have a transport option that is

competitive in that sense and can provide you with another option then, certainly, there are businesses looking for -

CHAIR - And that raises another question. Will it be competitive? Most goods you have to get to the railhead. You then have to use road transport again to get it away from the railway. The other environmental issue is, of course, that as the minister for economic development you would be fully aware of the LNG plant being built at Westbury at the moment. I think you will see quite a lot of road transport - hopefully we will see a lot, even though diesel has improved its emissions rating from the year 2005 to be a much cleaner fuel. So you will see a lot of heavy road transport - perhaps trucks - being converted to LNG. That is going to make them more competitive.

Ms GIDDINGS - It is always which argument you look at as to how you see this because, interestingly, yesterday I had the greens arguing the very opposite to me. As you are arguing in favour of road transport, they were arguing against it saying -

CHAIR - They are -

Ms GIDDINGS - Yes, but a very good argument was put that I actually agree with. We are investing and have invested something like half a billion dollars in road infrastructure over the last few years. We are investing \$225 million or something this year alone in road infrastructure.

While we have some heavy vehicle charges so there is some contribution from the users of that public infrastructure, it is certainly at this point not necessarily a cost-benefit return that we get from the use of that public infrastructure. So we are quite happy to pump heading towards \$750 million into roads, but when we put \$400 million into rail it is argued against in that sense. It is a transport choice that should be there in the system. It is also one that does actually get its costs back from its users. It is a company that has been established and, yes, it requires government equity injections to help get it back on track, so to speak. It is certainly not much different to what we invest in other infrastructure.

CHAIR - Once again, I am not arguing about getting rid of all rail. My main concern is that north-south line -

Ms GIDDINGS - That north-south line is critical, though. It is a critical line.

CHAIR - What happens if Norske Skog closes down? They would underpin, could I suggest, in bulk freight that whole line at the moment. If they were not there, as one of our older industries, as we talked about before, what would we replace them with? Dare I say it, if the Midland Highway is improved - and I know that you probably do not run with the theory of a four-lane Midland Highway, even though it was very strongly supported in our House as a motion -

Ms GIDDINGS - We can get to the four-lane Midland Highway. That is another issue. I am quite happy to talk to you about that, because we are very supportive of a four-lane Midland Highway. I have no problem with that. It is how you deliver it, when you deliver it and on what cost basis you are delivering it.

CHAIR - Yes, over time of course.

Ms GIDDINGS - Yes, but what I have a problem with is the Liberals' policy, which to me basically was trying to hoodwink Tasmanians into believing that a Will Hodgman government was going to deliver a four-lane Midland Highway when it would not and it could not. The \$400 million that was meant to deliver a four-lane Midland Highway, might have delivered you 20-odd kilometres of it or something. The costings on it are basically over \$2 billion to do a four-lane Midland Highway.

CHAIR - I do not want to get into the politics of that at the moment.

Ms GIDDINGS - No, but you raised it in the context that we are not supportive of a four-lane Midland Highway, and that is wrong. The point that I made yesterday in the lower House, which I make again here, is that probably not in your lifetime and possibly not in my lifetime will we see a four-lane Midland Highway, because there is just not the demand for it.

Mr WILKINSON - He is not that old!

CHAIR - You talk about \$2 billion. I was pretty annoyed and I think that when we had our notice of motion we took an apolitical view of what is in the best strategic interest of Tasmania. We took that. We did not take the Liberals' policy at all.

Ms GIDDINGS - But you have to have the evidence to support it, too.

CHAIR - It is probably \$400 million. You say \$2 billion, they said \$400 million and it is probably a figure somewhere in between. When you take into account that there are significant stretches that are already four lanes and there are three-lane parts as well, and you take out Campbell Town and other areas as well -

Ms GIDDINGS - I do not doubt the advice that we were given. When we asked the department to cost that policy, I do not doubt the advice that the department gave us that those elements were not included in that costing. Building nine kilometres of road for the Brighton Bypass is costing \$176 million. That is \$176 million for nine kilometres of road.

CHAIR - I know, and in public works we did that. We know about that. The previous minister extrapolated that out and said, 'This is what it is going to cost per kilometre to build the Brighton Bypass. Therefore, multiply it out and that is what it is going to cost to go to Hobart.' What a load of nonsense.

Ms GIDDINGS - It is not at all. That is a prime example of what it costs. I know that that is new road of four lanes and that you are not necessarily building new road the whole way in that sense.

CHAIR - Land acquisition, the whole lot.

Ms GIDDINGS - That is a very fair indication in terms of nine kilometres - under 10 kilometres - of road at \$176 million, yet you think \$400 million is going to build a four-lane Midland Highway?

CHAIR - I did not say that. It would be more than that, but it is probably less than \$2 billion, too.

UNCORRECTED PROOF ISSUE

Ms GIDDINGS - My problem was with that policy. That was a lie to the Tasmanian people, in my view.

CHAIR - Do not point that at us.

Ms GIDDINGS - It was, and then to only promise \$1 million in the first four years. And yet we had billboards: 'Will Hodgman is going to deliver a four-lane Midland Highway'. You can understand why there was a lot of heat and political banter about all of that. And with Tony Abbott's \$400 million, we would have to elect him for two elections before he would deliver that.

CHAIR - With respect, Minister, I am looking to strategy, not the politics of it. You are going down the political line.

Ms GIDDINGS - I can be very frank with you about the strategy around the Midland Highway. What we are doing, as I think you would hopefully support, is actually working in partnership with all of the councils who are part of the Midland Highway. We have a draft partnership agreement now which is going out to the councils shortly for them to have a look at. What that provides is a sensible vision and common purpose for the Midland Highway that is based on evidence and the need to invest in it. The Brighton Bypass, just to give you some indication, has been on the books for 30 years. This is why I am realistic - and you say you like to be realistic in this House - that a four-lane Midland Highway is unlikely to be delivered in your lifetime or mine in that sense.

CHAIR - Parts thereof would be.

Ms GIDDINGS - Absolutely. We are doing it right now. Parts thereof are the Brighton Bypass right now. Parts thereof are the Pontville to Dysart section or Mangalore straight to Dysart.

CHAIR - Can you give a time line for that one?

Ms GIDDINGS - We are in the planning stages right now. I think there is probably another 18 months of planning on the Bagdad Bypass, Peter? By the middle of next year that planning should be completed around the Bagdad Bypass. Then of course we will seek federal funding for the next stage of that. So parts thereof absolutely. Where there is evidence that there is a need, we will deliver in that sense or work with the Commonwealth to deliver. We look at evidence when we make these decisions. You need around 16 000 vehicle movements a day on a stretch of road. Currently around the Brighton Bypass area what gave us the impetus to say, 'Yes, we definitely now need this,' was that we had 20 000 vehicle movements a day. If you go north of the Mangalore straight and you look at that stretch of road going through to Campbell Town and north of Campbell Town, you are talking about 5 000 vehicle movements a day. You need three times the number of vehicle movements to warrant that level of investment in four lanes.

CHAIR - But the statistics also say that in the next few years - and I do not have them here in front of me - there will be significantly more heavy transport and vehicle traffic as well.

Ms GIDDINGS - Not necessarily. I do not think our population is going to grow that much that we are going to have three times the level of cars on the road. Of course rail, too, will hopefully take some of that traffic off the roads. I am told that it is in the next 20 to 30 years that you would be talking about that level of magnitude of growth. As the evidence emerges that we

need to continue building the Midland Highway, we will. One day there will be as close to a four-lane Midland Highway as can be and should be and could be delivered on that road.

CHAIR - I will go back to the fundamental question I asked before. You have a new strategy for infrastructure.

Ms GIDDINGS - Yes.

CHAIR - So what research or market research or fundamentals have you got that underpins the spending of all of that money on the north-south bit of road in terms of increased volumes and everything else?

Ms GIDDINGS - That is a question for the rail company.

CHAIR - All right.

Ms FORREST - Just on the point of the Midland Highway while we are talking about it, one argument is the vehicle movements. There is obviously not that level that would warrant such investment at this stage. The other is the road safety side of it. We know that at a velocity of 220 kilometres an hour not many would people survive if they have a crash in that setting. The sections of the Midland Highway that are four lanes are not divided at all, I do not think, from memory. I drive up there all the time. I have had a car drive across the road in front of me in a four-lane section. It is not just about those figures. We need to look at the road safety aspect.

Ms GIDDINGS - Road safety is a key part. I will tell you what underpins the decisions we make around the Midland Highway. Road safety is one of those. Improved freight efficiency is another one. Travel reliability on the urban approaches is another one and asset performance is another one. But in terms of road safety, we actually do monitor where car accidents occur and we can spot where the key hot spots are in that respect on the Midland Highway and can concentrate our efforts of work on those areas as well. Of course, Constitution Hill was one of those.

Ms FORREST - One of the areas that is not well reported, because people do not report them, is the near misses. I know that I have had a number on the Midland Highway - none of them as a result of my errors, I might add. It was things like people overtaking in unsafe places, and the Mangalore straight is a classic example at night. I had to brake heavily and pull off the road and allow this car in front of me so that I did not have a head-on and I only just made it. So that issue is -

Ms GIDDINGS - That is absolute. Road safety is one of the key issues that we are looking at. In fact, when we get to that output area we can talk a lot more about it. But we have been looking at how you do make our roads a lot safer, and building two lanes does not necessarily make your roads safer. So in those areas where we can and where it is appropriate, putting the wire barriers - you may have noticed there are a lot more wire barriers up. On Constitution Hill now there is that heavy metal barrier that is going down the centre there. You look at other ways - not necessarily just dual highways - to deal with that. In fact, dual highways are not necessarily any safer.

Ms FORREST - It might not stop cars -

Ms GIDDINGS - But especially for head-ons like that, you will find the wire safety barriers are far better to prevent head-ons on the highway. So road safety is paramount in our thinking. But also you have to have the demand for the service. The reality is that 5 000 cars a day are using that road. Half the time you are on it - and I am on it an awful lot -

CHAIR - So are we.

Ms GIDDINGS - there are hardly any cars. There are some peak times when there is a race on at Symmons Plains or you go to a concert in Launceston and as you are driving past back down to Hobart you think, 'Gosh, this is a lot of traffic,' but they are one or two occasions a year. My parents live out at Pontville and I am constantly out there and I can tell you that there are not that many cars, and that is in the busier part of the highway.

CHAIR - Okay. Is there any progress on the Bell Bay port expansion project?

Ms GIDDINGS - Yes. The Bell Bay port expansion is a project that remains high on our agenda to achieve. We have been working through Infrastructure Australia as the mechanism that currently exists to have these projects examined by the Australian Government. Unfortunately, there has not been additional funding put into Infrastructure Australia to allow them to fund further projects. Our project, we know, is one of their pipeline projects. It is there. It is sitting on their table. They have been working with us around Bell Bay and we see it as a critical part of our port infrastructure, particularly in terms of competition as well for the future, and we certainly do aim to see further upgrades occur. The rail, of course, is a critical part also of going into Bell Bay port, which is again one of the reasons we are investing in rail and want to make sure that we support businesses that use that line into Bell Bay.

CHAIR - Yes.

Ms GIDDINGS - We would like to see containers, basically, at Bell Bay. That is what we would like to see - that that is the container port for Tasmania and that we have the bulk commodities coming out of Burnie and Devonport. Of course, the *Spirit* is out of Devonport as well. But primarily, Bell Bay would be container.

Ms FORREST - That is not Tasports's plan, though.

Ms GIDDINGS - No, that is Tasports's plan.

CHAIR - Bearing in mind, members, that we have other categories under this whole output group 1, Infrastructure, and in particular pet roads and all of that sort of thing, which would follow under the special Capital Investment Program, are there any other questions under 1.1?

Ms FORREST - I just wanted to ask a couple of questions about rail while we are on that. I note the \$400 million investment in rail. A lot of that falls under grants and subsidies.

Ms GIDDINGS - Equity injection.

Ms FORREST - So why, as an equity injection, then, is it put under grants and subsidies as a grant rather than an equity injection?

UNCORRECTED PROOF ISSUE

Mr SPENCE - In terms of grants and subsidies, that is in relation to the administration of rail and in relation to some of the maintenance work rather than actually an injection. It is seen as a grant to run the company.

Ms FORREST - All right.

Mr SPENCE - That is really the distinction. The Commonwealth funds come in as an equity injection, too. They come into the State Government. So we are used as a vehicle for the funding to go through to rail.

Ms FORREST - And that is why it is classified as a grant?

Mr SPENCE - No, it is classified as a grant because it revolves around the operation of the company, rather than the capital upgrade of the infrastructure, for example.

Ms FORREST - So one would expect a rail business in good times - it obviously has a way to go - to be responsible for the ongoing costs of managing their infrastructure and maintenance, et cetera. I know that this rail needs a significant upgrade before it is likely to be up to speed, so to speak. I ask the Minister when would she expect TasRail to be realistically self-funding and profitable, or are we never going to see that?

Ms GIDDINGS - That is really a question for GBEs because that would be advice coming from the company as to when they would see that. I certainly do not see this as a short-term thing. This is not a short-term investment by Government. I think we are there to invest and rebuild this company and with the state that the company is in it is going to take some years to do that.

Ms FORREST - We have been told a number of times that it is best to wait for GBEs. When we get to GBEs the company would have only been trading for a short time, there will be minimal information and there really will not be anything meaningful, I would not expect, until the 2011 annual report which is only months away. Are we going to see some sort of interim reporting procedure in that process? GBEs are really looking back at the past annual report which would have only been a short time.

Ms GIDDINGS - The GBEs are an important occasion to be able to speak to the company, though, about what is happening and what their plans are. They are, of course, developing their corporate plan. That corporate plan is not a public document. There may well be elements of the corporate plan that may well be able to be released, but the entire plan cannot be released. They will have information that they will be able to share with you that comes out of the corporate planning they have already done.

Ms FORREST - Is it likely they will be able to provide their projected budgets, their projected profit and loss and balance sheets? Otherwise it is 18 months before we actually get a chance to look at that.

Ms GIDDINGS - They will be able to provide us with advice in terms of the budget they have received, where they are tracking on that, how they are expending that funding and that aspect of it. I do not think you will find that they will be in profit for - again I do not know in terms of years, but this is a company that got an F from Engineers Australia. It is not going to rebound overnight. It is going to take some time to rebuild - rebuild the customer base, rebuild the trust and the reliability. All of those things need to be rebuilt.

Ms FORREST - So we do expect then that if they find as they are tracking along - we know it is going to be a difficult challenge to get them into that sort of position - that there is a variation in their estimates as far as their projected outcomes for their budget, more than plus or minus 10 per cent, for example, would they be reporting that sort of thing in a timely manner to you as a stakeholder minister?

Ms GIDDINGS - They do report to me as a stakeholder minister regularly. They report after their board meetings effectively to me.

Ms FORREST - So we will not have any big surprise that they are going much worse than expected because the work has been more challenging than expected?

Ms GIDDINGS - I think they have been around long enough in that sense to know to a reasonable degree what they have got on their plate. Certainly the equity investment that has been provided has been warmly welcomed by TasRail. And Bob Annells was on the public record as saying that this will help them to basically do the work they need to do to start building the company back up to sustainable levels. That is not to say they are not going to come back at the end of the forward Estimates and say, 'Right, we need some further injection', but that is a decision that the Government will make at that time on the basis of how it is progressing and what the needs are.

Ms FORREST - You would expect to be advised of that well in advance. Things would not get to the point that they are about to fall over again?

Ms GIDDINGS - Yes. I have regular meetings with TasRail, as I do with Tasports, and I would be very disappointed if they were not open with me as to their issues as we go along.

Ms FORREST - One further question on rail: how was the purchase price of \$35 million arrived at and are you able to provide copies of the due diligence reports that were carried out?

Ms GIDDINGS - The \$35 million to purchase the company itself?

Ms FORREST - To purchase the rail, the company, yes.

Ms GIDDINGS - That was derived through negotiations that involved Treasury, I believe, as well as the Department at that time - quite intensive negotiations.

Ms FORREST - So can you provide copies of due diligence that were being carried out during that process?

Ms GIDDINGS - I would have to take advice on that. If you want to put that on notice, I will take advice on that.

Ms FORREST - Because it would not be considered commercial in confidence now, well past the event?

Ms GIDDINGS - It may well be. I would have to take advice.

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Mr WILKINSON - On 1.1, because it comes under infrastructure, planning especially, in relation to roads leading from Sandy Bay Road into the city in the mornings. But, more importantly, the Brooker Highway and also from Sorell and the southern beaches. Is there any planning to endeavour to stop that lag that is occurring at the moment?

Ms GIDDINGS - Yes, there are various projects. The Brooker Highway has its own work that we have been working on. We have been developing strategic frameworks and information systems to improve particularly passenger transport outcomes in the area. But there is the southern integrated transport plan, for instance, there is a Tasmanian urban passenger transport framework, but the Brooker Highway itself, we have been working with the councils in relation to that. We have been a little frustrated, I might say, in one area with the Glenorchy City Council, where we would like to be able to get rid of a roundabout and put traffic lights in. Ordinarily, we would be able to do that on our own, but because council owns some of the land in the middle of the roundabout, they have an interest in it, and they are holding up development that would actually enable us to have smoother traffic flows.

Mr WILKINSON - Is that just near the showgrounds?

Ms GIDDINGS - Yes, it is that particular roundabout. That is the one we are trying to fix, but we are encountering some resistance from the Glenorchy City Council. It is the Howard Road intersection, basically. Our hope is to be able to do that, which will improve the Booker.

We are not so involved in the Sandy Bay Road. That is a council road. Our interest around coming in from the southern part has been much more around coming into Macquarie Street from the southern outlet and works that we have been doing around there and working with the Hobart City Council around trying to relieve some of the traffic congestion there.

Of course, trying to get people out of cars and on to buses is also part of this. Buses are not my portfolio area, but we have worked with getting the bus lane down the southern outlet to try to speed commuter times there, to encourage people to use public transport.

The southern beaches aspect, I am not aware of projects that we have got on the go right now in relation to around that Sorell Causeway-Midway Point Causeway area. Of course, once you hit the airport, you are on fairly good road infrastructure there heading into the city. But at this point in time, we have not got anything on the books to relieve that.

Mr WILKINSON - It is getting progressively worse, as you know, especially because of the new development that is going on out in Sorell. Anybody that travels that area at night, moving out, and also in the morning, knows that you may as well take your cut lunch, because it is going to be a while before you get back for dinner. It really is a problem. They tried to sort it out in Sorell itself by the roundabout in Sorell and not having to go to the lights near the junction. That helped a bit, but not much. At the moment, there is no planning at all, as I understand it, to sort that out?

Ms GIDDINGS - No, not at the moment. The work we have been doing has been more around the Brooker. We have had \$10 million worth of work already there for upgrades, and there is more work to be done in that area.

Ms FORREST - One quick question that I have need to follow up on: last year at estimates we were informed of some modelling that was being done around the freight task in the north

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west and far north west. We were assured at that time that the \$30 million allocated to the Wiltshire line would remain in the region to be spent on either rail or road infrastructure dealing with that freight task. It has been revealed by the Federal minister, Minister Albanese, that that has been ripped out of the north-west. So how can we be assured that this funding that was allocated will be spent in dealing with the freight task for that area? What is the outcome of that modelling, because it should have been completed by now?

Ms GIDDINGS - At the time that that funding was taken away from the Wiltshire line, it was believed that it was in the best interests to put it into the operating lines that required the funding at that point in time. So that is why that was taken away there. Since then, there is about \$15 million that has been invested into the Melba line to improve it. There is also \$21 million that has been invested in the Murchison line.

Ms FORREST - That does not deal with the freight task at all for the far north-west. So the modelling for the freight traffic for the far north-west.

Mr SPENCE - The Wiltshire line in terms of putting that in place was related to the pulp mill at the time. It was related -

Ms FORREST - There was an assurance given last year at estimates that that funding would remain in that region to deal with the freight task of the north-west region. So, where is the modelling? Can we have that modelling tabled?

Mr SPENCE - As the minister said, the funding was redirected to where the requirement was seen, which was the west coast freight task.

Ms FORREST - There was modelling being undertaken, though, on the freight task -

Mr SPENCE - There that is been modelling undertaken.

Ms FORREST - Can we have a copy of that?

Mr SPENCE - Yes, we can provide that. What we did produce was a north west to west freight strategy, so we had a look at what was required to be done there.

Ms FORREST - So the minister's assurance last year means nothing as far as that line goes to that region?

Ms FORREST - That was a Commonwealth decision to move the funding -

Ms FORREST - No, it was not.

Mr SPENCE - We had to request the Commonwealth.

Ms FORREST - Yes, the Commonwealth said that it was the State's decision to remove it from that region, not theirs.

Mr SPENCE - It was retained in the north-west region.

Ms FORREST - The commitment was made to the far north-west Wiltshire line.

Mr SPENCE - And it was retained in terms of the rail activity.

CHAIR - We will move on to 1.2, rail safety.

Ms FORREST - I think I have dealt with all the rail issues I need to deal with.

CHAIR - Anybody else on 1.2?

1.3 Road safety

Ms FORREST - There is \$11.8 million that has been allocated to road safety initiatives. Can you provide a breakdown, including costings, for these initiatives? Maybe it is something you can table. I am not sure.

Ms GIDDINGS - I am not sure. Penny Nicholls has just joined us at the table. I am sure we can provide that information.

Ms NICHOLLS - Can I just ask you to repeat that question, please?

Ms FORREST - There is \$11.8 million that has been allocated to road safety initiatives. I am just looking for a breakdown of those initiatives and the costing for each initiative.

Ms NICHOLLS - Are you talking about the output group, or are you talking about the road safety levy component as well? What page are you referring to? We are just trying to establish where that number is coming from?

Ms FORREST - I made a note here. I have forgotten where I got it from now.

Mr PETERS - Because there are a couple of components that reflect road safety initiatives in this Budget. Part of it is the \$9 million anticipated from the road safety levy, plus there is additional funding from the increased fines from last year specifically for road safety initiatives.

Ms NICHOLLS - That amount, I think, is \$1.09 million. Then we have our general allocation for our road safety policy area, and, on top of that, our road safety operations area for the community road safety programs, school-based education and also included in this amount, too, is the amount from the in relation to the funding of the road safety task force, which is \$3.1 million.

Ms FORREST - My other question is: are there any new strategies you are employing to actually deal with some of the issues, such as the unlicensed drivers, who appear to have nothing to lose. They have already lost their licences. They continue to flout the law. Are there ways of dealing with those people?

Ms GIDDINGS - That becomes a policing issue rather than ours. Yesterday the police minister was out the front talking about some of the new technology that they have got in the new cars as well. They do now have technology where they can basically, off the side of the car, look at any car along the highway and work out whether it is registered or unregistered, for instance. In terms of unlicensed drivers, that is about actually stopping drivers and checking licences, so it really is more of a policing issue than something that we can deal with.

But we do have a number of issues that we are looking at. One of them is to try to slow drivers down. I guess it does not deal with your unlicensed driver issue, but one of the initiatives we are looking at is this point-to-point initiative, which is a fixed speed camera at one point and at another point, and you are photographed at each point. If you are speeding and you get to the second camera too early, then they know you have been speeding and you will be caught and fined as a result of that. So those sorts of strategies are what we are looking at -

Ms FORREST - So how many of those are you looking at?

Ms GIDDINGS - At this point, it is early days.

CHAIR - And whereabouts?

Laughter.

Ms NICHOLLS - At this stage, we are just halfway through a feasibility study, then we will be going through Government processes prior to any implementation.

Ms FORREST - I imagine that they will be on a stretch of road where there is not mean points of entry.

Ms NICHOLLS - A couple of the other initiatives that are in the Budget are the \$434 000 for implementation of an alcohol interlock program. That is part of the speed fines revenue. There is also permanent funding to continue the community road safety partnership program. \$200 000 for that is included in the \$1.09 million annually, and there is some money for point to point, as well as the additional amount that we will receive this year through the road safety levy, which we envisage will be around \$9 million coming through for that. We are in the process of developing a second three-year action plan in relation to the initiatives that will be funded through that.

Ms FORREST - Is there a plan to extend that levy? It is due to expire in December 2012. Is there any plan to extend that? It has been well accepted by the community, so is there a plan to continue that? That is a question for the minister.

Ms GIDDINGS - I certainly would be very keen to look at how we could extend it. I think that it has proven to be very beneficial. The sorts of projects that are completed or underway that we have been able to fund through that levy include the installation of those flexible safety barriers, and we have been able to provide dollar-for-dollar funding to councils to undertake traffic calming treatments which, if you get the constituents I get, that is often one of the issues that they raise the most with me.

It also includes: progressive rollout of electronic speed limit signs at schools; demonstration and trial of the safe rural default travel speeds in the Kingborough and Tasman municipalities; the introduction of the new L2 and P1 driver assessments; public education campaigns on choosing safer vehicles, how safe is your car; trial of innovative technologies, such as wet weather warning systems and vehicle-activated signs and support for the learner driver mentor programs. While there is still, I think, a need to be able to put more into these sorts of initiatives -

Ms FORREST - So is that a yes?

Ms GIDDINGS - I would hasten to say it is not a position of government at this point, because it is not a position that has been taken to Cabinet for government consideration and decision. As the minister responsible, we are talking about two years away, still, but I think you would need a good reason not to continue it for the foreseeable future. But that is my position that I would take to Cabinet rather than that being a government position at this point.

[5:15 p.m.]

Mr WILKINSON - One area you talk about is in relation to speed signs. I mention it because more than one person has said the same thing to me. They find it very strange that you go through a speed sign which might say 50 or 60 or 80, and then it has just got 'End of speed zone'. Especially for people who have just come into the State, they say, 'Well, what speed do I go? Do I go at 100, 110, 50? Where it is not signed, does it mean 50?' They are just confused in relation to what speed they should travel at. Therefore, they are saying, 'Please give me some guidance, rather than just saying that it is the end of the speed zone.'

Ms GIDDINGS - That is information that it hire car companies ought to ensure, in that sense, tourists do know what the speed limits are and have that information around our road walls, in that sense. Us Tasmanians are meant to know what our default speeds are. We know on the major highways we can do 110, off the major highways, it is 100, unless otherwise signposted. On gravel roads it is less again - sorry, it is the same.

Mr WILKINSON - That is the issue, you see. Not everybody knows the speeds in relation to it.

Ms GIDDINGS - This is actually being driven nationally. These default speed signs are being driven nationally. It is basically because they are saying that when you are on a good road that it is fairly even, you can put 110 or 100 on that road, and you know that people can pretty much do that speed the whole distance and be safe. On these roads that are off that that we can still do 100 on, it may well be true that you cannot do 100 the whole way and that there are curves in the road and at different points you should actually slow right down to 60, 70, 80, whatever is safe to go around those bends.

Mr WILKINSON - Normally they tell you that, though, with the signage, do they not?

Ms GIDDINGS - I have raised this very issue, myself. But the thinking is that, psychologically, if you are shown a 100 kilometre-an-hour sign, you will drive to that the whole time on that road, believing that is what you can do - 100 kilometres the whole time. If there is a default sign, you are at the end of the 80 zone and you are now heading into a 100 zone but it is a default zone, the thinking is that you will drive to the condition of the road. So, you should know what the default speed is - 100 kilometres an hour - but the thinking is that you will slow down. This is, I understand, a practice that is in place in the UK and other places. It is one that I, myself, have asked for specific briefings on for the same reasons that you have raised today.

Mr WILKINSON - In relation to road safety itself and the Tasmania Together road safety targets, are we on track in relation to those?

Ms NICHOLLS - Yes, we are.

Ms GIDDINGS - We had a bad year last year, of course, which was a spike. Interestingly, it was a spike around Australia, it seems. Maybe it was the heavy rains, because the heavy rains

were experienced in other states as well. They may have led to worse road conditions, again, after drought. The roads are more slippery.

Mr WILKINSON - Because of that, I know last year there was some talk that the laws might take into account what has occurred in Japan, because of drink-driving fatalities. They stated that they would look into the fact that the passenger who gets into the car could also be charged as well, the reason being that the passenger, therefore, would have to take some responsibility themselves and, therefore, keep out of the car and, therefore, not be involved in the accident. Has anything further been done in relation to that?

Ms GIDDINGS - We have got our second road safety strategy that is now being developed. It was not part of the first strategy. But in the second one, we are looking at various ideas. I am not sure whether that specific one is being considered.

Ms NICHOLLS - I just cannot recall whether that is on there, but we have got a range of initiatives that we are having evaluated by an independent consultant in terms of which are the most effective. If our limited resources, we need to know where we can get the best effort.

Ms GIDDINGS - One of the ones we have looked from Victoria, for instance, around novice drivers is saying that P-platers cannot have more than three or two passengers - themselves and two passengers, I think it is. So there are no more than three people in the car at any one time. They have already introduced that in Victoria.

Mr WILKINSON - Alternatively, a certain hour of the night.

Ms GIDDINGS - Yes, or the curfews as well.

Mr WILKINSON - It would seem to me - I know I have banged on about it for a number of years now - that it is like early intervention in relation to driver training. To my mind, that is a good idea. My view is that grade 10 is the time to bring it in, because you have got a captive audience there, as opposed to waiting to college, because a lot of people leave in grade 10. Is that in place in a number of schools? I understand it is. Is it going to be rolled out even further?

Ms GIDDINGS - We have just been able to get TCE accreditation for a course which will allow students to gain points towards their TCEs, so that is in the 11 and 12 years. Our hope is that, because there will be points attached to it, more students will be choosing it. So it is not a compulsory subject, but we have been training up teachers, and there has been a high take-up of the training of teachers for this course as well.

Mr WILKINSON - So that is only from grade 11?

Ms GIDDINGS - It is 11 and 12.

Ms NICHOLLS - It includes 10 as well.

Ms FORREST - They turn 16 in year 10.

Mr WILKINSON - How is it going in grade 10?

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Ms NICHOLLS - We have just gone through the Tasmanian Qualifications Authority, and we have two courses, level 1 and level 2. Level 1, I think, is tailored towards the year 10 and level 2 for 11 and 12. Each of those courses will receive 5 points towards the TCE. We are just in the process of setting up the lesson plans for those courses for teachers and putting them through personal development training. That new course and the professional development will all come in line for a commencement at the start of the school year next year.

In the meantime, we are continuing with our road risk reduction package that we have had in schools for a couple of years. At this stage, I understand that there are about 143 teachers and community education representatives who have attended road risk reduction professional development workshops, and approximately about 65 per cent of schools offer the road safety education using that resource.

Mr WILKINSON - Defensive driving, is that a thing to be taken into account, especially when looked at in relation to registration fees, where you do not pay the same amount of registration if you complete the defensive driving course, which hopefully makes you a better driver. There has been some talk; some say it makes you more gung-ho -

Ms GIDDINGS - We have not got the evidence to show that it actually improves driving outcomes in that sense. So, in fact, it might actually make young people feel more confident on the road than they should. That is the other danger.

Mr WILKINSON - That is the other side of the argument.

Ms GIDDINGS - No, there is not the evidence to actually say that it is something you would insist on.

Dr GOODWIN - Minister, I just wanted to raise a couple of road safety concerns I have in my electorate, which is also your electorate. As you are a local, I am sure you will be familiar with what I am talking about. The first one concerns the Mornington roundabout. Of course, there was the traffic report on the investigation into road safety at the Mornington roundabout. One of the long-term recommendations was around installing overhead gantry signs, and that has been done, which has been a good improvement. The other one was around installing on-off ramps at Gordons Hill Road. I understand that that is the priority of the city council. I just wonder whether any considerations has been given to that?

Ms GIDDINGS - Consideration, yes, but planning, no at this point. It is an issue that has been raised. It is not on our priority of works at this point.

Dr GOODWIN - How do we get it on the priority list?

Ms GIDDINGS - It is difficult in a sense that these things take time. But we have set our agenda in terms of our \$90 million community roads package as being our priority roads to get done over the next four years. Of course, we have also got the \$21 million for the west coast roads as well. So we have set that up as our priority for the roads there.

Obviously, those communications still go on, and these things do often get talked about. That sort of major form of infrastructure - for example, the Kingston Bypass - is talked about for many years. Often it takes a long time to get those things up to a point where Government is ready to commit funds.

Mr TODD - Minister, as you would be aware, of course, it is part of the national network, too, so there may be an opportunity to have discussions with the Federal Government. It is certainly something they are interested in. There are some challenges with Gordons Hill Road, of course. Not attracting more traffic there is something we would like, but there may be an opportunity to raise it with the Australian Government.

Dr GOODWIN - This other road safety concern I have is a bit related: it concerns when you are coming off the Eastern Highway from Lindisfarne and you are trying to head to the airport and you have got to cross the two lanes of oncoming traffic. In fact, I raised this the other day and the Treasurer agreed with me that it is a problem.

Ms GIDDINGS - It is a problem.

Dr GOODWIN - It has been raised with me for some time now. For years, people have rated it as a concern.

Ms GIDDINGS - Likewise, coming from Bellerive across to Lindisfarne, it is exactly the same problem.

Dr GOODWIN - Again, I am just wondering if it is on the radar.

Ms GIDDINGS - It is definitely on the radar. That also would have some Australian Government contribution to it, so that is one of those that we keep putting up there to the Australian Government saying, 'Hey, if you are looking for projects, this is one of the key ones.'

Dr GOODWIN - Going forward with that, are these two projects that you would be pursuing with the Australian Government?

Ms GIDDINGS - Absolutely.

Dr GOODWIN - When would the next round of that be happening?

Ms GIDDINGS - You help lobby the Liberals, and I will lobby Labor and we might get them up.

CHAIR - Minister, I actually wrote to you pre-Budget about the SOURS program - I do not know whether you recall seeing the letter. It is a stock overpass.

Ms GIDDINGS - Yes, and I think I have replied to you. Have you received my reply?

CHAIR - No.

Ms GIDDINGS - I think it has been mailed. It is in the mail. I have signed it.

CHAIR - With a cheque? Obviously, that program has been very successful in Victoria, whereby up to \$40 000, dollar for dollar, so the maximum contribution that a landowner can get is \$20 000. It is a real safety issue, particularly on a lot of our country roads, where people have bought properties across the road and they have to move stock on a daily basis. Tourists have a real problem, so it has become a real safety issue.

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Ms GIDDINGS - I must say, I quite love it when I come across stock movement on country roads. I wind down the window and say hello to the cows.

CHAIR - You may well do, but some people, I have got to say, despite having had that experience for many years, just try and drive straight through, even though there are flashing lights, the whole lot.

Ms GIDDINGS - It is a serious issue.

CHAIR - Some of those underpasses, you are probably looking at \$150 000 upwards just for stock. It has been very successful in Victoria, so the question is: will the Government consider looking at that program and perhaps put some money towards it in the next Budget?

Ms GIDDINGS - In terms of what we do do, if we are building new State roads and we are going to cut a property in half through doing that, then we build stock underpass infrastructure into that development. That is my understanding of that. We do that at the State level. We do not have a program to assist councils to deal with stock underpass issues that are on council roads. To be frank, I cannot see that being a high priority at this point in terms of saying that that is the best use of the valuable State infrastructure dollar that we have got at this point.

The demand for Budget funding for different initiatives is so strong that it can be there on the list of them, but I what not sit here and say to you that I see that there is a great chance of that getting up.

CHAIR - I have got to say that the only time that I have seen it happen on a State road - I stand to be corrected - is when the lake secondary road was upgraded recently, and there were two stock underpasses done. However, there were offsets with the landowners in terms of land acquisition and everything else. It was getting more towards a cost neutral-type project. There are existing State roads everywhere, and there are a lot of issues -

Ms GIDDINGS - I know there have been stock underpasses put in elsewhere. I have had complaints that someone has been saying, 'Why did he get a stock underpass?'

CHAIR - On a Federal road?

Ms GIDDINGS - It was a Federal road.

[5.30 p.m.]

CHAIR - That is the difference. So you are saying no, with a capital 'N'?

Ms GIDDINGS - I am not saying no, that is it and closing it door completely, but I am being realistic, getting back to that very important word in the Legislative Council. Unless the department came to me and said, 'We have an absolute issue that this is a top priority for us to build this infrastructure,' if is a road safety issue and it is something through as a road safety issue, there may well be funding through the levy or speed fines or something that would provide an avenue. I doubt we would have funding of \$150,000 or whatever magnitude we are talking about, to do it, even through those. But perhaps.

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I would never say, 'No, I am closing the door completely,' because there may well be avenues that open to me that I am not aware of through which we could fund it. But, in terms of going forward to Budget committee on the Consolidated Fund basis, I know what we need to do is ensure that we get the Government priorities up as the no. 1 priority, and that would be what I will be driving over the next four years to ensure that we do abide by each of our election promises. There is not that much flexibility in the Budget for me to say; yes, I will open up a whole new initiative on that. I expect the demand would be reasonably strong in the first couple of years.

CHAIR - I suppose we are akin to Victoria, and we are trying to develop our dairy industry, particularly. If we are talking about more infrastructure development, that often requires the purchase of properties across the road, and the only safe way you can move stock is under the road. We are talking 500 or 600 head of cattle at a time. That is the reason I put it there.

Ms GIDDINGS - All the more reason to keep that levy going.

CHAIR - It has been a very successful uptake in Victoria.

Mr WILKINSON - Interestingly enough, there is \$26.5 million extra by way of fines, road safety fines, that was noted in the Budget. I do not know where that is going to come from. Can you assist with that at all?

Ms GIDDINGS - There is. Just while we find the brief for you on the expenditure on the speed fines, under the community road safety partnerships program, we do have some local initiatives that are being developed, I think on the north west coast particularly, that puts brochures into tourist cars around the theme of what is around the corner. They are to alert tourists as to these sorts of dangers that you are talking about.

Mr WILKINSON - I must admit, though, I have hired a few cars in my time, and I do not look at all the brochures in the car. I know I am getting from this spot to that spot. I would probably want a map in order to be able to get there, but I do not look at the brochures. I think I would be the normal type of person.

Ms GIDDINGS - I do not know. When I go into foreign places, so to speak, I do. I look at the information.

Ms FORREST - It depends on what you consider a 'normal person', really. Maybe you are not one of them.

Laughter.

Ms GIDDINGS - We do have some projects specifically funded by the speeding fines.

Ms NICHOLLS - This relates to the initiatives the Premier announced in September last year.

Ms GIDDINGS - The line marking, the point to point and the community road safety partnerships continuing. That is where your funding is going.

Mr WILKINSON - The extra \$26.5 million that is supposed to be found -

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Ms GIDDINGS - Some of that goes to police; it is not all to us. Some of it has actually gone to the MPES. We talked about justice, and that was funding some of their technology upgrades in MPES as well.

Mr WILKINSON - Where are the fines going to come from, though? Are they going to come from new initiatives or changes in the legislation to increase fines? An increase of \$26.5 million over a year is quite significant?

Ms GIDDINGS - We increased the fines last year, and it was on the basis of that increase that we said the funding was going to go into these initiatives. So I suspect that that is just a project revenue that Treasury are expecting will come in on the basis of the increased fines.

CHAIR - In my electorate, I noticed some money was allocated for improving safety on the shared cycleway on the bridge. I walk up there a lot of mornings, and try unsuccessfully to throw Mr Finch over the side.

Ms GIDDINGS - You will have to improve on that!

CHAIR - I have almost collected Mr Todd when he has been cycling across. It is quite a dodgy area a. It is dangerous. How is the \$150,000 going to be spent?

Ms GIDDINGS - Basically it is getting rid of the hazards that are along the actual pathway that is there. There are fire hydrant fixtures, for instance, that are going to be modified as a result of this. Of course, the main bit, too, will be putting in a ramp, a cycle-friendly ramp on the downstream western approach to replace the existing steps. That work is going to commence in July of this year. Mostly, in terms of the actual pathway, it around modifying those fire hydrant fixtures.

Mr WILKINSON - Truly, you are taking your life in your hands if you ride over there, because there is no left or right lane as far as the bikes are concerned. One bike is going one way, the other is coming the other way. If you are in cleats and there is also pedestrians, it is extremely dangerous. I can see a person getting hit, being knocked over into oncoming traffic and us arguing here that -

Ms GIDDINGS - We will bring our cyclist adviser to the table and ask him why we do not have one way on the pathways for cyclists.

Mr WILKINSON - That is one thing I think should happen.

Mr TODD - Thank you, minister. If I can just correct it - I was actually running, not cycling, just for the record. We have looked very extensively at the performance of the pathways. I think we need to do back to the history of the bridge. It is a very constrained environment. You may remember, of course, the path there, it was actually inside there originally, when it was originally built. The outside beams are now at their load limit. We cannot make it any wider. We really do not have anywhere to go in terms of that space. So it is about optimising the use of that. I must say, I find most people are usually courteous and friendly and stop and let people pass. We put some advisory signs on there about speed. As the minister said, we have now been able to remove those fire hydrants, set them back into the railing. We have done that work. We are doing the ramp to help cyclists get on and off at the western end.

We have looked at the issue of making it one way, but what I find - I believe most people find this - they go on the side away from the prevailing wind. I think that would then present an issue, because then people do not then have that choice to get out of the wind. As you would be aware, it is pretty strong up there. There are some problems with it in doing it that way. It may, then, also just mean people go faster, which is probably what we do not want. We keep looking at options to improve it, but it is a constrained environment, and we really have got to work with what we have got. We are happy to take on any good ideas, but it is difficult.

CHAIR - Another bridge.

Mr TODD - We are talking a lot of money, there.

Mr WILKINSON - A pity it is not like Queensland, Brisbane, where the river is not that wide, and they have just put in another couple of walkways and cycle ways.

Ms GIDDINGS - We cannot even get a walkway around Battery Point. Can I just clarify as to what time you anticipate finishing?

CHAIR - We would like to move along very quickly now, I think, if we could. We will wrap up by 6 o'clock, if we could. Is that okay?

Ms GIDDINGS - Yes, that is fine. We will cooperate.

CHAIR - Thank you very much.

1.4 Registration and licensing

Ms FORREST - Minister, I note there is a \$380,000 increase in this line item for the coming year and \$3.1 million increase over the forward estimates for novice driver reforms and Service Tasmania transaction costs. I ask why novice drivers who pass their L2 test are required to pay for a new licence when nothing changes in regard to their restriction, such as the speed they can drive, the fact that they cannot have any alcohol in their blood? The only thing that changes is that they now start actually recording their hours to demonstrate they have done 50 hours prior to undertaking their P1 test. They do pay for a test. That is not an issue. I am asking why do they need to have a new licence issued when nothing changes?

Ms GIDDINGS - I presume it has to be registered on that licence that they have actually changed from P1 to P2, so it is a new licence.

Ms FORREST - But cannot not just be a notation?

Ms NICHOLLS - It is a transaction.

Ms FORREST - Sorry?

Ms GIDDINGS - The cost is the administrative transaction of issuing that new licence, because it is a new licence.

Ms FORREST - When nothing changes, could not a notation achieve the same effect?

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Ms GIDDINGS - Anyone could notate, I guess, their own licence.

Ms FORREST - No, no, it would have to be done on passing the test. They have to pass the test for their L2.

Ms GIDDINGS - Yes.

Ms FORREST - And then a notation on that would indicate that they are in the L2 phase of that learner process.

Ms NICHOLLS - My understanding is that they actually get a licence with 'L2' written on it.

Ms FORREST - Sorry, I cannot hear you.

Ms NICHOLLS - They actually get a new licence.

Ms FORREST - Yes, but the point is: why?

Ms GIDDINGS - It states very clearly on the new licence that it is L2 phase that they are at or P2 phase. So, they cannot just have the original licence, which says that they are at L1 or P1. They actually do need literally a new licence that shows officially that they have shifted up that next level. I think if you had any licence where the driving instructor could just annotate on the existing licence, that is not a very foolproof way of proving that you have actually graduated up. There is the administrative cost around issuing that.

Mr PETERS - Minister, the issue with the information on the licence, I think it is to do with the L2 period has a start date. You have to have an L2 for a minimum period. I believe that is the case. I cannot categorically give the precise information.

Ms FORREST - But would not the L2 period start when they have passed their test?

Mr PETERS - That is right. And then the licence must indicate that the L2 starts from that date. They have to have an L2 for at least nine months. Knowing when that nine months has expired or not is something that is signified by the date on the licence. Again, I do not have that information here to be precise to say that is definitely the case. We can get that.

Ms FORREST - Can you provide the current waiting times to undertake driving tests in each region?

Ms GIDDINGS - Yes.

Ms NICHOLLS - In relation to the novice tests?

Ms FORREST - Yes.

Ms GIDDINGS - We will table that for you so you have got all of that information.

Ms FORREST - Without seeing it, it is hard to know if there is unmet demand. If the waiting time are blowing out -

Ms NICHOLLS - The waiting times are not blowing out.

Ms FORREST - The demand is being met by the current number of officers?

Ms NICHOLLS - Yes.

Ms FORREST - That is fine.

Output 1.5 Vehicle operations

Dr GOODWIN - I want to ask a question about transport inspectors and whether there has been any change in the number of them over the last few years?

Ms NICHOLLS - It has been static.

Dr GOODWIN - Any safety concerns with them?

Ms GIDDINGS - There has been some concern around transport inspectors' personal safety. I make that point very clear that it is unacceptable that anyone, whatever their job, should be threatened with any violence while undertaking their duties. Inspectors have raised concerns about their personal safety when undertaking on road enforcement activities. In March this year, three transport inspectors were threatened while undertaking their duties.

The incident was reported to Tasmania Police, and charges have been laid in respect of that matter. Since that incident, the following actions have occurred: there was an internal debrief for the transport inspectors involved in the incident in conjunction with the CPSU; and a safety forum was held with representatives of both the union and transport inspectors on 23 April, at which the key issues were identified and a process for analysing and mitigating risks associated with their duties was agreed to. This process has now concluded, and recommendations are before our management for consideration.

[5.45 p.m.]

The safety forum involved representatives of transport inspectors, the union, DIER management, Tasmania Police, and that will reconvene shortly to be briefed on the recommendations and path forward. In addition, transport inspector vehicles are being connected to the Tasmania Police automatic vehicle locating system, which is currently being implemented. This system provides a duress alarm function that officers can use when they need immediate backup.

Dr GOODWIN - How many transport inspectors do we have around the State?

Ms NICHOLLS - 21 or so. There are periods when we have fluctuations because of vacancies. We are just about to put on two new transport inspectors this week. It is generally around 21.

Dr GOODWIN - These three incidents that have happened recently, are they an aberration.

Ms GIDDINGS - It was one incident, I think, involving three officers.

Dr GOODWIN - Sorry, three officers, one incident.

Ms NICHOLLS - There have been three instances, but that has been over several years.

Dr GOODWIN - It is not common, but, as you say, totally unacceptable.

12.6 Traffic management and engineering services -

Dr GOODWIN - The introduction of the new lighting technology, can you just explain a little bit about that? I have no idea what it means.

Ms GIDDINGS - It uses 80 per cent less power than our old, traditional incandescent globes. Of course, it has a benefit in terms of greenhouse carbon emissions. It is also safer for technicians, emergency personnel and the public, due to the lowered risk of electrocution as well. The Government has committed \$3.115 million over the last two years and has allocated a further \$960,000 in this year's Budget to continue the upgrade of traffic signals to 42 volt, extra low voltage light emitting diode technology. In terms of any more than that, Peter may be able to tell you why they are so fantastic.

Mr TODD - Thank you, minister. As the minister said, they consume a lot less power, but we are actually finding we cannot find the old globes. So we a good example is the corner of Argyle Street and Macquarie Street. If you look across looking north or west, you will actually see that one side has the LED - much brighter than the other side. The other advantage is that they degrade gracefully, as in you only get one or two go out rather than the whole thing being off. It is means we can have a much better management regime around them. So they are a much better technology, and that is the way of the future.

Dr GOODWIN - In table 6.3, it shows that the allocation decreases for traffic management engineering services. This is explained in note 6. One of the things that is mentioned is the completion of the commitment in relation to the line marking and black spot programs. Does what mean that we no longer have any issues around line marking or black spots, or does that come under a different line item?

Ms GIDDINGS - Line marking is continuing on. In fact, it has been funded through some of the road safety initiatives as well. That will be continued. We have committed \$810 000 in 2010-11 for maintenance of line marking on local government roads, which represents a \$250 000 increase in the annual funding level of the last four years, which was \$560 000 per annum. So the \$810 000 is made up of \$500 000 from the increased speeding fine revenue and \$310 000 from recurrent funding.

Dr GOODWIN - The other thing was the black spot program.

Mr PETERS - That was a particular program of black spot funding that has run out. There is additional funding for black spot programs through a Commonwealth program and there are other initiatives in the safer roads program.

Mr HARRISS - Following on from that - very quick, Mr Chairman - can we have tabled, please, a list of the black spots which were addressed under that specific 2006 announcement?

Mr PETERS - Yes, we can provide that.

Mr HARRISS - Thank you.

Output group 6
Transport subsidies and concessions

6.2 Furneaux shipping contract -

Ms FORREST - I would like to have an update on what the current arrangements are to meet the shipping transport for the Furneaux group, particularly what third line can be arranged when the interim contract expires in July.

Ms GIDDINGS - So far, the interim contract is operating well, and we have been able to guarantee that shipping to the Flinders Island and Cape Barren Island as well. It looks like another shipping company is going to be putting another ships on that route as well. So it may well be that the market itself is sorting itself out and we will not require ongoing Government subsidy of that particular line.

But we are not looking at just withdrawing. We certainly would not withdraw if there was any risk to that freight continuing. We see it very much that we will underpin any freight to ensure that that service does continue. However, if the market is able to cater for the demand and need, then we will withdraw, as we do not provide any support to King Island, for instance, because the market does look after itself over there.

Ms FORREST - So the people of the island, then, the member who represents the area, can be confident that all options have been explored to have the most reliable and cost-effective and sustainable service?

Ms GIDDINGS - Yes, I think the people of Flinders Island can be confident that we will ensure that they still have a service that is there, a good service. It seems that this other shipping company is actually building new ships as well to service that route. But, also, the important aspect is that the funding that we have used to subsidise the shipping at the moment, we would look at investing some of that into other enhancements of the port infrastructure there as well. So, again, we are not just looking at pulling the funds out.

Ms FORREST - Using them differently?

Ms GIDDINGS - Using them differently in that sense. We could use them on the island to help enhance the support they need for shipping.

Ms FORREST - So we will not see that money going to King Island to upgrade their port facilities?

Ms GIDDINGS - No.

Ms FORREST - Good. That is all on that one.

6.3 King Island shipping -

Ms FORREST - King Island shipping is a looming problem. The current ship is potentially being taken out of service in the next couple of years. The current operator has suggested that the size vessel that they will be buying to put on the Bass Strait run is much bigger and will not be able to get into the Grassy Port? What action is the Government taking in view of the fact we have got a \$49,000 contingency plan to ensure that King Island have an appropriate and reliable shipping service in view of the fact that that is all about to change - the ship, I mean.

Ms GIDDINGS - Effectively, we are aware of those issues. We are working with TasPorts, the King Island Council and also the King Island Shipping Group in relation to long-term planning considerations for Grassy Port. We will continue to work with those stakeholders to look at how we do deal with any port infrastructure issues in the future at King Island. Again, for the same reason that we underpin what happens at Flinders Island, we would not see King Island without a service either. At this point in time, the shipping services are quite commercial and do not require any Government assistance. We will work with those stakeholders and look at what planning needs are required there and what we might need to do in the future.

Ms FORREST - I do not imagine we are going to see \$50 million in the Budget for a Grassy Port upgrade?

Ms GIDDINGS - Not at this point, no.

Ms FORREST - Which is the estimated cost of an upgrade.

Ms GIDDINGS - Well, there is not an allocation in this year's Budget for that at all. It is also a TasPorts matter, so it is TasPorts themselves who have their own priorities around upgrading port infrastructure. We can discuss GBEs with TasPorts.

Capital Investment Program

CHAIR - I refer to very important Lake Secondary Road. Of course, some work has been done progressively, but there is that 18-kilometre gravel stretch right through the centre of Tasmania. A lot of tourists again on to it, of course. In hire cars, they negate their insurance if they get on gravel roads. The GPS tells them that this is a main tourist link right through the middle of Tasmania, past Tasmania's biggest fresh water lake, et cetera. In the future, progressively, of course, is there an opportunity to do something with that road?

Ms GIDDINGS - We do have, as part of the \$90 million community roads package, \$2.5 million set aside for the Lake Secondary Road sealing. So, yes, there is funding that has been appointed.

CHAIR - I would probably have to refer this through you, minister, to Mr Todd. I take it that that takes in part of the Haulage Hill part, does it, and those bits between the unsealed parts?

Mr TODD - We are not looking at Haulage Hill at this stage, but we are certainly looking at the parts between where it is sealed at the moment so that we can link up all of those sealed sections at the northern end of Great Lakes. Just with Haulage Hill, we are conscious of that, but we are also conscious that sealing it could make it worse. We are just being very careful about what we might do there.

CHAIR - In what respect?

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Mr TODD - Because it is a south-facing hill, it would get very little sun, and we may end up with a lot of freezing issues on a sealed road, which may be actually much more dangerous than an unsealed road which we can grade and manage. We keep looking at it, but that does present some significant challenges before we would rush in and do that.

CHAIR - The other part, that missing link -

Mr TODD - We do not have any plans for that at this stage.

CHAIR - Not even on the radar?

Ms GIDDINGS - Not at this stage. We have got a \$90 million community package, which is a four-year plan. They are our priorities that we need to get underway, planning in the first instance and construction, hopefully, as well, by the end of four years, or well into that sort of side of it by the end of this term of Government.

Ms FORREST - Sadly, we do not see any funding for the Bass Highway around the back of Wynyard. There was a plan developed to get rid of a couple of the intersections on to that highway. Another fatality occurred during the year on that section. Are we likely to see anything in that area?

Mr TODD - We have been doing an audit on that section and looking at those options. We will be discussing that with council shortly. I guess what is going to come out of that is what we can do in the future. We would certainly like to see fewer intersections, but that does then compromise how people move about. At this stage, we are still working through the prioritisation of what we might do with that section of the highway.

Ms FORREST - The other one - not being present at the meeting, I cannot confirm or deny - but the Mud Walls Road, I understand that during they election campaign, a commitment of \$8 million was made to deal with that. We do not see anywhere near that amount of money, unless it is in 2014-15, when the project is due for completion. There is going to be a big whack at the end, is there?

Ms GIDDINGS - No, we are sticking by our election commitments. The Mud Walls Road strengthening and widening is an \$8 million project. What we have got in this year's Budget is a different way of funding our projects. We have got \$12.5 million that is available to the department for planning, and that will begin the planning on all of these roads that have not already started that process. Then we will be able to access the \$275 million fund, capital fund, that is there that sits outside of the department to fund our \$90 million community roads package.

[6.00 p.m.]

Ms FORREST - So Mud Walls Road will be dealt with?

Ms GIDDINGS - Yes.

Ms FORREST - By 2015?

Ms GIDDINGS - It should be well on its way, if not delivered, by 2015.

CHAIR - Minister, just going back to one last question, and that was the matter raised about the Lake Secondary Road. Just to reiterate again, given the fact that we get a lot of tourists up there as well and they do not know how to handle cars on a gravel road, there have been several accidents up there, I am asking you again: why is there not some priority for that road?

Ms GIDDINGS - Part of that road is part of our package. As you would know, these things are done section by section. We do try to manage our priorities across the entire State. I could say to you that Bruny Island as having similar issues as you are saying, where we have got a dirt road, sealed road, dirt road, sealed road. Now, we have put money aside for one section of Bruny Island, but we are not completing all of Bruny Island, because we have got these competing interests across the State. It is on the radar; it has got its next stage of funding, but it is not going to complete it.

CHAIR - I understand that. I understood Mr Todd to say that the 18-kilometre stretch of gravel is not on the radar. That is what I understood him to say.

Ms GIDDINGS - It is not in terms of being funded in this forward estimates. It is not funded as a priority that government has set the department. But the department has a whole list of roads it knows need work over a long period of time. How we came to these roads was, as we were saying yesterday, at least 90 per cent of the roads that have been funded through our election promises were of the top priority of the department itself. There have some flexibility in the last 10 per cent of some we felt we needed to do in terms of recognition of what the community demanded of us.

CHAIR - Just to clarify: in the forward estimates, that gravel part is not in them?

Ms GIDDINGS - In the forward estimates, that part you are talking about is not funded. However, another section of the Lake Secondary Road is.

Ms FORREST - I want to ask if it is possible to table the funding that was withdrawn from the Tarkine Road, the projects that have been funded as a result of that.

Ms GIDDINGS - It is not completed. I cannot tell you that at the moment. There is \$6.7 million of that \$23 million that has been allocated, and we can find you that information. That is not a problem. The remainder of the \$23 million is currently in consultation that we are looking at. We are looking at what other road infrastructure we can spend that funding on.

Ms FORREST - In that region?

Ms GIDDINGS - In that region. It will all say in that region. My preference, as the Minister for Infrastructure, is to spend the remaining dollars on road infrastructure in that region that would help create alternative loop roads.

Ms FORREST - Such as the South Arthur Forest Drive.

Ms GIDDINGS - Yes, there are two options that we could look at there. However, I have also undertaken to consult with the Cradle Coast Authority and the Tarkine group that is up there, the different stakeholders that have an interest in the Tarkine. I have certainly been open with them saying the door is not closed to looking at other options that would benefit that region, but,

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certainly, what we are working on from DIER's perspective are these other road infrastructure options.

Ms FORREST - So you will table where the money is being spent?

Ms GIDDINGS - The \$6.7 million I can find you and table that information. What I will do is table that for you right now.

Ms FORREST - Thank you.

CHAIR - In think that is it, minister.

Ms GIDDINGS - Excellent.

CHAIR - Thank you very much to you and all your advisers. I have got to say that you did quite well today. There was only one time when you went off the rails.

Laughter.

CHAIR - Thank you very much.

The committee adjourned at 6.04 p.m.