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THE JOINT STANDING COMMITTEE OF PUBLIC ACCOUNTS MET IN COMMITTEE ROOM 2, PARLIAMENT HOUSE, HOBART ON THURSDAY 6 AUGUST 2020

PUBLIC HEARINGS - COVID-19 INQUIRY

Dr KATRENA STEPHENSON, CEO, LOCAL GOVERNMENT ASSOCIATION OF TASMANIA, WAS CALLED VIA WEBEX, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

CHAIR (Mr Dean) - Thanks, Katrena, for joining us. You know us, but to introduce members around the table - Natasha, our secretary; John Tucker, Ruth Forrest, myself, David O'Byrne and Josh Willie. At the back for Hansard is Roey, and assistant secretary, Ally.

You have given evidence to these committees before, on occasions?

Dr STEPHENSON - Yes, I have.

CHAIR - So you know how they operate. Parliamentary privilege applies. You understand that situation. It is being broadcast so it is public. It is being recorded by Hansard and that will be posted. You're familiar as I understand with all the processes and probably all I need to explain at this stage.

Katrena, you have provided us with a copy of the submission you provided to the Premier's Economic and Social Recovery Advisory Council. We have that and you have made some other additional comments there. Thank you for that.

Dr STEPHENSON - That's okay.

CHAIR - At this stage is I leave it open whether you want to make any further statements, submissions in relation to our terms of reference, where local government sits and what local government needs to do but where they also see things. After that we will take some questions from around the table, if you are happy with that?

Dr STEPHENSON - Yes, absolutely. I will keep my introduction fairly brief. I understand you had some particular interest in relation to the local government industry loans and I have collected a bit more information about those to be able to help you today.

The Local Government Association has made two submissions to PESRAC now. The first one was mapping the impacts to our sector and also putting forward some of the community impacts that councils were seeing. It lays out in quite a lot of detail the things councils had to do immediately as businesses to respond to COVID-19 and then how they responded in terms of supporting communities. This is quite considerable and we have mapped that at being around \$40 million-worth of value to communities through relief measures.

There is a degree of worry in communities and councils about a second wave and what that might do given there's been already considerable financial strain as a consequence of the decisions made to date.

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Our second submission to PESRAC is more a future-focused submission about longer term opportunities - not so much immediate ones - ensuring our councils and communities are more resilient. It focuses largely on the opportunities we see for our economy through shifting to a circular economy over time and linked to the Government's waste agenda and also through building capability in councils on aspects such as digital planning and environmental health so they can service communities ongoing, even in the face of difficult times.

I will probably leave that there as an opening statement.

CHAIR - Thanks, Katrena. We will go to some questions. At this stage, how does it seem for the future of our 29 councils? There has been quite a lot in the press about the financial status of our councils as to whether some will have the potential to recover. What is the position? What work is being done as a whole-of-local-government position?

Dr STEPHENSON - We have mapped the likely deficits for councils. While councils will be carrying deficits for a few years, apart from a couple of councils that have some additional issues, we feel they are manageable and do not make councils overly vulnerable.

There were some short-term cash flow impacts for some of our growing council areas where they had little reserves because they had had quite significant infrastructure programs and the loans program definitely helped in that regard.

The islands have had an additional impact through the regional airports they own and manage with the loss of landing fees, which is significant there. The airport cost is significant at the best of times and then without that revenue they felt acute impacts, and some of our councils had business areas that were more acutely impacted, although they are returning to normal, child care, sports centres and the like.

The picture is not as bleak as it might appear in the media. It is not surprising that councils will have deficits, but they are not ones that are going to make them fall over. They are manageable and reasonable in the circumstances.

Mr TUCKER - Katrena, is there any planning going on within councils, if we do have a second wave? How are they going to handle this?

Dr STEPHENSON - They are certainly putting their mind to it. That is why there is some immediate bringing forward of capital programs while there is the ability to do that. Most of them have contemplated a scenario of a second phase of shutdown. They certainly know what to do from a business perspective and how to keep the business running, what the essential services are. The ability for councils to offer further relief will be very limited, and that would be a conversation that we would need to have with state and federal governments. Certainly, they can continue to provide essential services and protect their staff and their communities in that regard.

Ms FORREST - Katrena, what role do you see for local government in trying to create employment in the local communities to support the importance of job growth, or access to jobs generally? In that space, what support has Government given you, or given the local government sector? Do you think there is more that needs to be done to promote that?

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Dr STEPHENSON - I guess the main assistance has been around enabling the bringing forward of infrastructure programs from both federal and state governments.

At a federal level, councils are able to apply for the transport and community infrastructure funding. There is a nominal allocation per council based on the Roads to Recovery funding model. It does require matched funding as well, and they have to be delivered within a year. So they are about immediate moves.

The state government's interest free loans program provides a bit more time in terms of allowing councils to bring forward planned activity but having a bit of a longer-term lens. These can be effective local job generators, although I caution that there is a risk - and we saw this prior to COVID-19 - of competition for skilled labour in terms of large-scale construction. I think there has been more emphasis on community infrastructure and maintenance and things like painting which can be done to allow people to convert from other roles to do some of those things.

That concern around competing for resources, particularly given the border closures, I think remains there. We will be watching closely to see how councils go in delivering what are now very ambitious capital programs. To date, some of this quieter time has been used very well.

In terms of other jobs, it is more about councils playing that key facilitation role. Some councils may look to put on trainees or apprenticeships but it is more about connecting. We see the circular economy pathway as a critical future jobs creator, but we do need to do a bit of work as a state to understand local opportunities and put some pilots in place around that.

It is whole of system. It is not just about waste. It is about our food networks, it is about our business value adds, it is about local supply chains. I think that is where the real opportunity lies, and local government could be a key partner in ensuring that progresses.

Ms FORREST - Who do you see leading that? The state government? Or should local government be taking the lead on that?

Dr STEPHENSON - In our second submission to PESRAC, we have proposed that we could take a lead because we have that local knowledge in terms of building the local data and understanding the opportunities. So, it is a partnership approach but using the on-the-ground resources of local government to build our understanding of a robust circular economy approach and to start piloting projects.

Ms FORREST - So the smaller councils, particularly the islands, that have relied heavily on their landing fees, if the airport is open the costs are there, even if you only have a couple of flights a day landing. Do you believe there is a need for a greater focus on supporting our island councils, and what would that look like?

Dr STEPHENSON - I think regional airports owned by councils all around Australia are facing the same impacts. I am not sure that they ever were really, or should have been, tasked with something that is a critical piece of infrastructure, like a state highway. We have advocated very strongly through the Australian Local Government Association to the federal government around regional airport impacts. Certainly, the Deputy Prime Minister is aware of

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it and has said he will look into it. But it does seem an unfair burden on what are two very small councils to carry the significant maintenance budget of an airport at the best of times, and the money that regional airports received from the federal government did not flow to the council owned airports, and that is a significant concern too.

Ms FORREST - Has that been raised federally and are you aware of the response?

Dr STEPHENSON - The Deputy Prime Minister met with the ALGA board, certainly expressed understanding of the issue and said that he would take it up, but at the moment we have had no traction or progress or feedback on that. We have also been working with the Department of State Growth and the state Government in raising that agenda up through the National Cabinet.

Mr O'BYRNE - On a bit of a variation on a theme from Ruth's questions around employment within the local government sector, local government across the state, particularly in regional areas, are big employers. I know it will be different in different local government areas, but are you able to quantify the percentage job loss in the sector in the state? As a part of that are councils modelling what that may look like in the coming months?

Dr STEPHENSON - There have been minimal job losses. They have been related largely to casual staff working in those areas, such as sporting centres, visitor centres, and childcare, so casuals were stood down fairly early. Some were redeployed but mostly they were stood down. There have been only a handful of losses of part-time or full-time permanent staff - and I could count them on one hand - because what councils found was that it actually got busier in other areas and they were able to redeploy staff. For example, reviewing hardship applications, putting in COVIDSafe planning, doing the cleaning and all of those sorts of things. The one exception was in the north-west where the Burnie Council had to stand down a number of staff for a longer period when they had their outbreak but that was a temporary response. They were stood down and not let go.

Dr STEPHENSON - In all, government employment has remained fairly strong. We know that there are about 4000 local government employees. They are still providing a strong contribution to local economies through their workforce.

Ms FORREST - Were the Burnie workers who were stood down paid during that period? If so, by whom?

Dr STEPHENSON - Burnie Council did pay in part. I think they matched JobKeeper. So it wasn't full pay; it was part pay. As you would be aware, local government employees were not eligible for JobKeeper. Casuals who were stood down or laid off were eligible for JobKeeper. In some cases they were better off, as we have seen in other sectors.

We were disappointed. We lobbied very hard about those stand-alone business units, such as childcare and sporting centre staff being able to access JobKeeper. The Prime Minister was very firmly 'no' on that. We also approached the state Government around the childcare issue. We were really worried. We don't have a lot of local government childcare centres but where they are is because there are no private sector providers. If they were to fall over, it would have big implications when people were returning to the workforce.

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It is fair to say it was a disappointing outcome at both levels of government. There was really no assistance provided for local government to deal with those impacts.

Mr O'BYRNE - You've identified a couple of business units within councils that were heavily impacted and didn't receive the support. What does the modelling look like for the next six to 12 months for those business units? Will they come back to some sort of normality, or are councils now basically saying, 'These are too risky and we are not engaging'? What are the consequences moving forward?

Dr STEPHENSON - It is only a small number. My understanding is that they are all starting to resume business of some sort.

Childcare is still a bit wobbly. A lot of people are still working from home so it is hard to map the financial position. Again council childcare centres are not getting any significant federal support, unlike private sector childcare centres. So they are potentially vulnerable, particularly if there was another outbreak in one of the council areas that runs childcare. At the moment they are starting to return to business as usual as much as they can while meeting the COVID-19 safe requirements.

Mr O'BYRNE - One final question in relation to the workforce in local government: everyone is very concerned about the potential for a second wave. You have sort of covered it but I want to give you another chance to expand on it.

What are the job functions in local government that could potentially be greater risk either through community engagement or through the function of the role that is presented by a potential second wave or COVID-19 in and of itself? Are councils looking at how they remodel how that service is delivered? Are they looking at other ways to manage the risk?

Dr STEPHENSON - A lot of the functions councils have worked out how to do from home offices and so forth. The two areas that are most tricky are waste and infrastructure, the outdoor construction and maintenance roles. They implemented a range of physical distancing WorkSafe practices fairly early on in relation to outdoor staff. So they have learnt from that; there are good strong guidelines that can be implemented again.

Waste was an interesting one. I'm not sure we will see the same impacts in a second wave. What happened was with everyone moving to working from home, there was a huge surge in household waste - people cleaning out sheds and cupboards and the like with some unmanageable queuing and things for waste drop off. I am not sure we would see the same surge as people have already done that clean out once. Certainly, councils have learnt how better to manage those risks and ensure appropriate distancing, et cetera, at transfer stations and the like.

The third one is that council meetings are impacted in a second stage. we have found that councils have been able to adapt very well to meeting online. In fact, we are seeing enhanced engagement in many councils because people are able to watch the live streams. So, many more people are watching than would normally attend a council meeting.

They are the key risk areas for councils. It would definitely have an impact in terms of the infrastructure programs of a second wave which required shut downs, or if we were in a situation where we were in stage 3 shut downs, then you cannot deliver those programs.

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What we found was that councils were able to redeploy staff in a number of other ways; helping the community sector - doing deliveries, rolling out support programs, information and dealing with a myriad requirements. The experience showed that, on the whole, they would be able to manage reasonably well. There would undoubtedly be some staff losses, some stand downs and some service delays but not in terms of essential deliveries.

Mr WILLIE - Katrena, as you are aware, one of the key roles of this committee is to look at state government expenditure. Does LGAT or any of your members have concerns around the administration of the loans scheme? How is that going?

Dr STEPHENSON - I went out to the members to get some feedback about the process and why people did or didn't take loans.

In terms of the process, the feedback was that it was simple; it was not particularly onerous. It could have benefited from some clearer guidance about what type of things qualified under the programs, so that is a learning thing.

Councils took up loans primarily to manage the operational impacts of COVID-19 and the relief packages as well as to ensure that they could keep their capital works programs at current levels.

In a low interest environment, the actual financial benefits for some councils was relatively small. It would be fair to say that we had hoped for grants rather than loans as a sector, but there has still been quite considerable uptake that enabled some bringing forward of activity depending on how much you were borrowing. As an example, Kingborough did not have a lot of cash reserves because they have been growing so rapidly. They have been having to invest in infrastructure. They would have had to borrow or reduce their capital program to manage their cash losses from providing COVID-19 relief. The interest-free period for them represents savings of half a million over that three years, so that is quite considerable.

Latrobe Council took up a \$6 million loan. They have brought forward a lot of community infrastructure work, using it opportunistically to get ready for visitors and residents in the future.

Some councils did not take up loans because of the marginal benefit on a small loan in a low-interest environment and they can get the loans at any time. They have strong balance sheets so they do not normally have trouble getting loans. Some councils said they would not take it up because of the pressure to repay it within three years. It was going to be too much. Also, some smaller councils tended to have difficulty in bringing forward extra capital programs.

Mr WILLIE - That is my next question. Is there enough flexibility? They have to deliver the projects in the 2020-21 financial year, so what happens if they don't or can't?

Dr STEPHENSON - That will undoubtedly be an issue for the federal grants because councils had already gone down the interest free loan pathway and I am not sure how many councils can take on more and meet that delivery, so that is a risk. Some councils are worried about a second wave and just want to manage their cash balances at the moment by cutting their costs so they have a bit of flexibility. They could take a loan further down the track if they had to respond, so there was some caution. Having said that, I think about 20 councils

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have taken up loans. To illustrate it is fairly marginal for some councils, if a council took a million-dollar loan based on current interest rates they are only really saving about \$12 000 a year so, yes, it is something but it is not a great deal, if that makes sense?

Mr WILLIE - Do you think it might need to be continued in the next financial year - a new quantum of funding if things have not improved?

Dr STEPHENSON - Yes, and I think the Government has indicated they are open to this. They committed \$200 million and I think there is about \$150 million-worth of loans, so I believe there is still capacity there. It will come down to how that skill issue I talked about earlier - that resourcing issue - and whether councils have been able to deliver on their larger capital programs.

Mr WILLIE - Yes, okay. What input did you have to the criteria as an association and do you have a comment on the assessment process? I know you briefly mentioned it before.

Dr STEPHENSON - No, we did not have significant input other than we advocated that it did allow for some operational grant funding, which is not usual in these types of loan programs. Because we knew councils were having some short-term cash flow issues that was where the limit and it was pulled together reasonably quickly, but as I said the councils have said it was a reasonably simple process to apply.

Mr WILLIE - Okay. I guess you are talking about borrowing for cash flow. Is that an ongoing concern? If councils have to borrow again next year for cash flow - you have already talked about concerns of not being able to repay in the time frames.

Dr STEPHENSON - If there are expectations councils provide similar levels of relief - which were significant - then that was where the issue was, so you not only have probably more deferred rates, but waiving rates or there was just not enough money coming in for some councils. You would be aware from our initial submission as a sector, councils agreed to not apply any indexation to rates for the next year which as a sector, we have mixed feelings about. We understand the pressure on communities generally, but it is really going to limit councils' ability to provide targeted relief measures in future and also for some of those important discretionary health and wellbeing type services that will be important. We are already seeing the impacts on people's mental health and councils have a role in helping support communities recover not only economically but socially and in health. There is a constrained environment definitely and the flexibility has been impacted already on the sorts of things they will be able to do over the next few years.

CHAIR - Katrena, on the rates issue, in the submission to PESRAC you have identified the position of councils that there would be zero rates increase for the 2020-21 financial year. Was that across the board and there is no CPI increase - no increase at all in rates for all councils?

Dr STEPHENSON - It is on general rates and the way it is being applied varies a little, but most councils are applying the indexation but remitting that quantum so the rates quantum does not get overly distorted in future years and we are not playing catch-up forever.

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Mostly councils are applying but remitting, some are not applying, so there is a bit of variation, but it is not on fees on charges because we do not have control over waste charges and things like that. They have to be passed on, so for the most part it is on general rates.

CHAIR - Thank you. What does that mean to councils to the year, does it look at capital investment and will there will be a decrease in those areas and what is the catch-up? There has to be a catch-up.

Dr STEPHENSON - Mostly it is being managed through running deficit budgets.

CHAIR - So there has to be a catch-up.

Dr STEPHENSON - We have been engaged with the Auditor-General and the Audit Office because the indicators that normally apply for local government are still there statutorily but they do not make sense in the context that we are in.

When the Auditor-General does the local government reporting, he has indicated while he still has to report on those indicators and councils are going to look terrible, he will put that in the context it is. It will look terrible, it is not actually terrible when you think about the world economy. It means for a few years things are going to look a little different and he will have to have a lens that helps him to understand which councils are outliers to that different, not outliers to the normal indicators, so those discussions are ongoing.

Ms FORREST - I believe the Auditor-General has made that approach fairly public, hasn't he?

Dr STEPHENSON - Yes, he has.

Ms FORREST - Taking you back to some of the other comments you were making about some areas where local government has not been eligible for assistance, childcare assistance and eligibility for JobKeeper. Are there any other areas local government have been perhaps negatively impacted where private sectors or others have benefited through the measures taken by both state and federal governments?

Dr STEPHENSON - Yes, some of the federal concessions around taxation arrangements, things like BAS, local government was not eligible for either. Really, the only financial support received were the community and transport infrastructure grants, and I have talked about the limitations of that, and the interest-free loans.

They obviously also benefited from some of the state measures around electricity pricing freezes and things like that, like all businesses. I certainly saw that reflected in my LGAT bill, but there was not anything additional to compensate for them not being eligible for other things. It was deemed because we had our own revenue raising abilities we could do that but there was immense pressure from stakeholders, from all levels of government about rates freezing.

Ms FORREST - John may have asked this or someone did, about the preparedness of councils in case there are or there will be further outbreaks and costs at some stage and the impact that could have. You talked about in the first iteration where we had the particular significant outbreak in the north-west and standing down of some staff, has there been

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consideration given to staff in those more vulnerable positions because they rely on councils operating pretty much as normal, whatever normal is.

Regarding making them job ready for other opportunities, even things like contact tracing and other jobs that will become particularly important should there be another outbreak.

Dr STEPHENSON - I don't think so, certainly not in a sector-wide level. Some individual councils may have looked at that but because, on the whole, they were able to find roles for staff - and the reason the Burnie staff were stood down was not because there was no work, it was the about reducing the number of people in the community. So, it was really a safety issue more than a staffing issue.

I don't think there has been any wholistic look. I am sure some councils have thought about it but what we saw was that they were able to find roles. They were able to place council officers into support roles for the community sector. Where there is a heavy reliance on volunteers a lot of our community sector organisations really struggled because their volunteer network is largely older, so they were at risk groups. Council officers were able to step in and assist to ensure service delivery continued from some of those bodies. I think that is the sort of thing we probably would see continuing.

Ms FORREST - The other point you raised was about the adaption to online meetings and you made the point that there was some suggestion that this had actually increased public engagement with the process. Is that something that you think should be part of the mix for the future? Even when you get to the stage where you can open up to public gallery-type arrangements again, is thought being given to continuing that livestreaming to enable access?

Dr STEPHENSON - Yes, there is as part of the Local Government Act review. I sit on the steering committee for that review process and we have talked about that at our first meeting about how we can take the learnings and opportunities out of COVID-19 and continue them. Some councils have been able to continue livestreaming even when they are meeting face to face, but for others it will take some investment. It is quite easy when you are Webexing or Zooming, all you need is a portable device and you can stream it out, but once the councils are meeting face to face, they need good audio and cameras in the council chamber to continue to be able to livestream. Some are already set up to do that and others are not.

The public access is a bit variable at the moment, depending on the size of the council chambers because of the physical distancing requirements. I think all councils can see that their future will involve some sort of audio or video streaming in future, but they just have to look at how they can make that work in the context of their face-to-face meetings. It has been particularly difficult where a council, in order to comply with physical distancing, is actually meeting in a hall rather than their council chambers and you just cannot microphone or camera those up as easily. We will work through that as part of the act review but I think councils are already putting their mind to it having seen how positive the experience has been generally.

Ms FORREST - Katrena, are there other aspects of the response to COVID-19 that councils have actually had to reconsider how they go about things, efficiencies they may have created through that process? Is there anything that LGAT believes should be continued? If there were actions you believe that the state or federal governments, particularly the state government, could do to assist in that what would they be?

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Ms STEPHENSON - There were some statutory issues and things like delegations and electronic signatures and so forth, and they will be put forward through the act review to better enable it so you don't need ministerial or an emergency order or something in the future. They are the sort of simple things, but I think in terms of engagement, things like workshops for councillors being more inclusive of people who live remotely, those things will continue. Given that one of the key directions for the Local Government Act review is about engagement, I think there are lots of learnings about how we can mix face-to-face and online engagement. Ruth, you said something else?

Ms FORREST - Outside the meeting and that engagement that way, the way the councils work, have there been other measures?

Dr STEPHENSON - I think digital readiness is the other aspect. So those councils that had already moved to a Cloud environment were using something like Microsoft Teams and were much quicker to adapt and move to staff working from home and an online environment. I think they also can show leadership for businesses in the community and the like, but it is uneven. That is an area that we want to focus on and certainly was part of our suggestions for PESRAC going forward. If you had digitally-ready leading councils then that is going to have good positive outcomes for communities as well. At the moment there is inequity, I guess, based on council size and experience.

Ms FORREST - In pre-COVID-19 there was plenty of evidence of the benefits of flexible work times and workplaces particularly for the participation of women and particularly parents of young children in their participation of workforce. Do you think there are things that councils have adopted through jobs being carried out from home that probably originally stated quite clearly in the employment contract could not be carried out at home or wouldn't be - they would be carried on council premises? Is there work there that needs to be really exposed and shone a light on so that we can actually grab some of these benefits in flexible workplaces and times?

Dr STEPHENSON - We have been working with an HR group and we are getting legal advice to make sure councils understand their obligations when people are working from home, how to ensure there is a safe workplace at home. I would have to take it on notice. I haven't really asked about their future plans. I can tell you from a LGAT perspective I have totally rewritten our flexible working arrangements policy. Staff, by application, can now work up to 50 per cent of their hours from home. We saw it worked and it is about finding that balance. I imagine councils will look to that. They will have a harder time of it because they have indoor and outdoor workforces so it is about managing any perceived inequity between those two areas.

I am sure that they are putting their mind to it and to a large extent many of them are still working from home. I think we will see that. It is something we want to talk to our HR managers network about going forward but we also need to make sure we have robust policies. There has been some interesting case law already. One I just listened to recently where a worker in New South Wales, I think, was required to work from home during COVID-19 but she lived in a domestic violence situation and was killed and that was then deemed a workplace death.

There are some interesting industrial relations aspects to work through. I was certainly aware of things like proper desks and the screen set up, but it is actually broader than that. I

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think employers do need to really put their mind to how to ensure that if you have that flexible policy you can ensure safety for your employees.

Ms FORREST - On that point, Katrena, it was a significant concern of mine about people being required to stay at home in unsafe environments in situations of family violence. There is a huge body of work here that needs to be done by all employers, not just LGAT. Who do you think should lead that work? It is vitally important for the safety particularly of women in these situations.

Dr STEPHENSON - I think it should sit with the Department of Justice. It is a work health and safety issue. I think there is opportunity to collectively look at it and probably there will be some legislative outcomes by thinking about our new, more common, working arrangements. I think it will have to be contemplated within that broader work health and safety context.

Mr TUCKER - Katrena, I am going to follow on a little bit from where Ruth has gone because I had written down benefits going forward with councils and businesses in the local council areas. You've talked a little about the online meetings and working from home. Are there any other benefits that could help businesses moving forward from COVID-19 that could open opportunities for new business enterprise centres and things like that?

Dr STEPHENSON - I'll stew on that in the back of my mind.

One benefit we have seen quite clearly at local government level is the benefit of active living infrastructure. While people were working from home, many were certainly were taking the opportunity to exercise. That highlighted the potential of having really robust, active infrastructure to allow people to walk and exercise. That was a positive outcome for councils; to see that their investments in those spaces were paying off.

In terms of other employers, councils will be able to help 'matchmake', if that makes sense, particularly in the small- to medium-business areas. The leading-edge businesses can help mentor or provide advice to those who have not quite caught up, particularly online retail and things like that. There is an opportunity there just because of the local network.

When I think about the impacts of COVID-19, it seems to me there will have to be growth in health and social services to help in recovery. Council community development officers have a really good understanding of what is needed. We have particularly noticed the really important services in this sort of environment do not tend to reach into our smaller towns. We have hub-and-spoke-models but the spokes are not going far enough. I think councils can play a role in helping ensure the reach of those sorts of services to their communities.

There is a lot of thinking going on about regional economic development through council sub-regional groups, our regional authorities and RDA Tasmania. RDA Tasmania recently released a report based on some survey work they did prior to COVID-19 around the value of local government infrastructure programs in terms of direct and indirect jobs and economic benefits. It is quite astounding. It was something that everyone in the sector knew but it actually gives some weight to our voices. It is quite a brief report. It is up on the RDA website and I encourage you to have a look at it because it shows, to a large extent, how councils can help drive economic change.

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CHAIR - Katrena, I want to go back to the councils and all the relief they have provided to the public. If we look at some of those areas, I will get to the ability of people to be able to pay. There is assistance provided through rates. Council rents have been relaxed in some areas. Suspended debt collection has occurred, waiving of certain penalties, fees and charges, and there is a number of other issues. Moving forward, the ability of people to pay and catch up with some of these things is not going to be easy. Has council given any consideration to that?

Dr STEPHENSON - The immediate relief measures were broadbrush but some of the work that LGAT did with councils was developing model hardship policies so that relief will be more targeted in future. That means you may be looking at similar amounts but over a longer period. I think the broadbrush approach will stop and it will have a much more targeted focus. This has traditionally been the case, but it has been made much more explicit. Policies have been updated and there is alignment with things like JobKeeper and JobSeeker.

One of the things we were concerned about, you may recall, was around commercial tenancies. There is a suggestion that there would be a waiving of rates for everyone, regardless of need. We were really pleased that was not the direction that was taken because it does become unfair. Every ratepayer is helping to provide the funding but it should be based on need. That is the focus that councils will have going forward.

CHAIR - Katrena, you have indicated you are making a second submission to the Premier's Economic and Social Recovery Advisory Council (PESRAC). Will you make that available to this committee?

Dr STEPHENSON - Yes, I can. I thought I had sent to Natasha. Apologies, if I haven't.

Ms FORREST - Yes, she sent it. You probably thought it was the first one.

Dr STEPHENSON - I am happy to re-send it if you haven't got it.

CHAIR - No, it looks like we have got it. Thank you for that.

Dr STEPHENSON - And for the record, it is up on our website as well.

CHAIR - Are there any further questions? We are just about out of time.

Katrena, do you have any closing remarks or comments you would like to make? Not to say we might not have to bring you back sometime.

Dr STEPHENSON - That is okay.

I think, overall, councils showed their value and resilience throughout this COVID-19 period. They certainly took a hit. It is something that, should there be future need, they will have limited ability to respond. Largely, that is because they bore all of that. They didn't really get a lot out of federal or state government. I think there has to be that understanding in future. They have a strong level of experience in recovery. Admittedly, normally we would be in a natural disaster situation, but we have strong expertise in recovery sitting within every council. We have health and wellbeing and community development staff within every council. We have people who have knowledge of economic development in every council. We think there

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is a real opportunity to help shape responses to what you need. You can't have a blanket approach to recovery. It has to be shaped by need in local places. We think local government is ready to assist in that regard.

CHAIR - - Katrena, thank you very much for what you have passed on to the committee. Thank you very much for the way you have answered our questions. We appreciate that. It is a tough time for all of us. You are right, local government has done a lot and has some hard work to do moving forward as well. I wish them all the very best.

Dr STEPHENSON - Thank you.

THE WITNESS WITHDREW.

The Committee suspended from 10.59 am to 11.45 am

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Mr PAUL ERIKSSON, CHIEF EXECUTIVE OFFICER, TASRACING, WAS CALLED VIA WEBEX, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

CHAIR - Welcome, Paul. Have you given evidence before committees previously?

Mr ERIKSSON - I have been through scrutiny; the Legislative Council in relation to the Point of Consumption Tax and offered submissions for that.

CHAIR - I need to explain to you that parliamentary privilege applies whilst you are with the committee but once you leave the committee it no longer applies, but you have that privilege at this time.

The hearing is being recorded and going live. You are familiar with the processes of committees and how we operate. I will give you the opportunity to make an opening statement to the committee in accordance with our terms of reference. You have provided a submission in relation to some of the issues raised. You are here on your own. I thought at one stage you were going to be accompanied by somebody but that is not the case.

Mr ERIKSSON - No, the CFO, Daron Heald actually did not receive an invite to the session, but that is not an issue or problem.

CHAIR - Paul, thank you for that comment. I am pretty sure we did, but there may have been a breakdown somewhere in relation to this. I apologise if there was a breakdown.

Mr ERIKSSON - That is not a problem whatsoever. I am quite happy. I am not aware of the submission and have not seen that. I have been on leave for the last few weeks -

Mr O'BYRNE - It is a document from John King outlining the funding package. It looks like a briefing note more than anything.

CHAIR - It was cleared by yourself.

Mr ERIKSSON - Yes, that would be the case. I am unaware Mr King had provided it to the committee. I have no problem with that.

I would like to thank the committee for the opportunity to appear, especially via video link as I am in isolation for the next 14 days. I have recently returned from leave and was not able to catch up with John prior to having a discussion, hence my lack of knowledge on that and my apologies there. I do have a brief statement.

CHAIR - Paul, if you can go through that and if there are any burning questions coming up through that statement I may interrupt you. If you can accept that I would appreciate it. You have the floor.

Mr ERIKSSON - Very much so. My name is Paul Eriksson. I am the CEO of Tasracing. My contact address is Ladbroke Park Elwick, 6 Goodwood Road, Glenorchy. I do have a short statement I would like to read pertinent to the response and the committee's purview.

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Following receipt of advice from Public Health, the Tasmanian Government announced the cessation of racing on Thursday 2 April with immediate effect. The Government was determined to reduce the risk of the widespread community infection of COVID-19.

With racing industry participants spread widely throughout rural and regional Tasmania, and who typically travel throughout the state for race meetings, this was a risk that could be mitigated. It should also be noted that racing participants have a relatively high average age. The decision to cease racing was based on advice to reduce intra-regional travel in order to lower the risk of contagion.

From 2 March when the first COVID-19 positive was identified in Tasmania - Launceston, I believe - Tasracing and the racing industry put in place a number of practices and controls in line with and in some cases in advance of mainland states. This was a challenging time for everyone. The industry worked very hard to abide by the significant restrictions necessary to mitigate the risk of infection. However, it was obvious that risks remain.

Between the shutdown announcement on 2 April to the announcement of the support package on 7/8 April, Tasracing worked with industry to develop and agree a support package that would deliver a couple of clear outcomes.

The first was to deal with the animals in the very real welfare issues that would arise should all of the racing animals be spelled, and to keep the animals in a reasonably ready state to be in a position to resume racing once the crisis had passed.

The second objective was to keep participants in or still engaged in the industry. From Tasracing's perspective, and the industry's perspective, I believe both objectives were achieved.

Trainers were incentivised to continue animals in work rather than send them to a distant property. The support package was around \$2 million a month and broadly equivalent to one twelfth of the overall value of stakes money and code funding which is generally invested in the industry on an annual basis of the 2019-20 year. The support package was funded through Tasracing with additional assistance as required through a Government loan.

Applications for the support package opened on Saturday 10 April via the Tasracing website. The first round of payments for industry participants was made on Friday 17 April, and the final support package payment was made on Friday 19 June.

For me this was very reminiscent of the equine influenza outbreak in New South Wales in 2007 and 2008. That outbreak shut down the majority of thoroughbred racing in that state for seven months. I was intimately involved in that managing the financial and payment and control of the records and worked with the stewards in regards to the evaluation of payments.

We followed the same process here and engaged our stewards to build a system very quickly to manage and effectively control our payments. I am very comfortable and proud to say that whilst in New South Wales we had to hire a team in addition to our staff to achieve it. We did it in-house at Tasracing.

Over the 10 weeks, we reviewed and processed 22°000 additional transactions. The majority of those were manual. That was managed by the racing office staff, finance and digital

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staff, and IT staff. Our own stewards were briefed and performed the role of vetting and checking applications. Tasracing staff, in my opinion, did very well to get initial payments to support the package out there so quickly. Two weeks after the shutdown, we had funds flowing into trainers' hands.

Over the 10 weeks, a total of 723 applications were received. The following assistance by code was provided: thoroughbred - 76 trainers applied; 89 horses were approved; \$2.035 million was paid out. In standardbreds or harness, 111 trainers applied, 653 horses were approved, and \$1.466 million was paid out. In greyhounds, 127 trainers applied, 1200 greyhounds - I apologise for the round number, but that is what it was - were paid out on, \$505 000 was paid. In addition to this, we also supported payments for Clerk of Course horses, seven clerks across two months, \$14 700. Overall, a total of \$4.021 million was paid out.

The support package was initially setup with rates of \$38 a day for thoroughbreds, \$35 a day for standardbreds, and \$50 a week for greyhounds. The package was updated on 5 May. It increased the day rate of thoroughbreds to \$45 a day, and also included licensed persons in the eligibility for greyhounds. Clubs and their staff, along with jockeys and trainers, were eligible for other support schemes, particularly JobKeeper and a range of other assistance put out by the state and federal governments.

The return from the shutdown was just as difficult as the shutdown itself. Stricter guidelines were needed to be put in place. The industry was educated and Health, WorkSafe and the State Controller were required to be comfortable with the steps we took to restart.

Trialling restarted on 18 May with trials commencing under the very strict COVID-safe protocols and procedures in encompassing minimisation of groups of 10 or less, social distance, hygiene proposals, and the use of track marshals to ensure adherence to the process. This was in the north and the south. Two weeks later, at the end of May, trialling recommenced in the north-west.

Racing restarted in Tasmania on 14 June. It was a successful restart. Nominations were high across all racing codes with additional races being scheduled at meetings to provide opportunities for the animals to race. The support package ceased on 13 June with the recommencement of racing.

As restrictions were eased following Health advice, it was safe to move to phase 3. Racing was able to relax restrictions and come back to full fields at the end of June. We have progressed from there. We continue to oversee hygiene, social distancing and density management. We continue to have our track marshals. We are very grateful to be back racing and doing what we like. Thank you.

CHAIR - Thank you, Paul. What is the future for Tasracing moving forward? We have read in the paper about, I think, at least one senior jockey relocating from this state because of the issues arising from this and the impact on him and his family for income. Where does Tasracing go from this point moving forward?

Mr ERIKSSON - In terms of the number of jockeys?

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CHAIR - The whole industry - the providing of races, fields, horses, keeping this state moving forward in the area of racing. Is it going to move forward? Is it going to drop back, or are we going to see less profile for this industry in the state?

Mr ERIKSSON - I do not believe that we will be seeing a lesser profile. We have our corporate plan that we are in the process of updating for the 2020-21 year, which will be very difficult year for racing but it will be a year where we move forward.

We have challenges that have continued from the greyhound reviews back in 2016, which we are still feeling. We had increased our welfare of greyhounds to deal with the number of issues there. We are now getting to the point where we are re-homing a very high proportion and we're dealing with significantly reduced euthanasia.

In terms of harness, we have recently conducted a harness review; we've recently put in place a number of actions, which we consulted on and agreed with industry, that both industry and ourselves believe will take our harness racing forward.

In terms of thoroughbreds, we need to look at the next at the next 12 months and determine the impact, if any, on Tasmanian breeders on breeding. We will also need to look at the numbers of jockeys available. That's probably our greatest pain point at this particular time. Yes, one jockey did relocate during this very difficult challenging time. I have heard rumours this jockey may return. I don't know the truth in that.

We had a number of trainers and thoroughbreds and standardbreds out of the state but I would like to put that in perspective. We had approximately 34 thoroughbreds go interstate out of 898. We had one standardbred go interstate out of 653. We had 30 greyhounds go out of state out of 1200. The numbers are very, very small. The thing that we need to keep in - I'm sorry?

CHAIR - No, you're right. We have some questions.

Mr ERIKSSON - Okay. The numbers are quite small and we need to be aware that people like Cam Thompson and Anthony Bullock have returned with their animals. There is a natural movement of animals backwards and forwards across Bass Strait that compete in Victoria in a normal course. In some instances, they took these ones earlier and a number of them have come back.

There's no expectation on Tasracing's part that racing will go backwards. We will maintain that the corporate plan and the plan for the next 12 months is to rebuild a solid base and confidence and then take the industry forward again as we were doing.

CHAIR - Thank you, Paul. Now to David.

Mr O'BYRNE - Hi Paul, how are you going?

Mr ERIKSSON - I am well, Mr O'Byrne.

Mr O'BYRNE - Tasmania was the only state to shut racing down due to COVID-19. The issues that you flagged from 2 March through to the decision on 2 April and the considerations made are mirrored in regional Victoria and regional New South Wales in terms

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of their racing and their spread. Who made the decision? Who informed you of the decision to shut down racing and when was that information relayed to you?

Mr ERIKSSON - My understanding is that the decision was based upon Health advice to which I am not privy and do not have any expertise or detailed knowledge of. That decision was provided to the Government and it was a Government or Cabinet decision. I was advised on 2 April, the day of the announcement.

Mr O'BYRNE - Who informed you of that decision?

Mr ERIKSSON - That came through the Racing minister's office, as I would expect it to.

Mr O'BYRNE - Okay. Given you had done all of this work in the previous weeks leading up to 2 April, what discussions did you have with Government to maintain the activity of the industry to keep it open? Can you describe for the committee your interactions with the minister's office around the steps you were taking to mitigate any perceived risks?

Mr ERIKSSON - There were ongoing discussions between 2 March and the date of the announcement, ensuring that the minister's office and Government were kept up to date with the steps that we were taking. There was a knowledge there. I am not competent or capable of commenting on the Health advice that triggered this but there was certainly open communication and discussion and I am certain this was taken into account for the decision. I cannot comment more than that.

Mr O'BYRNE - I understand that. The advice is the advice but ultimately this is a decision of Government. At any stage were you informed that a shutdown was likely prior to you getting the call from the minister's office on 2 April?

Mr ERIKSSON - I can advise that national PRAs for thoroughbred, harness and greyhound had discussed the possibilities at a number of meetings over that period, over March. We had discussed with the minister's office and then Government, that if there was a potential for this we would be developing plans to mitigate the impact to the industry.

Mr O'BYRNE - I understand the industry would prepare for this. This is a standard risk assessment response given the times we are in. The question was, at any stage prior to 2 April in your discussions with the state Government did they indicate that a shutdown was considered, likely or an option?

Mr ERIKSSON - My apologies Mr O'Byrne. I am trying to recall directly. I cannot recall specifically having a dedicated discussion on that specific point. There was a range of scenarios that we discussed. It was not specific, the Government instructing us or us instructing the Government on that. It was a discussion where there were a significant amount of risks and it was a risk mitigation discussion of what the industry would need to prepare for as to whether we went to one race track, whether we went to two, whether we had to change all sorts of different things.

The real critical thing for the racing industry was to ensure that the Government was kept informed of the steps that we and the Office of Racing Integrity (ORI) took to ensure and mitigate the risk of infection contagion and to ensure that whatever was discussed between

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Health, the State Controller and the Government during the state of emergency, that they had sufficient information to know what actions were being taken.

Mr O'BYRNE - There is a fair bit of industry discussion around an event that occurred at the Devonport Showgrounds in terms of a meet that was interrupted or cancelled and police were involved. I hear a lot of rumours about it. Could you inform the committee what occurred? I think it was on the Monday night prior to Wednesday 2 April? I could be wrong on that date but there is a lot of discussion around that and how it was handled, had a massive impact on the decision to shutdown the industry. Could you inform the committee of that meet and what occurred?

Mr ERIKSSON - I would ask that as it is a part of a use agreement with the Devonport Show Society, that I don't personally believe it would be appropriate to really to go into details of that. I can provide some very high-level information if that is appropriate and acceptable.

My understanding is that we had provided information that certain protocols and processes had been taken. The show society queried with the regional command whether racing was an essential business. There was an initial decision made that it wasn't, in which case the show society believed that we should not be operating.

I do not have the detail in front of me to provide any more than that. We did call the meeting that morning and my understanding is that the decision was reviewed after that. I do not believe that it was a trigger event or had an impact. There was already information and advice that was going. This is my understanding.

The other factor, I will say, is that we could readily say that our decision was a Tasracing decision to call the Launceston meeting of the Wednesday or Thursday before was also - and we called that on the basis that there was a potential exposure for one of the jockeys - so we refused to take that risk to call the meeting. We rescheduled it for the weekend after we got the all clear from the Victorian tests on the Friday.

CHAIR - Paul, I will interrupt you for a moment. I was considering whether it fitted under our terms of reference, and I think it does because it deals with the industry and the closing down of the industry and its recovery, moving forward. If it assisted you, in fairness, you can take the question on notice to further answer it if you wish to do that, and/or there is the other option, of course, of providing information to this committee in camera. You also have those options open to you. I am making you aware of that.

Mr ERIKSSON - Thank you, Chair. I would prefer to take the question on notice just to provide more detail and I would consider talking to legal as to whether it should be in camera. I would like to be very clear on that before I say any more.

Mr O'BYRNE - Just one follow up - and I will try to avoid the issue where it will cause a potential conflict with you seeking advice - the decision around that race meet in Devonport, was that the topic, and subject of conversations with the minister's office and the Health department around the risk presented by racing in Tasmania?

Mr ERIKSSON - Not to my knowledge.

Mr O'BYRNE - Okay.

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Mr TUCKER - The Tasmanian Government announced a significant assistance package for the industry shortly after the shutdown. The package was framed around the animal welfare and was paid to trainers. Can you explain the reasons why this assistance package was designed in this way?

Mr ERIKSSON - Thank you, John. The assistance package was aimed specifically at dealing with the welfare issue. The welfare issue of 1500-odd horses trying to get them to agist during a shutdown was not feasible. There is insufficient agistment space for those animals. Our intent was to keep the animals in work, in stable. Doing that meant a higher cost. An owner is responsible for agisting a horse and paying for that. Keeping it in stable without having training, without having the ability to earn revenue or earn prize money, is a burden on the trainer and a burden on the owner which would cause a problem for the industry and would create welfare issues.

You cannot have a fine athlete, which these animals are - however we wish to view them, they are fine athletes - just come out of training and stand in a stall, just be fed and basically exercised. We needed to continue to keep them trained. Paying the owner and giving funding support to the owners was not a solution. We had to provide funding support directly to the trainers and to ensure the animals were kept in work. If trainers chose to pass that on, that was their decision as it was aimed specifically and certainly targeted in ensuring the animals were kept in work so we did not have a welfare issue.

We kept the horses in a form of training. We could not do 100 per cent training because the racing purposes where we normally do files, jump outs, track gallops were closed. We were able to keep the training facilities open.

In greyhounds it is probably even worse as we do not have the owner-agisted facilities for greyhounds if they are having a break from their training. They remain with their trainer or owner.

It was about ensuring the industry was kept ready and the welfare was targeted where we could control it. Trainers in all codes are registered people and therefore we could get vetting by the stewards. We had the right to go and inspect, we had control over what we were doing, and an oversight over what was happening.

The key focus behind that was to deal with the welfare, keep them in training, keep the people employed. It would also provide the opportunity for these other individuals to still earn a living so we will still have stable hands, vets, and farriers operating. We still have the base training tracks open at Spreyton and Brighton, so there was still a continuous and a flow-on effect to ancillary industries for that.

Mr TUCKER - Paul, following on, what would the consequences have been for animal welfare if this assistance had not been provided?

Mr ERIKSSON - The consequences were that we did not have the space to agist and deal with the animal and we may very well have seen an increase in retirements, which we would have been ill placed to handle at this critical time. This would have led to significant strain on resources for all. Once the animal retires we do not have control over it so that would then have a flow-on effect strain of other reasons.

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Where I sit with it is that it is far more important to keep the animal in the industry, keep the participant engaged, keep the trainer operating so the animals were cared for and when they came back they were in a position to resume racing. I do not really want to contemplate the welfare challenges we would have faced if we had not put this support package out there.

Mr O'BYRNE - In terms of the support package following on from John, Paul, you say there was a \$2 million support package. Most people outside of the industry assumed that was extra money provided by Government to Tasracing to provide that package. But that package was essentially from existing Tasracing resources. The only extra thing provided by Government was a loan provision, which I understand you have not taken - if you could inform the committee if you have - but essentially isn't that the industry's own money being allocated to the industry they would have received in stakes?

Mr ERIKSSON - That is correct, David. We funded it from our internal funds and our internal cash flow. In relation to the last part of your question, Tasracing has availed itself of a small loan from the loan funds that were available. We have planned to repay that loan in the next five years as documented in the corporate plan which will be out tomorrow.

Mr O'BYRNE - Essentially, you have just confirmed that it is the industry's own money that you used to fund the support package for the shutdown. As an extension of this, obviously that has gone to the trainers, et cetera. Have you engaged with all of the race clubs to understand the financial impact of the shutdown on the industry?

Mr ERIKSSON - We engaged with a significant number of individuals at the start of the process when we discussed the support package. That included the core members of the Thoroughbred Advisory Network, which includes clubs, trainers, breeders and jockeys. We did the same with harness, again it included clubs and a range of owner/trainer representation, and the same with the greyhounds. In a brief answer to your question - yes, we did. Prior to the announcement of the package we contacted a number of clubs and got indicative numbers as to what their challenge would be. Then JobKeeper was announced and the majority of that as they would not going to be holding races became an employment challenge.

Mr O'BYRNE - Thanks, Paul.

Mr ERIKSSON - I hope that has answered your question for you.

Mr O'BYRNE - Yes, it does. Obviously, once racing returns then the money you were using effectively from stakes and from your central funds to support the industry during the shutdown - stakes is a key issue confronting the industry and having a solid revenue of stakes which drives a whole range of activities. The Government recently made a decision around an increase in stakes as part of the Point of Consumption Tax. As you know, that has received a fair bit of media and conjecture around the level of that revenue. Did you, as Tasracing CEO, or the board make a recommendation to the minister and the Government on the stakes level of the split between money going to stakes and to Tasracing?

Mr ERIKSSON - When you talk about money going to stakes and money to Tasracing, I would like to just clarify if I may. The money that goes to Tasracing effectively goes back into the industry in infrastructure builds, racing operations and animal welfare. When we are talking about this, we are talking about a balancing act between stakes and animal welfare and

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infrastructure which is required to continue the industry in a strong form by good and safe racing venues.

To your question, the chairman and I had discussions with Government - both the shareholding ministers - the Treasurer and the Racing minister - as we would normally do when we are making any sort of announcement of a change on stakes funding. Yes, we did have those discussions and agreed on a 3 per cent.

Mr O'BYRNE - Was there a formal recommendation from the Tasracing board to the minister on a level of stakes increase? How was that decision arrived at?

Mr ERIKSSON - It is not appropriate that I go into the actual detail of that. Suffice to say that we did some modelling based on what our budget expectations were, our fees and the point of consumption tax. We looked at what the sustainability would be over the next 12 months of race field fees and we discussed a number of options around that.

In terms of your question, did we write a formal paper? No, we did not. We had a number of discussions.

Mr O'BYRNE - In terms of those discussions, the recommendations that you made to Government and to the minister, did the minister accept that recommendation and that is the result?

Mr ERIKSSON - That is what was announced, David. There was no disunity there; they were discussions. We went through the different options of what we could and could not and what were the risks. I do know if it is really appropriate that we go through and dig into details of those discussions.

Mr O'BYRNE - To confirm, you met with both the shareholder ministers, both the Premier and the Racing minister on this decision?

Mr ERIKSSON - Yes. The shareholding minister is the Treasurer, who I understand is also the Premier so that is fine. But it was in his capacity as Treasurer shareholding minister and the Racing minister in her capacity as shareholding minister. We would normally have those discussions in the normal course of events. This is something that is completely in accordance with the normal course events for our relationship with our shareholding ministers.

CHAIR - Thank you. I will make it clear, you are probably questioning the need for some of the questions that might be asked and how they fit in. They are covered in our terms of reference (1). I have been looking at this fairly closely, 'dealing with the timeliness and efficacy of the Government's economic response, including stimulus funding and the targeted financial support programs and payments' and so on. It fits into there. But just to remind you again, should you want to take a question or part of a question on notice, it is your right to do that and the committee would accept that. So, I make that clear to you again, Paul.

Mr ERIKSSON - Mr Dean, thank you for that. I prefer to minimise my questions on notice as much as I possibly can. I much prefer to provide information to the committee.

CHAIR - Thank you for that, Paul. We appreciate that. We have one more question from David and then I will go to John.

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Mr O'BYRNE - Relating to the costs of the shutdown, we saw, given the global situation with racing, revenue, betting, et cetera, Australia was one of the few places in the world that maintained and continued their racing. That resulted in a significant lift in revenue for those states that continued in a significant percentage wise revenue from race fields on the mainland.

Concerning the cost to Tasmania for shutting down, we missed out on that uplift that the other states received. Are you able to quantify what that was potentially? It was not only the cost in terms of not racing here but the uplift that the other states and other racing clubs on the mainland received because of their activity?

Mr ERIKSSON - David, thank you for raising that one. It is a very difficult question to give a clear answer on. I say that because there are so many uncertainties involved in the determination and estimation of race field fees.

I will make a couple of points if I may. Firstly, the funding model for Tasmanian racing is very different from the funding model on the mainland. If we look at racing in Victoria, TAB has a joint partnership funding operation there. I'm not quite using the correct terminology, so my apologies. They have a joint funding model: 50 per cent of their revenue was shut down because their retail arm was shut. They tried to push as hard as they could to get accounts into digital.

When we talk about race field fees being higher, especially on the mainland, you need to balance that with the reality that the returns from TAB, Tote, UBET were significantly lower. I do not disagree with your comment there, that race field fees were higher on the mainland. They did increase. But you need to understand and put that in context that there was a large wagering partner that suffered a significant decrease.

New South Wales and Victoria actually took steps to reduce their stakes quite significantly, in some cases, because of their lack of certainty over their revenue stream. They did not know what the impact would be, with TAB effectively losing somewhere in the realm of 50 per cent of its revenue earning capacity.

Thankfully, the mainland states saw an increase in race field fees. Would we have received an increase in race field fees if we had continued to race? Potentially, yes. We would have expected one, but in order to quantify it, it is very, very difficult. You are talking about racing in winter, which is typically our lowest turnover time, and the best time to generate revenue. Our best turnover time is through the spring and summer period.

I don't know if I can give you a definitive answer, David. We would have looked at it, and we have estimated, very, very roughly, and more guess than science, of around \$4 million. But that's all. It is very much a guess and there are a lot of assumptions and not a lot of science built into that.

Mr O'BYRNE - That's a ballpark figure. Thank you.

Mr TUCKER - What has been the impact beyond the industry, from the shutdown, in terms of the size of the fields, and the nominations across the codes, since racing returned on 14 June?

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Mr ERIKSSON - Positive is all I can say. We had significant field increases. I have some numbers here just covering June and early July. I've come back and I haven't had time to get the second half of July numbers, but to give you an idea, the first meeting back at Launceston, we had 190 total nominations across what were seven races. That comprised 138 unique horses, 52 of them are what we call cross-nominations, which means they are nominated in multiple races. There were 120 unique horses accepted.

We ran 10 races. Out of that original 190 nominations, six horses were balloted out. These numbers are significantly higher than we would usually see. We have been running eight, nine, 10 races in thoroughbred. We ran an additional meeting in harness. The first meeting we had 31 ballots which meant because we ran the additional meeting, we have got down to four and five, and nine and three. Much lower numbers.

In greyhounds, we have only had the one challenge. That was the early meeting in Devonport, around 16 June. The Devonport track does not have any short distance races, available to be scheduled or run on it, so they only had at that stage two weeks to trial their dogs and get them fully race fit whereas the south and the north have had four weeks by that time. They'd come back in on the 18; north-west came back in at the end of May so they really only had two weeks but we had a poor race meeting on the 16 June but the other race meetings have been 10, 12, 9 and by the 23 June we were back up to 10 races at Devonport. It was just that we didn't have enough dogs ready to run the short sprint race distances.

We've seen significant numbers, far higher than we normally experience at this time of year and we would expect to continue to see that going forward in the short term. There will be a number of animals that go out of work. They have been for a long period of time. We are now coming on to a non-grass racing environment for thoroughbreds and we normally see field sizes drop off in Spreyton down to - it varies, seven, eight, from memory, are the averages and I say that is from memory. At present, they're a bit higher than that so we're quite happy at the moment.

Higher field size, greater race numbers are generating far better turnover than we had seen. Just to give an understanding of the turnover numbers that we saw for the last two weeks of June, if we compare them to last year: thoroughbreds for a full month of June was \$13 million in turnover. In two weeks, with the additional race numbers and fields, we achieved \$12.8 million. Our racing is good. Harness and greyhounds achieved similar close numbers. They achieved almost a full month's wagering turnover on a two-week basis.

We have a very good product. It is well-supported. We have exceptionally good partners; the industry itself, the participants are supporting the number of races and supporting the protocols and procedures that we need to put in place to continue racing. It is very, very positive, John.

Mr TUCKER - Paul, following on, you mentioned a little bit about getting greyhounds race-ready and also horses. How long does it take with each species, I guess as a way to say it, to get them race ready and what's the situation with that?

Mr ERIKSSON - Again, I'm probably not the expert on that so if I could give you some level high commentary. It takes a continuous process over a number of weeks. In terms of thoroughbreds, they get ready to a certain point which is about 70 per cent and that can be done with the process that we had in place during the shutdown. They will be on song, for want of

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a better phrase, for a couple of months and then they need to have a break and to refresh. The last 30 per cent is gained by doing track gallops, the trials, the jump-outs.

In terms of the dogs, my understanding is that it is a quicker preparation period but again you prepare them, you cannot keep them at 100 per cent race fitness. My understanding is that it is about three to four weeks for dogs - I could be wrong but that is my understanding. It's a bit longer for the thoroughbreds and the standardbreds. The process that they follow is different in each code.

Ms FORREST - Paul, just a quick one in terms of if there was to be another outbreak in Tasmania, how would the industry cope in your view? Would it be able to keep operating or would additional support be needed? How would you mitigate against harm to the industry in that regard?

Mr ERIKSSON - Challenging question, but thank you for that Ruth. I would hope that we would be able to show that the return to racing and the processes being put in place were sufficient to allow us to continue to race. We would certainly put in place a plan if we needed to stop and my view is that we would look basically at returning to the support package.

We have far clearer numbers of the animals that would be in work and it would be far cleaner, especially working more closely with stewards, to clearly identify those who would need to receive support.

A further shutdown would be challenging for the industry, but the industry is exceptionally resilient and as long as we can show and prove that we are doing everything in our power to mitigate the risks of contagion and infection, we would have a good case.

We have shown that we have been able to enforce very strict protocols on procedures to deliver comfort to WorkSafe and to Health officials to make them comfortable about how we have returned. We have certainly been looked at very closely by mainland states, especially Victoria, and I have had a number of approaches regarding what we did. We have provided a lot of information to them on that.

Ms FORREST - Thank you.

Mr O'BYRNE - One question on clarification and a couple of other matters on the steps taken.

You mentioned in an answer earlier on, when the industry was shut down, I understand the global numbers around horses staying in Tasmania and animals staying in Tasmania and those people moving to the mainland, the argument is around the quality of the industry and the top echelon, the ones who drive the investment industry. In your answer earlier, you mentioned that only one standard bred horse was moved to the mainland during that time.

Mr ERIKSSON - That is my understanding.

Mr O'BYRNE - Where is that information from? It is not in the document that John King has provided to us. He has talked purely about where the money has gone in terms of the support package. Where is that information? Is that anecdotal?

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Mr ERIKSSON - No. As part of our oversight of the funding package or the support package, we managed animals coming in and out of work. If they came off the package, our racing operations staff would ask the question, why are they coming off the package? If it was not very clear that it was in or out of work, whether they were having a break or a refresher, if it was that, then we would ask the question.

The Office of Racing Integrity is notified in general terms when horses and animals relocate, and that comes through the stable return and kennel return system. That information was not anecdotal but it was gathered directly by our racing operations staff and their discussion and communication over the period with the industry.

Mr O'BYRNE - I will ask you to take this one on notice. Are you able to provide the committee with a summary of that activity so we can understand who came on and who came off and the standardbred issues? That would assist us in understanding the impact.

Mr ERIKSSON - Okay. Are you looking for the names of horses, or only the names of the owners and the quantity of animals?

Mr O'BYRNE - How about I put it in writing to you and you respond as best you can. Is that better?

Mr ERIKSSON - That would be fine, David, thank you.

Mr O'BYRNE - The other question is, you mentioned in your evidence earlier, that Tasmania had some of the strongest restrictions in the country in terms of the COVID-related protections to manage the risk. The decision was a shock one to everyone and a whole range of activities was stopped, yet we understand owners and trainers were allowed to drive and move horses from region to region, from stable to stable, intra and interstate, without any restrictions. Does that present to you a slight contradiction of the decision made by Government?

Mr ERIKSSON - My understanding is those movements were carried out by authorised transportation companies and was overviewed - I cannot recall specifically - but I understand it was overseen by DPIPW. They were classed and classified as freight or termed in the freight area. David, that was the decision made. We were very comfortable and, yes, we had strong control; yes, we had advice out to the industries on what they should do when horses or animals were dropped off or picked up. Things have to go on.

The other thing you need to understand is we are also coming into the breeding season and there is still normal movement of animals over on the mainland, including the [inaudible], as long as it was done under appropriate trials and guidelines.

If I may contrast this, you might also ask why certain retailers were closed but transportation of goods still happened. Isn't that saying, 'I've got structure'?

Mr O'BYRNE - Retailers were not closed. I suppose the point I am making is you put in a whole range of restrictions on crowds, owners, people on course - you had security guards. I was asking an informed view of the difference in risk, given that you worked so hard to mitigate.

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CHAIR - If you can answer fairly quickly because we are out of time and I thank you for staying with us.

Mr ERIKSSON - I do not think it is appropriate I really comment on that; you are asking for a personal opinion there. Our position is they were the decisions; we did put controls in place, we did provide advice and these are the rules.

The advice on the decision to close the industry was provided by Health and I am quite comfortable with that as they would have provided on other matters. This is advice I am not privy to and was provided by Health, as it should be, to the Government. I do not really have a comment there.

CHAIR - Thank you, Paul; thank you, members, we are out of time. I appreciate you making yourself available to us, Paul, and for answering the questions in the way you have.

There are a couple of matters on notice we will write to you on the issues that are taken and you will have from us within the next day or so. It is not to say, Paul, we may not want to bring you back at some stage in the future. I will make you aware of that.

Thank you very much and for making the time available, we appreciate it.

Mr ERIKSSON - Thank you very much.

THE WITNESS WITHDREW.

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Mr DON CHALLEN AM, CHAIR, PESRAC, WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

CHAIR - Mr Challen, I understand you have been before these committees many times.

Mr CHALLEN - I have Mr Chairman. I know a little about the operations of this committee.

CHAIR - You understand how they operate. Briefly, parliamentary privilege applies here and when you move out, maybe it does not. It is a public session being broadcast, on line and *Hansard* recording, so it will be available on line in that way also.

If Adrian does want to say anything, we would need for him to give that declaration also, but we will address all of our questions to you, Don.

We have received the document, your first report dated 1 July 2020. We have looked at that and you have looked at our terms of reference where they fit in and from the recovery side in the main with where you are going and the work you are doing. If you want to make any opening statement to the committee and then following we will go into some questions.

If, while you are giving us that opening address, if you do not mind if somebody wants to ask a question from it, they will ask questions as you go.

Mr CHALLEN - I will dispense with the opening address, Chairman, if that is okay. All the members of the committee are well informed of the background to the council so we can probably best use the time by me doing my best to answer your questions.

CHAIR - We have scheduled about an hour and a half for the session, but that does not mean to say we have to go that time, so we will press on and see how we go and where we finish up. I will come straight to questions of the committee.

Mr WILLIE -I am interested in starting with the make-up of the committee and how you have managed conflicts of interests, because you have members of the committee who are also making submissions to the submissions process. Could you talk us through how that conflict of interest is and will be managed into the future?

Mr CHALLEN - To be clear, do you want me to talk about the membership of the council or only the management of conflict?

Mr WILLIE -That is the context, there are members on the council who are making submissions to the submission process. How are you managing that conflict of interest?

Mr CHALLEN - Each of the members of the council has been appointed as an individual in their own right, so they are not representing any organisation. That is an important point, to be clear.

We are managing conflicts in the traditional way. We have a declarations of interest process where each member of the committee has filled out a form which sets out all their relevant interests. They have been shared with all the other members of the council and are

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kept in appropriate records by the secretariat. Then, at each meeting, we have a specific item in which each member of the council is asked to declare any conflicts of interests they have in relation to business before the council at that particular meeting.

Mr CHALLEN - The members of the council are extremely diligent about this and we have not had any issues to date. There is to my knowledge, only one member of the council involved in making a submission to us. The submission came from the statutory body she is employed by and her conflict in relation to the content of that submission, of course has been identified and obvious to the member of the council.

Mr O'BYRNE - I presume are you referring to Kym Goodes.

Mr CHALLEN - No, I was referring to Leanne McLean, the children's commissioner.

CHAIR - Who selected these members?

Mr CHALLEN - The Premier invited the members to join. I was the first member to get an invitation and he did me the courtesy of discussing with me who he was thinking about appointing to the council. He issued the invitations and consequently he appointed them.

CHAIR - It is voluntary?

Mr CHALLEN - Absolutely. The Premier sees it as a community service.

Ms FORREST - Some clarity on your first report: this is the information gathering from a variety of stakeholders you targeted as opposed to going out for public input and public submissions. Can you talk us through the decision-making on who was targeted and why and where you might believe there are gaps that do need perhaps more targeted approach in the second round of consultation?

Mr CHALLEN - The task in the first round was to get out what became our interim report in 10 weeks. It was a very intense exercise. In fact, if you read our terms of reference, you will see the Premier originally contemplated two reports, one in July and one in September. I think his original thinking was we would produce a very small set of recommendations in the first report for urgent and immediate implementation. Then a larger set of recommendations in the second report that would condition the process of going into the State budget which I understand is in November.

As we got into the exercise - this is a very contested space that his rec was in in these early days and there was an awful lot happening. Events were moving very quickly with Government and other organisations were making lots of decisions. We found ideas we were coming up with in the process of our discussions were being picked off by others and Government.

In a couple of cases, the Premier did the courtesy of calling me up and saying the Government was thinking about doing something and what did I think PESRAC would think. In those cases, they were things PESRAC had already thought about and discussed, so it was pretty easy to say we think that is a good idea.

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A few weeks in, we are building up a bigger collection of recommendations than the Premier originally envisaged in the terms of reference. We went back to him and said we think it would make sense if we brought the first two reports into a single interim report, which would have a larger set of recommendations and would be less focused on immediate urgent things and more on short-term things. That is where our interim report came from and a bit of context of how we got to where we got to.

In terms of the consultation, we did not think it was feasible in the 10 weeks we had to do the first report to do a very broad community consultation. We never the less want to do that. I have repeatedly said in public we fully intend to go ahead and do that. The thinking in the first stage was to target our consultation and we essentially used the peak groups, - industry, business, the social side of things - a very wide selection of peak groups were consulted. Most of them were involved in some direct interaction. In the main that was via video conference. Adrian and his team undertook most of that on behalf of the council. I understand there were some face-to-face interactions, but in the main it was done virtually.

We got huge cooperation through that process and a massive amount of valuable input. We also got something in the order of 100 unsolicited submissions from a very wide variety of people. If you are interested in following up, all of that is on our website. All the submissions are sitting there. And indeed, I had a conversation with the Premier a couple of days ago, and he has decided to ask Treasury to trawl through all those submissions as part of the input to the Budget process. If a peak group or an individual has had something to say to us that is relevant, for the Budget process, then it will be picked up. They don't have to say it again.

Ms FORREST - Just on that, Don: the Premier has asked Treasury to look for budget-related matters raised in those submissions?

Mr CHALLEN - Yes, they will trawl through the submissions we received, and pick out where there are points of view or information that is relevant to the budget process.

Ms FORREST - I am trying to be clear about what that means. If an individual put a submission in suggesting that a particular sector or business was supported differently, Treasury aren't necessarily going to pull that out as 'This is what we must do'?

Mr CHALLEN - No, they will treat it as they would any other submission to the budget process so that people don't have to duplicate expressing a point of view or an opinion that is relevant to the Budget.

In our process of gathering information and feedback, particularly from the peak groups, we were repeatedly asked this question: 'If we say it to you, is that good enough for us in putting something to the budget process?' We have been saying, 'We don't know; we'll ask'. We have asked, and the Premier has reacted with, 'That seems a reasonable enough request. Why should people have to do it again, if they have already said it to you. We'll get Treasury to trawl through these submissions, and pick out what is relevant to the budget process'.

Ms FORREST - Continue with the process if you would.

Mr CHALLEN - That's where we have got to in the public consultation strategy for what has become the interim report, our first report.

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As I said, a moment ago, I have, on quite a few occasions, given people reassurance that there will be an opportunity for broad community input to the second phase. We are just mapping out exactly how that is going to happen. I can't give you the detail on that today, beyond saying that we see the need to do a second round of consultation with the peak groups. We have picked the eyes out of what they have said to us but focused on recommendations we can make for recovery measures that impact the immediate and short term. We now want to go back and think more about the medium and longer term.

There are a number of issues that have been raised, particularly by peak groups, that we feel we need to dig down into a little deeper. So we are in the process of developing our ideas for precisely how we will structure that. By one means or another, there will be a further round of consultation with the peak groups.

We are planning to provide an opportunity for anybody out there in the community who has a good idea or point of view to offer us to make submissions. We will try to make that as easy as possible. We don't expect people to write wads of paper to us. The secretariat is, at the moment, looking at developing some online methods of putting in submissions. The idea will be to make it as painless as possible. Probably you will go to our website. It will open up, and give you a menu of things to choose from, where you might have something to say on a particular subject, and then take you down, maybe ask you a few general questions that are across the board, and then provide an opportunity for you to put in whatever your ideas are.

That said, as we have already seen in the first round, there are lots of people out there with good ideas who are willing to sit down and produce a document of half-a-dozen pages, or sometimes a lot longer. The longest I have seen was about 90. If people are keen and willing to do that, we are more than happy to receive them. The secretary will go through them and bring them forward to the council for consideration.

Ms FORREST - In terms of including people who may not be that familiar with, or have great access to the internet and that sort of stuff, is there going to be a physical presence of the council members in the regions as well?

Mr CHALLEN - I doubt that will happen. I think there will be some involvement of the council members in the peak group forums that we hold. We have not done this yet, but we were planning to see if we could enlist the assistance of local government councils around the state to provide an opportunity for people who don't have easy access to computers and the internet to put in submissions. These ideas, at this stage, are a little undeveloped and we are working our way through them.

Ms FORREST - There are also members of parliament based all around the state who could assist people who are wanting to do it.

CHAIR - Thanks, Ruth, we'll come back.

Mr O'BYRNE - Sometimes with these processes it can be a little bit abstract in terms of how you assess and how you frame your recommendations back to government. What advice have you received from the Government in terms of the kind of areas they want to focus on? What kind of philosophical framework have they given you within which to assess the applications or the ideas?

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Mr CHALLEN - They have pretty much given us the terms of reference. I have had a number of conversations with the Premier in which I tried to get a bit of colour and movement around what is in the terms of reference and to understand the appetite for broad classes of recommendations, but it has really just been an elaborating on the terms of reference. There is no 'side letter', as it were, in terms of what they want us to do. It has been very much left to the council for us to do what we want.

There are nine of us around the council table with nine different perspectives, I think is a fair way of describing it. There are a lot of ideas around the council table for what we might do and where we might focus our work but there is a limit to what we can do in the time available.

We have a very talented group of public servants backing us up in Adrian's secretariat. There are eight of them. Not all of them work for us full time, so there is a limit to how much work you can get done. I think for the council's work to be useful to the community, it has to be done relatively quickly. This exercise can't go on for a year; I think it has to be done relatively quickly, so I have been resisting putting a timetable on the second report.

Just to give you an idea of roughly where I am thinking, I am hoping to get our second report to the Premier around about February next year. I think that's a reasonable timetable. It gives us two-and-a-half months from where we sit now. Let's say: a few weeks for us to get our act together in terms of how we are going to map out the work program for the second phase; a couple of months for us to do the consultation processes that I spoke about in answer to Ms Forrest's question; and then, say, three months for us to bring it altogether and settle on recommendations and prepare reports.

Mr O'BYRNE - Does it make you work harder and, potentially, you could be undertaking some wasted effort? If, for example, the Government has a view of 'This is where we want to focus on', maybe it is youth unemployment or the size of the private sector in Tasmania, does it make it harder for you to do your work without that sort of framework? It could be that there is a whole range of areas that you think are important, and you get some really good submissions on, but then the Government is of the mind that that is not where it fits.

Mr CHALLEN - There are two ways of answering that question. One way is that the members of the council are fairly independent-minded people. I think if they thought that their job was to deliver on a pre-determined agenda of the Government they wouldn't be much interested in doing the exercise. I think part of the attraction for them is putting together their collected experience and qualifications and judgment. The council has been asked to come up with recommendations that are in the best interests of the broadest community with no real restrictions on where we put the emphasis. Indeed, the emphasis that we've picked to date has been around the greatest impacts of the pandemic. That's where we have channelled our thinking.

I think the second way of answering it is that it would be unhelpful if the Government attempted to give us too much direction like that because they might get it wrong. Sitting where we sit right now, things are still changing pretty rapidly and the situation does not look now like it did back in April when we first started this exercise. It's a lot different. We at least have the advantage of operating on top of a dynamic framework and being able to modify our ideas as we go and certainly what we ended up doing in the interim report is a lot different from what

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I thought we were going to do when we first started back in April. I think the simple answer to your question is - no, it doesn't make life more difficult, in fact, probably the contrary.

Mr O'BYRNE - Based on the committee's deliberations, what are the key challenges that your report will hopefully seek to address?

Mr CHALLEN - It's about what we can do as a state medium and longer term to address the main impacts of the pandemic. Let's take one or two little examples. Tasmania relies a lot for its economic prosperity on external demand - external demand for goods and services through our exports, external demand through travel and tourism activity for the services that we provide here. While the Australian border remains closed and heavy restrictions are in place on the Tasmanian border, the chunks of economic activity here that are reliant on tourists and travel are severely depressed. What can you do short term to make up those sources of demand?

Well, short of the actions that governments have put in place with JobKeeper and JobSeeker supplements and all the assistance to individuals and firms, there isn't a lot you can do. It is a big challenge though in terms of - suppose those restrictions, particularly the Australian border, were to remain in place for a long period of time, years perhaps, - I am not saying that will happen, I'm just saying it's a possible scenario - what can you do to create other sources of demand in Tasmania to replace the sources of demand that would have come from tourism and travel-related activities?

I am not going to try to answer the question today. It's a challenge which Mr O'Byrne asked me to identify. I think it's a huge challenge and yes, I've got a few ideas about some of the things we can do and not just to focus on the economic because I truly believe that the social impact is every bit as important as the economic impact.

We've seen quite a few social impacts so far. Ways of life have changed probably semi-permanently. I sense - I'm sure you sense as you move around the community - that there is a very high level of anxiety right across the community about where things are going, how these are going to develop. They have social consequences for the way that we interact with each other in the community, for the way we go about our lives. I think another one of the challenges that hopefully the council will be able to respond to is the way in which we find ways of normalising just ordinary human interaction and activity.

Maybe, we can't go back to the way of life we had before but we can find ways, I think, of coping better, being more accepting of and living better in whatever the new environment is that we have to live in. They're just a couple of examples but there are many others obviously.

Mr O'BYRNE - Maybe it's too early - sorry, last question - have you got in your head in terms of what would be a success for your work? How you would measure your success? I know that may be a bit early to ask.

Mr CHALLEN - It is a good question and indeed it is one that I have asked the council members. As we were in the final stages of preparing this report I put that question to the council members. They said to me was that what they are looking for is influence. They will judge how much influence we have had by the way government responds to our recommendations.

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If the Government picks up and does something with a high proportion of our recommendations, the council will be satisfied that it has indulged in a useful exercise that has been of benefit to the community.

If we write a beautiful report in which you congratulate us on the quality of the pros and the Government picks up 5 per cent of our recommendations, we will not be a success.

Mr WILLIE - On that, what is the Government committed to doing as an accountability measure there? Are they committed to formally responding to the report and their actions or whether they accept the recommendations, like many other reports that are done by the public service and others?

Mr CHALLEN - All I can do in answering that question, is to quote what the Premier has said to me. I do not believe it was said in confidence. I hope he will forgive me. I will soon find out.

I asked him the question earlier in the week, what the Government was doing with our first report and how they were responding to our recommendations. He came back very quickly with, he has put a process in train in which he has referred each of the recommendations, or presumably groups of them, out to government departments and has asked for a response on what the Government should do with the recommendation. I forget the exact time frame, but it was a short time frame, maybe a week or 10 days or something like that.

Mr WILLIE - That will be a public document?

Mr CHALLEN - I will have to ask the Premier. I do not know.

Ms FORREST - To look at some of the recommendations you have made, building confidence, the first one, it talks a lot about community understanding of the reality of the challenge in the current future, if you can call it that and how it is different from the way it was before. When I read through the report and come to the recommendations, it seems to me that communication is really key, not only in this area but in other areas as well.

A majority of my work during the outbreak in the north-west was communication with my constituents because there was so much information out there on the website, which was really good, but it was overwhelming for people.

Concerning the community understanding, the state Government should explain to the community its future COVID-19 management strategy and how any future outbreaks will be handled and things like that, was that recommendation made and some similar ones around the communication aspect because you do not think it was done well? What are you saying in that?

Mr CHALLEN - I do not want to get into the game of trying to elaborate on recommendations that we have already made, so forgive me if I do not do that. What I can do is provide a bit more context around how we got to that recommendation.

We had a lot of feedback that there was uncertainty in the community about what it was the Government was trying to achieve and how it would manage itself in the case of an outbreak. It is not a good thing that there is uncertainty about those things because the

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uncertainty undermines confidence and the confidence is critical to people going about their lives in as normal a way as they possibly can, the levels of stress to be as low as they possibly can and for people interacting with each other in as normal as possible way and, in particular, for businesses to plan.

That does not mean that the communication has not been done well. On the contrary, the communication has been done brilliantly and I must say I am full of admiration for the Premier standing up at a press conference day after day and essentially going over the ground that he needed to communicate to the community very carefully. That is an exhausting thing for anybody to do and he kept it up for an amazingly long period of time.

Nevertheless, in amongst all of that communication, there are a couple of simple things that people did not quite understand and the council members, obviously me, thought these were really important things that could be fixed easily. So, in terms of the management strategy, all we are looking for is a short statement of what it is the Government is trying to achieve through this, and it may be that -

Ms FORREST - What is the outcome we are looking for, is that what you are saying?

Mr CHALLEN - You can imagine different strategies. One strategy might be to achieve herd immunity, that was thought to be a good idea in the United Kingdom a few months ago. Another strategy might be to completely eliminate COVID-19 from Tasmania, and there are all sorts of things in between. Those of us sitting around this table who have an interest in these things and watch the pronouncements of Government carefully, can probably reverse engineer that strategy and work out what it is. But out in the community they do not have the time to do that and do not have the interest and probably do not know how government works well enough to be able to do that, so a simple statement, maybe just a few paragraphs, would help enormously.

Similarly, with an outbreak, people are watching what is happening in Victoria. So as we were writing this report, Victoria was just moving into the big outbreak they now have. We were watching the Victorian Government - doing what looked to us - making decisions on the run, and maybe they weren't. Maybe they had a very carefully articulated strategy and they were just responding to the circumstances day by day, week by week, but that is not how it looked to the outside observer. What we are saying to the Government here is, help the community, give them some confidence that you know what you are going to do, so that when and if an outbreak occurs, you respond in a particular way. People just say, 'yes, we understand what is happening', and that is exactly what they said they would do. Again, a simple statement probably slightly longer than the first one, but a simple statement of what they will do in the event of an outbreak would help enormously, we think, in building community confidence.

Ms FORREST - I do not disagree with a lot of that, Don. I have a great degree of sympathy for the Victorians and Dan Andrews and the work he is doing at the moment. Things do change on a daily basis; they change on an hourly basis at times. That was one of the challenges for our Premier and us, as elected representatives, at times ensuring people are actually getting accurate information. When things changed, they felt like they had been the wrong thing the day before. There is still going to be an element of trying to get the clarity around that. It is not an easy statement to prepare, I would suggest, but do you think it is achievable?

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Mr CHALLEN - I think it is achievable because I had a go at it just to see that I wasn't asking people to do the impossible. It was just an example, not necessarily what they would come up with. I was able, in the course of a couple of hours of work one night at home, to come up with something that I thought, and a couple of people I took soundings on thought, would be pretty sensible and helpful if that is indeed what the Government was going to do.

Ms FORREST - I took to synthesising information from a website so that my people could understand it.

Mr CHALLEN - We are all inclined to reverse engineer from the actions we see of the decision makers. It would be better if the decision makers articulated what is in their minds in advance, so that when something - imagine that an essential worker comes into Tasmania, he has been through Victoria, brings the virus into Tasmania and infects -

Ms FORREST - An exempted essential worker you are talking about?

Mr CHALLEN - Yes. It might happen, it is just bad luck and it probably will happen at some stage. Imagine that happens and it infects two or three Tasmanian tradesmen that they working with. Imagine that happens. You can imagine one response might be, we will immediately quarantine all those people and we will quarantine anybody that has been in close contact with them in the last five days. This is just an example, I am not saying this is what will happen.

But there is a first response to an outbreak and if that does not work, we might do something else. The community hearing from the Government decision makers in advance that is what the Government plans to do - (a) it build huge confidence that the Government is right on top of this; and (b), when it happens, people just see the plan being dropped into place and they can start to think to themselves, crikey, if this doesn't work, then we are going to be at item (c) in the plan in a few days. They can plan their lives around that, and that is helpful.

Ms FORREST - Can you describe the role that PESRAC has on commenting on, or critiquing, federal government policy? You mentioned JobKeeper and JobSeeker, but even the decisions around childcare and support in those areas. I won't make my opinion known on that.

Mr CHALLEN - We have no role.

Ms FORREST - It has a significant impact on the community in Tasmania.

Mr CHALLEN - We are interested private citizens as well as PESRAC members, so occasionally we have drifted into commenting about initiatives of the Commonwealth Government in our reports. I do not reckon the Commonwealth Government is interested in our views, but sometimes they are relevant to what the state Government is doing. We have in the report commented about the importance of JobKeeper and JobSeeker. We did that in the context of the emergency response in which all levels of government were doing things. What the state Government was doing was important in the context of the income support that the Commonwealth Government was providing. We will not be indulging in commenting on anything outside our reports.

Ms FORREST - With the proactive approach, is short- to medium-term is where you are going next. There are recommendations relating to VET training and qualifications. We

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know there have been issues with TAFE for some time now being able to deliver a lot of the necessary training. Have you already consulted on what the areas of need are, like where we are we going to need to focus on this training, or is that part of the next step?

Mr CHALLEN - We have just dipped below the surface on that issue but we want to go quite a bit deeper. There are a few examples in here of pointers to things we think are important to do in the next report, and that is one of them. We think training and the VET sector is going to have a very important role to play over the medium term.

I am speculating a little now, but just opening up my thinking. One of the things likely to happen as we move over the next few years is the sources of activity in the Tasmanian economy are going to shift a little from what they have been traditionally. That means workers are likely to have to move from some sectors to others. You would expect that it is going to need training and retraining. Who does the training and retraining? It is TAFE and our VET sector. So we think they are going to have a very important role to play and we want to make sure they are well placed to do that. In part, this is about understanding where the training is going to be required so the resources can be put into the right areas.

Ms FORREST - You have not done that body of work yet?

Mr CHALLEN - Not yet. It is on the list.

Ms FORREST - Drilling down into that, you will be talking to industry and others.

Mr CHALLEN - And of course TAFE and the sector itself, yes. We have been and we will be some more.

CHAIR - Other states and territories would be going down the same path. I have not done much looking or research, but that is how governments are going to recover from this and what they are going to do. I guess your committee would be looking at this also in determining where you are going?

Mr CHALLEN - There is an analogous body to us for the Commonwealth, the National COVID-19 Council, Nev Power chairs it, and they have a different operating model to us so they are providing private internal advice to Government, plus I notice Mr Power has been speaking in public a bit. They do not seem to have a reporting channel like we do. There maybe, but I am not aware of similar bodies in the other states.

Mr O'BYRNE - In your report you refer to the Government having a limited financial flexibility. Now the Government has been very robust about their handling of the state budget and various other matters. What did you actually mean by that?

Mr CHALLEN - Just what it says, really: the state budget is not a bottomless pit. There are limits to the extent to which it is sensible for the Government to accumulate debt to manage the transition through a crisis. Notwithstanding the views of some modern economists, governments cannot accumulate unlimited amounts of debt and the Governor of the Reserve Bank made a very good and carefully considered statement on that subject about 10 days ago, which is worth reading if you are interested in this area.

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The reality is, if the debt doesn't have to be repaid, it will have to be serviced. Future generations of Tasmanians are going to provide the taxes that will service the debt that has accumulated to get us through this crisis.

Government does have to be prudent with its budget, and make judgment calls about how much it can afford to spend on dealing with the current generation's crisis as opposed to the burden that is placed on future generations and the limitation that it puts on capacity to deal with next year's problems and the year after's problems, and the year after that.

It's an extraordinarily difficult position we are in. I have said before that I think governments at all levels all around the country have done an admirable job of handling it and getting us through. But over time, the burden of the coping has to shift from governments back to the community.

Mr O'BYRNE - Do you think its been made harder by the fact that the RER that was released in February put us on a trajectory very quickly to moving into net debt - the first time we had been in that kind of net debt for many years. Has that made the situation tougher?

Mr CHALLEN - I don't think the council has a view on that. We haven't discussed it. I don't know that it is helpful me offering a personal view today. Maybe I might do that privately with you.

Ms FORREST - Can I clarify a comment that Don made? Do you accept that the state budget, and state Government's capacity in managing and dealing with debt, is very different from the Commonwealth's?

Mr CHALLEN - Yes. I am indulging in offering a bit of a personal view here. This is not something the council has discussed. I just want to make clear that I am not speaking for the council when I say this. The Commonwealth Government has the capacity to monetise its debt. It can print money.

Ms FORREST - It doesn't print money. We need to be careful about our language here, Don. It doesn't actually get a printing press out. It actually clicks a button and puts money from the RBA's account into the general government account.

Mr CHALLEN - What happens is they issue bonds, which the Reserve Bank buys. The Reserve Bank converts those into bank deposits, which people take out and spend via mechanisms that don't often involve bits of paper these days. You are quite right. Nevertheless, the mechanism is colloquially described as printing money.

Ms FORREST - But we do need to be careful about our language because it gives the wrong impression.

Mr CHALLEN - Okay, I will be. I will go back to my first comment, which was the Commonwealth has the capacity to monetise its debt. The state government does not have that capacity so every bit of debt has to be borrowed from the public markets through Tascorp. All of that debt has to be serviced.

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Those public debt markets are very favourable at the moment. The appetite for low risk assets like the Tasmanian state government debt is very strong and partly, as a consequence of that, the interest rates to service that debt are very low.

If you had to go into debt, this is not a bad time to be going into debt. It is going to go on the Government's balance sheet, and it is going to sit there until something is done about it, and in the meantime, it has to be serviced. Even when interest rates are low, servicing that debt costs money, and it is money you can't spend on other things.

Mr O'BYRNE - Which goes back to the original question. You do make a reference to the Government having limited financial flexibility. That it is not just an academic conversation around how much debt you can service on your books. It is not a question in isolation of how we have got to this point. It is in your report. You have acknowledged it. Do you think that is a real concern with the ability for the Government to respond to your recommendations when we are already on a trajectory, as the Government's own papers have identified, to a significant net debt?

Mr CHALLEN - We've been very conscious of this issue in forming our recommendations. In the main, our recommendations don't cost much money at all. I think in the next phase of our report we're going to be pretty careful to limit the number of recommendations that might have significant budgetary consequences. That's not to say there won't be any because, at the end of the day, government budgets are about priorities. If something is important the Government should spend money on it and if that means that there are some unimportant things that they don't spend money on, so be it - that's life. In this report in particular there's hardly anything that is going to cost a significant amount of money.

Mr O'BYRNE - You will have an eye to the state budget when you consider the kind of recommendations that come with a dollar?

Mr CHALLEN - Yes, an eye to it. That doesn't mean we won't make recommendations that have budgetary implications. I expect we will.

Ms FORREST - Which will be in the 2021-22 budget we're talking about because your next report won't be out until after this coming Budget.

Mr O'BYRNE - And the forward Estimates as well.

Mr CHALLEN - Correct.

Mr O'BYRNE - Were you surprised that you received a submission from a GBE in Hydro asking for money for a project that the Government is saying they're backing in?

Mr CHALLEN - Nothing surprises me, Mr O'Byrne.

Probably early on there was a bit of misunderstanding about what PESRAC was there for and what our purpose was. Early on, in particular, people seemed to think we were a decision-making body. We're not; we're just an advice-giving body. I see our role as to Hoover up all the good ideas we can find, package them up and pass them to Government in the form of recommendations. I think that was just a misunderstanding of our role.

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That project and projects of its ilk though are another one of those challenges that you asked me about earlier. What should the Government do about projects like that? What role does it have to play in the pandemic recovery? I'm pretty sure we'll get into that area in our second report.

Mr O'BYRNE - Was Hydro the only GBE or SOC that put a submission in?

Mr CHALLEN - We'd have to check the list. It's on our website so it's easily done. I can't remember, I'm sorry.

Mr O'BYRNE - Okay.

CHAIR - Can we just go back to the Budget. I want to make sense of this. Are you saying that you're not likely to make a recommendation or recommendations that could upset the Budget?

Mr CHALLEN - We wouldn't do anything that won't upset the Budget.

Ms FORREST - The Budget is already upset.

CHAIR - That could significantly impact the Budget and cause a change in the Budget.

Mr CHALLEN - I don't want to be shoehorned into saying that because I can't anticipate what recommendations we'll make in the next report. The field is a blank sheet of paper almost at the moment.

What I was trying to say in answer to Mr O'Byrne's question is that all the members of the council are conscious of the fact that it would be unhelpful to come up with a long list of recommendations that cost hundreds of millions of dollars because it would just compromise the Government's ability either to adopt our recommendations or to do other important things. We are conscious of it, but I don't want to say to you today that we won't make recommendations that cost money because I suspect we will. We'll be careful about it because we don't want to make life difficult for anybody - let alone the community.

Mr WILLIE - Arguably, the recommendations you've made could have significant budget impacts. It depends what they look like because they're more overarching -

Ms FORREST - Or how they're adopted.

Mr WILLIE - Yes, it's how they're applied. So, arguably, the recommendations you have made could have significant -

Mr CHALLEN - You're on to us, Mr Willie. Yes, a lot of these recommendations have been framed in a way that allows the Government to do a little bit of it or a lot of it, depending on what the Government thinks is important. That's the role of government: to settle the priorities. If they thought something was important and wanted to spend a lot of money on it, that's a budget decision that a government can properly make. I don't think that's a decision that PESRAC should make. One thing none of us wants to do is to get into the Government's shoes.

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Mr O'BYRNE - You've made a number of recommendations which arguably fit into the Government's mantra about what they have been doing in the last six years. Is that a criticism of Government?

Mr CHALLEN - It wasn't intended to be. I wasn't entirely sure that we'd fit in with anybody's mantra. It may be a glorious coincidence for somebody.

CHAIR - I am going to a recommendation and find out the information for your recommendations come from all the input you receive and your own observations or the council's observations of what is happening out there.

Mr CHALLEN - And obviously the analysis and work that the secretariat has done for us.

CHAIR - If you look at recommendation 28, which is: the state Government should carefully manage the rollout of its construction blitz program, the flow of housing construction should be scheduled to deliver the intended stimulatory effect without overheating the industry.

That is a statement that is made and the evidence comes in from everything you have observed from the industry, within the industry itself who are concerned, and they have said in the media that too much could cause immense problems in that area, and so on. Can you comment further on that recommendation?

Mr CHALLEN - Yes, I am happy to do that. I have been asked quite a few times about this recommendation. At the time we wrote the report, the published data was not showing a big downturn in the construction industry but the feedback from the industry was that their forward book was very thin and although it had not appeared in the data, it was coming down the track. If you look at the leading indicators of activity in the construction sector, things like dwelling approvals and so on, they also were not showing a downturn at the time we wrote this report.

From our own observation and from submissions we have had, in the past when governments have pumped stimulus into the construction sector, it has sometimes very quickly overheated. We were saying that was not in anybody's interests. It is not in the interests of the industry and it certainly is not in the interests of the people who pay the money to buy the houses that the industry produces. If you are an ordinary -

Ms FORREST - Or other sectors.

Mr CHALLEN - Indeed, and if you are an ordinary homeowner who needs a plumber or an electrician and you cannot get one for love or money it is not in your interests either.

We were saying to the Government, you need to be conscious of this and you need to be careful how you manage the rate at which you put your program out. What we said in the report was that there are indicators at the front end of that construction pipeline that can be used to manage the rate at which you put the program out.

We have also said to them that in managing the program you should try to help those areas of greatest need. People who are homeless, people who have special needs and do not have housing that is suitable for them, and you should, as far as it is sensibly possible, use your

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construction program to deal with some of the regional impacts of the pandemic because some parts of the state are doing it much tougher than others.

CHAIR - That was going to be one of my next questions. If you look at the recommendations as to their impact around the whole state, not only in one segment or one area of the state. You hear coming out of the north-west for instance, a good example, there is not much happening in our area, how you are stimulating things and what are you going to do moving forward and so on. Has that impacted on the council and any of the recommendations it has made? Have you looked at any specific area in making a recommendation?

Mr CHALLEN - There are quite a number of recommendations that have a regional flavour to them but the most important thing is for decision-makers within government to be aware of the regional impacts. You speak of the north-west, actually the east coast and the Tasman Peninsula are probably the worst affected parts of the state.

Ms FORREST - Agriculture has kept going. It is the east coast which is really struggling.

Mr CHALLEN - That part of the state is very heavily dependent on tourism. Yes, there is a bit of agriculture and yes, there is a bit of fishing, but there is not much else and there are a lot of tourist operators up and down the east coast and down on the peninsula who are doing it very hard.

Ms FORREST - To follow on from that, there are regional impacts 52 to 56 are some of your recommendations, but you also focused on a number of recommendations on buying local, using local suppliers and things like that. I understand there are times when you can't do that. I know several sectors, including the mining industry, have worked really hard to reduce their exempted essential workers for lots of reasons - one, they don't want to be the one who brings COVID-19 into the state.

In terms of the capacity there, is there an issue here, Don, and did the council look at this, we should all buy locally when we can, but in terms of meeting the demand for construction or for social recovery measures, do we have the capacity in this state to really supply locally? Or do we need to have a real focus on that? I am interested what your council heard on that.

Mr CHALLEN - What we heard were lots of examples of government purchases where there are any numbers of local firms that could supply what was being purchased, nevertheless the contracts were going to out of state and in some cases out of country sources. We thought that was pretty disappointing when our community is in a crisis. Yes, lots of other communities are in crisis as well but let's band together and help our community first. That is what we were on about. So, this idea of buy Tasmanian on an 'if not, why not?' basis is where we came to. Look, as I've said in a couple of radio interviews I did, we just thought that adding a bit of a burden to the people who are making those purchasing decisions of going outside Tasmania would incentivise them to stay inside Tasmania.

Ms FORREST - Maybe you need a permit to purchase outside the state same as you need a permit to go outside the door in Melbourne at the moment.

Mr CHALLEN - Something like that. You only have to add a tiny burden on and people will try to avoid it. If there is no burden buying in Tasmania but there is a burden if you want

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to hire a Melbourne law firm, then it is easier to hire a Tasmanian law firm and people will tend to do that on average. If there is a particular skill, if you need an expert in some obscure bit of law and there is no-one in Tasmania that has got that, of course you have to go and buy it from Melbourne or Sydney.

The reality is that there are lots of things, even things like civil construction contracts, there are any number of Tasmanian civil construction firms and yet I hear cases of civil work being let to firms outside Tasmania.

Ms FORREST - Where the capacity is clearly exists in the state.

Mr CHALLEN - Absolutely.

Ms FORREST - That was obviously raised and to have recommendations around that the council must have a fairly strong view that it is achievable and should occur.

Mr CHALLEN - Indeed. It happens across not just goods but it happens across services, particularly professional services, a lot. There is a bit of cringe factor that if you bring in a 'big four' accounting firm or a big mainland law firm somehow or the other you will get a better product. Well, occasionally, that will be true, particularly when there is specialised knowledge. But we have lots of highly skilled legal and accounting practitioners in Tasmania and I think it is a responsibility of government to be supporting those firms first and foremost. I am not getting argument from any ministers on this, I might say.

Ms FORREST - They can all talk the talk; you have to walk the walk.

Mr CHALLEN - Indeed. It is mostly not a minister's fault. It's happening down at the level of making purchasing decisions in departments. There are all sorts of reasons people don't buy Tasmanian when they could. That is why the council is saying, in that recommendation, just make it a bit harder for them to go outside the state and let the incentive for them to buy here take its course.

Ms FORREST - Does the council also have the view that should be a longer-term approach not just the immediate economic recovery? Surely it should be something that prevails beyond whatever we get to whenever we get there.

Mr CHALLEN - We have avoided that question because it raises some issues around the state's responsibilities under some of the Commonwealth Government's trade obligations. We have specifically avoided that but my personal view is that the procurement guidelines could be improved to take away unnecessary disincentives to use locally-sourced goods and services. That is an issue for government to look at longer term. I don't know if you have ever looked at the procurement guidelines, but they are incredibly complex.

Mr O'BYRNE - They are also governed by a series of Treasurer's Instructions on these matters, which actually do not encourage the behaviour that you were talking about that is recommended. This is something that the Government has implement themselves.

Ms FORREST - Past and current.

Mr O'BYRNE - I was on a committee where we tried to change them.

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Mr CHALLEN - I am a guilty party in this space because in an earlier life my people use to draft these things. When I look at this now from the outside, I realise that there was too much focus on making sure we did not breach the trade obligations and not enough emphasis on giving Tasmanian firms a real red hot go wherever they could. It is about mindset and there is some work to be done on the procurement guidelines and I feel sure people in Treasury now will be onto this.

Mr O'BYRNE - Hopefully we can share your confidence. The proof of the pudding is in the eating, I suppose.

Mr CHALLEN - Indeed.

Ms FORREST - There could potentially be some positive things that come out of this crisis as well if those sorts of approaches are taken. I hear that in Circular Head many people are now shopping locally for their normal goods and services because they did not realise it was there before. Suddenly they could not go out of town so they had no choice but to shop locally.

In recommendation 35, it says:

The State Government should take a leadership role in collaborating with all Tasmania's elected representatives to ensure a common voice in lobbying the Australian Government.

[TBC]

What actually sits behind that recommendation? It goes on to talk about the aspects of that recommendation. Is there a significant barrier to getting the voices of Tasmanians heard federally?

Mr CHALLEN - We are a small voice normally. At the highest levels of government - Premier to Prime Minister - the communication channels recently have been very open and very effective, but that is not always the case by any means. It is possible that things might revert to type a bit over the months ahead.

What we were saying here is that our Premier and our ministers actually have quite a lot of influence when they use it. This is saying, please do not forget that each of the things on this little list is very important and whenever you have an opportunity to blow in the ear of a prime minister or a Commonwealth minister or even the head of a Commonwealth department, take the opportunity.

Ms FORREST - You are talking about all elected representatives. You are talking about the opposition here as well.

Mr CHALLEN - Yes, everybody is in this.

Ms FORREST - Yes, we have some skin in the game.

Mr CHALLEN - The reality is that the Leader of the Opposition has influence too. She speaks to her colleagues in the federal party and she gets her message through to them and it comes out in the federal parliament. That is another good communication channel for us.

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Mr Willie and Mr O'Byrne are in contact with their federal counterparts frequently, blowing in their ear is also influential. Let's use them all. All these channels of communication are important.

Ms FORREST - Are you talking about a united voice here, a common voice?

Mr CHALLEN - Yes, exactly right.

Ms FORREST - Singing from the same song sheet? Is that a bit optimistic?

Mr CHALLEN - Maybe in three-part harmony. It is too much to expect the same hymn sheet. There are four dot points there of things that we thought were important and we were a bit worried about.

There is less room for worrying about the first two since the Commonwealth Government's most recent announcements but the other two are still very important issues. It is important that everybody from Tasmania who has some influence with the decision-makers, is emphasising the importance of keeping these things up to help our community.

Mr TUCKER - I love the parochialism. I am fully behind you there with that.

Ms FORREST - What parochialism?

Mr TUCKER - I am going to ask you about the stimulus. You have talked a lot about incentivising people and incentivising things around the state. There is such a thing as over-incentivising things too. Do you take that into account with your report when we should be pulling the foot off the throttle and advising the Premier with that?

Mr CHALLEN - We have not done that to date, because it has not really been an issue. The impact of the pandemic was so quick and so serious that governments just threw the kitchen sink at it really. Some things in the package of government actions that are sitting there at the moment are probably not as efficient as they could be. There are some things that overlap with activity that other governments are doing. I think one tier of government, without naming names, has been a bit over-enthusiastic, but the council hasn't systematically explored any of that and probably won't.

I think the reality is that governments had to think on the fly and, by and large, they have done a great job of what they have done. I am sure that the advice they are going to get from the Department of Premier and Cabinet, Treasury and State Growth will help them refine their measures over time. No doubt they will be coming back to the parliament in due course with some tweaks to ensure that we are not over-assisting narrow groups; that we don't provide opportunities for people gaming the assistance system; that we don't keep assistance in place longer than is necessary. I think it was the Prime Minister who said that we cannot keep the economy under the doona for too long. That is right, I think. It is not in the wider community's long-term interest to be relying too heavily on government support for too long. People need to get out there and have a go. That is what makes the world go around.

Ms FORREST - You would accept that the federal government has a role to play at this time?

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Mr CHALLEN - Absolutely, and it is going to continue. Some sectors are going to need help for quite a while yet - maybe in the years, depending on what happens with border closures. I am not speaking for the council although I imagine most of them would agree with me on this point. I think the government assistance that is available is best targeted to people who really need it. We have a lot of people in receipt of government assistance at the moment who would have never had it in their lives before and would have never contemplated getting it before. When circumstances are such that those people do not need the assistance any more, the assistance is best withdrawn and put people back on their own resources.

Mr O'BYRNE - The most recent example was the stimulus package, and the range of measures post the global financial crisis, both federal and state. You could group them into two areas: one which was about building an economy and supporting key elements. The other section was purely stimulus; it's about just getting the money out and getting people active and getting some money into the economy.

When you gave the example before about the construction industry, is there a real danger that if there's too much stimulus, you essentially just reprofile work and create a hole in six, nine or 12 months? Is that a real concern of the work of the committee - that we need to find ways to effectively defer the inevitable?

Mr CHALLEN - The council hasn't gone into the issue quite that deeply. The issue of concern to the council was overheating. So, crowding out private activity: you want to get your new house built; you are going to build it privately with a private builder. The builders can't get subbies for love or money, so, sorry, can't start your project for a year. There is a bit of private investment that does not happen because the industry is overheated.

The other manifestation of overheating is prices going up. It is not in anybody's interests for builders' and subbies' profit margins to blow out. You can't blame them; they will take the most lucrative work that is around at any point in time. If you put too much activity into the industry, some people who are just desperate to get something done will pay more for it, and that will drive prices up across the whole sector.

The point I made earlier - if the sewerage system in your house breaks down, you need a plumber to fix it, or if you have a safety problem with the electrics in your house, you need an electrician to fix it. There have been times in the past when precisely these sorts of stimulus packages were in place but it has been next to impossible to get someone to do that. You know what happens? Householders start doing their own electrical work. That is not something we want happening.

Mr O'BYRNE - Will the council make any recommendations around, for example, the work that the Government can control directly and indirectly, that is the work of the Government Business Enterprises and the state-owned corporations, about how they profile their work? Will you make any recommendations to Government about how best to manage that? At the moment there is not a lot of that.

Mr CHALLEN - Maybe. We've highlighted the issue with this recommendation. It was mainly focused on the Government's own construction stimulus measures. I think this is not a terribly difficult recommendation to implement. The processes that you put in place to do this are pretty easy. The question of profiling capital expenditure through government businesses is slightly more complicated because the flavour of what we have written here is that we want

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to encourage it. In the main, it is targeting contractors that are outside the building construction sector, mainly the big civil workers, the large-scale electrical contractors, the people who string power lines and do that sort of work, and the concrete construction industry, which you would hard pressed to overheat that if you tried.

Mr WILLIE - Don, you're probably aware of the Productivity Commission Report last week that looked into young people through the GFC, and in terms of their wage growth being stagnant, career opportunities and projections, those sorts of things. Arguably, one of our greatest challenges as a state is to ensure that young people have opportunities with our aging demographic. You picked up on a number of those in the report where its education attainment pathways, youth being representative of the workforce. Those sorts of things.

My question is a two part one. In the next report, are you going to provide more tangible recommendations on what Government could do? It is easy to say that there should be clearer pathways to jobs or that we need to lift our education attainment. That is the first part. Are there going to be some more tangible recommendations in the next report. And, is the next report going to be structured in a way where you have areas of high priority and you would be able to rank some of those demographic challenges?

Mr CHALLEN - I have to say I don't know to both questions. On the first question, I think it is highly likely. Around the council table we have a lot of people who are worried about young people who are just about to enter or just in the workforce - about their job security and about their career pathways. I personally think it is an incredibly important issue for the longer term. I think it is highly likely we will be delving into that.

That said, I think we are likely to focus on what particular industry sectors that have opportunity can do to increase the demand they service and increase their levels of activity. Most of the sectors that I think we are likely to focus on would be picking up lots of younger workers. Let's say, 'Probably', in relation to your first question.

In relation to your second question: I just don't know, because we are not far enough into the phase 2 to know how it is going to play out yet. If I tried to predict what the interim report would look like at this stage of that process, I would have got it badly wrong.

Mr WILLIE - When you're looking at the different sectors, are you going to be looking at pathways for young people too? Some sectors are great employers but there is not necessarily a career structure for people moving through their life. We haven't necessarily done well as a state. We are good at creating employment opportunities in some sectors but whether there is security of employment or great career pathways is another question.

Mr CHALLEN - I don't know that we have been all that bad. I think of the job opportunities that have opened up in tourism servicing sector for instance, and agriculture and aquaculture. I think they are silent success stories. They are not very out there, but in terms of a person coming out of school and going into a trade they provide quite good career pathways. Maybe the downfall is you can only get so far in Tasmania, the opportunities become limited and the more ambitious people tend to leave the state, but it has always been so and maybe that is just life. I do not know but I hear what you say; you make a good point. I cannot promise you at this stage, but it is likely it is an area we will be looking at. We are definitely on that bus.

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CHAIR - I want to go to other interesting recommendations - that was 29 and 30. I might add they are all interesting. There is one on domestic violence I will probably ask you a question on later if somebody else doesn't.

The recommendation is that state government should further support all enterprises adapting to the new COVID-19-safe workplace requirement. This a critical area, isn't it? It is an important area and businesses are coming to me saying the onus and responsibility on them with the changes they now have to make as a result of COVID-19 is really going to put them in a parlous position and how are they going to cope? You then go on with your No. 30 recommendation - I support the compliance arrangements need to be clear and as simple as possible and penalties limited to genuinely recalcitrant non-compliers. Can you expand further on that and what you are getting at here? Where are you going with that recommendation?

Mr CHALLEN - The COVID-19 compliance industry is our most rapidly growing industry at the moment. I have seen not quite first-hand but pretty close up the impact this is having on lots of businesses. For many businesses the burden of doing this stuff is horrendous. What we were saying with No. 29 is Government help them; put out templates and things that people can pick up. They are doing it better and better, but there are a lot of people out here who find the burden of complying with this stuff horrendous.

If you are running a small or even a moderately complex big business, it costs a lot of money and effort to produce COVID-safe plans the inspector regards as compliant. Most businesses have done it by now, but there will still be lots out there that have not quite managed to pull it off, and particularly businesses that have not been open. It is a big burden when you get open. There is an awful lot of compliance activity going on and that is fine, but we think the focus should be on helping people to comply and encouraging people to cooperate with behavioural restrictions the community now needs and try not to make the imposition of a penalty the first thing you do.

CHAIR - The reason I raise it is businesses have been to me and other members and they are wondering, 'how the hell am I going to get through this, what am I going to do, where are we going to finance it - we just do not have that money', and so on. The point here is, and you are saying very clearly, that it is not just the Government putting money into these businesses. It is about helping them in other ways to make the changes they need to make. You have mentioned templates and different other things. I think that is where we are going.

Mr CHALLEN - The other issue, Chair, is consistency. Again, just in the last couple of weeks I have seen some examples of inconsistent behaviour where the compliance inspectors are interpreting the rules and regulations in a way that is very linear. So, an institution that has people near each other is being told they have to do things that are different from a restaurant which is a place where people sit near each other. That inconsistency is because of too linear, not sophisticated enough, not subtle enough thinking on the part of the way the inspectors are interpreting the regulations. What we are saying here is that Government inspectors, in ensuring compliance with these important regulations, make sure what you are doing is achieving the objective of the regulation and not being overly directive in the way in which compliance is achieved.

Ms FORREST - Isn't it fair to say though that, like in abattoirs, for example, you do need to perhaps be a little bit more rigid around the application of the guidelines?

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Mr CHALLEN - I am not an expert on abattoirs.

Ms FORREST - We do not look too far to see what the problems are. We are lucky it did not get into a certain abattoir in the north west.

Mr CHALLEN - I have been to a couple of abattoirs, but actually had the benefit of a Hobart butcher explain to me earlier in the week some of the challenges in running an abattoir. Yes, there are some situations where the risks are high and if you have low levels of comprehension of the English language, et cetera, then you have to be very careful people understand what they need to do.

Ms FORREST - They need to understand the principle of what you are trying to achieve, which comes back to your communication.

Mr CHALLEN - Yes, absolutely.

CHAIR - If we can keep the questions fairly short and the answers as short as you can because we do not have a lot of time.

Ms FORREST - I have a couple I want to focus on, if I might, Chair.

CHAIR - Yes, sure.

Ms FORREST - Recommendation 57, under this heading 'the state focused on addressing the social impacts', I know the Government has put some significant additional funding into mental health services, family violence and emergency food relief. I am particularly interested in the mental health and family violence aspect, particularly family violence if they are hidden. When we were in the hard lockdown in the north-west, it was impossible to know whether, predominantly, women and children were safe in that time. You have asked the Government to review that quickly. I assume you were asking them to review the additional funding, that is the way it is worded. Does the council have a view on the amount of funding put into it and the way it was distributed, or are you are asking for a review so we can better target it in the future?

Mr CHALLEN - It is more the latter. It is hard to be certain the money that has been put in there is adequate to deal with whatever the issues are. There actually is not a lot of evidence in any of these areas yet and is why the recommendation is cast the way it is because it is hard to be more definitive when there is not much data around.

Because things were done very quickly, we are trying to say here that Government has a quick look at what is being done with your extra money and make sure it is achieving the benefit the community needs.

Ms FORREST - You have not had any response from Government on some of these, have you?

Mr CHALLEN - No.

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Ms FORREST - Recommendation 64 says the state Government should accelerate the Tasmanian State Service review. For what particular purpose are you suggesting this, as it is a pretty broad recommendation?

Mr CHALLEN - It is, and deliberately so because we already had a review of the State Service underway, but put into hibernation for a few months. We think that review is very important and -

Ms FORREST - Why do you think it is important? I am interested in the underlying -

Mr CHALLEN - Because this community needs a well performing State Service over the years ahead. Dr Watts' review has the capacity to make some recommendations to improve the effectiveness of the State Service. That is not to say they are not performing well. In fact, they have performed admirably over the last few months. I know Dr Watts is of the same view, but it is an important review. We have not had anything similar for a long time in the State Service, and we think we can have some useful recommendations out of Dr Watts' review.

Ms FORREST - Does that include preparedness? Would you be looking at that sort of aspect?

Mr CHALLEN - I cannot recall. I have seen his terms of reference and I have spoken to him about what he is planning to do. I think the answer is yes, but I cannot remember, sorry.

Ms FORREST - Can we access his terms of reference?

Mr CHALLEN - Yes, they are on the public domain; they are on the DPAC website.

Mr O'BYRNE - Will the council make any recommendations to that review?

Mr CHALLEN - No. We will leave it to him.

Mr O'BYRNE - So, you just form the view that reform is needed?

Mr CHALLEN - No, I did not say that. I said the community needs a highly effective State Service in the years ahead and having a review to see whether there are things that can be done to lift its effectiveness is an important thing to do right now. I am not saying that necessarily its performance is below what is needed. Since it was already underway anyway, it is a really good time to be doing such a review. I would be surprised if he does not come up with some good suggestions.

Mr O'BYRNE - I am not sure of the timing of that review specifically, but if that review lands before you do your report in February will you make any response to that review?

Mr CHALLEN - Possibly, I do not know. It depends on what it says and how it fits in with other things we are saying.

All levels of government have important roles to play in helping the community with the recovery effort over the years ahead and making sure that the government is well served with its human resources, with its State Service, with the skills it needs, with training pathways, with the recruitment strategies is as important as it could ever be.

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Nobody in the State Service needs to see this as a threat. Quite the contrary. It opens up opportunities for state servants and maybe more interesting career pathways, new recruitment opportunities and new ways of doing things.

CHAIR - I have another question on recommendation 37, which reads:

The State Government should provide clear direction to the TT-Line Board, that is to lead, not lag passenger capacity into Tasmania, particularly in the absence of substantial air access. [TBC]

Are you saying there that those clear directions are not there? Is that the way one interprets that recommendation? I am not disagreeing with the recommendation at all, because there has been previous discussion by this committee.

Mr CHALLEN - If you read the Government Business Enterprises Act and the relevant acts for the state-owned companies of which TT-Line is one, the overriding thrust of them is to act commercially. I think that is what it should be too because you would not want a government business acting other than commercially.

Sometimes the boards and senior management of government businesses overdo it a bit. They forget who owns them. They forget that at the end of the day they are here to look after the interests of the Tasmanian community.

In the main, that is about providing services and making money that goes back to support the budget through dividends. All that is good, but there are things that government businesses can do that go beyond the narrow commercial objectives.

TT-Line is hugely important in influencing accessibility of people to Tasmania - when the borders open - and the cost of that. The airlines watch TT-Line's fares extremely carefully because they know they are in direct competition with them. It is possible that the TT-Line board might think it is appropriate to use the reopening of Tasmanian borders as an opportunity to make a lot of money, as the Hydro did a few years ago when they ran our water storages down and made a bucket load of money when the carbon price was in play. It would have seemed like a good idea at the time to their board, no doubt. In these circumstances, we need TT-Line using its capacity to put pressure on the airlines.

Mr O'BYRNE - With TT-Line, while the Government has made a decision around the replacement vessels, a number of not only tourism companies but also freight forwarders and exporters were very much looking forward to the increased capacity on Bass Strait that would come with those two new vessels. The Government has now intervened and essentially pushed back any delivery of new vessels at least until 2028. Will the council form a view about the strategic importance of TT-Line and that decision?

Mr CHALLEN - Possibly, but it hasn't yet. It goes back to Mr Willie's question earlier. We will have something to say about the role of the government businesses and state-owned companies in the recovery in the broad.

CHAIR - We are at time. Thank you for being here and thank you for the way in which you have answered the questions. I have no doubt this committee will probably be inviting you back again at some time in the future.

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We intend to put out interim reports on this. This Public Accounts Committee inquiry will go on for some time. It is an evolving issue. I am confident that might well happen, but thank you very much for your time today, we appreciate it very much.

Mr CHALLEN - Thank you.

THE WITNESS WITHDREW.

The committee suspended from 3.15 p.m. to 3.30 p.m.

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Mr STEVE DEVEREUX CEO, TASMANIAN TROTTING CLUB, **Mr ANDREW SCANLON**, TASMANIAN RACING CLUB, AND **Mr GRAEME BARBER**, HOBART GREYHOUND RACING CLUB, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

CHAIR - Thank you all very much for being here. Graeme Barber is known to all of us from his position as the governor of the jail for quite a long time and a previous police officer and a good friend of mine. Steve Devereux, CEO of Trotting, is known to most of us as well and we have also Andrew Scanlon, the chairman of the Tasmanian Racing Club.

Welcome, gentlemen.

Graeme has given evidence here many times, as has Andrew and probably Steve as well. However, I need to go through a couple of details. Parliamentary privilege applies whilst you are in this venue. Once you leave, I am not too sure whether it does or not but whilst you are here it does. You need to be aware of that.

This is being livestreamed, it is also being recorded as a public session and it will be recorded by way of writing and that document will go online as well in due course and will be available to anybody and everybody.

I understand you are familiar with the processes as to where we go and what we do. I will leave it open and I am not sure whether all three are going to speak but we certainly have a time frame which is 3.30 p.m. to 4.30 p.m. so we have an hour. Whether or not all of you wish to make an opening statement to us in accordance with our terms of reference which are clear. There are four terms of reference. I leave it open for an opportunity for that to happen and we will then take questions. Through your opening session, if there is some burning question that arises, a member may well want to ask you a question on that as you move through, if you do not mind.

Mr DEVEREUX - We will keep it fairly brief, the opening words. Thank you for the opportunity to come along. The club is probably at the front of most of the racing issues, particularly the COVID-19 shutdown, so we thought it was incumbent on us to come along and give our perspective on where things sat, how it happened and hopefully it does not happen again.

It was probably hard for the clubs to take when they saw Racing Victoria continue, probably with less protocols than we had in place at the time and even now, they are in stage 4 lockdown and still racing. We went through that period without a lot of transparency and correspondence from Government or Tasracing, to be honest.

There were some greyhound guys actually on the highway when the announcement came through, halfway to a race meeting. That is how quick it happened. There had been some discussion leading into it but it was a shock to the industry and no matter how we dress it up, there will be some long-term ramifications and, as an industry, we need to look at the future and the funding of the industry and where we sit with stake money versus administration because it has got itself a little bit out of kilter.

Along with a lot of industries, I could probably see it as an opportunity to have a look at that and re-set it. Some of these things are a blessing in disguise. You get to look at what is

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going on and how to fix it. I am not going to drag on with too much detail on that. We are happy to be here and talk on behalf of the clubs and the people on the ground.

The rescue package was called a package. It was not much of a package. It was the stake money the industry already had anyway through the government grants and the income. It was actually news to us that Mr Eriksson earlier on today said they had actually drawn down on the loan option with the Government. That has not been the case. The industry has been told clearly that would not happen and the industry was not in favour of it happening. Even up until industry meetings in early July, we were told they had not drawn down on that loan so I am not sure what has changed but we have not been made aware of any reason to draw down on it. The package is actually over and it has been over for a while so I am not sure. It will be good to find out and what the figure is.

My understanding is that it was a five-year payback period so you would say it was a substantial amount of money they have accessed - I would think so. I don't know whether the other guys want to add to that.

CHAIR - Thanks, Steve. Should Andrew or Graeme wish to make a statement there is the opportunity right now to do it.

Mr SCANLON - I agree with Steve. Essentially, we really haven't been given a very thorough explanation as to why we were shutdown. Obviously, the Health decision was the Health decision but it was curious that horse transport continued right through the shutdown, in and out of the north-west coast and across to Melbourne and back. Essentially, we still haven't been given a proper explanation and all other jurisdictions in Australia kept racing so I'm not sure what was known here that wasn't apparent to all the other chief medical officers around the country.

I want to highlight the cost to the industry in terms of race field fee income. Race field fee income is derived from our own racing and people punting on it across Australia and overseas. It obviously went to zero as soon as we were shut down. I heard Paul Eriksson saying they estimated around a \$4 million loss. We thought it was higher than that. It's hard to get a hard estimate on it but it was about a \$15 million a year income stream last year so over a 10- or 11-week period of shutdown it's probably budgeted around \$3 million. On the mainland, of course it's gone up incredibly. It's the only thing to punt on and race field fees increased dramatically. We would have expected to share in that and my view would be it's probably more like \$5 million or more. It is a significant amount of money for our industry that's gone.

CHAIR - Thanks, Andrew. Graeme, do you want to add anything?

Mr BARBER - From a greyhound participant perspective, the support package barely covered the cost of feeding the dog for the week. Trainers mainly get a share in 50 per cent of prize money with owners, so with that almost 12 weeks of non-racing - 95 per cent of our trainers in Tasmania are hobbyists and I think there are only about four or five people who are registered for GST. None of those participants were able to access any federal support package or other state package. They were still paying all their costs of keeping the dogs and keeping them fit without any income at all apart from \$50 a week to feed the dog.

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The greyhound participants also felt that they were discriminated against because we were continually told that we were elderly, we were part of the elderly population of Tasmania -

Ms FORREST - The dogs or the people are we talking about?

Mr BARBER - The people.

Ms FORREST - That's interesting, a bit of ageism.

Mr BARBER - Yes. For the majority of these people, yes we are in the older age bracket, the majority of greyhound trainers and owners and participants, but it was our social outlet. It was our activity that was taken away from us.

Ms FORREST - In terms of the age comment here, it's to do with the Public Health advice around the vulnerability of older people and people with pre-existing medical conditions. Was that every indicated to you? I'm only guessing here that it was the background to that.

Mr BARBER - I just made that assumption. There was nothing specifically said but the Premier and the Racing minister continually told us in communication that we were in the higher risk category and that was part of the reason for the shutdown.

CHAIR - Thank you for that. Where does this leave you with the code moving forward and your recovery? How long will it take you to get back? Will you get back? Can you get back? What have you lost as a result of this? I'm not sure who can answer it all.

Mr DEVERAUX - Racing is fairly resilient. I suspect it will get back and I am not sure how long that will take it depends a lot. At the moment there is hardly any sports betting at all. If you look around the country and the world I am not sure it is going to return in any great form in a hurry. So, it allows racing to pick up and take up a fair bit of punting money that was traditionally over the last five to 10 years siphoned off into sports betting. I suppose our concern in the industry is the revenue of Tasracing is increased in a huge amount in the last 10 years that has not been returned to the industry in stake money.

Ms FORREST - Revenue from where.

Mr DEVERAUX - From race fields fees, their operations. I think when they first started their income was about \$34 million, it is now over \$50 million, but the stake money increase is barely \$3 million. The cost has grown and the stake money is the driver for the industry and the industry will recover a lot quicker with a stake money increase.

Point on Consumption Tax gets thrown into that and there is a whole lot of stuff going around at the moment about how stakes increases are going to be funded, election promises, and the Point of Consumption Tax, which has now become a mess.

In our view, there is a fair bit of political posturing going on with leading up to elections. We have been told there will be huge increases, not this season but the next one, and all sorts of things. Really, the driver is going to be participation. For an over \$100 million industry, the industry has been treated fairly poorly by the Government in the last few years. If there was another industry worth \$100 million in revenue to the state and it was struggling a bit, I

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am sure there would be plenty of people putting their hand up to help but it does not seem to be the case at the moment.

Mr SCANLON - I would support what Steve has said. The Point of Consumption Tax is of great interest to us. It is a new source of income we had assumed would be significantly channelled into the industry because it is derived from gambling on racing. We lobbied very hard to get Point of Consumption Tax finally accepted by the Government. They went to the last election with a no new tax policy. We had letters from ministers - Sarah Courtney - saying after the election that they had no intention of introducing this tax. When it has been introduced recently, we were told that was always what they were going to fund the election promise made in 2018, which is a long time before they even wanted to put a Point of Consumption Tax in.

We are very disappointed with the recent announcement of 3 per cent increase. The Government had promised a sort of CPI annual increase, 4 per cent a little bit better than CPI for the life their parliament - four years. We have not seen much of that at all. They then introduced the new Point of Consumption Tax which was an alternative funding source. They promised \$4 million to the industry per annum out of that. It is a \$12 million tax modelled by Treasury. We do not have hard evidence on this yet but we think it is held up. The Government told us it held up and if it is held up through the shut down period it is almost certainly bigger than the \$12 million. We are talking probably a \$14 million tax. It is a new tax, it started on 1 January, so Treasury would be getting it every month, they would know, and we had significant expectations that the major problem facing our industry would be fixed, and that is that stakes have languished over many years.

A few years ago, we had what they called a 'sustainability reset' where we went backwards and lost \$3 million in stakes. We are now in a situation where we had some increases in 2017 that looked positive and started us moving back in the right direction. It has been pretty much flatlining during the period of this Government.

CHAIR - We must try to stick to the terms of reference as to where that fits in with the COVID-19 terms we have in front of us.

Ms FORREST - You were saying the Point of Consumption Tax held up during the COVID-19 period?

Mr DEVEREUX - We have been advised by Government, when they put their press release out on the 3 per cent, they stated that the income streams from the Point of Consumption Tax have held up.

CHAIR - Because of COVID-19?

Ms FORREST - No.

Mr O'BYRNE - It is a terrestrial tax, so any Tasmanian that gambles a percentage of that goes. It actually further illustrates the lost revenue from race fields because a lot of Tasmanians bet on Tasmanian races, which is -

Ms FORREST - The race fields fees.

Mr O'BYRNE - That's right. They are different things.

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Mr SCANLON - As I understand it, what has happened since the shutdown, and there is plenty of anecdotal evidence, people are betting on mainland racing. New people are betting on it and people are betting more on it. Basically, that is part of the Point of Consumption Tax. It is a different tax to race field fees. Race field fees are only on our product. Point of Consumption Tax on all. It is a point of residence tax. All Tasmanian residents who punt pay the tax through the bookmaker.

CHAIR - Thanks for that, Andrew. Graeme, did you want to comment on that question?

Mr BARBER - I just wanted to highlight the reduction in betting turnover and this is just greyhounds for the year. The previous financial year, the turnover on Tasmanian greyhounds was \$247 099 417. For the current year, because of the shutdown, \$199 230 081, down \$47.869 million.

Ms FORREST - Is that financial year?

Mr BARBER - Yes.

CHAIR - Is that money wagered on greyhounds in this state, or across the country?

Mr BARBER - That is on the TAB and all the corporate bookmakers, so it is across the country. Because of the shutdown, we were down \$47.8 million on last year, not taking into account the increases the other states have seen in that betting turnover on their products.

Mr O'BYRNE - Back to the decision made on 2 April. We heard evidence today from the CEO of Tasracing, that the Tasmanian Racing Industry implemented some of the strictest social distancing conditions of all racing industries across the country. We were ahead of where Victoria, New South Wales, all the mainland states that kept operating. In his evidence, the CEO of Tasracing mentioned he was informed not by the minister, but by the minister's office, on the day of the shutdown.

How were the codes informed? I want to talk about after that moment, what happened, in a minute. I want to focus on how were you informed and how were you supported through that process, code by code?

Mr DEVERAUX - We were informed by social media and people ringing in and saying, 'What is going on?'. We had no official word at all until the Premier announced it at his press conference that afternoon. We had no forewarning from Tasracing or anyone.

The minister set up some weekly meetings. Not the week immediately after, but after that, so a fortnight later, to work through where we were. Obviously, most of those meetings revolved around trying to get back racing, what we had to do, but there was no plan. No one had even spoken to the Health department - well, up until the end of April, I think, were the first conversations we were aware of.

Mr O'BYRNE - We will hold that thought as well and get back to it afterwards.

Mr DEVERAUX - To be honest, there was nothing really in the leadup that gave us any idea that we were likely to be shut down.

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Mr O'BYRNE - No indication from the Government?

Mr DEVERAUX - No. The only indication, in hindsight, why did Victoria and New South Wales and those states, go to regional racing. Obviously, they had had some information given to them. Whether that filtered down to here, you can only guess.

Tasracing put up a regional racing model after the shutdown, so it obviously was not something they had thought about, which, as it turned out, was not needed, because we never got back racing. When we did, we went back to a state-wide approach anyway.

From our point of view, we had no official notification from anybody, only social media. My wife rang me and said, are you watching this. That was the first we had.

Mr SCANLON - I heard it by watching the COVID-19 briefing from the Premier. It was a complete surprise to us. My racing club had no indication. I am pretty sure no one in the industry was forewarned.

Ms FORREST - On that, do you see that as the role of the Premier, the minister - who do you think should have informed you so at least you knew what was coming down the line?

Mr SCANLON - I would have thought they would have given the industry a period to get ready for a shutdown.

Ms FORREST - Who are they?

Mr SCANLON - The Premier, the Police Commissioner, and the Director of Public Health who were the three people apparently running the state.

Ms FORREST - Who were you engaging with as an industry? Were you engaging with any of them, or not?

Mr SCANLON - We were not really consulted significantly on this. We had input to some of the COVID-19 measures and sanity checking that they would work, so we worked in communication with Tasracing and, particularly, Paul. It wasn't really formal and we ended up being shut down without notice, basically.

Mr BARBER - We found out from the chief steward of greyhound racing on the afternoon that the Premier made his announcement. We were racing that night, on the Thursday night. A number of trainers from the north and the north-west had already left and were on the road down here. We found out about 4 p.m. from the chief steward, who notified our chairman that everything was off.

CHAIR - That night was cancelled, is that what you are saying? They were on their way -

Ms FORREST - What date was that?

Mr BARBER - The 2 April.

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Mr O'BYRNE - We heard from evidence this morning from the CEO that there were some animals and some participants that moved to the mainland, but he seemed to dismiss them in terms of the overall numbers. The consequence of the shutdown and it wasn't extended - and I want to talk about the time lines in late April around some of the proposals from industries in a minute - but what were the consequences in terms of the shutdown materially for the three different codes, what you lost? That is not just in terms of animals, that is also in owners and others. Could you outline the damage that has been wrought?

Mr DEVERAUX - The owners - I suppose that will be a wait and see, it is probably going to take a little while to come back out. Horse numbers have stood up but that was always going to happen. They were getting paid to keep horses in work. It is interesting, I think the figures Paul put out this morning were 800 standardbreds were paid the subsidy. We raced last weekend with a 10-race card. We were the only meeting and 124 horses went around so there was a lot of them standing somewhere else. I am not sure where they ended up.

From a club point of view, our revenue for that period was nearly \$60 000 down and we don't have huge incomes. It was a huge hit to us. To put it into context, we have probably lost a \$50 000 turnaround in our funding for the financial year on year. Yes, we have some government assistance. How that falls out, we are not going to go under, but it would significantly affect how we can market our industry and try to get owners and that sort of thing into the industry. I am hoping that things will hold up but it is a bit of a wait and see.

The Victorian stuff isn't helping. One of our problems, and I assume it's the same for the other codes, is that we do source a lot of animals from Victoria. There are people sitting back wondering what is the next step over there. How long is racing going to keep going? What is their next step? They are at a fairly solid lockdown now. I can't see people being allowed to race horses if most of the community has been locked in their houses 24 hours a day. If that stops the transport of horses, I am not sure where that is going to end up for our industry because we source probably 40 to 50 per cent of our racing stock from Victoria, year on year.

Mr SCANLON - From the thoroughbred owners, it is a confidence problem that has happened. I know several people who are significant owners of horses who are backing off on their investments. We have prominent syndicators who are saying that they really won't be bringing horses to Tasmania. That is, essentially, one of the major problems. We did have people taking horses to the mainland. We always do and we have been batting above our weight because we have had some good horses so they have been racing on the mainland and doing quite well.

Ms FORREST - They are taking them to race and then bringing them back?

Mr SCANLON - We have not had any interruption to transport of horses during the whole shutdown. I have had some of my horses taken from Seven Mile Beach into the north-west to go up there for agistment, and then out of the north-west back to Seven Mile Beach. There are other horses that have taken through the north-west, on to the boat, on to the mainland and back. It was regarded as freight.

Ms FORREST - Just the horses without humans with them, though?

Mr O'BYRNE - They don't walk up by themselves.

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Ms FORREST - You can put them on the boat but are you going over with the horse?

Mr SCANLON - There were protocols in place and I'm not fully aware of them.

Mr O'BYRNE - I think the question that Ruth was asking is, have owners pulled their horses from Tasmanian trainers to New South Wales or Victoria and other states?

Mr SCANLON - Yes, or horses have been assigned to mainland trainers now. We are about to assign a horse to Paddy Payne on the mainland from Scott Brunton. Well, he wouldn't have been assigned; he would have had Scott Brunton train him on the mainland but he can't now. That's happening.

The problem I think is deeper in terms of investor confidence. We had seen a little pick-up in the Tasmanian sales but I'm looking at the next sales and wondering, is that going to turn down. Are people not going to invest in Tasmanian horses and Tasmanian racing because of the lack of confidence caused by this shutdown?

CHAIR - Do you want to comment, Graeme?

Mr BARBER - Certainly, from a greyhound club perspective, we had almost 12 weeks of no income at all. From our club, we still haven't sorted out the federal payments as yet so we're not quite sure what we're going to get back. It's just been a lack of revenue and a lack of opportunity to provide the entertainment to our staunch patrons who turn out week after week.

From an owner/trainer perspective, as I said, the animal support package just simply was that - it supported the animals on a weekly feed basis and nothing else because the majority of our people are hobbyists.

CHAIR - An overall question before we get too far away from it. Has Tasracing at any time called all of you in - the chair, official people from your organisations, from your clubs - to brief you on the COVID-19 restrictions, what was going to happen, the controls, the changes that would occur? Has that happened? If it has happened, when did it happen?

Mr DEVEREUX - I think there was a phone hook-up fairly shortly after the shutdown with the clubs to map out some sort of plan. The minister ran weekly code-specific meetings. As an industry, there were a lot of people involved and it was pretty cumbersome and didn't work very well. When you have 17 people on a phone hook-up it doesn't tend to work very well.

What's disappointing from the club point of view is that we have had no correspondence at all from Tasracing about how financially the clubs are travelling and I think that's the case for all the clubs. There are nine race clubs that are affected by the shutdown and there were only nine clubs that raced in the period. I wouldn't have thought it was an onerous task to find out how the clubs are travelling given that without race clubs you probably haven't got racing.

CHAIR - David, back to you, and then Ruth and then Josh.

Mr O'BYRNE - So the shutdown occurred on 2 April. At the time my memory was that they were talking about a four-week shutdown. You didn't recommence racing until mid-June. Could you talk us through what you tried to do and how you tried to work through with

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Tasracing and the Government to get a restart and some of the work that you did there to try to get things going?

Mr DEVEREUX - Regional racing was the first cab off the rank along with some protocols that were so onerous I'm not sure they would have worked; but anyway, that's what was put up. Unfortunately, I don't think they even made it to the Health department's table until well into the process.

Mr O'BYRNE - Can you expand on that?

Mr DEVEREUX - It took probably four to five weeks to come up with some of these solutions and then I don't believe Tasracing or the minister got a chair with Health until well into the process. There were some announcements made that it was going to be extended. I think the first announcement to extend the ban was prior to even that paper being put together properly.

Mr O'BYRNE - You put in a number of restrictions pre-shut down. You continued to work through April to create a new regime to make it even safer. What I am hearing is in your understanding of your briefing from Tasracing that was not even considered by Government until mid-May.

Mr DEVERAUX - It was only prior to the announcement that we go back to racing. I think probably late the week before the Premier made the announcement, even on the weekend it might have been. When he started to scale back from the restriction - I think there were some dates in July, mid-July was one in June, it was that announcement. So it was in the middle of May.

Mr O'BYRNE - When you saw, for example Bunnings, Kmart and a whole range of other industry activities open - I am not going to put words in your mouth - but there was a view you were not seen as an industry, as something that contributed to the economy as you do. How did that make you feel?

Mr DEVERAUX - It was pretty hard to take. I think the worse part of that - I agree, the industry sold itself as entertainment sport, where actually it is an industry and employs a lot of people and generates a lot of money. Even the AFL does not see themselves as sport; it is an entertainment and a business. Racing, to be honest, is a business. Harness is no different. With the greyhounds, we have a lot of hobby trainers, but they do contribute a lot of money to our economy. These guys might have one or two horses but they are up for \$200 or \$300 a week in feed, farriers, vets, the whole lot. It is a big industry and it turns over and indirectly employs a lot of people.

Mr WILLIE -Do you know the figures before the pandemic of direct employment and indirect employment.

Mr DEVERAUX - The last report was about 5500 employment-wise and over \$100 million.

CHAIR - That is across the three industries.

Mr DEVERAUX - Yes, the three industries.

PUBLIC

Mr WILLIE - Direct and in direct.

Mr DEVERAUX - I would expect it is higher as that report was a fair while ago. Just the sheer size of the industry is going to keep growing and the cost will not go down.

Mr O'BYRNE - When you saw the plans, for example, the building and construction industry managed to strike with the Government around their activity, do you think the Government showed you the same sort of consideration.

Mr DEVERAUX - In a nutshell, probably not.

Mr SCANLON - We looked at the main land racing and what are they doing different that we did not do. In fact, we were consulted at the front end about the COVID-19 measures we put in place to keep racing going. All the clubs shut down in terms of people at the races and there was something of a national approach. We certainly had stringent anti-COVID-19 measures in place at our racetracks as there were anywhere on the mainland. We thought we had done a pretty good job. We had sacrificed income streams for clubs, we had done all sorts of stuff, to keep racing going, because it is racing that brings the major slice of the income in to keep things working.

There was consultation there. When we started, like Steve, basically there was a code-by-code consultation process with the minister and with key participants in the thoroughbred code to get racing back. We went through the preparation of various plans and other things. Ultimately it took a lot longer than we thought. I am not sure how good the communication was with the Department of Health. Tasracing and the minister's office tended to control that. We did not get audience with any Health department officials. That was done at that level. That may be the appropriate way to do it, but it was not very rapid in terms of results.

Mr O'BYRNE - The Victorian Government did not shut down, they kept racing going. They announced a significant support package of \$44 million for their industry to assist them to get through COVID-19. Have you raised with the State Government directly or indirectly a need for a support package given you were the only industry in the country that was closed down?

Mr DEVEREUX - There have been numerous conversations. I think even Tasracing admitted there is no other package than the one they were offered.

Mr O'BYRNE - Which was your own money effectively.

Mr DEVERAUX - Well apparently they have borrowed some now, but yes, they have to pay it back, so it is not a grant as such.

I am not sure whether we, as an industry, should be treated any differently to any other industry. I am not saying we deserve more than anyone else. You have to feel for people that have businesses that have gone broke and there will be likely more to come.

We are in a position where there is money there. You go back to the Point of Consumption Tax. It is a new revenue stream that could be used to make sure the industry grows and goes forward, and that is probably as good a result as any, given what is going on.

PUBLIC

We are all realists. We are not going to come out of this with roses in every vase in our house. But it is hard for people to take in, in an industry, when they were shut down for seemingly no reason. Then we get dragged into a position of being told we are lucky to get a stake increase but people can see this extra revenue come in and it stands out fairly -

Mr O'BYRNE - Through the Point of Consumption Tax?

Mr DEVERAUX - Not only that. TasRacing's revenue over the last 10 years has increased phenomenally. We are not saying - if they have costs that have gone up, that is fine, everybody has got that, but it seems to be a bit out of kilter and that is probably something for another day.

CHAIR - I am going to move to other members. Please butt in if you have something additional to add to the answers provided. That is the best way to do it. We are restricted in time, so butt in if you have something additional to add and do you, on that last question?

Mr SCANLON - I am agreeing with Steve. Essentially the Point of Consumption Tax is a brand-new tax bringing in a lot of money. That is new money. There is a direct, obvious cost to the industry in relation to the shut-down caused by the loss of race field fees.

This industry is funded by a funding deed set up when the TOTE was sold. The increase that Tasracing has had in the last few years is largely race field fees, \$15 million per year. Now, we have Point of Consumption Tax. Almost certainly it is going to be something of the same order, modelled to be \$12 million, probably more.

So we have new money. Unfortunately, we have lost money in the deal on Point of Consumption Tax to TAB. TAB was given a concession, but the Government is making more money in tax returns since the Point of Consumption Tax has come in. There is more money coming into Government coffers. Unfortunately, when we were told apparently the loss of income from race field fees, they said \$4 million today, we think at least that, probably \$5 million or \$6 million, was going to be gobbled up from point of consumption money.

Ms FORREST - Can I clarify here please, Chair. What I think I am hearing you say is the additional revenue from the Point of Consumption Tax was going to be provided to the industry to make-up for the shortfall in the race field fee. Is that what you were led to believe?

Mr SCANLON - That is what they are doing now and this is what is very disappointing to us. Basically, we were promised as an industry \$4 million out of the Point of Consumption Tax on an annual basis. That was a promise to the industry. The industry understood, and we believed Government understood, the need for that money was dominantly to stakes money increases. We have fallen behind. Research all over the world, everywhere, stakes drive this industry. It is better spent money than putting it into a bureaucracy. It goes straight to the participants. They spend it and it is better for the economy.

Ms FORREST - Is the \$4 million from the Point of Consumption Tax going to Tasracing?

Mr SCANLON - That was the announcement we got on the 3 per cent stakes increase thing, which is nothing. Basically, they said 1.8 for six months and \$4 million a year was the promise.

PUBLIC

Ms FORREST - That has not flowed from Tasracing to you?

Mr SCANLON - It has gone to Tasracing and they are only giving us a smidgeon back, a tiny amount back, as stakes. It is very disappointing for the industry and it is a bad use of that money.

Ms FORREST - On what basis would Tasracing need to retain, according to your calculations, the vast majority of the Point of Consumption Tax income?

Mr SCANLON - There is no justification for that. The Government gets the vast majority of that, it goes to Treasury, but the \$4 million should largely have been added to stakes payments.

Ms FORREST - My memory of the debate, which going back a little bit; I will have to go back to *Hansard* to be clear on this - but my understanding was that there was to be a significant portion go to the industry. Whether that's funnelled through Tasracing, which is obviously is the pathway. There was a lot of murkiness around this at the time I do remember.

Mr O'BYRNE - It was a feature of the debate in the lower House as well.

Ms FORREST - Was it?

Mr O'BYRNE - Yes. Once they landed on the share between Treasury and the racing industry that the bulk of it would be supported to go to stakes. The argument that I'm hearing is that if there was a positive decision on stakes it doesn't replace the money lost and it doesn't make anything better about how that shutdown occurred. That in of itself provides a support package to the industry to recover.

Mr SCANLON - Essentially, it looks for all the world that the loss because of the COVID-19 shutdown and race field fees - a concrete loss, \$4-5-6 million, whatever it is - that money is being now siphoned out of the Point of Consumption Tax - a new tax, additional money - and sent to Tasracing to shore up their black hole in terms of their funding. That to me is an argument to have a rethink about this and look at the compensation package. I think Tasracing needs to make some efficiency gains as well. But somehow or other we need stakes increases in this industry to get the confidence back. The confidence was waning but the COVID-19 shutdown added to loss of confidence. We have been languishing with stakes for years and years. We're falling further and further behind the mainland; the industry is becoming less competitive and all of this stuff just made it a little worse.

Mr WILLIE - I am interested in what the Government and the minister has learnt through this time. If there is a second wave, do you have clear expectations around what will happen and the different phases and the thresholds for the industry?

Mr DEVEREUX - No idea.

Mr WILLIE - You have no idea what happens if we end up with community transmission in Tasmania for the industry?

PUBLIC

Mr SCANLON - No, we didn't expect to be shut down in any event and we didn't have community transmission then. The Victorian racing industry hasn't shut down. They're still managing to race and race safely, but things can change and -

Mr WILLIE - I would have thought through this time the Government would have learnt and then made some clear expectations what would happen if we experienced COVID-19 cases in the state again and the industry would be clear so you could plan around that.

Mr DEVEREUX - You would hope regional racing and some of the things that were discussed were on the table but we've had no correspondence. It is one of the criticisms of the whole thing - there was no disaster management plan from day one by the look of it, and it was almost a mess day by day fumbling along with. I agree, if something does happen, where do we find ourselves. We're no clearer to whether it would be a shutdown or not.

Mr WILLIE - Is that going to be a request from the clubs that the Government makes that clear, that if we have more COVID-19 cases in the state that you're clear on will happen so that you have some certainty for the industry?

Mr SCANLON - We could do that. I'm not sure how helpful it would be necessarily.

Mr WILLIE - If the pressure comes on again on Public Health you probably -

Mr BARBER - Can we look back historically on 2 April at 3 o'clock the announcement was made that racing will shut down immediately when the Hobart Greyhound Racing Club was going to race that night? The Premier even allowed brothels to stay open until midnight that night before closing them down but shut us down prior to getting to the race track.

We were shut down for a period of four weeks initially. That was extended - there was a three-stage state plan and dates aligned to that. The initial four-week shut down went to six weeks and that stage 1 date was 15 May. We then expected to begin racing again on about the 18 May, but that didn't happen. Then we were told that stage 2 restrictions would be eased on 15 June so that was then the next date that we were looking forward to. Up until around 15 May, Tasracing and the minister's office had not been able to have any communication with Public Health. They had been attempting to get meetings and to put forward these plans that industry had drawn up about the return to racing and safe racing. It took many weeks and much consternation from industry participants of these Friday teleconference meetings with the minister to actually get a date where people sat down opposite the table of Tasracing, the minister's office and Health to have a look at how we could return to racing.

All of a sudden, the date of 13 June, which wasn't aligned to any other date in the stages of the state plan, was announced that racing could return. The next stage, stage 2 of the state plan was 15 June.

Mr O'BYRNE - During that time, I recall when they announced trials to return on 18 May, I think it was, they said that there would be no trials on the north-west coast for a range of reasons, and then a few days later they reneged on that and allowed those trials to take place. What happened in those days?

Mr BARBER - I think it was the recovery from the disease up there by the north-west community.

PUBLIC

Mr O'BYRNE - There was a couple of days difference though. What's a couple of days difference if there is a risk?

Ms FORREST - Was that the day they actually brought forward that people could travel outside their region to enable people to travel on the long weekend?

Mr BARBER - I think so.

Ms FORREST - Yes, and I think that was why because they thought let's reward the north-west coast for good behaviour. That is how it felt to us.

Mr WILLIE - It's clear that you have no idea what the plan is if there is a second -

Mr SCANLON - There is no plan, I am sure.

Mr TUCKER - Mr Scanlon, I would like to talk to you a little bit more about the consumption tax. You have been very vocal in the past in calling for the entire Point of Consumption Tax to be handed over for stake's increases. Are you still of that opinion?

Mr SCANLON - We went through a long lobbying process. We were always lobbying for a maximum amount of money to be returned to racing and to stakes. It became apparent that the Government was going to lose some of the exclusivity licence fees that Tabcorp bought off Tattersalls they bought them. We met with the Premier, then Treasurer, in April 2018. It was clear if they were looking at a point of consumption tax - and they hadn't made a decision then - that they would be needing to take a fair slice of it to compensate for the loss of the \$7.3 million exclusivity licence fee being paid by Tabcorp. Apparently, there was a contract, we haven't seen the contract, but apparently there was a contract that said they couldn't pay two taxes. So the Government has negotiated another \$1.5 million-ish - we don't know the full details - licence fee instead and then charge Tabcorp the point of consumption tax as well.

The issue around that is, that the Government was clear in their advice that they needed at least the \$7.3 million in revenue stream. We have accepted that, but we then wanted the maximum amount of money from the balance of that tax to come to stakes. The deal that was done with Tasracing, and the announcement, was \$4 million. So \$4 million was the consequential announcement. We were a little disappointed in that because it was clearly going to be better than \$12 million. It is clearly a bigger tax and we would like to see a maximisation of money to stakes, which is largely money that is generated from betting on racing.

Mr TUCKER - So you would like the whole of the consumption tax to go back to the stakes?

Mr SCANLON - I never said that.

Mr TUCKER - That is the question I asked you.

Mr SCANLON - I said that we were always lobbying for the maximum amount. We did accept that the Government had an issue with the change in the Tabcorp arrangements and that the Government needed at least \$7.3 million. They are getting more than that.

PUBLIC

Ms FORREST - Is the \$4 million indexed, or is it just a straight \$4 million that was the agreement?

Mr SCANLON - It was an agreement with Tasracing and the Government that \$4 million would go to racing on an annual basis.

Ms FORREST - Not indexed, just \$4 million.

Mr SCANLON - I am not sure of the detail in the agreement. It would be better if it was indexed obviously and it would be better if it was more.

Mr TUCKER - The other question, Andrew, is you have been highly critical of Tasracing and its board and its executive in the past, in its current form and previous administrations. Do you think the industry would better operate without Tasracing?

Mr SCANLON - We would need something along the lines of a Tasracing of sorts. It is high time we had a review of Tasracing and looked at the structure of it. It has a state-owned enterprise structure that is a hangover from when there was a TOTE, so it has a lot of costs attached to it. It has staffing costs over \$8 million a year, a board that costs over a quarter of a million dollars a year. There are a lot of costs in Tasracing for a state this size and for an industry this size. I believe there needs to be a restructuring and a review of Tasracing.

Mr TUCKER - Who do you think should operate racing, and would it be able to operate without taxpayer support?

Mr SCANLON - As I said to you, a review would look at a structure that would have something akin to a Tasracing. How that structure would work out needs to be considered by a review. Right now, the industry is funded by three sources of money predominantly with some small other additions. The funding deed was set up when the TOTE was sold, so it was an agreement. It is government money but it is an agreement that the industry agreed to, to allow the sale of TOTE.

CHAIR - We are straying a little away from the terms of reference at this stage.

Mr SCANLON - I am answering his question.

CHAIR - We need to be careful, John. I want to be fair to you. Is that it?

Mr TUCKER - Yes.

CHAIR - The cost of shutting down that greyhound race meeting when you were told very late and had members already on their way to the race track, who bore the costs of that night? There would have been costs, I should imagine, or not?

Mr BARBER - The participants were paid out a share of the stake money so their costs were covered. For example, if the race was worth \$2000 and eight dogs, it was divided equally.

CHAIR - Eight dogs, eight people in that race.

PUBLIC

Mr BARBER - The club covered its costs. The Office Racing and Integrity, there were their standards costs anyway. Tasracing paid out the stake money to all the accepted runners on that evening.

Ms FORREST - On that, the stewards are paid by Tasracing?

Mr BARBER - No, Office of Racing Integrity.

Ms FORREST - So what happened with them when there was no racing? Did they get funded through JobKeeper?

Mr BARBER - I am not sure about the temporary ones. The permanent ones all stayed on because they had other duties to do, but I do not know about the part-time people.

Mr DEVEREAUX - They are a government department. They are not eligible for JobSeeker.

Ms FORREST - No, they are all government employees, as such.

Mr DEVEREAUX - Tasracing is the same. None of their employees are eligible. None were stood down over the period. They all continued working.

Mr O'BYRNE - On managing the COVID-19 risk, we raised it with the CEO this morning around the meet at Devonport where police were called and there was concern about risk and management. Could you enlighten the committee about what actually happened because there is a view that decision had a massive impact relating to the Government's decision to close the industry down. If you could talk us through that quickly.

Mr BARBER - From my rough understanding of it at that time, because some restrictions were starting to come into play and the whole state was placed under a state of emergency, that Tasracing should have had an exemption from Public Health to actually run that particular meeting. The police were called and the exemption wasn't sorted out and I don't think the race meeting went ahead. Subsequently later that week, Tasracing announced that they had an exemption up until the following two weeks or whatever it was. Then that same week, on 2 April, we were closed down after the exemption had been issued to Tasracing for us to keep racing.

Mr O'BYRNE - Does the exemption hinge on whether you are an outdoor event a sporting event or a business event?

Mr BARBER - I don't know.

Mr SCANLON - My understanding is that it was an open-air activity exemption which was probably a mistake. It really should have been a business exemption. That is as I have heard.

Mr O'BYRNE - I know we are starting to run out of time so if I can, Chair. We heard from the CEO of Tasracing and obviously with the thoroughbreds we have lost Tasmanians best jockey to the mainland in Craig Newett. The CEO said that he heard that he might come back, and he is coming back - that is not what I understand either - but also there was only one

PUBLIC

standardbred horse lost to the state. In terms of people misunderstanding, when you get someone like a Craig Newett that brings significant investment to the state because people back jockeys and they want to support jockeys. Can you quantify in broad terms the loss of Tasmanians top jockey to the mainland because he can't get rides here during that time?

Mr SCANLON - He is a significant loss. He is clearly the best jockey in the state so he gets a better income, a regular income, over there. The uncertainty around the shutdown meant that a lot of people considered their livelihoods in terms of racing and investments. That is what has happened. That is what the confidence issue is all about.

CHAIR - I think the question was, is there a financial loss to this state of Craig Newett going to Victoria?

Mr SCANLON - That would be hard to quantify. Essentially there will be a financial loss if we can't provide jockeys to have all the horses that want to race. If there is a jockey shortage there will be a financial risk to the industry and people won't be able to race their horses. It is marginal.

CHAIR - At this stage I will go to each one of you. Is there any closing address? I don't want to leave us with any information on closing.

Mr DEVEREUX - As we have gone along it is clear that confidence and investment in the industry is what is going to drive the recovery without having handouts all the time. I don't think the industry is in the position where we need to ask for a handout all the time. People do get upset by hearing continually that it is a government handout to keep racing running. The TOTE was sold. It was a 20-year agreement to fund the industry. To be honest, it is not good for the industry. The TOTE was fully funding the industry prior to them being sold. The decision was made and it is what it is. It is a long time in the past. To continually say that racing only exists because of taxpayer funding is not true. That is the way it is.

We are all in the same boat with COVID-19. We have had the shutdown. It is what it is. It is a significant loss to Tasracing but I think we need to be mindful of that. There may be some steps that everyone has to take to tighten their belts a bit. Let's put the money where it is most useful, not being sucked up into bureaucracy.

CHAIR - Thanks, Steve. Andrew, do you have anything to add.

Mr SCANLON - The solution to restoring confidence in our industry is stake increases. We have a new source of income. We need to find new sources of income and continue to do so. We have a sustainability question in terms of when the funding comes to a conclusion. We support a review of Tasracing and an efficiency gain there. But we support a focus on stakes money to restore confidence and to bring investors back into our industry. It is a very strong industry in Tasmanian it has a huge potential. We could be the breeding centre for Australia. We have water, the right climate, we have a lot of things going for us. While we don't have support and our confidence has been lost, we just need the right signals from the bureaucracy and from government to support our industry. It's a very strong, potentially much stronger, industry than it is now if we do the right things.

PUBLIC

CHAIR - The industry was often compared with that of New Zealand which is very strong. I'm not quite sure that we're up there now or anywhere near that at the present time. Is that a true and reasonable comment?

Mr SCANLON - Our scale is below that scale but, again, I look at the value chain breeding all the way through to wagering and the entertainment side of it, the tourism side of it. All the employment in it and it's a regional employer and it employees people across the skill set.

CHAIR - Thanks, Andrew. We will go to Graeme.

Mr BARBER - The biggest issue that the racing industry still has is why were we shut down. We still have not got that answer. It's that lack of communication and that fear, as Mr Willie says, if there is another outbreak and we're closed down again, how is that going to be communicated and how are we going to work through it. It took in excess of five to six weeks for Tasracing and the minister's office to gain a meeting with Public Health staff to start to work on a return to racing plan. Still now, up until this date, we've had no real reason as to why we were closed.

CHAIR - Thank you all very much for giving your time to be here this afternoon. We appreciate that very much. Thank you very for the way in which you've answered your questions. It's the intention of the committee to put forward interim reports through this inquiry. The inquiry will probably go for some time because of the recovery side of things as well. It's not to say that depending on what information comes forward that we might not to have to come back to you at some stage in the near future as well and that you will be available for us for that purpose. We appreciate very much, as I said, everything you have done in answering the questions. Thank you.

THE WITNESSES WITHDREW.