

UNCORRECTED PROOF ISSUE

LC Monday 8 September 2014 - Estimates Committee B (Hodgman)

LEGISLATIVE COUNCIL

ESTIMATES COMMITTEE B

Monday 8 September 2014

MEMBERS

Mrs Armitage
Mr Dean
Mr Finch
Ms Rattray
Mrs Taylor (Chair)
Mr Valentine

SUBSTITUTE MEMBERS

IN ATTENDANCE

Hon. Will Hodgman MP, Premier, Minister for Tourism, Hospitality and Events, Minister for Sport and Recreation, Minister for Aboriginal Affairs

Department of Premier and Cabinet

Greg Johannes, Secretary
Rebekah Burton, Deputy Secretary
Tim Bullard, Deputy Secretary
Michael Stevens, Deputy Secretary
Frank Ogle, Director, State Sector Management Office
Philip Foulston, Director, Executive Division
Jeff Reeve, Director, Corporate Services
David Strong, Manager, Finance
Mel Gray, A/g Director, Policy
John McCormick, Director, Policy
Kathy Baker, Director Service Tasmania Unit
Simon Roberts, A/g Director, Office of Security and Emergency Management
Nick Evans, Director, Community Sport & Recreation Tasmania
Craig Martin, Executive Director, Sport & Recreation Tasmania
Laurette (Shep) Thorp, Manager, Office of Aboriginal Affairs
Tony Prenter, Manager Properties and Procurement

UNCORRECTED PROOF ISSUE

Mandy Denby, Manager Strategic Communications and Marketing

Tourism Tasmania

John Fitzgerald, CEO

Mark Jones, Director Operations and Planning, Tourism Tasmania

Guy Taylor, Director of Marketing, Tourism Tasmania

Department of State Growth

Jacqui Allen, Deputy Secretary, Culture, Recreation and Sport

Charles Bracewell, Acting Director, Events Tasmania

Glen Dean, Manager Finance, DEDTA (State Growth?)

Ministerial Office

Brad Stansfield, Chief of Staff

Jonno Duniam, Deputy Chief of Staff

The committee met at 9.05 a.m.

DIVISION 8

(Department of Premier and Cabinet)

CHAIR - Welcome Premier and thank you for being here for the first time as Premier, to Estimates B. I invite you, for Hansard, to introduce the people at the table with you. If you bring other people to the table you might, also for the record, introduce them. If you would like to make an opening statement on your portfolio as Premier. We are particularly interested in your opening statement, if you would address the budget savings measures for that portfolio.

Mr HODGMAN - Thank you for having me here. It is a great honour to be in this Chamber and to be having my first estimates hearing before members of the Legislative Council. I look forward to a constructive, informative day ahead.

I have beside me the Secretary of the Department of Premier and Cabinet, Greg Johannes, and the Manager of Finance, David Strong, and various others who will come before the committee during the day.

I will now provide you with an update about some changes that have been made to the Department of Premier and Cabinet in this year's Budget which I would like to outline and provide some clarification to the specific matters that I will be dealing with.

First, as Premier I will be dealing with output 1.1 Strategic Policy and Advice. However, 1.2 is the responsibility of Minister for Environment Parks and Heritage, Matthew Groom - that's climate change. We will take care of questions on the Budget of that output. I will also answer questions about outputs groups 2, 4 and 5 which deal with government processes, the State Service Management Office and Security, and Emergency Management.

UNCORRECTED PROOF ISSUE

Outputs 3.1 and 3.3 concern policy and services related to Information, Communications and Technology although these are budgeted under me. The Minister for Information, Technology and Innovation, Michael Ferguson, will take questions on those matters as part of his specific portfolio responsibilities.

CHAIR - You are not going to be answering questions for us about output group 3?

Mr HODGMAN - I will with respect to Output 3.2, which is Service Tasmania. However, 3.1 and 3.3 - I can provide as much information as I am able, broadly, but they fall to the Minister for Information, Technology and Innovation.

CHAIR - We do not have 3.3. We only have a 3.1 and 3.2.

Mr HODGMAN - We will consider 3.3 dealt with but 3.1 I can provide -

CHAIR - We were discussing that matter with members of the other committee earlier last week and none of us could decide which one of you was going to answer that. Is there some way we can let them know that the Premier is not going to be answering that so that they can ask? I think he is there this morning as well.

Mr HODGMAN - 3.2 is Service Tasmania which falls within my responsibilities; two outputs in output group 6, Community Development and Veterans Affairs, also come under my responsibility as Premier, though they are overseen by Parliamentary Secretary Guy Barnett.

I will also deal with 6.2 and 6.4 as Minister for Aboriginal Affairs and Minister for Sport and Recreation. Output 6.0 also covers specific policy advice about women and Jacqui Petrusma, as Minister for Women, will handle any questions about that portfolio as she has responsibility for that.

7.1 Local Government is the responsibility of the Minister for Planning and Local Government and they will be dealt with by Peter Gutwein.

There have been some changes to the output structure in DPAC since last year. In 2013-14 there was an Output 1.3, which is Social Inclusion. This output has been incorporated into 1.1.

On 1 July 2014 Sport and Recreation Tasmania joined DPAC from the former Department of Economic Development, Tourism and the Arts. Output 6.4 Sport and Recreation has been aligned with the ministerial responsibilities contained within output group 6 and the output group has been renamed Communities, Sport and Recreation. In 2013-14 Output group 7, Local Government Security and Emergency Management, was split, based on ministerial responsibilities. Output 7.1, local government represented the functions of the local government division.

Output 7.2 represented the functions of the Office of Security and Emergency Management.

In 2014 these responsibilities have been further delineated with the creation of the separate output group 5, security for emergency and management. I will get to some of some of the specifics of the pay pause shortly.

To provide you with an overview with what has happened in DPAC with respect to budget management strategies, it has as an agency participated in the Government Budget management strategies. DPAC has taken a lead and, based on last year's organisational structure, its budget has been reduced by \$2.88 million, which is 5.6 per cent, the highest proportional cut of any agency and significantly higher than the frontline service agencies.

However, in addition to this 5.6 per cent reduction now that Sport and Recreation Tasmania has joined DPAC, there are additional budget savings from Sport and Recreation - \$1.1 million - and from the creation of the Department of State Growth an additional saving of \$415 000 was made from Corporate Services' contribution. The total budget reduction is a result of the combined savings is \$4.39 million or 6.8 per cent of the department's restructured budget including the wages policy boards and committee savings. The department will implement the savings \$18.4 million over the budget and forward Estimates, with an estimated saving of \$4.6 million in 2014-15; \$4.5 million in 2015-16; \$4.6 million in 2016-17; and \$4.7 million in 2017-18.

There are a number of election commitments across sport and recreation projects around Tasmania and, as the Government said on numerous occasions, we intend to deliver each and every one of them on time and on budget. These projects are important to ensuring that there are adequate facilities for communities to participate in sport and recreation activities - the social and economic benefits from those investments but also economic activity stimulated by these investments.

The Government specifically wants to acknowledge the important role of the state's 11 000 war veterans and ex-service personnel. Community Sport and Recreation will be administering \$720 000 over three years for a range of initiatives to support those who have served our country. Through Community Sport and Recreation, the Government will also deliver on other key election commitments including additional support to Men's Sheds for over 4 000 active regular members and users of shed facilities. There is a number of other election commitments which will be significant investments in local and regional communities.

I will briefly touch on the pay pause. While the Treasurer has responsibility for the legislation before the Parliament, I appreciate that you would be interested in a discussion about the pay pause. It is well established and it was documented in the risks report released in April this year that there are significant budgetary constraints that we need to face as a Government. The Budget we propose takes a balanced approach to reining in public expenditure while not cutting too hard which would have a negative impact on what are emerging signs of positive economic growth.

The pay pause is, needless to say, a very essential part of the Budget. That is why it is being introduced and debated concurrently with the Budget; it is intrinsically linked with the Budget. It will save nearly \$50 million a year and, over the forward Estimates, about \$180 million, which is the equivalent of 500 FTE positions in the public service that will not need to be cut as a result.

As the Treasurer has said, the pay pause is not part of some ambit claim. It is very much a part of the Budget. There is no plan B per se; it is no less a Budget measure than the reduction of 700 FTEs which are included in the Budget, or the extra MAIB dividend that has been taken, or the extra spending in Health; they are all interconnected. Like other Budget measures, such as the reduction in boards and some committees, and the first home builders boost, for example, the pay pause requires legislation to be introduced. Any attempt to amend the pay pause legislation will

compromise the integrity of the Budget in the same manner as rejecting any of those other proposed policy positions contained within the Budget, or that would require legislation as well. Therefore, it is the Government's view that the pay pause legislation, if it is not supported in its entirety, will then require the making of other savings and that would be to the equivalent of another 500 FTE positions. That is what it equates to. It is certainly not our preferred option. We would much prefer 500 public servants having a pay pause than no pay at all.

At the end of the day, it is a Budget that we believe is balanced and that begins very much the process of a more sustainable fiscal position in the longer term, which has been broadly received by the wider community.

In relation to the 700 FTE savings that are contained within the Budget, I provide the committee with information to give some context. Agencies have indicated that savings to the equivalent of approximately 700 FTE positions are required over the 2014-15 Budget and the forward Estimates. These figures should be taken as indicative as the actual number of FTEs reduced will be dependent upon a range of factors, including individual salary rates, the impact of workplace and renewal incentive programs - RIPS - to reduce salary costs equivalent to FTE savings whilst renewing the age and profile of the workforce.

The savings profile is based on agency advice submitted during the budget development process. Across each agency they will put in place these mechanisms and take on board the need to ensure that essential services are being maintained and well supported, notwithstanding the Government's savings strategy.

I inform the committee that across general government, the FTE equivalent savings per year are as follows: in 2014-15, 361; in 2015-16, 139; 2016-17, 177 and 2017-18, 22. The full-time equivalent savings total over these years are 361, 500 in the first two years as per our election commitment, and 677, 699 across the forward Estimates. Due to the relatively low number of FTE equivalent savings across the general government sector, details on individual agency basis will not be released publicly but of course future budgets will report as to our progress for making all our savings.

Thank you for allowing me to make a fairly lengthy overview. There have been some structural changes to the department I wanted to make you aware of and I will touch on those key matters that are before the Parliament.

CHAIR - Thank you, Premier. Before we go on to line items, you have said that it would be on agency advice. I suppose the general question is: how, operationally, do you expect to achieve to reduce those 700 people in the public service, and especially, how will that be reported on and monitored?

Mr HODGMAN - Each year the Budget will report as to the progress on the budget savings made. Each department will report its individual operations and each department or agency will be responsible for managing its workforce. We are ensuring that the respective agencies are properly empowered and have the tools at their disposal to implement the saving strategies, including the reduction in FTE numbers.

I hasten to add that it is not expected or required. In fact, we have been explicit in stating that there should be no forced redundancies. We will honour that commitment for obvious reasons. It is an election commitment but also not appropriate nor indeed allowed under the State Service

legislative regime. Management of the workforce will fall to individual agencies and will report progress over future Budgets and the forward Estimates.

CHAIR - Absolutely, but I presume agencies will report to their portfolio ministers more than once a year, and it will be monitored. That is what my question is about. I know we will get this in the next lot of papers at the end of the year.

Mr HODGMAN - Agency heads will work with their ministers on a very regular basis to understand how things are proceeding, and how the workforce is being managed. That is expected of all ministers and their agency heads.

CHAIR - You have a monitoring and reporting regime?

Mr HODGMAN - Yes, and we have processes within Cabinet to ensure that ministers are reporting back to key performance indicators, and that includes budget savings strategies. That will occur on a very regular basis.

Mr VALENTINE - Premier, with regard to overarching strategies associated with the reductions we are talking about now, is there a strategy to make sure departments manage their knowledge base? People go out the door, and they take corporate knowledge with them. Is there an overarching strategy that makes sure we do not end up with a public service that is basically fragmented and dysfunctional and inexperienced - making mistakes that have been made in the past because of lack of knowledge of what happened and how similar situations were addressed?

Mr HODGMAN - There certainly are. Each department will have a set of tools available to properly manage their workforce - and I am running through what each of those are -

Mr VALENTINE - I would be interested in that.

Mr HODGMAN - I will start with that because it is very important that not only do we honour our commitment to no forced redundancies, but that senior management is able to sensitively and effectively deal with our workforce to achieve these savings. There is a range of tools available that are being refined to assist them to undertake these tasks including internal position management and State Service vacancy control, and targeted and negotiated voluntary redundancies. There is the workplace renewal incentive program, which has been utilised by previous governments, most notably in the Education department, to incentivise separation from the public sector.

Vacancy control mechanisms, which are being tightened up, are the most effective way to ensure that surplus employees are redeployed into suitable vacancies, where there are jobs that have to be filled. Targeted and negotiated voluntary redundancies are still available and also provide an incentive where there is a business case to justify the value of a payment that continues to be equivalent to four weeks' salary plus two week's salary for every year of service with a minimum of 16 weeks and a maximum of 48 weeks. That is consistent with the regime under the former government. The RIPs, as I noted earlier, provide a more attractive incentive for employees to separate from the public sector, with maximum payments having been increased to up to \$30 000 or 30 per cent of annual salary - that is providing a more attractive incentive than that which existed under the former government. Early retirement package programs may also run in particular areas where agencies feel they may assist them to meet budget reductions.

UNCORRECTED PROOF ISSUE

There is a range of programs and models that may be applied to any particular public servant. Clearly it is the responsibility of agency heads to determine where those opportunities might best lie, in consultation with their workforce and in keeping with our commitment to no forced redundancies. We have also committed to not cut frontline services. It will be an ongoing process to which heads of agencies will report, and it is consistent with the new performance agreements we have established with the heads of agencies.

CHAIR - With respect, Premier, Rob was asking a specific question about whether there is a policy in place to retain corporate knowledge and corporate experience.

Mr HODGMAN - Yes, very much so.

CHAIR - Is that right, Rob?

Mr VALENTINE - Yes. As people walk out the door they take information with them. Are there mechanisms to make sure that does not occur? I would be interested to know how that is being handled.

Mr HODGMAN - Certainly. I will ask Greg, who is responsible for my agency, to talk to this. It is a very valid point, we recognise that there should not be an indiscriminate reduction in the size of the public sector but much depends on individual circumstances - the age of the employee, their career projections, and so on. We are very conscious of making sure, particularly with what can broadly be described as strategic position management, that we are identifying areas of significant need to service delivery, making sure they are filled as a matter of priority. There are all sorts of programs in place to ensure that people are being well managed in their career progression so that their corporate knowledge is maintained with the agency. Greg, would you provide some specifics?

Mr JOHANNES - Mr Valentine, the approach agencies will take will be on a function-by-function basis, understanding what is core and required going forward. Where people are leaving and there is a decision not to replace them, clearly when they represent a significant body of corporate knowledge, we will try to phase the exit so that we take time to capture the knowledge before they walk out the door. In a program like the RIP, for example, which is often used to reprofile so that you get people in a later stage of their career who are more expensive within a band and perhaps replace them with someone at an earlier stage in their career who is less expensive within the band, there is a phasing to make sure that before the more experienced person walks out the door, there is an opportunity for knowledge transfer.

As the Premier said, the approach to redundancies in particular areas is very carefully targeted and, unfortunately for some fantastic people with some really important knowledge bases in key positions, that means it is unlikely that you will welcome the opportunity to see them walk out the door because the positions are required and we really need to hold onto their corporate knowledge as best we can.

Mr VALENTINE - Is there any ICT software being put in place to manage some of this? There are examples in some departments that I am personally aware of where there is confluence of knowledge bases. It reduces the dependency on individuals, the knowledge is much more widely known by a group of people and yet management can still control it. Are any of those ideas and initiatives being more broadly pushed out through the State Service to handle the knowledge transfer arrangements?

Mr JOHANNES - It is certainly happening on an agency-by-agency basis, but at a whole-of-government level there is not a single IT system or a single ICT project that is looking at knowledge capture. Certainly, within agencies, it is part of our regular business to try to capture as much of that information and knowledge as we can.

Mr VALENTINE - Thank you.

CHAIR - Mr Dean, do you have a general question?

Mr DEAN - Yes. So the heads of agencies will be responsible for identifying the positions to go. They will be reliant on information provided to them by the line managers further down in the organisation. Who will be looking at the senior positions in these organisations? They are not going to put themselves up for a redundancy or be done away with if that is appropriate.

Mr HODGMAN - Ministers will be keeping a very close eye on senior executive service. I mentioned earlier that we have just struck new performance agreements with each of the heads of agency that I have personally signed off via ministers and that set out the key performance indicators. Meeting our budget savings is obviously one of the key performance indicators. I hasten to add there are no financial incentives around these performance agreements, it is part of the deal, and rightly so. There is a new regime that will be keeping a very close eye on their performance at an agency level via their ministers but also with me, as Premier, across government as greater degree of accountability measures as a result of these performance agreements. They will report progress very regularly to the whole of government via me.

[9.30 a.m.]

As to the management of individuals within each agency and across the public sector, it is clearly appropriate for the departmental personnel from the secretaries down, through middle management, to manage their workforce and ensure that the programs are meeting the Government's objectives, sensitively managing their workforce, effecting our saving strategies but in a way that is balanced and does not disrupt the services of Government.

Mr JOHANNES - Mr Dean, we have recently instituted around the Heads of Agency table meeting every three weeks, vacancy control for officers of the Senior Executive Service to help control and provide oversight of the SES, and I have also recently become the employer who appoints SES level 3 and 4 officers. They are the most senior officers in other departments. Those are two mechanisms we are using to make sure that we carefully examine the need to appoint and re-appoint every senior position within the SES, noting the new Government's commitment, coming into government, to reduce the overall number of SES officers.

Mr DEAN - You said there will be no forced redundancies and I am interested to know how that is going to happen. If a position is done away with, the person in that position, I take it, will be re-assigned to another position within that department or another department? They are not likely to be given a position out of their area or at another end of the state so they are forced to resign or retire? What would happen with that? Forced redundancies is a significant issue. You said there would be none.

Mr JOHANNES - In the first instance we will operate vacancy control within agencies. If an individual's position within an agency is deemed no longer to be required, that agency would have to give priority to finding that individual another opportunity within the agency. If they are

not able to do that, that individual will become able to take advantage of opportunities anywhere else within the public service that are relevant to their skills, and through the State Service Management Office, we will run a central vacancy control process. Agencies will not be able to advertise a job until they have consulted and obtained the permission of the State Service Management Office to say that there is no one available within an agency elsewhere, whose job is no longer required, who could not do that. First you must consult and make sure that no-one within the public service, who is already employed, is suitable for that job before you will be allowed to advertise.

Mrs ARMITAGE - Premier, I am not sure if you can answer this question, but one of the concerns that has been raised with me is for medical officers. They say that if they are currently working as a resident and the following year they are going to be a registrar, their concern is that the next year, with pay pause, when they are a resident and have the extra duties and responsibilities of a registrar, they will still be paid as a resident. Is that true? Or if they are an intern in the next year, as a resident, they will still be paid as an intern. That is one of their real concerns.

Mr HODGMAN - I will have to get some advice on a specific case such as that.

Mrs ARMITAGE - The nurses also have a similar concern with their levels.

CHAIR - It is not my intention to get into a debate about the pay pause.

Mrs ARMITAGE - I understand that but it is a question that I asked during budget. Unfortunately, the Leader did not give me an answer.

Mr HODGMAN - Frank Ogle, the Director of State Sector Management Office, might be able to provide the committee with further information on those specifics. I will say, by way of a broad approach, how we are managing this issue. Legislation across government is required. It is the only practical way to implement this savings strategy in an effective way and it is combined with our legal obligations and a more equitable approach to salary restraint. I will let Mr Ogle provide as much information as he is able about some of those practical implications.

CHAIR - Welcome, Frank.

Mr OGLE - The first point I make is about the medical officers. They have a case before the Industrial Commission at the moment.

Mrs ARMITAGE - That is for salaried officers and their pay. This is not about their rate of pay. This is about the fact they will stay at a level - intern, resident or registrar.

Mr OGLE - The fundamental principle of the pay pause is about the increments. It is about the progression within a level. It is not about restricting promotion of people from one level to another. We are still working out the medical officers' situation at this point. An intern who moves to being -

Mrs ARMITAGE - A resident?

Mr OGLE - out of their training, that is a promotion. That is not affected by the pay pause. We are still having discussions with Health about movement through the levels.

Mrs ARMITAGE - The nurses would be the same, with their levels - year 1, year 2, year 3.

Mr OGLE - A trainee nurse, moving to a registered nurse position, would not be affected by the pay pause but, within the level, they would be affected.

Mrs ARMITAGE - Yes.

CHAIR - We are going to have another go at this at 4.1.

Mrs ARMITAGE - No, that is fine.

CHAIR - At 4.1 we will get Mr Ogle back. Are there any further questions of a general nature?

Mr VALENTINE - With regard to the staff that are being made redundant, is there a commitment to not bring in more and more consultants to do the work they did? People think that will occur - that consultants will bloom while staff reduce.

CHAIR - In fact, the same people often become consultants.

Mr VALENTINE - Sometimes they do, and they get paid more.

Mr HODGMAN - It is not our intention to do that. We want to reduce not only the public sector wages bill, but we have committed to reducing the rate of expenditure on consultants. That is not to say the government won't, on occasions, need to outsource and obtain advice and assistance from consultants. But we are committed to doing both.

Mr VALENTINE - Thank you.

CHAIR - Let's get on to output group 1. Parliament 1.1. Support for ministers and certain parliamentary office holders.

Mr VALENTINE - I am down for that one.

CHAIR - You are indeed, Mr Valentine. Just give the Premier a chance to find it among the myriad papers we all have.

Output group 1

Support for executive decision making

1.1 Strategic policy and advice -

Mr HODGMAN - I am joined by Bradley Stansfield, my chief of staff. He has principle responsibility for this area along with me.

Mr VALENTINE - What sort of constraints are being put in place to achieve the \$1.3 million reduction, apart from the cutting of the ministerial car fleet? It is going from \$14 000 053 down to \$12 741 000, or something. It is a very significant reduction in real terms. I

UNCORRECTED PROOF ISSUE

am very interested to know how else this money is being saved. Surely the ministerial car fleet doesn't account for the entire \$1.3 million?

Mr HODGMAN - No, I will run you through. Ministerial and parliamentary services will implement savings of \$7.1 million over this Budget and the forward estimates. With savings of \$1.6 million in the 2014-15 year, and so on. The savings will be achieved by: reducing the costs of the ministerial transport service - and that is \$500 000 per annum; reducing the operational costs of ministerial offices - and that is by \$708 000; and reducing the costs of electorate offices by \$216 000.

CHAIR - Are they jobs?

Mr HODGMAN - No, operational costs. So everyone is still entitled to their electorate officer. There has been no change to that. I can run you through the specifics of how we arrive at those figures.

CHAIR - Sounds like \$700-odd thousand in operational costs for ministerial offices is a lot of money.

Mr HODGMAN - Ministerial offices? Sorry, I thought you were talking about electorate offices. I will go through each of them separately. And the Government's 12-month pay pause kicks in as well. So if you want me to just run through each one of them -

CHAIR - As an interesting aside, you would not want the taxi fiasco to be happening too often because you have reduced the car fleet, do you?

Mr HODGMAN - Ironically, it is a cheaper way to travel than by the ministerial car. That is one way we have already achieved about \$27 000 in savings because it is a cheaper method, occasionally, of being transported. We have basically changed the system so that it is more flexible and we can deal with specific needs and circumstances.

CHAIR - One would think for short trips that is expected.

Mr VALENTINE - Is this the minister's own private plated car that they are going to use for transport rather than using a ministerial car?

Mr HODGMAN - A more standard form of taxi service might be a better way of describing it. There was an anomaly circumstance not anticipated by the department when we had implemented the new system that was available to Mr Ferguson notwithstanding that he did nothing wrong. In fact, he was advised by the department that what he had done was right. We want to ensure that we are using the most effective and cost-effective method of transporting ministers.

Mr VALENTINE - It is how it looks I think is the important issue.

Mr HODGMAN - Mr Ferguson repaid that amount, notwithstanding that he was told it was not necessary. Departmental advice was that it was well within the rules as established but there has been a revision of the practices and protocol of who might be engaged to provide that service at a reasonable rate.

UNCORRECTED PROOF ISSUE

Mr VALENTINE - On a per hour rather than per kilometre rate, is that right?

Mr HODGMAN - Yes.

Mr VALENTINE - How is this happening?

Mr HODGMAN - On travel expenses, I can run through it in more details.

On 1 April, the Government agreed to change the structure of the ministerial transport service and reduce the operating cost by 20 per cent. That was pursuant to our election commitment. As part of these changes, we reduced the number of ministerial drivers and vehicles by three and established a pooling arrangement for ministers. Ministers are required to utilise other services as we have discussed - taxis and private limousines where it is deemed practical and cost-effective to do so. This avoids the need for a ministerial driver being constantly on call. Another reason for the change is that over the past four years, the cost of ministerial transport service blew out every year to a combined over-expenditure of \$1 million including \$338 548 in 2013-14 and similar numbers in 2012-13. There had been significant increases in the ministerial transport fleet.

In addition to the over-expenditure each year for the period 1 July 2013 to 30 June 2014, the cost of ministerial travel was a further \$368 587 in the period 1 July 2013 to 31 March 2014. This highlights the size of budget overruns in that area. There are plenty of examples of where people have used transport other than their ministerial vehicles, including of course going interstate, but we are very keen to utilise similar services here that are more cost-effective. Within a short period, we have made significant savings already.

Mr VALENTINE - Premier, ministers will still be able to be driven because they need to be able to read papers and things like this when they are travelling to their various events, or they are doing work. Presumably this is a service that provides a driver as opposed to ministers having to drive themselves.

Mr HODGMAN - Yes, and they can still do that if they choose to. There is a contact centre within the department that coordinates the movements of ministers and allows them to book a vehicle as required. That requires some notice, typically, where a minister has to travel perhaps shorter distances in one-off travel movements on a weekend or of an evening, or when there is an unexpected need to travel that might be an appropriate circumstance to grab a taxi. It can be a cheaper option than having a ministerial driver on call permanently.

There are some dedicated cars available to certain office holders, one being myself, one being the Leader of the Opposition, one being President of the Legislative Council, and one being the Speaker of the House of Assembly. There has been a reduction in the number of vehicles and drivers by three.

[9.45 a.m.]

CHAIR - You asked for other savings, apart from the Police?

Mr HODGMAN - Ministerial offices - savings from rent reductions of leased properties for ministerial offices, a reduction in operation expenditure, the wage pause, and the vacancy control within the ministerial offices. That is where those savings are made.

CHAIR - How are you going to save rents? Are you closing some ministerial offices?

Mr HODGMAN - With a change of government there have been some changes with some members no longer with us and some offices no longer required. We have achieved rental savings of \$84 543, which are ongoing, by vacating the Marine Board building for example, and leasing one office in the Reserve Bank building. We have incorporated the Government Media Unit within the Premier's office at 15 Murray Street which has allowed us to house three ministerial offices in what was the old Government Media Unit on the 10th floor so there are three squeezed into that space. The savings are ongoing. Whilst there was some cost attached to the renovations, they were paid for by the ongoing recurrent rental costs.

Electorate offices - there was some movement there.

CHAIR - We still have the same number of members of parliament, so one presumes things like accommodation and numbers of electorate offices would not change dramatically. People might change but not the positions.

Mr HODGMAN - There are 20 electorate offices provided to members, totalling approximately \$485 491 in rent per annum. It should be noted that some members share their electorate offices. There are seven ministerial and parliamentary support properties, totalling approximately \$1.6 million in rent per annum. I can provide you with a long list of ministerial offices as they were at March 2014, the day before the election, and where they are at now.

CHAIR - I do not know whether the other members are interested. You are reporting on half a year, or a short time. There is no point in questioning you about last year's government.

Mr VALENTINE - Is it possible to get a list of the savings?

Mr HODGMAN - Yes, and for electorate offices the savings from centralising the management of electorate and reduced rents.

Mr DEAN - I want to raise the issue of Henty House, the office where Michelle O'Byrne is currently domiciled. It takes up half a floor for one officer. Obviously, the Government is tied into a rent there that you cannot change. Is that it, because it seems to be an extraordinary situation?

Mr HODGMAN - That is my understanding, that there is a long-term lease arrangement. I will see if I can provide the committee with specifics of that.

CHAIR - Who knows about Henty House?

Mr HODGMAN - Tony Prenter, manager of Properties and Procurement.

Mr PRENTER - Good morning. Henty House is a crown-owned property and there is no end date on the lease. While the crown is in occupation we are committed to paying the rent on the premises. Should we vacate, we would have to assign or sub-lease the space, but the government agency has to meet its rent commitment for that space.

CHAIR - If you had extra space there, could you could sub-lease that to someone else?

Mr PRENTER - We could, yes.

CHAIR - Was that what your question was about, Mr Dean?

Mr DEAN - My question was: why are we tied into the lease?

Mr PRENTER - It was the same when the Liberals were in opposition and occupied the space. They were committed to paying the rent on that space because we could not get anyone to sub-lease it. It is a very difficult property to do so. The lease expires in May 2017 and that is when there is probably an opportunity to opt out.

CHAIR - But it is crown property?

Mr DEAN - No, it is privately owned.

Mr PRENTER - It was crown-owned property; it has been subsequently sold and is privately operated. The lease expires in May 2017 and at that point there is an opportunity to opt out.

CHAIR - It sounds like about three years to go.

Mrs ARMITAGE - On the floor below we have the Greens in a similar situation. So there is no circumstance for that area to be divided up with Labor and Greens having half each, and then the offices on the lower floor being sub-let to someone else?

Mr PRENTER - There is an opportunity.

Mrs ARMITAGE - Are we looking at it?

Mr PRENTER - We have, yes, and we have put feelers out but there is no uptake at this stage.

Mrs ARMITAGE - Would it not be wise to combine the two first and then have empty offices to show someone rather than having to occupy separate ones each because we are using more power while the two are occupied? Would it not be more sensible to combine Labor and Greens on the top floor, or the lower floor?

Mr PRENTER - You cannot force them to do that.

Mrs ARMITAGE - It does not have to be combined; they could be divided. It is a large area that could have a wall put in with doors at either end because we are using a lot more power and facilities while they are both in operation. Could we look at that?

Mr PRENTER - We can look at that.

1.2 Support for members of the House of Assembly

Mr DEAN - There is a decrease in the 2014-15 year but that is picked up in the following years. What does that mean? It says here that that is part of Budget savings strategy. How many are employed in that area and how many are likely to go from that area?

UNCORRECTED PROOF ISSUE

Mr HODGMAN - I am able to get you numbers of how many are employed in electorate offices per party

Mr DEAN - And how does that compare with what it was previous to you coming into Government ?

Mr HODGMAN - Some information to explain the variations in the Budget, the savings of \$153 000 in 2014-15, so you understand where they are coming from. The major reduction for this output is in the running of the electorate offices, of \$216 000, and the electorate office reductions are a result of standardising office budgets which comprised a reduction in employment expenses of \$138 000 and a reduction in operational cost leases of \$78 000. There is a total of 14.5 FTE employees in Liberal electorate offices. I will probably need to find how this compares to this time last year but there are more members now in the Liberal Party so our numbers have gone up. Labor's have dropped and they are at 7 FTE positions. There are some part-timers and the Greens are at 3.8 FTEs.

Mr DEAN - You will obtain those overall numbers, I imagine, from the previous government?

Mr HODGMAN - Yes, I will find how they compare, electorate offices, to last year. It is basically done on the basis of one per member. It has fluctuated, with there now being 15 Liberal members, seven Labor and three Green. It correlates, so roughly, you could assume that previously it was around 10.5.

Mr DEAN - Premier, the loss of 2014-15 is going to be picked up, then almost identical the following year, and then a small increase. Is it envisaged that there will be more staff placed in there or is it to cover some other reason? This year we have \$4.66 million, the following year it goes back to where it almost was, \$4.2 million, in round figures and then it increases minimally. It seems the savings made this year will be negated by the increases following on.

Mr HODGMAN - Mr Strong will explain why that is so.

Mr STRONG - The savings identified as \$216 000 is in the out years. The reason why it goes back up again in the out years, is there are indexation adjustments that have been factored in previous years which are out flowing to the out years. Indexation of operational costs of about 2.5 per cent is factored in by Treasury. These are indexation amounts that are in the forward Estimates going out, and that is why it goes back up. The indexation amount is greater than the saving.

CHAIR - Your wage increases would be in that as well. I would presume you are not going to not pay anyone for more than a year, even you if you get that bill through.

Mr STRONG - The way the wage pause is applied, according to the staffing needs.

Mr VALENTINE - It is exactly the same reason for the previous one going up in the out years, too.

Mr STRONG - Yes, there is indexation flowing out into those years.

CHAIR - Are there further questions on that item?

We might move through, Premier, to the Division 7, output group 1, support for executive decision-making.

[10.00 a.m.]

DIVISION 7

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Output group 1

Support for executive decision-making

1.1

Ms RATTRAY - You have already given some overview in relation to this area, but I am looking for the number of people in that area who may have gone over to another department in Community Development, 6.1, because there has been a movement of \$3 million or thereabouts in that department. Out of that area, moving across to forward Estimates. Can you give me some idea of the number of staff that have gone with that movement?

Mr HODGMAN - There have been some movements and I will provide you with some numbers; Mr Johannes can explain why it has occurred.

Since 1 July 2013, the department's FTEs have increased by 0.62 per cent from 309.53 FTEs to 301.47 FTEs as at 30 June of this year. The reasons for these net movements are as follows: there has been an increase in corporate services graduates, finance and HR; an increase in DPAC general for staff returning from ministerial offices; an increase in executive as a result of working hours and transfer of staff from other divisions; and an increase in Service Tasmania for staff to oversight the Government Contact Centre. There has been a quite significant decrease in OSEM as a result of closing down the Bushfire Recovery Unit and it decreased in TMD related to the cessation of fixed term contracts for projects.

I have not given you the specific numbers in each - we can provide you with that - but that explains why broadly there has been some movement.

Sport and Recreation might also be another reason. I will ask Greg Johannes put it in context.

Mr JOHANNES - All up, there are about 24 FTEs under output 1.1. You have seen funding transfer across to Community Sport and Recreation, reflecting the department's view that instead of administering grant funding in multiple offices it is more efficient, effective and professional to manage as much of grant funding in one place as we can. Community Sport and Recreation is the centre of expertise for grants administration within DPAC but we haven't sent staff across from the policy output with that funding; we have just sent the funding across.

Ms RATTRAY - I know we will get to Community Development later on but do the other departments have the appropriate staffing resources to handle the extra workload?

Mr JOHANNES - Yes, we believe it does. As the Premier alluded to, we have had 50 or 60 people come across to the Department of Premier and Cabinet from the former Economic Development, Tourism and the Arts, reflecting the transfer of Sport and Recreation, with staff

directly and corporate staff coming in to a corporate support area. They have significant expertise in grants administration and, when you combine those individuals with the existing group, we believe we have sufficient people with expertise to run a professional grants administration service in that division.

Ms RATTRAY - We will talk more about that as the day goes on. Premier, this output group talks about achieving your government's vision for Tasmania and providing high quality policy services to Premier and Cabinet. What sort of consultation has taken place in implementing some of your policies already, particularly your board restructure?

Mr HODGMAN - A lot and from a very early stage. On day one of the new government's term we were consulting with the bureaucracy as to how we would first implement our 100-day plan, which we did in full. That was an election commitment in itself, where we would outline all the things we would do within 100 days. Beyond that, our priorities have also been in the framing of this Budget to ensure that all our election commitments are fully funded and provided for, as they are.

At a departmental level we engage with senior officers to understand where we can implement budget savings, where we can make reductions to boards or committees, or government programs, that we are not able to fund going forward. That advice is being provided to me as Premier in this instance but to all ministers via their agency heads and senior executives to understand how we can implement our savings measures across government.

Ms RATTRAY - Were all those boards that are on the list to be extinguished consulted? Was there a conversation at a board level with those organisations that under the Government's 100-day plan we are going to see the demise of those?

Mr HODGMAN - To varying degrees, at various levels there were conversations that took place in some instances between ministers and boards and committees, and in some case through departmental officers. Mr Johannes might talk about the discussions that took place within my area, DPAC, of which a couple were directly impacted. We had a very clear election commitment to reduce the cost and number of boards and committees that service government. It is an important part of achieving that as budget savings, but we believe as a government that with over 200 boards and committees existing that is a large number for government to service. Also, as has been alluded to by the former government, it can be an outsourcing or an abrogation of responsibility for governments to be constantly setting up new committees to make decisions which the executive can, and should, often make.

We have tried to strike the right balance. To reduce the cost of boards and committees is not unreasonable and we believe it is necessary. Mr Johannes, you might talk about the specific DPAC cases.

CHAIR - The member was asking about the process, really.

Ms RATTRAY - Particularly that consultation process with the boards that have been given the flick. How were they chosen over the ones that are allowed to stay? Are they on the list to have a look at in the future?

Mr JOHANNES - Treasury undertook the review of boards and committees, drawing on advice from all agencies. Whether or not there is still a list is probably a question for Treasury.

Some of the organisations the Government has decided are no longer required in the same form, it took that commitment in coming into government, like getting rid of the Tasmanian Climate Action Council. In other cases, departmental advice was drawn on. We worked very closely with all these boards and committees. Within the DPAC portfolio, the boards and committees whose role changed, or is no longer going to continue in future, were aware of the decision before the Budget was handed down.

CHAIR - I think your question was about consultation as opposed to being told?

Ms RATTRAY - Most of us have got the message that they were told. The government of the day has made that decision. I do not have any more questions specifically about boards and I am not sure if others want to -

Mrs ARMITAGE - I have a question about the board. I am not sure if it is appropriate here, but I am sure that the Premier will tell me if it is someone else's area. One question about the Tasmanian Community Fund -

CHAIR - There is a line item for that later on.

Mr HODGMAN - I am happy to talk to talk to that in due course.

Mrs ARMITAGE - It was only about the savings in DPAC.

CHAIR - Are there any further questions about strategic policy and advice.

Ms RATTRAY - I have one, Chair, in relation to COAG. Premier, can you walk me through where the Government's head is with COAG at the moment, and how much policy agenda you have on the radar?

Mr HODGMAN - I have only been to one COAG meeting, so I am very much -

Ms RATTRAY - That's probably a good thing for Tasmania, I would suggest.

Mr HODGMAN - the new kid on the block. We have another one coming up soon. They are very important at any time, but especially so this year, given what was quite a significant federal Budget for our state. We quite openly said the Treasury estimate of a \$2.1 billion dollar impact on the state's budget, over the longer term, it is not insignificant. There were also changes to federal funding agreements with our state that were unanticipated and presented further budgetary challenges for us. It is a good thing to have these meetings to understand, as much as we can, what might be happening at a Commonwealth level and how it might impact Tasmania. Clearly we have a keen interest in that. Also, as the Commonwealth Government commences debate on reform of taxation arrangements for our federation, we need to be actively engaged as a state, and we will be. It will be a useful forum for me to understand what might be contemplated in other states or at a national level, and to make a very strong case for Tasmania so we are not disadvantaged.

There are very important and positive reform agendas currently before COAG that we, as a state, want to engage in and fully participate in because they bring additional benefit to our state. There may be a number positive programs available at any point in time relating to our economy,

our community, infrastructure projects, and the implementation of federal election commitments, to the Midland Highway, for example, or Hobart international airport.

These are important areas for us to be working with the federal Government on. As indeed are other areas of strategic advantage, whether that be in our Antarctic sector or understanding what might be happening in the reform of universities across the nation. There is a lot of opportunity for us to be active, and the COAG forums are a very valuable opportunity for us to participate.

My approach will always be to sensibly negotiate and communicate with the federal Government. While some would have me smash tables and kick chairs, it does not serve any great benefit. We have been able to secure positive announcements - additional funding for hospitals, for example, and a significant amount for Cape Barren Island.

CHAIR - The Qantas jobs.

Mr HODGMAN - That was certainly a state Government success. We have been able to secure some positive outcomes but we need to be very strongly advocating our case, in the renewable energy area, for example, and in the ongoing discussion about GST. These are areas where we need to actively engage - I use my department and often Treasury and other agencies to ensure we are well informed and understand how we can best make our case.

My firm belief is that the best results will be achieved by making a strong case based on evidence and fact, and not on some theatrical side show, which in the past has served no great benefit other than a very short term political advantage for a Premier of the day.

Ms RATTRAY - Premier, over a number of years the Tasmanian Parliament, through the COAG process, has signed up to nationally consistent legislation that has not served Tasmania very well, because of our size. One size does not fit all. Are we going to be a bit Western Australian in our approach and not be held to ransom by the Commonwealth? We have been taken along for the ride far too much and it is put a great onus back on Tasmania. Is there something you can see in the future where we may be able to stand our ground?

Mr HODGMAN - Certainly, and there have been instances in the few months we have been in government where we have done just that, and refused to sign up to partnership agreements until we are provided certain guarantees or additional information. The minister, Mr Ferguson, in Health, for example, resisted signing up to new arrangements with the federal Government until certain matters were resolved. We were able to secure a \$23 million additional investment in our hospitals from the federal Government as a result of good negotiating. We are making sure we don't willingly sign away our state's interests.

I agree entirely that in the past we have signed up to national reform agendas that are quite often impractical for our state.

Ms RATTRAY - They have not enhanced Tasmania in any way, shape or form. They have often put onerous obligations onto Tasmanians, and have not served us well. The sky has not fallen in, in Western Australia. We are not Western Australia, but they are worth having a look at. They stand their ground and they will not be bullied.

Mr HODGMAN - I have made it clear at home and interstate that I will not dutifully sign up to anything unless it is in the state's best interests. I am fundamentally determined that is always our starting point, notwithstanding pressures at a national level.

Ms RATTRAY - I understand the need to work collaboratively, but it has concerned me for some time.

In the table relating to this line item, Premier - Table 8.3 on page 8.15 of our Budget papers - there are some performance measures, and the unit is percentage, but I have no idea what the percentage relates to. Others might be able to understand the Budget papers better than I can but I do not understand what '88 per cent' of what is. What sort of numbers are we looking at when we look at actuals and then targets for the future? Particularly when it comes to 'satisfaction of key clients with delivery of policy services and measured by survey', and the target is 88 per cent. We achieved 87 per cent in the last financial year - 87 per cent of what? It is meaningless if I do not know what the number relates to.

Mr JOHANNES - It is incredibly difficult to put robust performance measures on policy. We randomly survey within the agency senior executives each year on the quality of the advice they are getting from policy units to see whether it makes the grade. Typically making the grade means getting at least four out of five. This says that 88 per cent of the advice that comes to a random selection of senior managers from these units should meet a standard. The standard is based on robust consultation; it is set within a clear strategic framework; it is properly formatted and succinctly expressed; and is ready to go to the decision maker, who in many cases is the Premier. That is how we measure that.

Ms RATTRAY - Would that be 100 pieces of advice, or 200 pieces of advice in any financial year? Is there some number?

Mr JOHANNES - It depends on the unit in terms of the amount of correspondence they generate - smaller units do not generate quite as much. For an output like the policy output of about 25 people, typically in that period of probably six weeks there would be 100 pieces of correspondence.

Ms RATTRAY - That is what I was interested in, a number, so that next year I can see how well things are improving.

Mr DEAN - On renewable energy targets - there is a lot in the paper in relation to this. It is causing a lot of concern throughout the country. People are saying that because of our strong position we are not doing enough in this area to protect this state. What is the state doing in relation to this to preserve our position?

Mr HODGMAN - I reject any claim because it is not based in fact. This is a classic area where we have taken a position that is contrary to that. It has been proposed by way of recommendation to the Federal Government. It was a long-standing commitment to undertake a review and the recommendations of that review are now before all governments, including the national government. We have, from a very early stage, been keen to demonstrate how Tasmania has a very proud and strong history of investment in renewable energy, and that we should not as a state be disadvantaged for that very high level of investment when other jurisdictions have not made similar investments.

I have argued the case at a national level with the Prime Minister and with the responsible federal ministers. My Minister for Energy, Matthew Groom, has again been in Canberra as recently as late last week. He has had constant and ongoing discussions with the Federal Government which we have communicated verbally and in writing to ensure that Tasmania's voice is being well heard and understood.

There are very good grounds for Tasmania not being penalised. We have made strong statements ensuring that our major industrials and trade-exposed sectors are not disadvantaged, and we believe that they should be exempt from any changes to the RET regime. We will continue to make that case. The Federal Government is now reviewing the recommendations of the Warburton review. We will continue to lobby very strongly for this state, for Hydro Tasmania and our renewable generators and the companies here to make sure that Tasmania is not disadvantaged.

Mr DEAN - It is the one area where we have a strength and that is how people are seeing it. It does not seem to be doing us a lot of good.

Mr HODGMAN - We made a submission to the review. There is very high level political lobbying being done by this Government. As I said, Mr Groom was in Canberra last week to make the case again.

Mr FINCH - Mr Premier, the Budget Estimates have grown by an average of 5 per cent each year over the last decade. The budget forecast estimates costs to be at around 2 per cent. If you have an impact of a blow-out in costs that might cripple your efforts to return the Budget to a sustainable position. Is there a strategy to keep costs achievable? I am concerned. There is no silver bullet here. It is a bit of a fine line with the Budget.

Mr HODGMAN - Are you speaking specifically to DPAC, or to whole of government?

Mr FINCH - Probably whole of government.

Mr HODGMAN - You are right. There is a need for a balance and we believe this Budget gets the balance right. It includes not only significant and very important budget and election commitments that we intend to deliver, and I believe it would be the expectation of the Tasmanian people that we will do that, but also savings measures. That includes the difficult decisions of a pay pause that does, in our view, mitigate even greater loss of full-time equivalent positions in the public sector that were envisaged under the forward Estimates of the previous government. But we have to make a difficult decision in line with our commitment to reduce the size of the public sector. It is necessary and it has been well documented in reports received by government, both ours and the former government, but we are also conscious of making sure that we do not diminish emerging signs of confidence in the community, especially within the business sector. We believe we strike the right balance. It is a Budget that also reduces what we consider to be non-essential services, and programs we believe we are not able to fund in the current climate. However, we are ensuring that in areas where there are cuts, there are other programs or initiatives that are more cost effective and provide good service to Tasmanians. It is not a slash and burn Budget, and we never intended it to be. We believe it gets the balance right.

CHAIR - Thank you, Premier. We have dealt with very few items so far, and we have many to go.

Mr VALENTINE - I have a general question on the boards being targeted. Premier, what factors were you looking at when you decided which boards would go? In terms of strategic policy, what aspects were you looking at with each of those boards, as to why they should or should not exist?

Mr HODGMAN - It was determined by each minister in consultation with his or her department or agency and in consultation with Treasury and Finance - to understand what it costs to run these boards and committees. Our principal starting point was to understand what they do, what they are needed for, or what service they provide to Government to the broader community, and whether we could dispense with them without impacting on whatever role they play. Or, alternatively and perhaps preferably, reduce the size of the boards or committees to make some savings, or ask the committees to make savings in line with our overarching budget strategy.

We are confident that where we are dispensing with particular boards or committees, their functions can be absorbed by Government or replaced by a body that is more cost effective, in some cases a voluntary body. In other cases, a single statutory authority officer may be able to implement the responsibilities of a board or committee. There are a couple in Treasury and Finance where the work can be done by an independent statutory officer as opposed to a full board.

It will make significant savings. The cost of boards and committees has continued to blow out. Both were identified by the former Government as an area where savings could be made, so we have started that process very early. It will be ongoing and subject to review, but we like to think the bulk of the work has been done at this point. Review will make sure they are doing what we expect of them and what the public expects, and will enable us to make further ongoing savings in the future.

CHAIR - We might break at this point. I would like to be back here in 10 minutes.

The committee suspended.

CHAIR - Before we leave 1.1, I asked a question earlier about social inclusion. It was in the wrong place then but the right place now.

Mr HODGMAN - We have integrated the social inclusion unit with DPAC's policy division. We believe it strengthens the whole-of-government approach to the issue of social inclusion and enables the provision of strategic advice to Cabinet. The integration of the two areas will increase the level of resources available to Government to implement our 'hand-up for vulnerable Tasmanians' policy agenda, and will ensure that the needs of vulnerable Tasmanians are considered in the whole-of-government policy framework.

We have made budget savings of 2.2 FTEs, or \$220 000 per annum, and that is being achieved by creating efficiencies - consolidating management and administrative functions into a single division. Importantly, responsibility for the grants programs previously administered by the social inclusion unit has been transferred to DPAC's Community Sport and Recreation Tasmania division. We believe we can consolidate the effort of Government and make savings, and apply a more centralised approach to what is an important policy area for Government - that is social inclusion.

CHAIR - You will not be looking to reinstate the position of the social inclusion commissioner?

Mr HODGMAN - Not at this stage.

Mr VALENTINE - I have a question on that, about the grants - whether they have ceased or whether they will be transferred. You answered that in part. Have all grants been transferred, or only some?

Mr HODGMAN - Some have ceased and some have been transferred. There has been cessation of \$160 000 of untied funding, which had previously been used to fund policy innovation through a range of interagency projects, and cessation of a \$20 000 fund for the research component of the family assistance program, reducing funding to this program to a total of \$330 000. So the program still exists, but at a reduced rate.

Mr VALENTINE - The research component - obviously research is very important, to make sure funds are targeted correctly. How has that been covered?

Mr HODGMAN - Melissa Gray, Acting Director of Policy Division, will provide advice on that - the practical impacts of that decision.

Ms GRAY - That funding allocation from the family assistance program predated by many years the establishment of the social inclusion unit. In recent years that research under the family assistance program has been employed for a number of reports, such as Hard Times - Tasmanians in Financial Crisis in 2008-9; in 2009-10, Voices on Choices - Working Towards Consuming Alcohol and Drug Treatment; in 2010-11, the Price of Poverty - the Cost of Living for Low Income Earners; in 2011-12, Reducing Youth Homelessness; and in 2012-13 and 2013-14 an as yet unpublished report on digital inclusion for low income individuals. This is work that will be undertaken now within agencies and within the policy division.

Mr VALENTINE - In coordinating that sort of work and making sure that it is hitting its targets - because if we aim at nothing we hit it - is the social inclusion strategy being followed, the plan that was put together by the Social Inclusion Commissioner, David Adams? Is all this work being coordinated via that with an aim to hit some of the outcomes wanted in that plan?

Mr HODGMAN - Yes.

Ms GRAY - Yes, the Government's Hand Up for Vulnerable Tasmanians policy covers a number of the commitments and actions in the cost of living, social inclusion and the food security strategies. We have done that analytical work of mapping those actions against the hand up policy to look at where they are being continued through the policy.

Mr VALENTINE - Is there a policy decision to continue to follow that social inclusion plan?

Ms GRAY - Where it relates to the hand up policy.

Mr VALENTINE - Is the plan itself still going to be owned and promoted by the Government?

Ms GRAY - The guiding document? Yes.

Mr VALENTINE - Promoted by the Government? That is the question.

Mr HODGMAN - We have taken a lot from the work that had previously been done.

Mr VALENTINE - I am conscious that some councils, for instance, follow some of those strategies and others have their own. The overarching state government vision and drive helps to focus on work happening in other places. That is why I asked the question.

Ms GRAY - The Government's commitment to vulnerable Tasmanians is now articulated in the hand up policy and the approach of the new Government is quite revolutionary because it supports people to move out of disadvantage by tackling the systemic barriers that prevent them from falling back into poverty. That was a key element of the analytical framework of the social inclusion strategy. By addressing quality responsive services across whole of government, the hand up policy addresses issues for people in poverty by supporting, for example, the community sector and the people who work with people living in disadvantage every day to support their particular needs, by committing \$82.5 million to fund the first six years of the Fair Work Australia equal remuneration order by providing an additional \$9 million over four years on top of the 2.25 per cent indexation of community sector funding. This Government has now picked up and moved forward with all those things in strategy 10 of the social inclusion strategy - structural reform for the community sector. It will do so for local government through the Local Government Division where it is deemed necessary.

CHAIR - Are you satisfied with that? The question Mr Valentine was asking was not arguing with that aspect but talking about the entire strategy. What you have said is we have picked out bits that are relevant. What is happening to the rest? He is asking about the overarching plan. Does this mean that there are certain parts of that plan that you are not going to follow through?

Mr HODGMAN - It requires active engagement with key partners, such as UTAS and Volunteering Tasmania for example.

CHAIR - Social inclusion was not only about poverty.

Mr HODGMAN - To be specific, there are three areas or actions that are not addressed by the current government policy. They are: a review of concessions to better target those households most at risk; rebuild the social wage and advocate for more adequate income support payments; and a more progressive taxation system with the Commonwealth and an essential services commissioner.

Mr VALENTINE - May I have the detail on that?

Ms GRAY - On one of those we have recently provided a submission to the McClure Welfare Review. Some of that advocacy on adequate income support payments was contained in that review. While they are not explicitly referred to in the handout for vulnerable Tasmanians policy, where work comes up that we can respond to, that will continue those actions, the policy division undertakes that work.

Output group 2

2.1 Management of executive government processes

Mr DEAN - Premier, the increase here is to cover the emergency management website, TasALERT, and that is going to be offset by budget savings. How is TasALERT going to operate? Where is it operating from? Is it a separate office; the staffing of it? How will it function and at what stage is it at the moment?

Mr HODGMAN - I will ask Mandy Denby, Manager of Strategic Communications and Marketing, to provide some advice on this.

Ms DENBY - TasALERT is managed by the communications and marketing unit in the Department of Premier and Cabinet. It operates 365 days a year. It is a website with social media accounts and also a public information unit portal, which is basically the back end of the website used by communication staff when the website is activated. It has received recurrent funding in the Budget this year. It has been operating since December last year and has been activated six times in that period, sometimes only for several hours but other times, in the case of the recent floods, for several days. It is managed by DPAC and takes information from all the response management agencies across government - TasFire, SES, DHHS and DPIPW - depending on the nature of the emergency. The purpose of the website is to have one central online portal with information from across government.

CHAIR - Is it better than the ABC?

Ms DENBY - I think it is better than the ABC in that it is Government information as quickly as possible, and accurate, all in the one place.

Mr DEAN - All the information coming in, in relation to an emergency that is occurring, across all the emergency services - SES, fire, police - will be collated within this site?

Ms DENBY - Yes. The purpose of TasALERT is not to replace those sites. TFS and Tasmania Police -

[11.00 a.m.]

Mr DEAN - I was going to come to that. All of these departments have their own current systems in place now to record all the information they get on the emergencies. Is it simply duplicating that? What do the departments get out of it other than a central area where they can access all the information? They can still access it. They have been able to go to the Fire Service or SES and share their information anyway.

Ms DENBY - Other agencies have their own websites and those websites can operate quite well during emergencies of certain levels but when we hit an emergency the size of, say, the 2013 bushfires, many of those websites, apart from TFS's, cannot cope with the level of traffic that you get. You need a very highly resilient website and TasALERT has been designed so that it can scale in terms of use. If we have a small number of visitors on a normal day but then suddenly we have an emergency, we have the capacity to scale to cope with more visitors.

To have four or five websites across government that have that capacity is really not particularly practical. We are better off to have it in one spot. We believe it is easier to ask the public to visit one website and see the information from all the emergency services rather than

have to explain to them they need to go to TFS for the fire information, SES for information about support that is available, Tasmania Police for road closures, and so on.

Mr HODGMAN - It does follow from recommendations of the inquiry and report into the 2013 bushfires which highlighted that whilst there were certain things that were well communicated, often by social media, there was some confusion and it was not well coordinated. This provides an opportunity for the Government to present that information in a more coordinated fashion.

Mr DEAN - So rather than this site simply gathering information from all of these separate organisations, it is one central body that the information is fed into by who?

Ms DENBY - By whichever agencies are involved in the incident. It would depend on the nature of the incident.

Mr DEAN - They feed it into their own system and then it is fed back into TasALERT?

Ms DENBY - Yes, and then we pick it up, in most cases, automatically from those agency websites. When we activate TasALERT, which is to say if there is an emergency that reaches a certain level, for example, a 'watch and act' fire, there may also be unique information on the TasALERT website. For example, during the bushfires we did not have TasALERT and we built a bushfire website to start providing information to people who were returning to their homes. We were pulling information in from areas like Workplace Safety around asbestos, and air quality from DHHS. Again, rather than sending people to the DHHS website or Justice website while they are still looking at the fire website, we want all that information in one place.

The other thing with the TasALERT website is that you cannot see the back end portal that I mentioned. That is a system that when we set up a whole-of-government public information unit in a large-scale emergency, that is a system where our staff, who come from all the different agencies, use to upload that information. There will be information on the website and also sent out via social media. It is very easy for them to all come in and use this one system to get information online as quickly as possible.

Mr DEAN - That site will be open to anyone, any member of the public who wants to access some aspect of that?

Ms DENBY - The front end is. The back end portal is something that is just accessed within government and used by the public information unit staff. We have staff from across agencies that we have trained ready to be on call should we need them in the event of an emergency. That is the same model that we have used during the 2013 bushfires but then those staff had to use different systems, one system for web content uploading, social media was separate. We had a separate system for providing information to the call centre. This is putting them all into one back end portal.

Mr DEAN - What has been the cost of setting all of that up, Premier? What are the recurrent costs? I think it is in the papers there somewhere.

Mr HODGMAN - \$265 000 for four years has been committed. As to the establishment costs - I don't know if you can help me with that - but that is what we have committed to fund over four years.

Ms DENBY - I have \$187 075 through the Microsoft Services Provision Fund was provided for planning, design and development of the website.

Mr DEAN - The \$67 000 recurrent funding, is that to keep it up to date and to keep it operating? The Premier mentioned -

CHAIR - The \$216 000 over four years.

Ms DENBY - That does not include any enhancements to the website but it does include things such as ongoing training of staff and a small amount of promotion of the website because without the public being aware that it is there, they will not turn to it in an emergency. The majority is around that resilient infrastructure to make sure that when we need it most, the website will be there.

Ms RATTRAY - Are you able to on-sell that model? Is there any opportunity?

Ms DENBY - It is an interesting question. We were planning this website prior to the bushfires and we were then basing the model on what has been built in some other jurisdictions. I think it is fair to say that since then TasALERT has become a model for other states because in IT things change consistently, so our project manager has been asked to brief other jurisdictions on TasALERT and how it works.

It was built in partnership with Microsoft using a technology called SharePoint because they felt that it was a great opportunity to demonstrate how that technology could work. The key point to that is the PIU staff who use that back end system, are not technical staff they are people, like me, who work in communications. They are about shaping the message and getting the information out but they have to be able to do everything they can via that website. When we activate it using the SharePoint platform we do not need IT people or web experts. We can, and have, done it from home at 11 o'clock on a Saturday and have it activated within a couple of minutes.

Mr FINCH - On the mechanics of accessing TasALERT, let us say there is a bushfire disaster, how is it made easier for the public to access that, to come to TasALERT and see where the bushfire disaster location is and go to that. How does it work?

Ms DENBY - When we say we activate the website, it is there every day but when we activate we create a tile on the home page which identifies the emergency that is happening at the time. For example, one of the Saturday 10 o'clocks were fires in Evandale and Bridport, so we had tiles for each of those fires. On the home page you will see a section appear that is urgent alerts or notifications which is where we put the most important information for any incident. You can click through on the tile for that incident to see information specific to that. If there are particular road closures or air warnings for that area they will be on that second level page.

The other content that is always on the home page is the social media feeds from the relevant agencies. Again we have the flexibility to change those based on the incidents. If it is storms and floods and SES are particularly involved, or the lead agency, we will put them on the home page. If DHHS are relevant we put them on the home page. If they are not we will remove them and add other agencies.

UNCORRECTED PROOF ISSUE

Mr HODGMAN - There is a more agile mobile level site that is available via iPads and iPhones and other mobile devices.

Ms DENBY - That is right. Tonight, at about 7 o'clock, we are testing an improved mobile interface with the site.

Mr FINCH - I am curious. Are people on standby? Are people rostered to cover those areas and those times?

Ms DENBY - We have a dedicated project manager in our team who manages TasALERT as well as working across other public information areas across Government. He has lead responsibility but between him and me we cover the out-of-hours requirements. Probably 50 per cent of the activation so far has been out of hours. Coming into this bushfire season we are looking at what kind of on-call arrangements we need to make, so that we share that burden across the team in DPAC.

Mr VALENTINE - With respect to the social media feeds you were talking about, during the Dunalley fires there was an individual who set up a Facebook page and was very effective in coordinating the provision of certain goods and services. Is this site supposed to be taking on that aspect as well? How do people get a chance to say, 'Hey, we are in dire need of a fire pump or water or whatever down here because we have so many people without water?' How is that expected to operate?

Ms DENBY - We do not expect that there will not be community-led social media. That is fantastic but the most important thing we recognise is that in an emergency certain things are the responsibility of government and then there are areas where the community can be of great assistance. Part of our strategy with TasALERT is to try to ensure that we are the official source of government information.

If we were to activate for an emergency of a similar size to the bushfires, we would do as we did in 2013, which is to reach out to people running community-led sites and ask them to make sure that they use our information and pass it on. That is one of the most effective ways that they can help us. There is guidance on the TasALERT website that says, 'Here is how you can help'. People want to volunteer and help to provide information but our main message is that it is important that official information comes from government.

Mr VALENTINE - I appreciate that. I was interested to know how that interface occurred with enthusiastic members of the public doing good work - how it worked.

Mr DEAN - Where are the staffing levels in that area? Where are they compared with the levels of the previous government? Are the levels remaining similar?

Mr HODGMAN - We are at 31.1 FTEs now, compared to 24.12 in June 2013 and 22 in June 2012. That is the overall. I am advised that it is due to a combination of that and variations in hours worked by some part-time employees who have chosen to change their hours due to changing schooling or child care arrangements,

CHAIR - The previous figures you mentioned were not FTEs?

Mr HODGMAN - Yes, this explains why there has been an increase or variation.

Mr DEAN - The FTEs - that is the calculation I want.

Mr HODGMAN - I have given you the FTEs.

Mr DEAN - What was the FTE again?

Mr HODGMAN - 31.1 in June 2014; June 2013 was 24.12; June 2012 was 22; and June 2011 is 24. That is as far back as I go.

I will run through the reasons why this has occurred. There is the matter I referred to earlier with schooling and child care arrangements; return of workers on maternity leave; and changes in the communications and marketing units' staffing. An additional project officer will undertake the TasALERT project. An additional multimedia officer reflects the increase in demand for digital communications and social media by DPAC business units. There was the transfer of an employee from another business unit. An additional deputy secretary position was created as part of the bushfire recovery arrangements and was also able to provide cover for another deputy secretary on extended leave. Two temporary staff positions - which have both been finished now - to cater for returning ministerial staff and the appointment of Rhys Edwards as an adviser following the appointment of Greg Johannes's Secretary. That is why there has been that variation in the number of FTEs in this space.

Mr DEAN -I will have a closer look at that. I am still trying to work out why. Is that department going to remain at that strength, or is it also going to be a victim of the redundancy program?

Mr HODGMAN - Like all areas it will be the subject of inquiry by the department led by the Secretary and myself. It could well be an area for budget savings,

Mr DEAN - Thank you.

2.2 Principal and subordinate legislation

CHAIR -Let's go on to 2.2, which is principal and subordinate legislation.

Ms RATTRAY - There is a small decrease in allocation for this particular area. Is that reflecting your Government's policy of reducing red and green tape, which is obviously what subordinate legislation and regulation is all about?

Mr HODGMAN - There is certainly a reduction in the printing cost of what some might describe as red and green tape of \$100 000.

I can run through each of the areas in which savings are made - a reduction in the cost of printing acts of \$100 000. In recent years the annual cost attributed to the printing of acts has been reducing. In determining the costs associated with reduced printing the likely level of legislative activity, as a result of a new government, was taken into consideration. The department is comfortable with the reduction. The use of non-printing, in the development of bills and acts will be pursued to further reduce printing costs. There has been, certainly in our House and I imagine it's the same here, a reduction in the number of bills and papers that are

UNCORRECTED PROOF ISSUE

produced. Some are only available on demand, or are not necessarily printed to the extent they were some years ago. That included the Budget papers this year.

Ms RATTRAY - For the first time this year I had to pay for an additional set of Budget papers.

Mr HODGMAN - Yes. I received one set, and one set only.

Ms RATTRAY - You can buy another set for \$120, Premier, if you want to pay that.

Mr DEAN - I had mine gifted to me.

Ms RATTRAY - We found this a tad unusual, but anyway.

Mr HODGMAN - These things come at a cost, and in the past you could find piles of bills and papers sitting around.

CHAIR - You think more carefully whether you need them.

Mr HODGMAN - There has also been an adjustment to the 2012 additional budget savings target, again with the new Government. Indexation from previous years - implementation of the Government's wages policy is a component of that. An allocation of salary expense to trust, which is in fact a cost.

Ms RATTRAY - Can I have an explanation of that?

Mr STRONG - Some of the staff in the Office of Parliamentary Counsel are paid via trust funds. The OPC charges for some of the activities it undertakes. Some people are being paid from trust funds as distinct from appropriation funds.

Ms RATTRAY - Premier, are we going to see less regulation?

Mr HODGMAN - You will, with the new Government's commitment to reduce red and green tape, but there will also be a reduction how much is printed.

CHAIR - It fluctuates, doesn't it? If you look at the forward estimates, it goes up and down.

Ms RATTRAY - That is when the Government hits its straps and is bringing in legislation.

CHAIR - It goes up for 2015-16, then goes down again in 2016-17.

Mr HODGMAN - Yes. That has been anticipated. There is another element - the 27th pay was another quite significant budget saving, in accrued salaries.

They are the key elements of variations in the Budget.

Ms RATTRAY - Premier, is it still difficult to source OPC expertise? It has always been an issue in the past. Is that still the case?

UNCORRECTED PROOF ISSUE

Mr HODGMAN - It certainly was not easy for us in opposition and I know they are very stretched. In Government, even, we find we have to prioritise areas where the Government wants to have legislation drafted and engage the OPC.

Ms RATTRAY - Spare a thought for independent members.

Mr HODGMAN - We are conscious of that - they certainly work at full capacity

Ms RATTRAY - There is no issue with staff and having the relevant expertise?

Mr HODGMAN - Not that I am aware of. Perhaps they would like more and it is an area of some specialty. It is not always easy to find either.

Mr FINCH - In the sense that in the past they were poached by other states when they build their expertise so if they are made not poachable, would that be a good thing?

Mr HODGMAN - It is counterintuitive, isn't it. We do not want them to be that good. It is an area of some specialty and they play a very important role. They have to prioritise their efforts as per the Government's agenda.

CHAIR - That was the member's question though, is it possible to get them? Is the expertise available rather than do you have enough? How long is a piece of string? There is never enough.

Mr VALENTINE - We know the answer to that. I have a question. It is simply operational and I put it out there. Why can't we, as legislators, get marked-up versions of bills, and amendment bills particularly, as it shows where the amendments have happened? We are always having to go back to the original act when we have all this software that enables it. It is so difficult.

Mr HODGMAN - Yes, it's a good point.

CHAIR - We do not even need to have it printed. We could print it ourselves.

Mr VALENTINE - It could even come with a caveat that says 'all care but no responsibility' - just to have the Word version. It would make it so much easier for us. That is an observation. You can have the clause notes in that same software off to the side, you can have the deletions off to the side, and you can have the insertions.

Mr HODGMAN - It is a very good point. Mr Johannes might be able to tell us.

Mr JOHANNES - We use the EnAct system.

Mr VALENTINE - I appreciate that.

Mr JOHANNES - The system itself, I am advised, is not capable of generating the sort of mark-up versions that you mention so the only way to do that is to manually market them up.

Mr VALENTINE - Doesn't the Office of Parliamentary Counsel work off a marked-up version which they then feed into that software to provide the -

Mr JOHANNES - No.

Mr VALENTINE - You mean, they say 'after and second occurring insert ...'? They do not have a full picture? I cannot believe that.

CHAIR - Well, you have just been told to believe that.

Mr JOHANNES - If an amendment is accepted it is just the draft and it has to be physically typed into the bill, into the original number of the draft.

Mr VALENTINE - Perhaps some money can be spent on improving that.

Mr HODGMAN - We will look into it.

Mr VALENTINE - I know Peter Conway is happy to look at these things as well. It is something that would help everyone.

2.3 Tasmanian Government Courier -

Mrs ARMITAGE - Premier, can you explain whether this is still considered cost-effective?

Mr HODGMAN - It is certainly our expectation that it be a cost-effective method of transporting hard copies of mail and packages between government and departmental offices. It has a role and a function.

Mr DEAN - They do a great job, too.

Mr HODGMAN - They do, by and large.

Mrs ARMITAGE - The extra \$92 000 in 2014-15 - can you explain what that was for? New vehicles? More staff?

Mr STRONG - The increase is in relation to a realignment of output budgets we do in relation to corporate services overheads, et cetera. In this particular case, \$94 000 was -

Mrs ARMITAGE - There are a couple for \$92 000.

Mr STRONG - No. There are a couple of offsets resulting in additional funding going back into that particular project, offset by the implementation of the Government's wages policy and the accrued salaries, et cetera. That is where the net result is, so it is to do with corporate overhead recoveries.

CHAIR - An extra \$100 000 on paper?

Mr STRONG - No, corporate overheads.

CHAIR - What does that mean?

Mr STRONG - Corporate overheads cover costs of a corporate services section within the department. The costs of corporate services are spread evenly or as best proportionally over all the outputs because there is no output for corporate services in here.

CHAIR - Were these corporate services that they have always had but now you are sharing them?

Mr STRONG - We are realigning them.

CHAIR - You are realigning them and giving them a share so that some other people's corporate services go down.

Mrs ARMITAGE - But it is showing in the paper under courier here.

CHAIR - Yes, they are now going to pay a share of cooperative services which they did not pay before.

Mrs ARMITAGE - How many FTEs would you have?

Mr HODGMAN - Seven.

Mrs ARMITAGE - It is still seven; it has not gone up since last year?

Mr HODGMAN - It has dropped since 2011 but has been consistent over the last three years.

Ms RATTRAY - They do not come to Scottsdale, Premier; they still need Australia Post.

CHAIR - Australia Post is getting slower.

Ms RATTRAY - Delivery is every second day now.

CHAIR - That is what they are talking about.

2.4 Corporate support to ministerial and parliamentary offices and the office of the Governor -

CHAIR - May I talk about the Office of the Governor for a start? Tell us where you are at.

Mr HODGMAN - With the new Governor?

CHAIR - That was part of the question but I am sure you are not going to give us a heads up.

Mr HODGMAN - It is a most important appointment and one which it is true to say takes a lot of time, care and attention from the government, and requires a very high level of process as well. It is an appointment that comes via Buckingham Palace. That that highlights its significance.

CHAIR - Your recommendation, though, I presume.

Mr HODGMAN - Yes, and to provide advice to Her Majesty, it is necessary that we undertake a very thorough process to understand who may be an appropriate and suitably qualified candidate, and to undertake due diligence to ensure that those individuals are appropriately qualified. I have been able to engage the assistance of my department to assist with those processes. Given the tragic circumstances of Peter Underwood ceasing to be our Governor, it was appropriate and respectful to allow some time to pass before there was any public move to consider who might be an appropriate replacement. It is also very important that the position is handled in a very discreet way that cannot be seen as politicising such an important appointment.

Having said that, we are making considerable progress to fill this very important position and I hope we will be able to make an announcement in the not too distant future once we have taken all the necessary steps.

Ms RATTRAY - Apparently the Chinese President is coming in November? It would be ideal to have someone in place by November. Is that your own view, Premier?

Mr HODGMAN - The appointment is not dependent upon any other circumstance than wanting to fill a position with the right person at the earliest opportunity, given the extensive and occasionally lengthy process required. It can and should take a reasonable time, which can extend over several months. We are still not sure that the Chinese President will be here.

[11.30 a.m.]

Ms RATTRAY - It would be hard for him not to turn up now. There is so much anticipation about his visit.

Mr HODGMAN - He has been to every other state but here so he can complete the grand tour and come to Tasmania. It would be fantastic. We are doing a lot of work and are in frequent contact with Chinese officials both in China, and interstate at a diplomatic level, to encourage and facilitate a visit from the Chinese President which would be an extraordinary event for our state.

I went to China earlier in the year to demonstrate that the Government is keen to enhance our relations. I met with the Chinese President in person and it was the first time a Tasmanian Premier has been able to do that. Given the history of the Chinese President with our state, going back some years when he was Governor of the Fujian Province, there is a beautiful connection with Tasmania which he appreciates. His representatives in Australia, the Ambassador and Consular General, have assured me that he is looking very positively towards Tasmania.

A very tight time frame, of course, and with the G2 on there will be a lot of activity. If we could secure that visit, and we are applying every level of Government support to ensure that there is security and diplomatic protection in place, enhancing our cultural relations, working with the University of Tasmania which is very keen to engage in this area. We are running a two-day forum called TasInvest, invested very much with the Chinese flavour although not exclusively, but building on the relations I established in China with Chinese companies and interests. Also the Australian corporate leaders who were on that delegation, to leverage off that in November, would be a perfect combination of events to get the President here.

Ms RATTRAY - Sounds like there will be an announcement before November.

Mr HODGMAN - I have taken advice at a very high level including from my colleagues interstate and people who have had experience in appointments of this type. It was a wonderful chance opportunity to meet the Governor-General a week or two ago when he was in Tasmania, to talk to him about this subject. I am approaching it with the highest level of discretion and sensitivity but also with the seriousness that the appointment of Governor requires. Given the very sad circumstances of Peter Underwood's death and the magnificent contribution he made to our state, it is fair to say the bar is set high.

CHAIR - I want to get back to the Budget. In the Budget papers there is a list called major initiatives and then budget-saving strategies. I guess you are still basing the appointment on those initiatives, on what you think the office of the Governor is required to do? You will take those into account?

Mr HODGMAN - Yes and those saving strategies being led out of, and by, Government House.

CHAIR - I do not see how they are going to save. You are talking about constraining public sector wages and I understand the pay pause 2014-15, but there are further savings over the next few years.

Mr HODGMAN - Government House, acting independently, has managed to achieve savings of about \$178 000 per year by abolishing a full-time chauffeur position in October 2014 and by restructuring their maintenance supervisor position - both positions have reasonable salaries attached to them; hospitality savings through food and beverage cutbacks; and modification of lease plan arrangements. It is true to say that in its own sphere Government House has managed to

CHAIR - Are you saying there is not going to be a full-time chauffeur for the new Governor? Considering how the last few Governors have travelled the state intensively and extensively -

Mr HODGMAN - That is a decision taken by Government House. It is not being imposed by us and a government. It is interesting to see that Government House is also making savings during tough fiscal times and with obvious demands on Government House and the Office, including maintenance and capital works which at Government House are not insignificant. I suspect, without knowing fully, that much of that is probably attributable to Peter Underwood and his leadership because these are savings strategies that have been outlined, or commenced, within this financial year.

CHAIR - I suppose they might well change with the new Governor depending on the style of the governorship.

What does corporate support to ministerial and parliamentary offices cover? Is that the corporate support we were talking about with the Tasmanian government courier?

Mr HODGMAN - Human resources, services including payroll processing, recruitment and exit services, employee relations, industrial advice and performance management; financial services, including processing of payments and receipts, budget management and financial reporting; properties and procurement services, including accommodation management; tender management, ordering and procurement information services, including records management services, information and communications technology support and provision of new information

services and technologies; and executive support, including annual reporting and governance management.

CHAIR - So it does not include corporate support to either the House of Assembly or the Legislative Council?

Mr HODGMAN - No.

Output group 3

Electronic services for government agencies and the community

3.2 Management and ongoing development of Service Tasmania -

CHAIR - I have been made aware that Mr Ferguson has addressed 3.1, 3.2 and 3.3 downstairs. I would very much like you to address 3.2. It would be nice next year if the budget papers could attribute the items to the appropriate minister so that we do not have this confusion about who is going to answer what.

Mr HODGMAN - Fair point.

Mrs ARMITAGE - I have a couple of questions and I appreciate that it comes under two different -

CHAIR - Sorry, Mr Valentine wants to ask about 3.1 but the Premier has said he is not answering questions on 3.1.

Mr VALENTINE - That is fair, basically. My questions were in regard to whole-of-government information systems and which ones are being maintained and pursued, which you probably would not be in a position to answer.

Mr HODGMAN - It is not that I do not want to, it is not having that information at my disposal.

CHAIR - We will just hope that your questions have been asked downstairs, that people have been aware of the questions you needed.

Mr VALENTINE - I am interested in whether there is a move to standardise across agencies to realise savings. There is a lot of opportunity for software standardisation across agencies and it would be interesting to know what they are.

Mr HODGMAN - Yes, sure. Rebekah Burton, Deputy Secretary, is with us and is able to provide advice. I am happy to see how far we can get and if you need any additional information we will get that to you.

Ms BURTON - Mr Ferguson addressed some questions this morning in the other committee of the Legislative Council. In relation to your question on standardisation, this Government has committed to a review of the ICT strategy and, Mr Valentine, you would be aware of the ICT strategy -

Mr VALENTINE - I am aware of it.

Ms BURTON - which is very much focused on better-integrated ICT service delivery across government. If you look at the deliverables in that strategy, they are all focused on improving systems, getting better bang for their buck, getting agencies to work together, and that is coordinated through the office of the government and is effectively the mechanism being used.

Mr VALENTINE - Another question in regard to this. That particular office of the Government used to concentrate on developing guidelines for project management, which was considered to be very important within the State Service and also outside the State Service. It got a lot of hits from the mainland and internationally. I think they were up to version 7.1 - it might be further advanced now. It provided a very good set of guidelines to make sure mistakes were not made with major projects - proper accounting, proper reporting back to steering committees and the like. I want to understand whether that is still a strategy into the future and how it is going to be maintained given the \$24 000 reduction in the Budget. It is not even an FTE, is it? Maybe you could explain that, and explain the strategy for the future with regard to project management.

Ms BURTON - Mr Valentine, I know you have an ongoing interest in project management, and for that I am grateful. It is a key focus of the office of any government. It continues to be an important resource and, as you have suggested, one that is used internally by government and also externally to government.

There has been a lot of movement over the decade or so the Tasmanian Government project management framework has been in place. It has been in existence for some time and utilised extensively. We are about to commence a review of the framework to update it and make it more contemporary and to ensure it fits in with current industry best practice. There is absolutely no diminution in government's commitment to the project management framework. It has permeated through the public sector and the training consortium currently provides regular project management training based on the framework, and that is very well received.

Mr VALENTINE - Is there a move to ensure that it is consolidated and promoted to departments that are not so committed to the guidelines.

Ms BURTON - The governance arrangement for ICT, which has been endorsed by the Premier and the minister for ICT, continues to be Mr Johannes as the Chair of the ICT policy board. All ICT projects that require funding need to go through what is called the Infrastructure Investment Review Program. As part of that process, appropriate business case development, and appropriate application of the project management guidelines, is absolutely vital. Treasury, with a gimlet eye, look closely at any proposal, so the answer to your question is 'yes'. It is a focus and, increasingly, as we must have efficient investment in ICT, it becomes important to adhere to appropriate guidelines and standardisation, which I know is another key interest of yours.

Mr VALENTINE - So the \$24 000 reduction is incidental?

Ms BURTON - It is incidental. There has been no diminution in support to the office within government.

Mr VALENTINE - I appreciate that. Given that there is so much expertise in this area, in terms of project management, surely there might be an opportunity to market it and get a dollar back for it. But that is not a Budget item.

CHAIR - I am sure the Premier is happy to have suggestions as to how we can make money and make the Budget work better.

Mr VALENTINE - There is a lot of interest out there and it is shown by the hits on the website. Why not sell what is being produced? There is an opportunity for that.

CHAIR - The Deputy Secretary does not want to comment.

Mr HODGMAN - No. It is duly noted.

Mr VALENTINE - I do not mean 'internal to government' selling.

CHAIR - All looking very tight-lipped.

Ms RATTRAY - I have a question in relation to the unsourced revenue for this output group. The Budget papers tell us that there is a 2 per cent reduction in the revenue this area is going to generate this year. Why are we looking at a 2 per cent reduction in revenue? We do not generate much revenue in departments and this is one that does, normally.

[11:45 a.m.]

Ms BURTON - If you are looking at the output group as a whole, it incorporates TMD, which is the entity within government which manages phone and voice and data, so multi-million dollar contracts sit under the umbrella of that part component of DPAC. Small variations can make a big difference, so we are talking \$18 million potentially in phone contracts, and \$15 million in contracts for data. Those sort of fluctuations, in terms of timing, or could be anything really. It also applies presumably to Service Tasmania which has improved its revenue.

Ms RATTRAY - Why are we down 2 per cent, if they have improved?

Ms BURTON - Service Tasmania has a consolidated fund budget of around \$10 million and we are talking in the \$30-odd million for TMD, so overall those fluctuations can change and it could be related to phone revenue, timing of bills. It is the off consolidated fund budget arrangement. David, do you have any further comment to make on that?

Mr STRONG - I think it is around TMD forecasting what their revenues are in the out years.

Ms RATTRAY - Is that intended to continue?

Ms BURTON - It depends on the fluctuation and how it falls out, but with mobile phone, voice, data, what we are trying to do is achieve more efficient services for less revenue. I can't answer your questions to the specifics of how much service change there has been but with growth in services, we are trying to constrain the numbers of services that grow but provide better service.

Ms RATTRAY - Premier, is that of concern, when we are talking such big numbers? That we have a 2 per cent drop in consideration of all those things that Rebekah talked about. We don't generate a lot of unsourced revenue, and here we have a 2 per cent drop. Is that a concern?

Mr HODGMAN - Because of the reasons Ms Burton has outlined, it is a natural, normal consequence, these arrangements that exist with external organisations -

Ms BURTON - Contracts.

Mr HODGMAN - Contracts, depending on when you asked the question, it can fluctuate.

Ms BURTON - In terms of service delivery to education, health, in terms of data and voice, we are very much on growing the amount of data that is available, on better service delivery, so that in terms of service delivery the response is positive. What you are looking at is probably a fluctuation in the total volume. Also remember that the TMD numbers are not consolidated fund numbers so they reflect potentially a very large Telstra bill, which comes in for an agency, which is managed by the entity that we are talking about, by this output, and then is paid for by the agency.

I could be so bold as to say by accrual accounting, because that is always an answer that confuses everyone but the answer to your question is that this is about the fine detail of very large flows of dollars, and not a service delivery.

CHAIR - The unsourced revenue is what you are selling within larger government, so you are not selling it out.

Ms BURTON - Selling in that contract management sense. I am sure Mr Valentine has an understanding that this is in relation to a product which we have procured from Telstra division of data services which is then contract managed by this off-budget entity. It is always very confusing to explain. I have been before this committee many times, Premier, and it is always difficult for me to explain, so I can imagine how difficult it is to see from the other side. In terms of delivering the service, procuring the service, agencies paying for the service, that is the flow. The unsourced revenue probably has a slightly different context. In the case of Service Tasmania, where we provide customer service operators who deliver a service for agencies, it's a different concept.

Ms RATTRAY - That is not included in this 2 per cent reduction?

Ms BURTON - No, in fact we are on the up with Service Tasmania.

Mr VALENTINE - With regard to Service Tasmania, has there been any real discussion with local government regarding co-location service provision? It is quite clear to me that in many towns around Tasmania there would be a local government office and there would be a Service Tasmania office, and the expenses that go with that.

CHAIR - I think you are moving on to 3.2.

Mr VALENTINE - No, under Management and Ongoing Development - sorry, I thought that was where we were.

Mrs ARMITAGE - I appreciate that some of these may come under DPIPWE so, Premier, let me know if some of the questions are in the other output.

UNCORRECTED PROOF ISSUE

I acknowledge Service Tasmania has undergone significant restructure in the past years. I recall you saying in output group 1, output 1.1 that there had been an increase in Service Tasmania's staff. I am sure you mentioned it.

Mr HODGMAN - Kathy Baker, the Director of Service Tasmania, is able to provide some assistance. There is an increase in the Service Tasmania Unit from 7.49 FTEs in June 2013 to 10.56 in June 2014.

Mrs ARMITAGE - I believe the hours of the counter staff have been cut back, yet we have an increase in staff.

Ms BAKER - The bulk of Service Tasmania staff are employed by the Department of Primary Industries, Parks, Water and Environment. They are the staff that sit in the shop network. The increase you are looking at is as a result of the funding of the Integrated Tasmanian Government Contact Centre project, which was funded as part of the 2013-14 State Budget and this reflects positions that are funded centrally on a fixed-term basis to manage the implementation of that project.

Mrs ARMITAGE - On page 8.28 under 3.2, the budget for next year, 2014-15, we are looking at a \$8 000 drop and for the forward Estimates after that we are increasing between \$300 000 and \$400 000 per year. Is that their own revenue - can you explain that?

Ms BAKER - Yes. There is indexation for salaries and non-salaries in the forward years' estimates.

Mrs ARMITAGE - And that is \$300 000 to \$400 000 every year?

Ms BAKER - Correct. The Service Tasmania budget is largely made up of salary payments to the staff who work in the shop network and that money reflects the indexation on the salaries for those 185 staff -

Mrs ARMITAGE - That's 185 FTEs?

Ms BAKER - Correct.

Ms RATTRAY - Isn't that an odd way of doing it, putting it into that line item?

Ms BAKER - The arrangements that are in place for Service Tasmania is that there is a board, which Rebekah chairs. All the funding comes into the Department of Premier and Cabinet and then the Department of Premier and Cabinet has a master level agreement in place with the lead agencies for the delivery of those services. The board is ultimately responsible for the financial management aspects of Service Tasmania. We then contract the Department of Primary Industries, Parks, Water and Environment to deliver a service and pass the money through the board to the Department of Primary Industries, Parks, Water and Environment for the service they are contracted to deliver.

Mrs ARMITAGE - So for 2014-15, the \$80 000 is the pay pause? There is only \$80 000 as opposed the \$300 000 to \$400 000 every other year.

UNCORRECTED PROOF ISSUE

Ms BAKER - Involved in this output group is the Service Tasmania Unit, which I lead; the Department of Primary Industries, Parks, Water and the Environment, which administers the payment that we pass to the shop network; the contact centre, which is now managed by that same department; and the Service Tasmania online component. The net position you are seeing here is a result of those four aspects of the business.

Mrs ARMITAGE - It is still a little confusing but I will go on. How many over-the-counter transactions were there in the last 12 months compared with the previous 12 months, considering the hours have been shortened in most of the Service Tasmania shops and I assume you are trying to encourage more online services?

Mr HODGMAN - More than 1.6 million transactions were completed in Service Tasmania shops during 2013-14.

Mrs ARMITAGE - But that would be everything going, including online as opposed to over the counter?

Mr HODGMAN - Yes, and over 900 000 of them are financial transactions.

Mrs ARMITAGE - Do you have a breakdown of over-the-counter transactions as opposed to online ones?

Ms BAKER - I only have the 2013-14 figures in front of me. I can provide the previous years'. In 2013-14 there were 1.6 million transactions completed in Service Tasmania shops with just over \$181 million in government revenue collected as a result of those transactions. For the Service Tasmania Online component, which is the electronic option, there were 308 779 payments made through Service Tasmania Online but there were more than 2.2 million requests for information made through that online channel. In the Government Contact Centre, which is where we answer incoming calls to government, there were 229 389 inbound calls answered in 2013-14, with 84 per cent of those being answered within 20 seconds.

Mrs ARMITAGE - Do you have the figure for the actual number of services conducted at the counter?

Ms BAKER - Yes, that was 1.6 million individual transactions over the counter. That represents 599 individual services delivered on behalf of government agencies.

Mrs ARMITAGE - Which Service Tasmania shop would be your largest transactor at the moment?

Ms BAKER - Launceston.

Mrs ARMITAGE - And you are still not looking to increase the hours of Launceston, considering it is the shop that takes the most transactions?

Ms BAKER - No, we are not. We believe that we have the hours right for Launceston now. We have increased the staffing at Launceston over the past 12 months. There are an additional two full-time equivalent staff based in the Launceston shop and there has been a number of - you guys ringing up Launceston all the time, you would recognise -

Mrs ARMITAGE - I can see the lines going out the door regularly.

CHAIR - I seem to remember that last year's *Hansard* recorded you saying you could see lines standing outside Service Tasmania out your window, so I am as interested whether the lines are still there.

Mrs ARMITAGE - I guess one of the biggest problems for people who work out of the city, who do not have access to computers and would like to come in and do their transactions, say for a driver's licence, and if the shop is closing earlier, if they start at 8 a.m. they might not finish until 4.30 p.m., they cannot get in before the shop shuts and it is not open on a Saturday morning. It is a real difficulty for some people who may be disadvantaged in the community. That is why I wondered whether you are looking to perhaps open on a Saturday morning. I know that you have trialled it in one area but I think it was possibly in an area was not conducive to high numbers.

CHAIR - It wasn't a main city area?

Mrs ARMITAGE - It wasn't a main city area. Have you increased the number of Service Tasmania shops in Tasmania?

Ms BAKER - No, there are still 27 shops located throughout Tasmania.

CHAIR - Do you get complaints from people about not being able to access it in ordinary hours?

Mrs ARMITAGE - Or how many complaints?

Mr HODGMAN - I have not received any but I am sure there might be some.

Ms BAKER - No, I haven't. The complaint levels are pretty static for the organisation.

CHAIR - High or low?

Ms BAKER - To be honest, we get around about 50 written complaints a year and they are largely not necessarily due to the service interaction. It could be because of a policy decision or the cost of a particular service. The service-related complaints we get are very minimal and they haven't risen as a result of the reduction in shop opening hours.

Mrs ARMITAGE - The problem is they come to us with their complaints.

CHAIR - Do you pass them on?

Mrs ARMITAGE - Yes, you try to deal with them.

Ms BURTON - In terms of satisfaction levels, we are pleased with the most recent results, 98 per cent satisfaction levels from the survey.

Ms RATTRAY - It says 92 per cent in the budget papers.

Ms BURTON - Yes, this is the most recent survey we completed in August.

Mrs ARMITAGE - And you targeted for 92 per cent. You are already above your target.

Mr DEAN - On the Launceston office, I take it you have done a study, Premier, on why there are more contacts through the Launceston office. What is the reasoning behind this? Are there more offices in Hobart but spread around more - or is it people not using the online system?

[12.00 p.m.]

Ms BAKER - Around Launceston there are the Longford and George Town areas, whereas in the greater Hobart area there is Hobart, Kingston, Rosny, Glenorchy, Bridgewater and Huonville. There is a larger rural presence in the greater Hobart area, which spreads the traffic. Do we know why more people present at Launceston? I do not categorically know the answer to that. I believe it is because there is a lesser level of support - a fewer number of shops in the greater Launceston area serving that community.

Mr DEAN - That leads me to my next question, Premier. A number of years ago there was a suggestion that a shop would be provided for Mowbray, which is a growing area of Launceston. Because of parking problems at the facility in Launceston, it is not always easy to access it, particularly for people with disabilities. Is it on the agenda any time in the future to consider a shopfront at Mowbray?

Mr HODGMAN - We would certainly be interested to know what analysis has been done previously on that issue. There are no imminent plans but I would not say 'never'. I have not received any advice, or had any analysis done, to ascertain its value and viability.

Ms BAKER - The overall trend for face-to-face service delivery in Tasmania is in decline so we are seeing lesser demand for services over the counter.

CHAIR - That is why the question was asked about last year's figures. Can we have those?

Ms BAKER - Sure, we will provide those. The demand is decreasing for face-to-face service delivery. Strategically, we should put our efforts into the availability of services 24/7 - into the online, self-service area rather than an additional shop outlet. But we are happy to do some work on that if we are asked to do so.

Mr DEAN - One of the real success story of government in this state was setting up Service Tasmania.

Ms BAKER - It is interesting when you look at a graph of the number of face-to-face transactions. It is going down, and the number of online and phone contacts is going up. For those of you who were around when this first started in 1998 under the Rundle Government, we thought that convergence, as it is called in the business, would happen a lot more quickly. It has taken well over a decade for people to move away from face-to-face service. But we still value the shops - they are very important community infrastructure - but the movement has been online.

Mrs ARMITAGE - Have they moved from face-to-face, or is it getting more difficult to do face-to-face? You say the demand is decreasing but is that because people cannot get served when they go into a shop, because the line is so long. They go away and make contact by phone or online. I am not sure demand is decreasing - I think it is getting harder and harder to do it. I see people standing in the line at Henty House. They have only half an hour for lunch and some of them walk away because they don't have time to stay.

CHAIR - The good news is there are two more people in the shop.

Ms BAKER - And there are 26 other shops as well.

CHAIR - Not in Launceston.

Ms BAKER - No.

Mr VALENTINE - Since face-to-face service is in decline, have there been discussions with local government about reducing costs for both entities? Co-location, for example?

Ms BAKER - Yes, there have been. We have largely responded to requests from local councils so in a number of areas we are co-located either within local government space or within a local government building.

Mr VALENTINE - Flinders Island or somewhere like that, perhaps?

Ms BAKER - No. We are still located in an old building on Flinders Island, but there are certainly opportunities in some of those areas. The most recent co-location we have set up is at Scottsdale where we moved into the new Learning and Information Network Centre. Interestingly, after many years of co-location with the Dorset Council at Scottsdale, when we did not deliver local government services, once we relocated to the LINC building and were able to promote a broader range of services for the community, Dorset Council engaged us to deliver services on their behalf. For me it has largely been local government led, as opposed to Service Tasmania banging on people's doors saying, 'We are here, what can we do for you?'. That is our proposed approach for the future - continuing to respond to requests from local government.

Ms RATTRAY - You should see the line at 10.00 a.m. at the local LINC centre - out the door and onto the path.

Mr VALENTINE - It's a question of whether the opportunities are being considered, because there could be some efficiencies there.

Mr DEAN - The position in George Town is that it will move out of the council chambers and into the new family centre when it is completed. Is that still going to occur?

Mr HODGMAN - Yes

CHAIR - Thank you.

Output group 4
State Service Management

4.1 State Service employment and management -

CHAIR - The note is interesting, Premier, because I read it and I reread it and I reread it and I was not quite sure that I understood what it said.

Mr HODGMAN - Which one are you talking about?

CHAIR - I am talking about 4.1 and note 7 in the Budget papers. It says -

The increase in State Service employment and management in 2014-15 reflects the increase in recoverable expenditure for the training consortium offset by expenditure reductions as a result of the budget saving strategies and ceased funding for consultancies.

That is a lot of information in one sentence. Would you care to unpack it for me?

Mr HODGMAN - There are a number elements -

CHAIR - There are a number of elements all in one sentence, so they must be related.

Mr STRONG - There has been a reduction of \$80 000 in the scholarship program we run, but we have still retained \$120 000 for the scholarship programs -

CHAIR - Scholarships to where?

Mr STRONG - Australia and New Zealand School of Government - we have a membership and a partnership with ANZSOG where we offer scholarships for leadership and management. We have reduced that by \$80 000.

CHAIR - That is not mentioned in this sentence.

Mr STRONG - That is one of the reductions.

CHAIR - It says, 'reductions as a result of the budget saving strategies'. Is that one of the Budget savings strategies?

Mr STRONG - Yes.

CHAIR - So we have ceased a scholarship program, or have we reduced it?

Mr STRONG - We have reduced it by \$80 000.

CHAIR - What did that scholarship do?

Mr STRONG - That scholarship program paid for leadership development at the Australian and New Zealand School of Government. People apply to go to different programs - whether they be the fellows program or the masters program - usually at senior leadership levels.

CHAIR - Was that like professional development for public servants?

Mr STRONG - Yes, for senior executives. There has been a change because of the indexation arrangements. The Training Consortium, one of the areas within my department, runs on a 'user pays' basis and the revenue coming in and out fluctuates from year to year. There was also money to upgrade the jobs website. There has been a sort of exchange of money - that was a one-off payment that was pushed over a number of years. We had a jobs website that was being attacked by hackers and had security issues we had to address. That was the first stage of that

program. There is also trust money for ongoing development of that program, which will move into an e-learning environment.

CHAIR - This is the training consortium?

Mr STRONG - No, this is on the job website. That is a program that will go over this year. We will go into e-recruitment and applications will be processed online. There are significant efficiencies in that sort of environment, where we have people in HR areas who have to go through a whole lot of manual processes when we have recruitment processes. That is the long-term outlook there. We have some other minor changes but that is what it really adds up to - pluses and minuses.

CHAIR - And the ceased funding for consultancies, is this just part of the general government program to cut down on consultancies?

Mr STRONG - It is part of the general program. We have had consultancies when we had major reviews or major investigations but normally we do those internally. From time to time we may need high-level employment relations advice if we are going before the full bench of the commission, or for some particularly significant cases we sometimes get legal advice. We have a number of firms on our panel, to which we go on the track. It is usually very high level employment law advice.

CHAIR - So you are just trying to do those more internally rather than seeking external advice, unless you have to.

Mr HODGMAN - The Treasurer issued a directive or request to all agencies to reduce discretionary spending very early in the new term of government. This is a response to that.

CHAIR - Thank you. Are there further questions on these items? You must all have understood it better than I did.

Mr DEAN - I probably didn't understand it, that's why I didn't have any questions on it.

CHAIR - Thank you.

Mr VALENTINE - I guess that is where my question on knowledge bases could have come in, but it has been answered earlier - the criticality of managing the corporate -

CHAIR - If your question relates to if we lose the knowledge, or if we cut down the number of public servants, does that mean we then go to paying more for consultancies?

Mr VALENTINE - That and also, if we are not managing that knowledge transfer successfully then we end up paying for the mistakes that are made, because people didn't realise that that had been done before and not been proven to be effective. I guess it is that sort of angle that sometimes you might save one or two FTEs but you actually lose a lot more in outcomes as a result of that person walking out the door.

Mr DEAN - I suppose it relates to this area, and that is covering complaints within the departments and where has that gone - is that covered here? As for bullying issues and so on, are there any issues there?

Mr OGLE - There is a number of avenues if there are complaints. The first avenue is within agencies' internal grievance processes; most complaints are best solved as close to the workplace or where they happen as possible, so agencies are directed to have internal grievance resolution processes. The Secretary of DPAC as the head of State Service has investigative powers. If a complaint comes forward, we could investigate singular issues or it might be about an employment arrangement in an agency, we are able to investigate that.

We have other oversight bodies. If it is an industrial relations matter, maybe it can go to the Industrial Commission; if it is an integrity matter, it can go to the Integrity Commission; and if it is an anti-discrimination matter it can go to the Anti-Discrimination Ombudsman, it could go to the Ombudsman, et cetera. It is fair to say, when we have cases of complaint that we would work with, for instance, the Integrity Commission, to say 'rather than us investigating, can you investigate?'. We decide between us, where is the proper investigation of such an event, or such a circumstance, given the Integrity Commission is more focused on integrity issues while internally would be more focused on complaints around code of conduct or misuse of funds.

We also have the Auditor-General to work with who undertakes performance audits. For a number of performance audits into the State Service, for instance, I or one of my people would sit on the advisory committee or committee with the Auditor-General to undertake that performance audit. There have been occasions where I have linked my staff to the Integrity Commission to undertake investigations, so between us all we cover that complaints/investigation situation.

Mr DEAN - Have there been any dismissals in the State Service at all?

Mr OGLE - Off the top of my head - I sometimes forget financial years - there have been two on performance management, and about three or four on code of conduct issues. You have to remember that often they do not reach dismissal stage - that part of our performance management might be to talk to people to see whether this is the right place for them to be. They may decide of their own volition that there are other career opportunities that better suit them. That is an important thing - if people are not in the right place. Sometimes they don't suit. Code of conduct goes the same way sometimes. If there is an investigation into a code of conduct matter, first, it does not always end in termination and second, sometimes the person decides it is best for them if they leave before the investigation is finalised.

Mr DEAN - So, there have not been any dismissals to your knowledge?

Mr OGLE - I could check, Mr Dean, but about two or three 'code of conduct' matters have ended in termination. That is our average - about three or four.

Mr DEAN - If there are only two or three, obviously there are no major problems.

Mr OGLE - We have what we call Employment Directions No 5, which is code of conduct investigations, but they do not always end in termination. They end in all sorts of other decisions by heads of agencies. Heads of agencies make those decisions - it might end in education or some sort of other performance development arrangements. We do not have a huge number of terminations.

UNCORRECTED PROOF ISSUE

Mr HODGMAN - The annual report of the State Service documents the number of formal grievances received, and the basis for each grievance. I have the 2012-13 report here as an example, and the next one will be out soon.

Mr DEAN - That covers it. I can see that.

Mr HODGMAN - The number of grievances received across agencies - so every department - and then the nature of the grievance, whether it be work performance, bullying or harassment, discrimination, management decisions, misconduct or employee conflict.

CHAIR - Are you interested in a number?

Mr DEAN - I am interested in the incidents of bullying and cyber bullying - whether it is a growing issue, whether it has been controlled, and where it is going.

Mr OGLE - It is not of epidemic proportions. We have a project at the moment looking at the positive aspect. Bullying is the negative aspect of workplace behaviour. We have a project looking at positive workplace behaviour, rather than reacting to negative behaviour after the event, which is probably more important.

The number of bullying complaints is not significant. Menzies has done some work in our workers compensation area, for instance, and the number of bullying complaints is not a huge issue, even when it comes to workers compensation.

Mr HODGMAN - I will provide you with some background as to how the matters are dealt with, the vast majority being dealt with internally with very few requiring external resolution.

Mr DEAN - We don't hear of too many issues, so obviously it is going pretty well.

Mr OGLE - We undertake an advisory role and our advice is always, 'Sort it out as quickly as you can at the coalface', because bullying is not just supervisor to subordinate, it is sometimes peer to peer, and bullying can sometimes just be two people not getting on. We have had a few cases of bullying upwards - subordinates bullying their managers. Interesting, but it does happen. It is about relationships and our advice is always, 'Get to it, sort it out, get people into mediation'. Managers have all sorts of tools.

Mr DEAN - Not normally the best way of getting a promotion, though.

Ms RATTRAY - Premier, may I take you to the performance information for this line item? It is 8.20 of your Budget papers. I want to go to the finalised wage agreement negotiations and for last year there are 17. How do those negotiations fit into the pay pause issue? If there are 17 signed off in the last financial year, with a target of 16 for the coming year, how is that going to work?

Mr HODGMAN - There is obviously a cycle of wage negotiations that can peak on occasions, depending on the matters coming up for renewal or further negotiation. Importantly, the bill brought before the Parliament by the Treasurer makes explicit provision in its schedule for certain matters that are currently under consideration by the Tasmanian Industrial Commission to occur, affected essentially by the legislation.

UNCORRECTED PROOF ISSUE

Ms RATTRAY - With these 17 agreements it won't matter what was agreed last year if the pay pause is put in place. Is that the case?

Mr HODGMAN - Yes, for matters that have been determined the pay pause applies.

Ms RATTRAY - Can we have a list of those 17 so I can get some understanding of how long it would take to finalise those agreements?

Mr OGLE - We have a number of those agreements. Normally they tend to be three-year agreements but last year there were one-year agreements for police, nurses and fire - just 2 per cent - so there is no agreement in place for those organisations. By and large the others had two to three-year agreements. It varies from time to time.

Ms RATTRAY - Seventeen sectors in the public service employment area went through the process last year of getting an agreement that could well be out the door?

Mr OGLE - Yes, agreements have a number of elements to them. They have salary increases, which is one part. They have conditions, roster arrangements and other elements; the wage pause is about the salary component but the conditions about the rest of the agreement stand. Quite right, the salary pause impacts on -

Ms RATTRAY - Are you looking to address 16? The target for 2014-15 is 16 more agreements that will obviously -

Mr OGLE - It is the same agreements recycled. There are about 17 agreements in total.

Ms RATTRAY - Sixteen of those 17 are going to need to be re-addressed?

Mr OGLE - In one form or another. There are agreements that have a whole list of agreements - salaries, conditions - the whole package. There are other agreements that exist about one small part. We have agreements, particularly in the health sector, that might just be about their hours or their rosters. We have agreements in education - take the education facilities attendants - they have agreement about salaries and conditions but then they have an agreement about job security.

Ms RATTRAY - You can probably expect that out of those 16 that are going to be addressed this year you are not likely to reach that target if there is a pay. Are you expecting industrial action? That is a fair question.

Mr OGLE - I know it is a fair question.

Ms RATTRAY - I thought you were looking at me like you were not interested in answering. Probably one for the Premier.

Mr HODGMAN - It is a question of choice. The Government believes that the pay pause is preferable to no pay at all.

Ms RATTRAY - I understand that. I am looking at the mechanics of how that is going to work in the real world when there are processes that have been gone through and potentially will go through again, and what action the Government is expecting to undertake.

Mr HODGMAN - It is not dissimilar to the position of the former government in 2011-12 when the pay pause was utilised, or a cap of 2 per cent. There are ongoing discussions about those preserved from the application of this legislation. The home nurses, salaried medical practitioners and paramedics. They will proceed to finalisation but with respect to all others the simplest or most effective way to implement the pause is through legislation that covers whole of government. There will be some who are unhappy with that. We think this strikes the right balance. It prevents the loss of additional jobs; it gets the budget back into a sustainable state. A \$50 million saving on a pay pause is not insignificant and it will be to address the budget.

CHAIR - We are not going to get into debate at this point about the pay pause. The bill will come before us eventually and we will discuss that then. I do not believe it is an either/or. I think it is a little provocative to say it is either 700 jobs or the pay pause.

Mr HODGMAN - Or equivalent, to be fair.

CHAIR - Yes, or the equivalent of that, but you may be able to find other ways of saving at least some of that money if this pay pause were not to come into effect. It is a discussion for another day.

Mr HODGMAN - Our Opposition hasn't come up with any, I hasten to add.

Mr DEAN - On the numbers of employees within the State Service. The numbers have been bandied around. How many do we have in the State Service now and how many did we have in the State Service six months ago? Could we have the numbers?

Mr HODGMAN - At 31 March this year there were 23 299.32 paid FTEs in the State Service. At 30 June the number is 23 309.27.

Mr DEAN - It has gone up between March and June?

Mr HODGMAN - The increase in FTE.

Mr DEAN - Do the figures go back say to the end of December last year?

Mr HODGMAN - Yes, June last year is 23 160.4. March 2013 is 22 958.87.

Mr DEAN - That has probably given me an idea of where it is. Do you have June 2012?

Mr HODGMAN - June 2012 is 23 018.25.

Mr DEAN - Will the numbers in the State Service, as a result of what is likely to happen or going to happen, be set? In other words, will you be saying that the numbers in the State Service will not go beyond 23 000? Is that what is going to happen, Premier?

Mr HODGMAN - Yes, it is our intention to reduce the size of the public sector. There are always fluctuations.

Mr DEAN - But it is no good reducing it if you're going to build it back up again. That is the point I am trying to make.

Mr HODGMAN - No. I will explain why there has been an increase since the middle of last year to now.

Mr DEAN - Yes, that is interesting.

Mr HODGMAN - The creation of the three THOs.

Mr DEAN - Right.

Mr HODGMAN - We are merging the three into one. With Tas Fire, there are about 20 FTEs for the creation of the State Fire Management Council Unit and improved community planning. In the Macquarie Point Development Corporation, established under the former government, there were 14.73 FTEs to establish that; in DPIPWE there were around 20 FTEs due primarily to the transfer of former Forestry Tasmania employees into that space. They are the main reasons for that increase over the last 12 months

Mr DEAN - But for those who came out of Forestry Tasmania there would have been a decrease in the employees within Forestry Tasmania, so that really should have balanced out.

Mr OGLE - Correct.

CHAIR - It probably did but Forestry Tasmania is a GBE.

Mr OGLE - That is right.

Mr HODGMAN - Yes, not public servants as such.

Mr DEAN - Right, so you bring them out.

CHAIR - Before we finish this item, I draw your attention to the report of the Auditor-General last week, No 2 of 2014-15, which talked about public sector productivity and the Department of Premier and Cabinet - it was a number of departments. I am looking at page 30, which is the table of public sector productivity, the 10-year comparison, and there were three recommendations made by the Auditor-General, one of which has not been carried out by any public service department, which was number 3, to conduct and publish five-year reviews of changes in service delivery and employee costs. Do you intend to do something about this in the future?

Mr HODGMAN - Yes, we look very closely at the recommendations of this report and any other proposal from the Auditor-General and typically take what his office says into account about performance and productivity levels. I might just get the -

CHAIR - I guess this is exactly what you are talking about -

Mr HODGMAN - Yes.

CHAIR - In some senses the increase in public servants is directly correlated to productivity, isn't it?

UNCORRECTED PROOF ISSUE

Mr HODGMAN - Yes, I might take your question on notice to tell you exactly what we are doing and what we intend to do.

CHAIR - That would be good; thank you. Then we will be able to ask you next year whether you have done it.

Mr HODGMAN - Yes, that is right, whether we have achieved it. But, yes, we obviously take the Auditor-General's reports into these things very seriously -

CHAIR - Good.

Mr HODGMAN - and typically respond very swiftly, in my experience at least, in our short time in the job, to those reports.

CHAIR - Obviously some recommendations are easier to implement than others but I think in 10 years it is indicative that the public service has not taken on board that third recommendation. We cannot blame the Government for that, Mr Premier, but we will look forward to -

Mr HODGMAN - But we hasten to learn from these sorts of reports as well. We will get back to you on that.

Ms RATTRAY - Following your question there, Chair, in relation to that reporting, is it intended that the Government will introduce some productivity in the process? That is where the departments do it but have someone external look at the productivity of departments?

Mr HODGMAN - I imagine it is ongoing work done by governments. It is under ours; the Department of Treasury and Finance is working with the Treasurer on productivity levels across Government to understand at what rate we are productive and where improvements can be made.

Ms RATTRAY - Often it is difficult to see flaws in operations looking from within. Sometimes we need to have people from outside looking in who can often identify areas. One for homework, Premier.

Mr HODGMAN - Yes.

Mr VALENTINE - In relation to the question you asked with regard to the Auditor-General's report - I do not have it in front of me - but was the audit you were talking about to do with the lack of consistency of human resource approaches across state government agencies? That is one aspect I think the Auditor-General dealt with - the interviewing of people and how this is approached in different departments, and having a set range of people at interviews to make sure that a person is being properly assessed against the job they are expected to do. There are a number of points that the Auditor-General brought out and it seemed to me that government departments do not operate off a set of operational guidelines.

CHAIR - There were a number of recommendations. I would be pleased to hear the Premier's response.

Mr HODGMAN - Certainly, with respect to that recommendation.

Mr OGLE - There was a separate Auditor-General's report on recruitment and selection processes. He made a number of recommendations about that. As I pointed out before, he undertakes what he calls performance audits and I or one of my people sits on the advisory committee for that. His process is one of making draft recommendations. We respond to those recommendations and then he produces his report to the Parliament. I think there were more than 20 recommendations on selection and quite an extensive review. The important thing he said was that there was compliance with merit selections, but he did recommend a number of improvements that can be made. It is also fair to say that in terms of the processes, I am sure we can always improve.

Some of his recommendations went to investments in HR systems and that is a bit more problematic because that does cost money, and you need to weigh up the value of that expenditure to what it achieves.

Mr VALENTINE - I think he was looking at the information that was available, of a person's career path through the State Service, for instance, to know exactly what their experience would be. None of that was really available through the human resources management system. He highlighted some of those issues.

Mr DEAN - Didn't he also highlight the need for every department to have its individual human resources department within it?

Mr OGLE - Not necessarily. He talked about consistency; he talked about having good practices and procedures in place.

Mr VALENTINE - Consistency was the point that I was bringing up.

Mr OGLE - If you summarise his report, he talked about three key areas. The first was consistency and training people who are undertaking selection so that they are trained. The second point he made was where there are conflicts of interest. He said there should be a process around that which is consistent with the Integrity Commission's report into the health organisations. The third was documentation. He believed that while there was documentation there, he believed that it should be improved to justify the decision that was made. They were his three key recommendations, all of which we are looking at in terms of merit, documentation, what we call best-practice guides for agencies.

Mr VALENTINE - No different to the project management guidelines.

Mr OGLE - Quite right.

Ms RATTRAY - It goes for all, right across the Parliament.

CHAIR - We will keep going, if you are happy. In theory our timetable said that we would go onto sport and recreation at 12 o'clock. We are obviously not finished. We might finish this and then have a break for lunch. If you have people who need to come for the sport and recreation for the next two sections, we will do that after the lunch break. Hopefully we will get this finished by 1 o'clock. In case you have people sitting about waiting.

Output group 5.
Security and emergency management.

5.1 Security and emergency management -

Mr DEAN - The decrease here identifies with the cessation of the bushfire recovery unit and this happened at this time last year. Is that absolutely and totally completed now - the psychology services and everything else that was involved in that process? Are they all completely finished?

Mr ROBERTS - The Department of Health and Human Services is taking on the ongoing social support and the Office of Security and Emergency Management is taking on the ongoing policy, outstanding issues. That is lessons from the recovery report and the review of recovery and the bush fire enquiry. There is a little money left in the Red Cross Appeal, \$360 000, and all decisions in relation to that are managed by an independent committee. The Office of Security and Emergency Management provides all the administrative support to that group so every cent of the money donated goes to the people.

Mr DEAN - In the psychological area were there many issues, many people who were affected by it and ongoing?

Mr ROBERTS - I do not have the numbers in front of me of the ongoing case managements in that area but there were some significant issues. I would have to take a question on notice as to how many ongoing cases there are.

Mr DEAN - Some of the funding provided for the bushfire recovery unit was recoverable through the Tasmanian Bushfire Management Fund and also recoverable from the Commonwealth Natural Disaster Relief and Recovery Arrangements. Did we get anything back from it, what did we get back from it, and where is that at the present time?

Mr ROBERTS - The total expenditure on the fires was in the vicinity of \$33 million and the recovery was \$13.7 million under the Natural Disaster Relief and Recovery Arrangements which is a financial safety net exactly for these circumstances when there is a natural disaster requiring significant state and local government expenditure. About 43 per cent of non-recoverable state expenditure was recovered through the Natural Disaster Relief and Recovery Arrangements by the state government. When I say non-recoverable state expenditure that does not include the TRMF amount which was capped at \$5 million.

Mr DEAN - How much of the state expenditure was recoverable for these programs?

Mr ROBERTS - The total state expenditure was in the \$33 million, plus \$5 million state and local government expenditure. The \$5 million was recoverable through the TRMF and of the remaining money 43 per cent or \$13.7 billion was recoverable under National Disaster Relief and Recovery Arrangements.

Mr DEAN - How is it that local government incurred expenses? Do they come to you and give you an idea of what it costs them, or give you an invoice or whatever they do, and then the state makes a decision about reimbursement. Is that how it occurs with local government?

[12:45 p.m.]

Mr ROBERTS - Under the Tasmanian relief and recovery arrangements there is a local government policy where damage to essential public assets - essential local government public

assets - is reimbursed at a certain rate, commensurate with national disaster relief and recovery arrangements.

Mr DEAN - Is all of that done?

Mr ROBERTS – Yes, in relation to the fires.

Mr DEAN - The Office of Secretary and Emergency Management (OSEM) covers security, and state security as well. Are there any emerging issues here? What is happening in that area? There is not a lot of money in there - \$512 000, moving up and down over the next few years - so what is happening in that area? What planning is being undertaken? What security issues - emerging issues, large issues - are being considered?

Mr HODGMAN - It is a relatively modest amount, thankfully. Some of the things that have been brought to my attention in the short time I have been Premier include receiving advice from ASIO and Tasmania Police in relation to security issues concerning Australians travelling to Syria and Iraq for the purpose of involving themselves in armed conflict. There is obviously monitoring of that situation at a national level, and appropriate action is taken to deal with it. We are often informed by the Federal Government of security arrangements that have been put in place to monitor that activity. We also co-sign in areas where there is a perceived threat or risk, to find whatever resources we have available when necessary to assist in that national area.

I have not received any advice about Tasmanians who have flown to Syria or Iraq for that purpose, thankfully, but we need to be vigilant and make sure we are keeping an eye on those things.

On 5 August 2014, apropos the matter I just mentioned, the Prime Minister wrote to all Premiers, including me, to advise of a range of new counter-terrorism measures including an extra \$600 million for Australian government agencies, and to propose legislative amendments to improve the counter-terrorism regime, particularly the risk from combatants returning from Syria. The office is also working through these proposed amendments with Tas Police and the Department of Justice, other states and the Australian Government. There is no suggestion we will do anything but substantially support those amendments.

CHAIR - If we had someone like the Premier of China coming, that would be federal security, I suppose. Would we need to contribute to that? That would cost \$500 000 for a start.

Mr HODGMAN - No, we would be principally responsible for attending to those matters with guidance and support from the national government. Tasmania is a willing participant in and contributor to these sorts of things - as the commissioner told me recently, being heavily involved in Commonwealth Heads of Government Meetings, and with the Commonwealth Games and other events as well. Capabilities are certainly adequate at a national level in this area but it will fall principally to the state. My understanding is if the President does come -

Mr DEAN - Is there sufficient money for what is necessarily in this area of security. This is a huge issue. There are emerging issues worldwide, is a huge issue and what is happening around the world currently there are emerging issues and I am wondering whether that is adequately provided for. How many are there in your office, Premier? I would not think there is too many with only \$512 000 being available to them.

Mr HODGMAN - 4.6 FTEs.

CHAIR - At least it is only the management of it.

Mr HODGMAN - That is right. The capabilities that have come out of the police service and the training they have received and so on gives us that capacity. We have sought specific advice from the Chinese as to what particular effort or areas there may need to be additional support provided. That is part of a very complex and ongoing discussion, for obvious reasons.

Output group 6

Community, sport and recreation

6.1 Community development - policy advice and ongoing community development -

Mr FINCH - Premier, I will ask you for some help here, again. I know you referred to the election commitments to be held for social benefit in this area, also you talked about social inclusion and going out into DPAC to provide that advice to the Government, for example vulnerable Tasmanians are collectively in together. Would you explain to me how that circumstance is going to work with those two together - community, and sport and recreation?

Mr HODGMAN - I will introduce Nick Evans, who is the Director of Community, Sport and Recreation Tasmania and allow him in a moment to talk some of the practicalities. It is important to note as well that in addition to centralising our effort in this area and coordinating what are perfectly aligned areas of government responsibility, it has also helped us to provide a more efficient base from which to provide these services. They are very much areas that are correlated, they come through the establishment of a new business unit within DPAC which commenced operations on 1 July. It brings together those functions which were formally performed by Community Development, Sport and Recreation and also the business unit in the former department, as I have mentioned.

The objectives to which we want to direct our energies are all genuine and laudable - improving the lives of Tasmanians and their communities. A large part of the focus of the election commitments that we will deliver are addressed at improving community infrastructure in a number of areas and regions, but also better engaging Tasmanians in physical activity. We are now able to combine what is a more holistic approach or look at what you might describe as recreation at a community level that distinguishes itself from pure sporting activity but is equally as important. We will continue to utilise, at the elite level, the services of the Tasmanian Institute of Sport, for example, right through to a much lower level through the Premier's Physical Activity Council which engages in different and more innovative ways to encourage physical activity, and to show or take a leadership position from this agency. If you want to just explain some of the more specific matters to which the question relates.

Mr EVANS - What the Premier has outlined has been pretty exciting for us because it has meant that through the work of the previous Community Development Division and Sport and Recreation, we are now an outwardly focused part of this agency. The work that we are able to do in communities, which has always been a brief of both previous organisations, is able to be brought together in a way that we are looking at the physical health of what is going on in communities but also the other stuff that makes communities tick and work together.

Sport and Recreation has always had an important part to play in that, as has the work that Community Development did previously. There are synergies across those communities, across things like working with sporting and community organisations about their development, their governance and so on. This is the direction we intend to take, and are the directions we intend to head in.

Having said that, it is important to note that there are a couple of outliers, if you like, in both those organisations. It does not necessarily make a lot of sense to force integration where it does not necessarily fit, and the Premier has referred to the elite part of sport and recreation. It is important that they remain able to focus on their mission of assisting Tasmanians to participate in elite sport across the world. Similarly, the Office of Aboriginal Affairs in what was the community development division has a specific and targeted role and place within government - a set of functions it needs to perform. They are probably areas that will retain their current focus and their current arrangements because they make sense.

Sport and Recreation also had a significant number of grants. The Community Development division had a significant number of grants of administration. The social inclusion unit grants are now in our division, so we have a lot of expertise and knowledge in administering grants programs within DPAC. It makes a lot of sense to bring together those functions and improve grants administration and for that administration to be better informed by the community.

CHAIR - So this line item is mostly policy advice and grants administration.

Mr EVANS - Yes.

Mr HODGMAN - Also, it would be remiss of me not to acknowledge the very discreet work that remains ongoing with respect to our ageing community, the migrant community and the LGBTI community. All that work continues at a whole-of-government level, including direct financial funding support for those groups. That is a very important part of our new unit - one which has sport and recreation sitting comfortably inside it.

Mr FINCH - Premier, you mentioned earlier the 2.2 FTE savings with the integration of community development into sport and recreation. Am I right in my understanding of that?

Mr HODGMAN - Yes, the social inclusion unit that has been absorbed.

Mr FINCH - Are you able to quantify the budget savings you have been able to make through the integration of these departments? Have there been savings?

Mr HODGMAN - Yes.

Mr FINCH - Will they be reflected even more strongly in the future?

Mr EVANS - We are currently working through exactly what savings that integration may be able to generate. Not just in staff, but also in bringing programs together. We are probably a little way off, given that they have only been together for two months. We do not want to rush in and think we know stuff we do not know. There is probably a little water to go under the bridge before we are clear about that, but we expect that grants administration is an obvious example where there is certainly scope for some efficiency.

Ms RATTRAY - So there is no identified savings as yet, other than two staff?

Mr EVANS- As a result of this amalgamation - bringing together these two divisions - at the moment, no.

CHAIR - You can ask the question next year and see how well they have done.

Ms RATTRAY - That is why I was getting clarification.

[12.59 p.m.]

6.3 Office of Veterans' Affairs

Ms RATTRAY - Premier, this area has a \$600 000 increase and I am assuming that it is to do with the delivery of the Centenary of Anzac. I am looking for understanding of the significant increase in the office of Veterans Affairs.

CHAIR - Yes, I think so. It might have been the generosity of the election promises. There is a very long list of election commitments which I am pleased you are fulfilling. I would hate you to be breaking promises to people. It is a long list, Premier.

Mr HODGMAN - Yes, an important list in the Centenary of Anzac year where we are making what are relatively modest contributions to what is a very important commemoration of our nation's involvement in World War I. It is very modest compared with what other jurisdictions are spending. It is appropriate that we play our part in this area. The additional commitments refer to the Teddy Sheean Memorial Grants Program. We have an infrastructure grants program of \$100 000 and RSL operational funding of \$100 000. I would like to acknowledge the RSL's commitment, not just to our community and ex-service men and women, but also to co-contributors who have offered to co-contribute to the Centenary of Anzac. Also there is an Employment Business Support Pilot Program, \$20 000.

CHAIR - You have \$45 000 for the Claremont RSL somewhere there.

Mr HODGMAN - Claremont RSL, Cygnet RSL, Scottsdale, are all direct recipients of funding support for capital works. The new memorial in the case of the Claremont RSL, Centenary of Anzac Grants Program \$50 000, the Anzac Day Trust \$23 000 - which is recurrent funding administered by the Grants and Community Engagement Branch and that is established under the Anzac Day Observance Act of 1929; and the RSL Tasmania State Branch \$100 000 existing funding, plus an additional \$100 000 each year for the next three years to undertake their work.

There is additional funding relating to a further 1 FTE position. That position is in Community Sport and Recreation Tas and there is an operational expense, also \$40 000 for rent, maintenance supplies and consumables.

Ms RATTRAY - None of that allocation is in recognition of the Anzac Centenary?

Mr HODGMAN - A lot of it is, and the grants program I referred to relates to the Centenary of Anzac but it is true to say that in a year in which we are commemorating such a significant historical event, there is additional support for the RSL and for sub-branches across the state.

UNCORRECTED PROOF ISSUE

Ms RATTRAY - That \$100 000 for the RSL League for their ongoing operations - it is my understanding that all RSL branches around the state are struggling for numbers and to keep their facilities open. Is that going to be ongoing or is it a one-off?

Mr HODGMAN - It is funded over the next three years.

Ms RATTRAY - That is probably a fairly short-term fix. Are you working with the RSLs to address that? I know they have issues around people frequenting their establishments. Is there something afoot in that relationship?

Mr HODGMAN - Yes, there is at ministerial level and amongst my parliamentary colleagues. They are often in contact with RSLs. At a Government level, I might ask.

Mr EVANS - The total funding that the RSL now will receive will be \$200 000.

CHAIR - This year?

Mr EVANS - Over the next three years. The way we are structuring that arrangement with them and at their instigation as much as anything else, is that a lot of that money will be put towards helping RSL branches with some business planning and strategic planning around exactly the sorts of issues that you are referring to that will give them a more strategic approach to thinking about the future of their local organisations. That is where much of that \$200 000 will go.

Ms RATTRAY - What will be going to RSLs for general operational costs? None of it will be going for that?

Mr EVANS - Not that money, but the Teddy Sheean Memorial Grants Fund will. It is for ex-service clubs, not just the RSLs, but RSL branches are eligible for it. The grants are up to \$8 000 for infrastructure in their facilities. There is some money for all those local branches.

CHAIR - That is still not operational money.

Mr EVANS - No, it is not operational.

Ms RATTRAY - So other than support with putting together a business plan to address some of the issues that they are dealing with, there is not any other support for their.

Mr EVANS - Not beyond what I have just talked about.

Mr HODGMAN - We are doing a lot with the Anzac centenary by way of highlighting its significance - there was an official launch - or there will be in October. We were delighted to have confirmation of \$300 000 towards the flame of remembrance at the Hobart Cenotaph which from the Australian Government. Other events are being undertaken at a departmental level around the state which all members are encouraged to engage in, lift awareness of and participate in the event. A number of publications and materials are being distributed; our Parliamentary Secretary, Guy Barnett, is leading the charge. We are very keen to properly commemorate the occasion in a relatively modest way compared with other jurisdictions, but it is a very important national event.

Ms RATTRAY - Does this output group also include the Frank MacDonald?

Mr HODGMAN - Yes.

Ms RATTRAY - In the past years I believe that there have been some changes to the program for those who are lucky enough to be part of the Frank MacDonald trip. Are there any plans to change the shape or format of that particular program?

Mr HODGMAN – There are no changes or plans to change it. It is a tremendously successful program we continue to support. I have not been on one but anyone who has tells me they are an extraordinary event, particularly for the schoolkids. It is always wonderful to hear their experiences.

Ms RATTRAY - Most of us who have listened to those young students are interested to see that it is still working.

Mr HODGMAN - There is no intention to change that; a great program.

Mr DEAN - There are a number of RSL Clubs in dire trouble, including the one that I am involved in George Town, which is struggling to keep its doors open. Whether or not the state has any interest or would have any involvement a system of these clubs to get out of the problem they are in. Much of it relates to the downfall of the timber industry and George Town is a classic example of that - a dropping off clientele and a number of other issues. Is the Government in any position to provide support to these clubs?

Mr HODGMAN - There is no additional direct funding other than that which I have outlined. We are keen to engage with RSLs to provide whatever support and assistance we can to allow them to be more commercially viable. A large part of the reason why we are supportive of specific RSL clubs is to improve their facilities to provide some relief to their capital budget or to properly commemorate our war effort. It is a significant set of election commitments that go to the lifeblood of our RSL community. We are not unaware of what are significant operational challenges for these clubs and I have personally engaged with them to see how they might become more viable into the longer term and through the Veterans Advisory Council which we have established. This sort of discussion goes on on a regular basis at a high level.

Ms RATTRAY - So they're safe? The Veterans Advisory Council?

Mr HODGMAN - Yes, very safe and secure.

CHAIR - Thank you. The only item we have left now here is the capital investment program. The first item in that is the Silverdome capital upgrade.

Mr HODGMAN - Yes.

Mr FINCH - Premier, we are told it is mainly to keep it compliant with health and safety regulations but is it likely to make the venue more attractive to users of the Silverdome, which I can imagine would be suffering a little bit from the fact that it is not as attractive as it once was, when there was no DEC.

UNCORRECTED PROOF ISSUE

CHAIR - Are you planning to try to persuade the Launceston Council to take it on again as the Glenorchy Council did many years ago with its similar facility?

Mr HODGMAN - Yes, because clearly -

CHAIR - The government sold it to the Glenorchy City Council for \$1.

Mrs ARMITAGE - I think Launceston City Council is very unlikely to buy it.

CHAIR - Yes, even for \$1. It is an ongoing cost drain. Sorry, Premier.

Mr HODGMAN - Yes, it is. We haven't had that discussion with Launceston City Council -

CHAIR - You should.

Mr HODGMAN - I can't imagine it would be a long one. It's very important sporting infrastructure, one which is not without its challenges. You can see that what is required by way of public funding to maintain it and to keep it operating is not insignificant. We have been concerned - and I'm sure the former government was very concerned - at the downward movement in revenues through the facility. It is an ongoing subject of interest to the State Government and an inquiry as to how we can best utilise and capitalise on it because there are some very disturbing figures about its ability to pay for itself. We have maintained its funding to ensure it can continue to operate it within the current envelope but into the long term we have to look very carefully, very hard, at how we can make it pay its way. Do you want to make a comment?

Mr EVANS - Only that we have just received the report in the last week from the consultant who was hired to provide advice about what we could do as government, not necessarily within the same framework the Silverdome is in - that is, managed by the Institute of Sport, provisionally in Sport and Recreation and Economic Development but now in DPAC - but what sort of events and what sort of management structure might be needed to seek to improve its financial performance. It's all very well to say that its capacity to hold more and better events is a key part of making it viable but those who have been involved in these sorts of facilities will know that that is easier said than done. In particular, you need the skills, the management structure and the capacity to make that happen and to make it viable. It is probably fair to say that having it administered by the Institute of Sport not only impedes its capacity to operate in different spheres, but it is also not ideal for the Institute to have its attention diverted away from its core purpose to the managing of an entertainment venue. As we consider that report those issues will be in front of our mind - where is this facility best managed and what is the best management structure for it?

[1.15 p.m.]

Mr DEAN - Do you think the Launceston Council's decision not to buy it for \$1 was a good decision?

Ms RATTRAY - Is it possible to have a copy of the report?

Mr EVANS - It should be. We are in the process of considering it at the moment, but I couldn't see why not.

Ms RATTRAY - Thank you.

Mr FINCH - There are some very important sporting organisations that use the Silverdome. We have had a representation from the City of Launceston Cycling Club which is very keen to have better access to the facility. Netball is also a strong component of the activities there. This is the conundrum. Whilst you look to the entrepreneurial side of things, and attracting shows, you should also look to the disruption to those other regular users of the facility.

Mr EVANS - And, importantly, the Institute itself requires access as well to the velodrome, in particular, for its own purposes. Any arrangement that is put in place should pay attention to the fact that all those users need access. It is not an easy one and it hasn't been for a long time.

Mr FINCH - We will look forward to seeing it.

CHAIR - The other two items there are the integrated Tasmanian Government Contact Centre and Service Tasmania shops. We have probably covered both of those, unless members have further questions.

Mrs ARMITAGE - Is it in a transition phase, or has it been completed?

Ms RATTRAY - We are not planning to build any more Service Tasmania facilities?

Ms BAKER - No, there is no funding for new shops. That funding of \$250 000 per annum is for the refurbishment of existing shops - making sure they meet contemporary OH&S standards for staff and making sure the customer areas are also appropriate.

Ms RATTRAY - Putting in seats and more waiting bays.

Ms BAKER - Yes, the Launceston shop has had some seating installed this year.

Mrs ARMITAGE - Some of those elderly people need to sit.

Ms RATTRAY - The deli numbering system.

Ms BAKER - We are investigating management systems. Not for all of the shops, but some of the busier shops. That has been progressed as part of the contact centre so we can manage our resources across both the shop service delivery channel and the final service delivery channel.

CHAIR - Then you should do it in real time so people can go and do their shopping or other business and know when their number is coming up.

Ms BAKER - Hold their place in the queue.

CHAIR - If we are going to use IT, let's use it properly.

Mr VALENTINE - That is innovation.

CHAIR - I know - that is a good thing. That comes to the end of those line items.

Premier, could I ask a question about the white paper relating to the development of the Asian Century. The previous government released a white paper. I think Greg was responsible for that Crawford Institute Report.

Ms RATTRAY - We have about 15 pages of last year's *Hansard*.

CHAIR - Indeed we have. You mentioned already a possible visit by the Chinese President and also the Asia Institute at UTAS, but I wondered about the current status of that white paper. Is this Government intending to continue that process of development of the Asian Century? You have addressed some of the issues in the white paper, but what about that Crawford Institute report?

Mr HODGMAN - Certainly, the work undertaken in the preparation of that white paper is very important to inform government about how we can deal with that potential visit, which we are optimistic about. Even if it doesn't happen there will be significant opportunity via what is already an established investment base in the state. When I went to China I was very keen to say that we are going to progress a lot of agreements that are not yet fully formalised. Memorandums of understanding to potentially open up to the state more Chinese investment and greater partnerships through UTAS - for example the Antarctic sector. Much of that work is ongoing, irrespective of whether the President comes to Tasmania.

We have done a lot in establishing the department in the state. A small group is working very closely on some practical measures to increase and provide information to the Chinese investors about where the opportunities best lie in agriculture and mining, and across other key sectors, and essentially prepare a prospectus for the TasInvest forum we are holding for potential investors.

A lot of work is being done, even down to working very closely with the tourism and hospitality sectors to make sure they are well equipped to provide Chinese and other Asian visitors with a good experience because we have seen quite a significant uptake in the number of Chinese visitors.

CHAIR - Are we likely to get some airlink, with the extended runway, from China?

Mr HODGMAN - Yes I hope so. We can talk about this when we get to tourism. But that's a large part of the reason for that capital investment at Hobart. We have people in China talking with key airline prospective partners about that.

CHAIR - We would be happy if we just had an airlink to New Zealand.

Mr HODGMAN - That would be nice and we could have that too, possibly. There is a lot of discussion with Chinese air carriers about that - they are interested in flying direct, not only for tourists but also for freight.

CHAIR - As far as things like signage and stuff is concerned, I know that to some degree that's in the tourist budget, but should it also be in the infrastructure budget? It's all in the tourism budget?

Mr JOHANNES - The signage was in the tourism budget.

UNCORRECTED PROOF ISSUE

CHAIR - I am not just talking about tourist signs. I am talking about signage that welcomes people or indicates where they are. Or an app.

Mr HODGMAN - We worked with the THA to develop a guide to the hospitality sector, the very simple but important things they can do to make the experience more welcoming and guiding them, and culturally sensitive. That was a good partnership that had a relatively modest cost attached to it and has been well received by the tourism sector.

There is a lot of work being done in this space. We are not going to dispense with what the former government produced by way of its white paper. It can inform all of what we are doing in a very rapidly emerging area of opportunity for the state.

CHAIR - Thank you, Premier, and all your departmental staff for attending. I think we will break for lunch. We will come back at 2.25 p.m. at the latest.

The committee suspended from 1.25 p.m. to

CHAIR - I would like to confirm with the honourable members and you, Premier, that they have asked for an extension of time beyond 5.00 p.m. if we need it, so we have an extra couple of hours up our sleeve. If you do not want to stay to 7.30 p.m. then perhaps we might all focus our questions and our answers a bit.

Output group 6 Communities, sports and recreation

6.4 Sport and recreation -

Mr FINCH - Premier, there is a big increase here in sport and recreation spending in the present fiscal year, \$28.5 million because of the Blundstone Arena but then the estimate for the next financial year, \$11.25 million declining considerably for the final two years of the estimate. Can you just explain that? I am curious about the Blundstone Arena commitment of \$15 million; where is that likely to go and how is that being used to support Blundstone Arena?

Mr HODGMAN - I will start with that. I was actually able to visit the redevelopment a couple of weeks ago to see how it is progressing and it appears to be on track and on time to, amongst other things, host three Cricket World Cup matches in March next year. That is a \$15 million commitment made by the former government and, combined with a \$15 million commitment from the Federal Government as well, will allow for an upgrade of Bellerive oval, Blundstone Arena, and I think it is due to be completed by November this year.

Principally it involves the construction of an entire new grandstand on the western side with new corporate facilities, coaches' boxes for AFL football, corporate boxes and media boxes, and exceptional facilities for players of cricket and football and anyone else who might participate in some form of sport or activity on the oval. Underneath is a whole new access point to the ground from that western side in the concourse. There is a lot more open space and a more contemporary facility. It is going to increase the capacity of the ground to approaching 20 000 spectators. It is providing employment for about 300 people in its construction phase.

It will clearly allow the ground to host high-standard sporting events, such as the Cricket World Cup and AFL football will establish. There are ongoing discussions about other events that might take place there, and the Ashes Test potentially later that year, or the following year, is a live option as well. Cricket Tasmania, as the proprietor of the oval, is very keen to and is involved in discussions with Events Tasmania about attracting other sports to the ground, such as rugby league, the A League matches most notably. That is the funding for that, which was signed up to by the previous government; we are happy to fulfil that funding allocation. What was the second part of your question?

[2.30 p.m.]

Mr FINCH - Other programs that might be changed or altered. With this drawing of Sport and Recreation into Community Development, would you be able to tell us about some of the alterations that might occur in the work of Sport and Recreation? What is being adjusted, changed or altered?

Mr HODGMAN - As Nick said in his area before lunch, the integration of Sport and Recreation into Sport Recreation Communities is very much a work in progress.

CHAIR - We welcome Mr Craig Martin to the table.

Mr HODGMAN - Yes, the Director of Sport and Recreation Tasmania.

Mr MARTIN - To provide some further context as to funding, there have been additional election commitments. We will deliver additional funding for sporting groups' infrastructure. Netball Tasmania is a recipient of increased funding; for many years it was battling along at a very low level of funding, despite being the sport with the highest participation rate of females in Tasmania and I would suggest nationally as well.

Mr FINCH - The late Sue Napier would have applauded that.

CHAIR - What is that funding going to do? Is that for the netball centre in Moonah?

Mr HODGMAN - It is \$200 000 over the next four years. I can break that down for you: \$110 000 to maintain the employment of the general manager, the development officer and umpiring director to develop, promote and administer netball in Tasmania and \$90 000 towards the employment of a Netball Tasmania coaching coordinator and a contribution to the Tasmanian Institute of Sport Netball elite development program. They are the two elements of that funding commitment. Netball has the highest number of female participants of any sport - 6 500, in fact.

Their initial funding agreement, which was last renewed in 2010, was due to expire at the end of this year so a new funding agreement has been struck, as I have outlined, with a view to further developing the sport in the state. The administrative arm of Netball Tasmania has compiled a very compelling and professional business case. I cannot comment what they have done previously, but I am aware there was additional effort which we are keen to support and it brings them up onto a comparable level of funding with some other sports.

This Government has a core commitment and obligation to lift participation rates in sporting activity to target areas where there is increased capacity. Netball Tasmania is one where there is real growth potential and a high level of engagement, including among younger Tasmanians. One of the reasons I am Minister for Sport and Recreation is that I want to demonstrate that we place a high value on participation in sport and recreational activity at all levels. We will invest not only in sport and recreation but in infrastructure. We have a target to make this state the healthiest population and we are a long way short of that. It is an objective we should and do have. That is another reason for significant investments in sporting infrastructure.

Sadly, there is no bottomless pit of money. You could spend a massive bucket of money on sporting infrastructure around the state but it is important, especially in regional communities, that we have a higher standard of sporting infrastructure - grounds and facilities.

Mr FINCH - A big return this weekend with the Lady Chargers, in the basketball world, and the Tornados have been well supported. The men's teams have been supported as well. The investment in basketball is paying dividends with the big win this weekend in the conference.

One thing that concerns me with this amalgam of sport and recreation with community development is the number of personnel in sport and recreation. Will they be maintained at the level they are at now? If not, which programs might go?

UNCORRECTED PROOF ISSUE

Mr HODGMAN - Yes they are.

Mr MARTIN - The number of people involved in delivering our core functions, which are growing participation in sport, recreation and physical activity, and achieving excellence in high performance sport, will stay the same.

Mr FINCH - Where are changes going to take place?

Mr MARTIN - Some difficult decisions have been made and one of our programs has been lost - the Wilderness Program. That program provided opportunities for people consider at-risk to engage in outdoor adventure activities. Given that we live in difficult financial times, a difficult decision was made to close that program. There are three full-time employees involved with administering that program and five part-time employees. The three full-time employees will be redeployed into existing vacant funded positions within the state.

Mr FINCH - How many? Three?

Mr MARTIN - Three, yes. Redeployment and voluntary redundancy will be the options for the five part-time facilitators.

Mr FINCH - Is there something to replace the Wilderness Program because it played a vital role for socially disadvantaged kids, giving them the experience the program provided.

Mr HODGMAN - Across government there are examples of where we want to invest in other programs. U-Turn is another one which has a very good record of success as a diversionary program. It is a decisions we took after consulting with our department as to where possible savings could be made. It is not possible, given the current fiscal conditions, to continue to fund the program. It does not mean that at some stage in the future we will not re-fund it or an alternative program in this area. But, U-Turn is one example of investment in diversionary programs for youth at risk.

Mr FINCH - Would you advise the Wilderness Program people to rejig it for possible future funding?

Mr HODGMAN - As a Government, we will work with our team at sport and recreation to understand what capacity they have in the area of diversionary programs. Often you can intersect physical activity and recreation with very effective diversionary programs. The individuals concerned directly, as the director has just outlined, will either be redeployable or subject to voluntary redundancies.

Mr MARTIN - The three full-time staff will be redeployed, as I said in existing vacant funded positions.

Mr FINCH - Is the north-east rail trail in the purview of sport and recreation, or is it in tourism? As we develop our sport and recreation opportunities, recreation opportunities for bike riders off the main roads could be considered. Perhaps the trail from Scottsdale to Launceston - that type of trail on a rail trail - might be extended, or expanded?

Mr HODGMAN - I have had discussions and my local members are very actively engaged with the people behind both projects. It is not funded out of this Budget at this stage, but that

UNCORRECTED PROOF ISSUE

does not mean we are not very interested in it - it looks like a fantastic product for the state, especially the north-east. It has magnificent topography and a landscape that is clearly very suited to that sort of pursuit.

Ms RATTRAY - If we can't get the train back we will take the bicycle track.

Mr HODGMAN - Yes. One or the other it will be. I know Peter Gutwein especially has been very keen to work with the local people on that.

Ms RATTRAY - I have a question in relation to AFL Tasmania and the funding for them. They still receive \$2.5 million over five years, is that right?

Mr HODGMAN - Yes, there is the funding for AFL matches we have been talking about, or the direct funding of \$500 000 to AFL Tasmania. That funding commitment which was struck under the previous government and via grant deed is provided. I did note that Community Sport and Recreation has a progress report on what happens with that funding.

Ms RATTRAY - I'm interested in the staffing numbers of AFL Tasmania as well.

Mr HODGMAN - Yes, I can find out. I don't have that information to hand as to what their staffing numbers are because they are a separate entity but we can find out.

Ms RATTRAY - I'm particularly interested in the fact that they provided money to implement programs in schools, Premier, and my understanding is that that is not occurring. I'm interested in what you know or understand about the funding and those programs.

Mr HODGMAN - My understanding is that it is expected and in fact required, that deed to go to participation programs, coaching education development, umpire education and development; governance and administrative initiatives; communication, marketing and promotion; club development, inclusive participation and ethics in sport, amongst other things. As I was mentioning before, they are required to report each six months as to progress on those matters and their operations and I understand there is Sport and Recreation's August progress report, and a commitment has been made to the PAC committee that I imagine is still live, to provide that report as well, once it has been considered by -

Ms RATTRAY - That will be good. I believe that they subcontract their obligations to get local clubs to deliver that service, and that may be where the breakdown is. I was interested to know whether, at this high level, you were aware of that issue, or am I being completely misled by my communities?

Mr HODGMAN - No, not necessarily. Yes, I'd be interested to know either via my department or the PAC committee inquiry as to any live concerns but Craig, can you -

Mr MARTIN - Yes, as the Premier has said, we have received a copy of their August progress report, which we are currently considering. We should be in a position to have that report go through the necessary approval processes some time next week. There are a couple of little things that we needed to chase up. I would say, though, that on the whole we are satisfied with the report that has been provided to us by AFL Tasmania. We were chasing up a couple of things to do with the KPIs concerning ethics in sport. I think we are in a position where we can

probably sign off on that and, as the Premier's indicated, provide the Public Accounts Committee with a copy of that report as we stated when we provided a briefing a few weeks ago.

Ms RATTRAY - Chair, I'm interested in knowing at which schools AFL Tasmania has implemented its educational programs around the state. It is probably in that report and it is probably easily obtained.

[2.45 p.m.]

CHAIR - If it is not, it would be nice if you could provide that.

Mr HODGMAN - I do not have that here but it is easily obtained so we will get that information for you.

Ms RATTRAY - Last year, this area was being scrutinised through a PPAC Built Environment working group, and they were pursuing initiatives to better support physical activity, I am interested to know what has come out of that working group.

Mr HODGMAN - That is the Premier's Physical Activity Council.

Ms RATTRAY - So that is safe, Premier?

Mr HODGMAN - Yes, it is safe. Not to say that we will not look at ways that can be increasingly effective to government and the community and our objectives, and it does undertake a whole range of interesting initiatives which got observed from Opposition. With the objective of increasing participation and getting more Tasmanians physically active and, in relation to your specific query, it is the council's key priority area, that it has previously identified, is creating built environments that enable and encourage physical activity through a range of projects being administered by the Built Environment working group. Increasing opportunities for Tasmanian primary and secondary school students to be more active through the Work for Schools strategy, a working group delivering on the goals of the physical activities sport and recreation framework for Tasmanian students.

Ms RATTRAY - Is that the after schools active program?

Mr HODGMAN - No, that is a federal program, a separate one. As a communications strategy to raise awareness of the importance of physical activity and increase participation. A particular area of interest to at least one of the council members is seeing whether fringe benefits tax might be altered to allow for people to obtain that benefit through participating and they would be members of some form of health or wellbeing program which is an interesting and ongoing debate. It rivals the push, via those in the hospitality industry, to have long lunches. They are FBT-free too which is an interesting parallel.

Ms RATTRAY - They have done anything, would that be fair to say?

Mr HODGMAN - No, I would not say that is fair and I have had a meeting with the Chair of the council, Graeme Lynch. Craig might provide some further background but I have had a first meeting with Graeme Lynch, the Chair of the council, to touch base on what they are doing.

Mr MARTIN - One of the things that the Premier's Physical Activity Council is looking at, through the vital working group, is a state policy for active living. The other things they are

UNCORRECTED PROOF ISSUE

looking at is incorporating programs or documents such as Healthy By Design, which is a guide for urban planners to make sure that the built environment is conducive to people being physically active. Graeme and I have met with the people involved with the reformed planning schemes to impress upon them the importance of making sure that the built environment is looked at with regard to people being physically active when planning schemes are being developed and we got a good hearing from them which was great.

Ms RATTRAY - That already happens through the normal planning processes.

Mr MARTIN - The work that was done through PPAC to a degree was, and the work that we did at sport and recreation was instrumental in a number of those things, being incorporated in the regional planning initiatives. That is pretty much where things are at with that at the moment.

Mr HODGMAN - it is worth just noting that the Councils' volunteer base -

Ms RATTRAY - I am not disputing any of that. I haven't seen any runs on the board.

Mr HODGMAN - Sure. If you would like more information as to the specifics on each of those programs, we can get that for the committee without any trouble.

CHAIR - Would you like that?

Ms RATTRAY - I do not think it is necessary. It is still in the planning stage.

Mr HODGMAN - It would be true to say this is another one of those boards and/or committees where we are taking a close look at what they do and seeing how we can't make improvements to better integrate the work of government.

CHAIR - Thank you, Premier. Some of this would also be election promises. I notice in the original list there is \$23 000 for the ice skating facility in Glenorchy in the electorate of Elwick. Where does that come from?

Mr HODGMAN - Yes, a solar energy thing, if I can recall. I may stand corrected. I am pretty sure.

CHAIR - They have a huge electricity bill.

Mr HODGMAN - That is right; it is solar energy. There are a number of election commitments to a range of upgrades to sporting facilities and clubrooms, right across sporting recreation groups, regions.

CHAIR - I do not want to speak against that because I think it is really important, but the question was asked of me why this is being done when it is a privately owned facility, not a public facility.

Mr HODGMAN - There are a number that fall into that category when the investment is designed principally to increase participation and help them to be more efficient in their energy use.

CHAIR - It is the only ice skating facility in Southern Tasmania and I know it has difficulty staying open. This will certainly be a boost for them.

Grants and subsidies -

CHAIR - Is there anything there - we see the note that the increase reflects funding from the former Department of Economic Development, Tourism and the Arts for the Tasmanian Icon Program for the state cricket team, the Tassie Tigers. Don't they have funding all along? Is this new funding for the Tassie Tigers?

Mr HODGMAN - No, that is a continuation of the Icon funding they have received for the better part of a decade, I would expect.

CHAIR - Did they not get it in 2013-14?

Mr HODGMAN - That is right, it was under Tourism then. It was an appropriation so that has been brought under -

Ms RATTRAY - It would be a brave person who would question funding the Tassie Tiger Cricket Team.

CHAIR - Indeed, or the women's cricket team for that matter, Tassie Roar.

Mr HODGMAN - I am sure the Tassie Roar benefit from the Icons funding as well, I would suggest. It is important to note that there was a cessation of funding of the \$300 000 allocation under the former government. It was due to expire at the end of this year for grant funding to sporting organisations around the state. We have maintained that as well for obvious reasons. It was important to keep that running because it keeps a lot of very small clubs afloat.

Ms RATTRAY - Premier, before we leave this area, can I ask you about the funding for the Primary Schools Sports?

CHAIR - It has been reinstated, yes?

Mr HODGMAN - Yes.

Ms RATTRAY - Is that something that your government has committed to ongoing? They do not have to come cap in hand every year, do they?

Mr HODGMAN - No, the arrangement is under review because it was funding that terminated under the former government. It came to our attention and we were very keen to ensure that it be maintained for the financial year. Funding ceased after consultation with a number of agencies and key stakeholders, most notably in the education sector. The advice to the former government, and to us, was that they all thought that the 17 000 funding should not continue which then threw into question our validity to participate in those national sporting events, including one which was being held in Tasmania at the time - hockey.

We have maintained that level of funding in our affiliation with SSA so that we can remain in that, and there are upcoming events in a number of sports that will continue, but to undertake a review to understand why it is that all sectors of the education fraternity - public, private and

Catholic - recommended that affiliation not continue. There were negotiations with the administrative body, SSA, about how we might tailor our relationship with them. It is a contractual thing, an arrangement that we will be keen to make sure can continue and that we are getting value for money. It stopped under the former government - one of those little skeletons in the closet, I suppose, that pop up from time to time when you get into government. We are not just going to keep funding it necessarily into the future without understanding through the Education Department, principally why -

Ms RATTRAY - So we will see something more substantial by next year relating to that funding?

Mr HODGMAN - Yes. The Education minister will know how long that will take but I cannot imagine it is going to be an extensive inquiry.

Mr VALENTINE - Tasmania has an ageing population. We have the oldest age profile of any state in Australia and have for the last six or seven years. What strategies are being put in place to look at the sorts of sports that people who are in the older population participate in? Does the department look at the funding for bowls and other activities that are generally for older people - and I say generally because there are some young people who play bowls - to assist that demographic?

Mr MARTIN - The way that we look at it is that sports should be administered in a way where they are welcoming of people of all ages. As you rightly pointed out, bowls is now attracting a lot of younger people. It is a good example of a sport that is very innovative in the way that it goes about its business. The introduction of the barefoot bowls initiative a number of years ago attracted a lot of people of all ages to the sport. Those are the things that we want to encourage through the state grant funding that the Premier mentioned before - to get the sports to introduce innovative programs like that to enable people to participate more at a time and a place that suits them. That is one of the major trends we are seeing in Australian sport at the moment. We are seeing people wanting product, if you like - it is not a great word but it will suffice for the time being - that suits their lifestyle. That is a challenge for the sporting sector in Australia over the next decade or so.

Mr VALENTINE - Is there any indication through your research that those sectors need support, the same as in other sectors? Do you have information on whether there is a need in that area for infrastructure and the like for the sport and recreation sector as a whole? For the older population, whether it is croquet, bowls and other sports that they might wish to participate in, do you have a handle on whether there is a need?

[3.00 p.m.]

Mr MARTIN - It is something we need to get more information on. We will look at it when we do a new strategic plan for Community, Sport and Recreation Tasmania. We need more information about the needs of a whole range of groups in the community when it comes to participating in sport and recreation. We provide infrastructure for a number of sports that have people in the older demographic participating. We provide a lot of infrastructure through our major and minor grants program to bowls clubs, to croquet clubs and to organisations that traditionally have had people from older age groups participating.

Mr VALENTINE - Okay.

Mr HODGMAN – You are right, you have hit a bit of a black spot, potentially. We have support for [inaudible 3.00.52] - and they have got a strategy in place for all sorts of things, including mental health activity. Men's Sheds is another area we're investing in - a different type of recreational activity. It perhaps demonstrates the value of bringing them all together and getting sport and recreation talking a little more. As we look after seniors and migrants and other special interests groups, they will be working a lot closer to sport and recreation.

Mr VALENTINE - With the growth in cycling, the facilities in the south aren't that fantastic in terms of velodromes and the like. There is one at New Town. There used to be an old one at New Norfolk, but that's probably well and truly done. Is there any attempt to look at the need in that regard? There are a lot of bicycle shops in this city. What sort of work is being done to follow up on that demand and the possible need for infrastructure?

Mr MARTIN - We know that people participate in unstructured forms of activity such as cycling, walking, and running. We know those areas are increasing, there's no question of that. It's an important trend in Australian sport and we know participation in those areas will continue to grow. People are probably more time poor now than they have ever been and they want to participate in physical activity at a time and place that suits them. They're tending less these days to sign up for 22 or 24 week rosters in organised sport and they're tending to look for social forms of traditional sport, or they're tending to do what I've just described, which is participating in cycling, walking and running. We have a very good handle on that. A very good report was done by the CSIRO and released in April 2013 that indicated it was one of the important trends in Australian sport and it's reflected in what's happening in Tasmania.

Mr VALENTINE - There's a lot of interest in mountain bike trails and tracks, isn't there?

Mr MARTIN - Absolutely.

Mr HODGMAN - And I've recently met with the Bonnet Hill group, which wants to improve the road infrastructure between Kingston and Taroona. A massive number of cyclists use that stretch of road and it's not without its challenges and perils.

Mr VALENTINE - No, not at all.

Mr HODGMAN - We're always keen to meet with cycling groups and local communities, and work closely with local government groups, as well.

Mr VALENTINE - Yes, I was just interested whether those sorts of things are on the radar, and whether they're encompassed in any strategy.

Mr MARTIN - We have frequent conversations with local government about the provision of that sort of infrastructure.

Mr VALENTINE - Yes, okay. Thank you.

CHAIR - Supplementary, Mr Finch?

Mr FINCH - While we're talking about attracting tourists - attracting bike riders, and mountain bike riders, to Tasmania - is the opportunity to build trails through parks administered by Parks and Wildlife on the radar. Is it being considered by sport and recreation or by DPAC?

Mr HODGMAN - Yes, and PWS would probably be on that. We've got some wonderful landscapes that accommodate mountain bike activity right across the state. There aren't any specific programs; there are a number of projects before us including in the north-east.

Mr FINCH - Narawntapu, the old Asbestos Range National Park up on the Bass Strait, there is a lovely opportunity for a mountain bike riding trail right along the coastline.

Mr HODGMAN - It is an emerging area of the tourist activity and they can have world class events based around it as well so it is very much on the radar.

Mr DEAN - One area that we do not seem to have done anything about is occupying young kids on these motorcycles and their sporting opportunities. We are getting lots of problems with them riding around the streets and they continually say, 'We haven't got anywhere to ride them. Who is going to provide somewhere for us to legally ride these bikes and to do the sporting activities that we want to be engaged in?'. Is the Government planning to do anything in that regard at all? We have had conversations with Braaap and some of the other organisations to try to bring in private facilities but they say that the cost is reasonably high, they say they cannot get Government support. It is an area of concern.

Mr HODGMAN - There are budget allocations for precisely that - a trailbike riding diversion program and education program with \$40 000 over the forward Estimates in each year for the first part and \$10 000 for the second. We made an election commitment with regard to the facility at Cambridge and to provide support for a facility to do exactly that. I know it is an issue right across the state.

Mr DEAN - We have been trying to get one at Launceston now for a long time. We have an organisation that is interested in it but they say they need other support to be able to do it. The kids up there are screaming out for it. It is a real problem for police.

Mr HODGMAN - This will give us an opportunity to gauge the success of such a thing and look at whether it can't be adopted elsewhere.

CHAIR - Premier, part of the problem is always that the kids who are riding illegally on the streets or on trails around the edges of suburbs would still have to get to the facility, and the fact that they are allowed to ride where they are by the people who buy bikes for them when they have nowhere to ride them -

Mr DEAN - There is an opportunity here with PCYC, which has said they will accommodate that in Launceston.

CHAIR - It would certainly help. At this point we say goodbye to the Minister for Sport and Recreation and we welcome the Minister for Aboriginal Affairs.

Output group 6
Aboriginal Affairs

6.2 Office of Aboriginal Affairs -

UNCORRECTED PROOF ISSUE

CHAIR - Minister, perhaps you could give us an indication as to what this is funding is for. I note that it decreases a little this year and again a little over the forward Estimates. What do you spend this money on? What is this money for, the Office of Aboriginal Affairs?

Mr HODGMAN - The office itself is responsible for administering the Aboriginal Lands Act 1995 and has been supporting the Aboriginal Land Council of Tasmania and its management of land returned to the Tasmanian community.

CHAIR - Is that where the money comes from, to manage that?

Mr HODGMAN - Yes. It is also involved in high-level consultations with the Aboriginal community and Torres Strait Islander population. The office is very actively involved at a local level and also with the Commonwealth Government to implement programs that improve social, cultural and economic wellbeing within the indigenous population, and to promote a greater understanding and acceptance of Aboriginal culture in Tasmania. The office itself also provides great assistance to government in policy and programs to assist the Tasmanian Aboriginal and Torres Strait Islander population with information within those communities about programs and service and any particular issues that may arise, and coordinates government policy.

This is an area where, as Premier, I wanted to demonstrate a high level of government interest in Aboriginal affairs; it is not without its challenges and pressures as well. I want to play a very senior role, including at national level, to assist our indigenous population here. One of the things we have talked at length about at COAG and the question was raised earlier on goes to indigenous education, health and wellbeing and what can happen at a national level.

Also, not symbolically but very importantly, to have Aboriginal and Torres Strait communities recognised formally in our Constitution, which is a campaign now under way. One of the first things I did as Premier was move a motion in the House to support that occurring, I hope in a very non-partisan way. I understand it has also occurred in the Council. It may happen. A local committee has been established to work with government and the broader community to ensure a successful vote in that referendum in Tasmania.

Mr FINCH - Premier, we were very impressed with Fred Chaney. He was a guest at lunch recently with Bill Lawson. It was very impressive.

CHAIR - Is that the hot issue you were talking about? We have a number of hot issues raised with us and one is land rights. There is nothing in the forward Estimates that I can see for purchases of land or assisting with development of land if there were some land to be given back to the Aboriginal community. You would be aware there were a couple last year.

Mr HODGMAN - Yes, that is right. That did not progress for various reasons. It is the Government's intention to return to those matters. We are now undertaking our own consultations and we are keen to present something that can progress. I know there were a number of issues raised in debate in this place.

Mr VALENTINE - It was in committee. I do not think it is represented - is it?

CHAIR - The government ran out before the committee was finished.

UNCORRECTED PROOF ISSUE

Ms RATTRAY - The report is available. I am sure the Premier has read the committee's report.

Mr HODGMAN - Yes. We need to use that as the launching pad for the next part of the progress to ensure that we do not make the same mistakes and that all those issues are followed up.

CHAIR - We would like it if you did take the findings of that report into account because we found significant issues that need to be resolved. Maybe it needs legislation looked at before any more bills are introduced.

Mr HODGMAN - Ironically, it received tripartisan support in the House of Assembly. Again, without wishing to demean the importance of each of the issues that were raised in this place, some progress was made and it is our intention, if not to pick up where we left off, to revisit that.

Ms RATTRAY - With all due respect, Premier, the community was not aware of what was happening when the vote was taken in another place and this House was their opportunity to have input into that before it progressed any further. Hence the committee, and the report expresses community views. I am not going to tell you what to do but it is worth exploring.

CHAIR - I am a very strong supporter of land rights and land handbacks but there were issues raised in that committee process that indicated to us very strongly that process, who has charge of it and the difficulties there are between some local groups and the Aboriginal Land Council need to be looked at before you went.

[3.15 p.m.]

Mr HODGMAN - It highlighted the complexities of the issues at play here. It is true to say that there is no diminution in the Government's intention to progress things but we are not rushing it. We have not made wild claims or set unrealistic time frames but we will consider at least what was before the Parliament not that long ago as the starting point for the next way forward.

CHAIR - The Budget does not reflect that you intend to spend more money. If you needed to do some development that went with handback then you would have to find money from somewhere to do that.

Mr HODGMAN - Yes, and I am not sure how much is attached to the last financial year.

CHAIR - When we were talking, one of the issues that came up was Aboriginal tourism on the east coast and how successful that may be as an addition, because we have no Aboriginal tourism ventures.

Mr HODGMAN - That is another emerging area of interest to me as the Tourism minister. At a national level in the tourism version of COAG, it rates as a top priority area with funding potentially available from the national government. I will not hold my breath but there might be opportunities because there is an increased level of interest at a national level in improving our indigenous tourism attractions. Other states are very well advanced and Tasmania is well short. That is an area that I am taking a particular interest in and working with my colleagues. A couple of proposals have been brought forward which we will work through with the community. It would be a tremendous demonstration and would assist with reconciliation, assist our tourism

UNCORRECTED PROOF ISSUE

industry and open up a whole new area of attractions that have not yet been fully explored. If it is done sensitively and with significant investment via the Aboriginal community, it could be tremendous for the state.

Mr DEAN - What is the \$900 000 which is set aside for and how does that figure identified from -

Mr HODGMAN - Essentially it is for funding the office, and that includes employee-related expenses, operational expenses, grants and subsidies, boards, and committees. It is basically for the operations of the offices I have outlined and the various things they do.

Mr DEAN - How many FTEs are in the office?

Mr EVANS - About 5.4.

CHAIR - All this money would go on jobs and accommodation, I presume.

Mr EVANS - The other significant portion is the grant to the Aboriginal Lands Council.

CHAIR - It can't be that much.

Mr EVANS - It is about \$314 000 to the Aboriginal Lands Council and the rest of it is for running the Office of Aboriginal Affairs.

Mr VALENTINE - Does that help with the operation of the site at Risdon Cove?

Mr EVANS - Yes.

Mr DEAN - What audits and processes are in place to check that the moneys allocated to the Office of the Aboriginal Affairs are being used in that role? What are the auditing processes you have in place, if any?

Mr EVANS - They are the same as the rest of DPAC. We have performance measures, some of which you will see in the Budget papers in the outputs we are required to produce. The audit arrangements are the same as every other part of DPAC.

Mr HODGMAN - Do you want to speak to what the audit process is?

Mr JOHANNES - Mr Dean, we have an internal audit committee where anybody can get an external review, as all agencies do, and as Mr Evans has said, the Office of Aboriginal Affairs is a business unit within the department and so is subject to the same diligence, transparency and accountability as other parts of the department.

Mr DEAN - What projects are envisaged for the next year and what is the expected cost of those projects?

Mr EVANS - There is an amount of ongoing work required to support the minister. For example at the Council of Australian Governments, there is a range of work with other state government agencies in the areas of education, health, and housing, to ensure that issues related to the Aboriginal community are dealt with. We have worked with DPIPW on the dual naming

policy. Employment of Aboriginal people in the state service is part of the role and function of the office.

Mr DEAN - There is some angst in the state about the Aboriginal people and the proper representation of all Aboriginal people right around the state. What methods does the Office of Aboriginal Affairs use to determine that the views of all the Tasmanian Aboriginal community, and not just the views of some activist members, are represented to the minister, the Premier and Cabinet? Are we satisfied that the views of all the Aboriginals within this state are being effectively and properly represented?

Mr EVANS - I am happy to answer that. If there could be unanimity about what consulting with the whole of the Aboriginal community meant, that question would be easy to answer. But the reality is that there isn't unanimity. That's the issue we were referring to when we spoke about land.

Mr DEAN - It came out in our report as well.

Mr EVANS - That is right.

Mr DEAN - It's a very important issue.

Mr EVANS - There is no one who, if they approach the Office of Aboriginal Affairs or DPAC in any guise, we will turn away and say, 'We don't want to hear what you have to say'. That hasn't happened.

How the Aboriginal community itself views each of the constituent parts is not something that we, or government, can control. We can have opinions and views about it, and we can talk with the broader Aboriginal community about it and encourage them to have those conversations. But we can't make people believe things they don't believe. Certainly in our interactions we try to be as even handed as possible. We don't turn people away who want to talk with us. But what we can't do, and what some groups want us to do, is change other people's opinions. A discussion needs to take place within those communities about this, that government can assist and guide and give direction to, but ultimately we can't make other people think differently to what they do.

So, in answer to your question, we think we are open handed and we are happy to talk with anyone who approaches us and relay their views to the minister.

Mr DEAN - So all parts of the Aboriginal community are entitled to come to you and put their position to you and you will take it on board? Is that it? There are a lot of groups on the north-west coast -

CHAIR - There are many groups.

Mr EVANS - There are many groups

Mr HODGMAN - We want to consult extensively and understand very complex, sensitive issues. It is not without challenges, and I have said to those I have met as Premier that I am not going to pretend for one minute I have all the answers, or can resolve long-standing issues. But I see a number of key deliverables - areas where we can, as a state, take significant steps forward, and make real progress that will help with reconciliation. It will help with internal divisions. It

will place us very well at a national level. Coming from a relatively cynical position of Opposition for far too long, I have been very impressed with the work undertaken by what is a very small office covering a whole range of issues and a spectrum that does transcend into the national policy agenda. In addition, with the increased workload we have brought forward, for example, indigenous tourism and recognition the in the Australian Constitution, they are managing their affairs very well with a very small but dedicated team. The initial impression I get is they are doing an exceptional job.

Ms RATTRAY - I was recently asked by some constituents who have an indigenous background, about cultural programs in schools. I asked the question in the Parliament and it virtually said that it was up to the schools to organise these sorts of programs or opportunities for students with indigenous heritage and backgrounds. What does the office do to support schools, particularly some of the more remote schools, in offering some of those opportunities for indigenous students?

Mr EVANS - As the Premier said, it is a small office of five people. If and when we are approached, we are engaged with schools who often are doing assignment projects around Aboriginal matters, certainly around NAIDOC Week, the staff are out and about all over the state in schools, at flag-raising ceremonies, and the like. If we are approached to provide information in relation to a cultural activity that the school community and the Aboriginal community are taking forward, then we are more than happy to assist in any way we can.

Ms RATTRAY - There is no proactive approach in contacting schools, particularly ones that have a high number of indigenous students registered on their class lists?

Mr EVANS - Our role is to work with the Education department and to assist them. They have Aboriginal Education Officers who work proactively in schools and we would see it as more their role to be proactive in that context than it is for the Office of Aboriginal Affairs. We would see our role as assisting the Education department and support its staff to undertake that sort of role.

Ms RATTRAY - I would like to see some more interaction between those. Some of the schools that I represent feel like they are missing out on any cultural opportunities for their students. There is a bit of breakdown there and I would appreciate someone sometime - it may not necessarily mean that they need to travel, they may just need to pick up the phone. It is just a suggestion.

Mr HODGMAN - Yes, I will talk to the minister for Education about that.

Mr VALENTINE - My question is in regard to the University of Tasmania and what sort of interaction you have with it. Doesn't it have Aboriginal Studies at Riawunna? Do you have much interaction with them in any way, shape or form?

Mr EVANS - Yes, we do. Again, it is not our role to run or tell the university how to run Riawunna. In the context of doing what we can to work with them to assist Aboriginal people to have the same educational opportunities as the rest of the community, we have good relationships with them. We work closely with them. We have recently worked with them on a program called CareerTrackers, which has been interstate and is specifically here to assist Aboriginal people further their higher education. It is mostly in that area getting Aboriginal people into higher education that the work occurs.

Mrs ARMITAGE - On a slightly different tack, within the Office of Aboriginal Affairs, in the past you have had \$30 000 allocated for the Aboriginal first home buyers grant scheme. Is that continuing?

[3.30 p.m.]

Mr HODGMAN - No it is not. I will tell you why. That is a saving

Mrs ARMITAGE - That is the stamp duty as opposed to -

Mr HODGMAN - That is a saving we'll make. It was to - when PAC was established - as a transitional arrangement to set up a system to overcome problems associated with the repeal in 2000 of the Legal Assistance Act 1962. Given the advice we have received is that it's no longer necessary for that scheme to remain in place and given the type of tight budgetary circumstances, we have decided not to provide those additional funds but it's important to note, though, that the First Home Builder's Boost program, which is in the budget, which has a payment of up to \$30 000 -

Mrs ARMITAGE - If you can afford to build a new home.

Mr HODGMAN - Yes. It remains open to all. Under that act, the Legal Assistance Act to which I referred, the Tasmanian Aboriginal Centre, TAC, have been the prescribed body and the Aboriginal Legal Aid Scheme was an approved scheme. TAC issued certificates exempting legally-aided clients from certain government fees, charges and duties. As a result of the Legislation Repeal Act 2000 the authority for these issuing these exemptions no longer existed. Then, in 2001, the then government agreed to pay TAC the amount of \$30 000, which was equivalent to the past approximate annual value of the assistance provided for stamp duty exemptions under the repealed act. Usually there have been between eight to 10 exemptions each year, at an average rate of \$3000. Since then the Government has continued that annual funding of \$30 000 to administer the Aboriginal Homebuyers Assistance Scheme, as the money was originally put in place as a short-term response to the unintended consequences of that repeal of the 1962 act. We consider that it is now time for that to cease so there are no funds in this Budget for that particular scheme. TAC have been informed. That is as I understand it.

Mrs ARMITAGE - Was the whole \$30 000 taken up each year? I notice in last year's notes it was for the Palawa community first homebuyers. I'm just wondering did they use the whole \$30 000?

Mr HODGMAN - I do not have advice as to the uptake of -

Mrs ARMITAGE - I just wondered whether there was an uptake -

Mr EVANS - It varied from year to year but on balance, yes. In some years it might be a little bit below, in other years they would come to us and say, 'We need more', but on balance I would say it was -

Mrs ARMITAGE - It was really just covering the stamp duty, wasn't it, and the home was just -

Mr EVANS - Yes, for people who were - for the reasons the Premier outlined previously - able to access Legal Aid. You needed to be able to access Legal Aid to be able to access that.

UNCORRECTED PROOF ISSUE

CHAIR - The only item we have left before we get on to Tourism is one that has been eagerly awaited and that is the Tasmanian Community Fund. It is really under grants and subsidies and we'll have a cup of tea after we finish this one, I think, before we go on to the next section.

Ms RATTRAY - Premier, together with hundreds of Tasmanians, I wonder what were the issues around the roles and functions of the Tas Community Board that led you or your Government to this decision to disband the Tas Community Fund?

Mr HODGMAN - It is one area where we can make a saving, an efficiency. It's -

CHAIR - How?

Mr HODGMAN - I will get to that.

CHAIR - How, when it is self-funded?

Mr HODGMAN - Let us put it this way: we can redirect funds that were spent on the administrative arm of the fund, which will continue to exist, I hasten to add, if anyone is of the mistaken belief that the fund is going, as some people in the community are, that's not so, but the \$130 000 that was paid to administer the board and its functions can be redirected into the fund itself and provided to communities.

CHAIR - It is still going to cost money.

Ms RATTRAY - To administer, no matter which way you go.

Mr HODGMAN - Well -

CHAIR - Of course it will. No matter whether you do it as a part of the public service or whether -

Mr HODGMAN - I will dispel a couple of other myths as well. We are certainly not going to allow this to be a politicised administrative function that will now be performed by a board that does not cost \$130 000 per year. It will be an advisory group which, like, for example, the Premier's Physical Activity Advisory Council, will do their work for nix, or next to nix. We believe it is not inappropriate for a group to similarly discharge the functions of the TCF, so that money - \$130 000 per year - can be used in other programs.

CHAIR - Are you aware of how many grant applications they look at a year?

Mr HODGMAN - Yes

Ms RATTRAY - Three hundred. Are you absolutely certain the people you are going to have administering this have the capacity to deal with 300 applications a year? That means going out on the ground and looking at them, and attending openings, which is what some of the board members have done in the past.

CHAIR - And it will cost nothing?

UNCORRECTED PROOF ISSUE

Mr HODGMAN - Just on that last point, having board members attend openings - that's fine, that's great, but is it necessary? I would rather the money that has been spent on that is directed into programs - to be allocated as funds to support other events in the community.

Mr VALENTINE - Won't pulling it back into DPAC do that? Politicise it?

Mr HODGMAN - No, because we are going to establish an arm's-length body that can undertake that assessment. We are not going to allow it to be politicised, as some have claimed, but we will keep to our commitment to reduce the costs, and I understand the costs are borne by the fund. The fund would be better served by having the administrative cost repatriated into the consolidated fund and the \$130 000, or the better part of it, distributed to communities.

CHAIR - You may have the best of intentions, Premier, but once this moves into the public service arena you cannot guarantee that future governments will be as wise as yours.

Mr HODGMAN - Perhaps not, but I would propose an independent community-based panel that can discharge its functions at a relatively low cost, so we can preserve the integrity of the distribution of the funds, and increase the size of the funds distributed.

Ms RATTRAY - Premier, can you take your mind back to a previous Treasurer's proposal to combine the Community Support Levy Fund and the Tas Community Fund. I believe that met with some opposition from you. Have you moved your position from that time to now, since you felt it was not appropriate at that time?

Mr HODGMAN - We are not doing that - bringing the two together.

CHAIR - You might have been keen that it stayed as an independent body, though.

Mr HODGMAN - And it still will. It will still be independent.

Ms RATTRAY - How can it be when it is not at arm's length?

Mr HODGMAN - You do not pay people to ensure their independence. That is the point - we can get people to do it for nothing, or close to nothing.

Ms RATTRAY - So, what consultation have you had with the board about this?

Mr HODGMAN - The board has been informed.

Ms RATTRAY - No, I did not ask if they were informed. I asked what sort of conversations you had with the board about this. Before you informed them.

Mr HODGMAN - We made a decision, and we believe it to be appropriate in circumstances, and not unreasonable. It is not going to threaten the integrity of the process or the group that makes the decision. We believe it will have greater benefit. I am not being judgemental about the performance of those who have served on the board. I have acknowledged them and thanked them for their efforts and I do not call their abilities into question. We received advice that there were increasing administrative costs attached to the operation of the board. This board was not immune to our Government's scrutiny on coming to government to review, assess and audit each and every government board that exists to determine what function and role it plays. We, as a

UNCORRECTED PROOF ISSUE

government, would rather invest as much of that \$130 000 into communities as into an administrative arm of this fund.

CHAIR - Is this a government board?

Mr HODGMAN - It assists government in the distribution and allocation of funds which are available to government via \$7.5 million.

CHAIR - They are not available to government though, are they? It is reserved by law as an independent fund.

Mr HODGMAN - Yes, they are administered by government.

Ms RATTRAY - My understanding is the legislation that formed this fund took quite some time to arrive at something that was acceptable when this was all implemented, so doesn't that take away from the work that was done back then in giving the wider community a fund that they could be confident there would always be an independent process for - would you not see that, Premier?

Mr HODGMAN - I think they still can be and should be confident that can occur.

Ms RATTRAY - It does need legislative support to change it.

Mr HODGMAN - The structure of the board as per that legislation can remain intact. It is just getting people to discharge the functions of that board at a lower cost.

Mr FINCH - The cost of \$130 000, Premier, do you have a breakdown on what that money was expended on?

Mr HODGMAN - Principally the entitlements of the six board members, that is their board fees.

Mr FINCH - Wasn't there a CEO or somebody who -

Ms RATTRAY - Chair.

Mr FINCH - But wasn't there an administrator who did the legwork?

Mr HODGMAN - Yes, two employees.

Mr EVANS - There are two people employed by DPAC and paid for by the fund who do the administration of the fund, so the board itself does not do all of that side of the administration.

CHAIR - What does the board do?

Mr EVANS - Its major function is to determine the successful grant applicants; it does perform those other functions -

CHAIR - It looks at all of the applications?

UNCORRECTED PROOF ISSUE

Mr EVANS - Yes.

CHAIR - Shortlists them and works its way through and makes decisions on where the grants will go?

Mr EVANS - Yes.

CHAIR - And the two employees?

Mr EVANS - They support the board in doing that work so if 300 applications come in, someone has to compile them, provide advice in relation to them, for example, speak to the applicants if there are people on the phone asking. That work still needs to be done and still would be done by the DPAC employees.

CHAIR - Are you thinking that a voluntary board would look at 300 applications two or three times a year?

Mr EVANS - Yes, and it is not dissimilar to grant programs that we -

CHAIR - Bigger than most, I think.

Mr EVANS - Yes, it is a big program but that number of applications is not extraordinary.

Mr VALENTINE - How would you choose the board members again? Presumably, the independence of this board to date has been really important to make sure that there is no politicisation of it and the distribution of the funds, \$7.5 million. There might be some who simply think the Government wants to get their hands on the \$7.5 million. Perhaps you could address that, Premier.

Mr HODGMAN - We will need to amend the act to provide for this change and again, without wanting to question at all the integrity of the individuals concerned, they will be invited to consider whether they want to continue in their roles. They are selected through a process that up until now has not questioned their independence at all; we certainly have not. There is no reason why that cannot continue with any individual who might not only be part of this board but any other board on the basis of their skills and their integrity. The new act will provide for a community-based panel that can undertake this function, I would think perfectly effectively, notwithstanding the significant load but not unusual. When you consider that each board member gets \$18 900 per year and the Chair \$31 000, I am not suggesting it is not deserved. It is not an inconsiderable cost.

CHAIR - Could you name me some other voluntary boards that administer a similar sort of amount and number of applications? Not saying, 'Yes, there are a number of others'. Could you name some?

Mr JOHANNES - We have panels across government in areas ranging from climate change to community development to economic development that run processes that have received many tens and often hundreds of applications, and those groups have never had their independence questioned.

CHAIR - No, no that is a one-off kind of process, isn't it? This is ongoing, year after year.

Mr JOHANNES - Those panels met every year for grant programs.

CHAIR - Once a year? No? How many times?

Mr JOHANNES - Typically a grant program of any size runs in rounds so they typically come together two or three times a year.

Mr HODGMAN - My advice is this one meets twice a year - is that right?

CHAIR - They have two rounds.

Mr HODGMAN - Two rounds, yes.

Ms RATTRAY - May I ask for some more detail about those community grant applications and funding you were talking about there, Greg, that had been administered by groups and like what?

Mr JOHANNES - Can we come back and give you a couple of examples?

Ms RATTRAY - Yes, that would be good. I am addressing my mind to the fact if you are talking about some of the programs that have been undertaken in communities due to the demise of particular things, I can assure you that there is nothing but headaches in the application of some of those grant fundings in the past, and I mean that with the greatest respect to the people who sat on those administration committees. It is hard to get it right, particularly if you are close to people.

Premier, I don't think you answered my first question about what issues have been identified in the roles and functions with the board that led you to this decision, other than you talked about saving \$130 000?

Mr HODGMAN - That is it.

Ms RATTRAY - There has not been an issue where it is thought, 'This board isn't really -

Mr HODGMAN - No, and I want to be clear that we make no judgment about the individuals of the board to discharge its functions. There will always be some commentary as to whether projects are deserving or not, or whether something else should have been.

Ms RATTRAY - No great angst that you are aware of?

Mr HODGMAN - No.

Ms RATTRAY - Second, my understanding in past times the Tasmanian Community Fund will have a focus on rest facilities, toilet facilities, or something. Who in this potentially new process, because there needs to be legislation approved, would make the decision about where a focus was for any given round - say, 'This year we are going to focus on the environment', or 'Next year we are going to focus on sporting facilities'. Can you give me some idea of where that leadership comes from?

UNCORRECTED PROOF ISSUE

Mr HODGMAN - From the panel that will be established and supported by the secretariat.

Ms RATTRAY - So they will get together and they will say right, we are going to have a bit of a focus on -

Mr HODGMAN - Presumably the same process that is undertaken by the existing board.

Ms RATTRAY - So that is another time they will have to meet and flesh that out as well? I am talking about their workload as a group.

Mr HODGMAN - Yes, it will be a matter for them to determine that.

Mrs ARMITAGE - To continue on from the member for Apsley's comments regarding applications, with the new board, is the intent that DPAC will review and assess to have a short list before it goes to the independent panel? Will the government department look at, for example, there are 300 or 400 come in, will they shortlist first before that shorter list goes on to the independent panel, or will the whole lot go to the independent panel - all the applications that come in? Are you looking to shortlist in DPAC?

Mr HODGMAN - No. Again, the same process that exists now.

Mrs ARMITAGE - So they will all go rather than making a short list?

Mr HODGMAN - Yes.

Mr VALENTINE - There will not be any ministerial oversight?

Mr HODGMAN - No.

Mr VALENTINE - It will be at arm's length in that sense. Is that what you are saying?

Mr HODGMAN - Yes, entirely.

Mr VALENTINE - They won't be told what focus to have and what to look at in particular?

Mr HODGMAN - No. What we are seeking to achieve is to supplement an administrative arm board that costs \$130 000 in salaries and entitlements with one that doesn't cost that amount. But the same process is the same integrity, same ability to manage well; the distribution of a multi-million dollar fund continues.

Mr VALENTINE - The present FTEs that are managing the process for the board at the moment, do they remain? Or is that going to be absorbed?

Mr HODGMAN - Yes, they remain.

Ms RATTRAY - Can you walk me through the potential make-up of the proposed board? Is it going to be representative of regions and gender?

Mr HODGMAN - We would be interested quite sincerely to understand if any of the existing board would be willing to continue in that role.

UNCORRECTED PROOF ISSUE

Ms RATTRAY - So we are going to be asking six people from around the state with a bit of a gender mix to do the work that has been undertaken for around \$20 000 a year for nothing. Are we going to give them some travel or provide overnight accommodation?

Mr HODGMAN - It is not set.

Ms RATTRAY - Is that what we are talking about?

Mr HODGMAN - That is right. We want to have the work of this board done for as little as possible on a voluntary basis.

Mr DEAN - In DPAC, two people are involved and they are paid from the funds, so they will continue to be paid from the fund. What do they receive from the fund? What is the payment to the two DPAC members? Are they engaged full-time or part-time?

Mr EVANS - There is 1.8 FTEs.

Ms RATTRAY - We know what a band 3 is because that is what we are; that is not much.

Mr DEAN - What are they paid?

Mr EVANS - One is a band 6, and one is a band 3.

Mr DEAN - What do they draw out of the fund?

Mr EVANS - It is around \$170 000.

Mr DEAN - So that is what they take; \$130 000 was taken up by board payments.

CHAIR - Board fees.

Mr DEAN - The Premier has said that there will be a low-cost community panel to do the work. What do you mean by low-cost?

CHAIR - No board fees.

Mr HODGMAN - Yes.

Mr DEAN - Does it mean that there will be a payment to volunteer members for costs and so on? Is that coming into it? Or are there other costs involved?

CHAIR - Yes, there would have to be.

Mr HODGMAN - Yes, incidental allowances.

Mr DEAN - So incidental allowances will come into it. Who does the follow-up on the programs to ensure that the grant moneys that the money is used for the purpose it was gained for.

CHAIR - Acquittals.

Mr EVANS - Acquittals are done by the staff.

Mr DEAN - Who does that? Did the board become involved in that?

Mr EVANS - The board can become involved in it but it is largely the role and function of the staff to follow up.

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Mr DEAN - I raised it because I thought they said they did not. When we spoke to them they did have a role to play in the acquittal part of it and checking off but it -

Mr EVANS - Technically, they do not have a role to play in it, but in their own administration and good governance of their board they will be as -

Ms RATTRAY - Will they turn up to the openings of something.

Mr EVANS - They turn up at openings and they may also drive past, drop in, check out and continue a relationship with the proponents of grants. But the actual acquittal process - signing off at the end - is done by the staff.

Mr DEAN - How was the chairman of the board advised that the board was disbanded?

Mr EVANS - I spoke to them prior to budget day.

Mr DEAN - You spoke to her and just told her that it was abandoned?

Mr EVANS - Yes.

Mr FINCH - Premier, and probably Mr Evans, I was just wondering about the make-up of the panel now in respect of their regional representation and whether there might be some guidelines for trying to attract people from around the state so that from their areas they have a general understanding of who the applicants are, what the projects are, and what benefit it will have for their community. Will there be any stipulations along those lines? I'd like to know the make-up of the now disbanded board, where they were from.

Mr EVANS - Yes, we would expect that would be the case. I know that the board, as currently constituted, has had to work really hard to get representation from the north-west coast, in particular. It is one thing to have that set of guidelines and stipulations but finding people, and the right people, to undertake that function, hasn't been easy.

CHAIR - Who did you think would do that? Who will select the board?

Mr EVANS - When the last board applications were put out -

CHAIR - Advertised.

Mr EVANS - Advertised, yes, there were over 70 applications. I don't think all of them only applied because the position was funded; I'm sure many of them thought it was a good thing to be involved in.

CHAIR - No, no, I'm just wondering who chose?

Mr EVANS - Who chose?

CHAIR - How did that process happen?

Mr EVANS - Under the act as it is currently constituted, the minister makes a recommendation to the governing council. The process has always been that it is the minister's recommendation to appoint the board, so in that sense this isn't any different. The act does require that the minister consults with the board prior to making that recommendation to the Governor, but it's the minister's -

CHAIR - But there wouldn't be anyone to consult with if you start a new board?

Mr EVANS - Legally, no, there wouldn't be, but the decision, the recommendation, has always been the minister's recommendation.

CHAIR - Yes.

Mr VALENTINE - If this board is set up in the way you want to set it up so that it is absolutely at the least cost to you, isn't there a potential that it is only going to be those people who have the wherewithal to afford the time to do this? They are going to put their hands up, but other people aren't who may be well and truly beneficial to a board like this. They might not be able to afford the time, if they are not paid, to participate in the board and you'll end up getting people who are virtually self-funded retirees or whatever and therefore you might get a skew on what the focus of the board will be. You are not getting a general community view, if you can understand what I'm trying to get at here.

Mr HODGMAN - Yes, I'm not sure, because there are people from all walks of life who volunteer their time, including from some of the most affluent and successful businesspeople the state has, right through to community-based representatives. I would hope, given that there has been significant interest in membership of this board in the past, that that would continue, notwithstanding the fact it no longer pays so well.

Mr VALENTINE - You figure you'll get a good spread of representation of the community?

Mr HODGMAN - Yes, and people who have the wherewithal to exercise good judgment. Governments make appointments to boards every other week, it seems, and more often than not they are not called into question. More often than not expressions of interest are received from all sorts of people, well-intentioned. I have no reason to suspect that won't continue to be the case with this particular body.

Mr FINCH - If it is hard to attract people from the north-west coast with a stipend, it surely is going to be even more difficult now that they have to fund it themselves as they will not get a stipend to take part. The north-west might be underrepresented, or not represented at all.

Mr HODGMAN - That has been an issue even with the stipend.

CHAIR - I'll draw this to a close on this, unless you have more questions.

UNCORRECTED PROOF ISSUE

Mr DEAN - The boards has put out reports. Did the boards do those reports or were they done by the paid DPAC staff? The board or the chairman would occasionally brief us. How can that occur if they are all volunteer members? Will they want to do that?

Mr HODGMAN - The first question - the board reports and the other communications material the Fund has produced, including its website, and the newsletters it puts out from time to time, are produced by the staff and there is no reason why they will not continue to be produced in the same way. They are signed off by and approved by the board but they are produced by the staff and will continue to be.

In relation to the second question, it will be a matter for the panel itself - how it feels about performing those sorts of roles and functions. Again, there is no reason why that sort of thing - briefing interested people - couldn't still happen.

Ms RATTRAY - I am interested in when the Parliament is likely to see the necessary legislation to progress this?

Mr HODGMAN - It will be on the list that is going before the OPC for them to assist us in the preparation.

Ms RATTRAY - Am I to take it the board has already been disbanded before the legislation has been in the Parliament, or when do they finish up their role?

Mr EVANS - The board will still continue to legally function.

Ms RATTRAY - So, it cannot be disbanded until appropriate legislation is passed in this Parliament?

Mr EVANS - That is right.

Ms RATTRAY - There is hope yet.

CHAIR - It is now 4 o'clock.

The committee suspended from 4.02 p.m. to 4.15 p.m.

DIVISION 10

(Department of State Growth)

Output group 6

Cultural and creative industry development

6.4 Events and hospitality -

Mr VALENTINE - I am interested in strategic planning for major events. We have the Cricket World Cup and the V8 Supercars and Hawthorn Football Club. What about the major events beyond 2016? Is there anything on the radar/

Mr HODGMAN - If I can perhaps put some context to your question. We have committed, as a government, to undertake an analysis and audit of what processes were in place under the former government to determine decision-making on events funding. That is not to suggest there was anything improper or inappropriate with the systems previously used.

More specific issues have been raised about the timing of events, and the ongoing public debate about whether events deliver a tangible economic or social benefit. We will consider these and see if we can't draw a line in the sand and say that, as a new government, we want to be convinced of the veracity of proposals that come before us, and their ability to deliver on well-established criteria and objectives, which Jacqui might talk about in a moment. We will see if we can't take a slightly more strategic approach to scheduling events through the calendar year, to maximise their benefit, and also distribute events into other parts of the state, and regional Tasmania. There is a commitment to refocus our efforts on the north. We have clearly seen tremendous benefit in the south from some extraordinary events that have proven very successful.

Coincidentally, the Auditor-General has agreed to undertake an assessment of some sort, which may not take place for the next year or two, into events funding and I think - I hope I am reporting accurately - it goes specifically to funding of major events like football or perhaps the V8s. Separate to that I have asked my department and Treasury to undertake an analysis and to provide us with as much information that we can ensure that decisions are being well made. Behind all that is a whole set of processes. It would be sensible if Jacqui ran you through that so you can understand how the decision are made.

Ms ALLEN - Applications are currently considered by the Major Events Committee of the Department and there is a range of criteria for assessment of those. Some work is currently happening through Events Tasmania around naming some of the objectives of the events program more clearly. Events create an immediacy for travel and stimulate visitation to Tasmania. We are also interested in how events get people moving around the state, so we are looking at issues of regional distribution.

We are interested in the stories that are created out of the events, how those stories are communicated and helping visitors and residents to become advocates for Tasmania as a destination. Clearly they have a relationship to tourism marketing for Tasmania. They are part of the overall strategy of the Government in relation to Tourism 21 targets. They provide an important stimulus for hospitality industry so we are looking more closely at the relationship between events and the impact on related hospitality businesses.

They also provide an opportunity for members of the Tasmanian community to get involved in large-scale events and activities. Our intention is to work with the review process currently happening through the Department of Premier and Cabinet, Treasury and the Auditor-General's process which is happening later on and to release in coming weeks a discussion paper around those broader objectives for the strategy of events in Tasmania.

Mr VALENTINE - In the follow up to that, facilities like PW1 - is that covered under -

Mr HODGMAN - Yes, it is.

Mr VALENTINE - How is that being funded going forward? Those sorts of facilities have not been without significant cost, quite a cost to the community at the end of the day through government funding. Is there any intention to subsidise any events in those facilities so that the

UNCORRECTED PROOF ISSUE

general community can have access to them, who would otherwise not be able to afford to use those sorts of facilities? Is there any community service obligation associated with the management of those facilities?

Mr HODGMAN - Yes.

Ms ALLEN - We offer a three-tier venue rental charging system. For commercial events there is a charge of \$7 000 for a day, \$2 000 a day for special events, and \$1 500 a day for community events. That does not go the whole way towards subsidising the costs of using the facility. We operate a tiered system where there is a reduced fee for community events.

Mr VALENTINE - Would that be one of the few facilities like that that you control or do you have other facilities that would come under your administration?

CHAIR - Could you give us a breakdown on what PW1 actually costs - as government paid for its refurbishment?

Ms ALLEN - In terms of operating costs?

CHAIR - And now on operating costs.

Ms ALLEN - Total expenditure for the facility is around \$600 000 a year which is offset by our income generation. At the moment PW1 is requiring an operating subsidy of around \$250 000 a year.

CHAIR - That's last financial year? And how does that compare with the previous year?

Ms ALLEN - It has been consistent.

CHAIR - Is that just to run the facility, or are there other costs involved as well?

Ms ALLEN - That is the operating expenditure.

CHAIR - Okay.

Mr VALENTINE - Sorry, the \$600 000 was?

Ms ALLEN - Income.

Mr VALENTINE - Income.

CHAIR - Sorry?

Ms ALLEN - Income.

CHAIR - Six hundred thousand?

Mr VALENTINE - The income is \$600 000 per year.

CHAIR - The cost is \$600 000 per year.

Ms ALLEN - The deficit - the subsidy offered is \$250 000 a year.

CHAIR - Yes. So \$250 000 is what it comes out of it.

Mr VALENTINE - Sorry, that's right, I was going to say.

CHAIR - Does that include maintenance and all that sort of stuff as well?

Mr HODGMAN - Insurance, rates payable.

Ms ALLEN - Operating costs.

CHAIR - It's the total. Good, okay. Other questions?

Ms RATTRAY - Is it anticipated that it will run at a loss of that magnitude every year?

Ms ALLEN - Obviously we'd like it not to. The reality is that these kinds of public facilities often do require subsidy, but it is our intention to have a look at the operating model over this next period.

CHAIR - We were talking about a similar thing with the Silverdome a while ago, which doesn't get an ongoing subsidy, as you probably know.

Depreciation? That's not covered by the operating costs?

Ms ALLEN - No. I would have to take that kind of detailed question on notice in terms of how we deal with the capital costs associated with that.

CHAIR - Can I have that too, please?

Ms ALLEN - Yes.

CHAIR - Thank you. It would just be good to know what the actual cost are.

Mr HODGMAN - Yes, we'll give you a more itemised breakdown.

CHAIR - Yes, thank you. That would be good. Other questions, members?

Ms RATTRAY - I want to ask about the V8 Supercars.

CHAIR - Yes, we are on V8 Supercars.

Ms RATTRAY - We are on events, are we?

CHAIR - Yes, we are.

Ms RATTRAY - Excuse me if I miss out on something down here. I feel like I'm in the back bedroom or something.

CHAIR - Perhaps you would like to go and sit next to the Premier. There is a space.

Ms RATTRAY - I would like to but I probably won't.

CHAIR - It's not possible to sit around the corner, is it?

Ms RATTRAY - I had thought about that but I'll probably try to finish the day over here.

The business case for providing the \$5.2 million for the V8 Supercars - I just want to understand how that has been arrived at. I am not disputing that it is a significant event for Tasmania but it is also significant funding as well. Can we have a copy of the business case? That would probably be a good start.

Mr HODGMAN - Yes, okay. Just to provide some context behind the decision taken by the Government, it was, it would be fair to say, a pressing decision for us coming into government. With the current arrangements set to expire, it was critical that we move very swiftly and with a degree of urgency to avoid the scenario where the event, which this Government supports, is lost to the state. We appreciate it has in the past been lost, and whilst we got it back, there would be no guarantee we would again in the future. I was initially engaged in fairly high level discussions about government support or otherwise for the V8 Supercars but that discussion would in no way constitute a negotiation. That is where Events Tasmania come into play to see whether or not we could secure the event in the longer term.

It is clearly an event that was well-patronised in 2014, attracting an overall audience of 52 766 people across the three days in late March, 5 803 of those attributed to spectators and competitors from interstate, and that is determined by ticket purchase analysis. You can clearly determine who comes from where and this equates to approximately 3 500 visitors from interstate who indicated that they travelled to Tasmania for the prime reason of going to the V8 Supercars.

Ms RATTRAY - And the other 2 000 were just here travelling, is that what that 5 000 is made up of?

Mr HODGMAN - Yes, that's right.

Ms RATTRAY - Is that right - 3 500 came for the V8 Supercars.

Mr HODGMAN - Yes, that is right. They stay an average of four nights, based on the visitors' direct expenditure yields, estimated to be between \$3.5 million and \$4.5 million per event. Those figures are based on data derived from the Tasmanian visitor survey.

Ms RATTRAY - We subsidise them more than they put back into the state?

Mr HODGMAN - Yes, that is right. In 2014, it was \$650 000 for the event, and the direct expenditure is estimated to be between \$3.5 million and \$4.5 million per event. It may not be a conservative estimate, but it is a well-founded estimate of what the event derives for the state, particularly the northern economy.

In securing a longer term commitment to five events, we will have competitive real costs for those five years, and provide certainty and security for the event. Costs include upgrades and capital investment at the track, working with local stakeholders, owners and users of the track to

make sure it is of a sufficient standard for the V8 Supercars, which have fairly specific and high demands with respect to safety. We can also contemplate how we might work with the owners of the track to utilise it in other ways during the year. That will be an ongoing conversation.

This event is well established, and as was well known to the former government and to us as a new government, it was one event where we could not dilly dally for too long, or there was a real risk we would lose it.

Ms RATTRAY - May we have a copy of the business case tabled please?

Mr HODGMAN - There is such a thing. An assessment or an analysis was done. The basis from which -

Ms RATTRAY - I know you had to act quickly, Premier, but due diligence would mean there is a business case for it.

Mr HODGMAN - Yes. Parts of the basis from which those figures are derived is well established, so we can get that information for you.

Mr DEAN - The Hawthorn sponsorship question is looming again. Premier, where are we with that and when will the negotiations start? I suspect they may be under way already. What is the position of the government with that?

Mr HODGMAN - Those negotiations have not formally commenced, but the Government is very keen to begin a more formal level of discussion with the Hawthorn Football Club, given that their agreement expires at the end of 2016. Coincidentally, the North Melbourne arrangement was secured until 2016 as well. They are now aligned, at least in terms of their timings. Since becoming minister and Premier I have met with representatives of the Hawthorn Football Club, AFL Tasmania and the new AFL CEO Gillon McLachlan, to understand what their long term agenda might look like, where they see the deal, the arrangements here in Tasmania, the future of AFL football in this state and the never-ending discussion about whether we can sustain our own team based here. On the basis of a suggestion by Mr McLaughlin, it would probably be another 10 years before the AFL would consider a single team based in Tasmania. We clearly need to review and, I suspect, renew our arrangements with Hawthorn and North Melbourne so that we are not deprived of AFL content before that team might be in a decade's time.

We all have, again through our negotiating team, had discussion with the Hawthorn Football Club to understand where they see the future. My sense is that they want to remain in the state, we want to support them whether or not the deal is exactly the same as that which existed - unlikely, given that they are now into a new phase. We are open to having that conversation as well.

It is a highly-valued event, and PWC have undertaken research into the value of their sponsorship; for example, they estimated it to be \$13.9 million in direct expenditure from interstate who attended the Tasmanian matches through the 2010 season, so that gives you some sense of how important it is to the northern economy. But our stated position, if anyone is in any doubt about the value of the event to Tasmania, is that this is the Hawthorn arrangement that we would like to see continue.

Mr DEAN - Are there any discussions with between the state, yourself and your office and the AFL in relation to games? If the contract is renewed with Hawthorn, is there any discussion about what games would be played here?

Mr HODGMAN - About fixtures, you mean. Yes, and again it is a three-way conversation between the club or clubs and the AFL who determine the fixture. The clubs make their submissions and provide their requests each year and the AFL sometimes accommodates that and sometimes does not. We would love to see more high-drawing games, but that is a decision I understand that is principally made by the AFL and not the clubs themselves.

Mr VALENTINE - The member wants to see the Tigers come across.

Mr DEAN - No, I don't. After the weekend I don't want to see them come across; they are better off over there.

CHAIR - There is a sell-out crowd at Aurora any time the Hawks play.

Mr DEAN - I don't think they have had a sell-out crowd now; the only sell-out crowd was when Richmond did come over - 21 000, I think - but there has not been a sell-out crowd since. So the state isn't able to have any sort of discussion with the AFL. In relation to -

Mr HODGMAN - We can and do; I have communicated that we would like to see more Melbourne-based teams playing in Tasmania. That is an important leveraging tool in any negotiations with any party that we seek to see more games or games of a higher yield or value. There are a lot of moving parts, and there are issues that both Hawthorn and North Melbourne have with their Melbourne-based memberships and arrangements they have - for example, in North Melbourne's case, with Etihad Stadium. Hawthorn's situation is entirely different but there is a whole range of factors. The sponsorship of the guernsey, the bonus plans for their success - and it looks like we are up for a few more this time around. So all those matters properly taken into consideration and as I say the negotiating at the sharper end of the field comes through.

Mr DEAN - I just wonder if I can, is the say of sport and recreation, I don't know who it might be, do you have any say, say to Hawthorn and North Melbourne for instance as to some of the activities you want them to engage in this state as part of that sponsorship?

Mr HODGMAN - I would assume so. I wasn't anywhere near the previous negotiations but all the various add-ons that come with the Hawthorn deal, the Hawks in Schools program, for example, the forums that they hold, their training that they do in the off season, heaven forbid when they come down and parade the Premiership Cup and so on. There is a range of things that they do in schools.

CHAIR - It is must be very tough for a Geelong supporter.

Mr HODGMAN - Yes, they contribute directly to junior footy comps around the state as well. They provided direct funding to Prospect Junior Footy Club and Northern Hawks Netball Club. They do a lot at a very local level and they are very active. I imagine some of that even goes beyond which they are compelled to do under their previous agreement. I wasn't privy to the striking of that at all but I am well aware of the fantastic work they do around the state.

Mr DEAN - The reason I ask that question is that this information is not generally put around, and we get these people who knock it and still believe it is not an acceptable position in view of Tasmania. They do not understand what else they do and I often wonder why we, as a state, do not do more to promote all their activities and what they do in the state.

Mr HODGMAN - Yes, and their activity in schools - Hawks in Schools - brings them into contact with 45 000 Tassie schoolkids and it is why they have a significant Tasmanian base membership here. That continues to grow. I would expect all those things will be part of the next tranche of negotiating with Hawthorn but at a very base level, we are keen to see an arrangement continue with Hawthorn.

CHAIR - Will it make a difference, the way the sponsorship has been put together for North Melbourne?

Mr HODGMAN - Very much so.

CHAIR - The Hawks' kind of contract is very different to the one down here where it is basically local government and private enterprise or GBEs.

Mr HODGMAN - Yes, price of the game model, basically, whereas the Hawthorn deal has all these extras. A lot of this is now starting to be the subject of discussion at various levels. We are conscious that we are entering into a negotiating period so we do not want to compromise that. It is true to say we are very keen to see an arrangement continue with Hawthorn that provides at least the same content of games and at least the same - broadly speaking - level of activity that they engage in in the community.

Mrs ARMITAGE - I will leave the Hawthorn area as Ivan has covered that. I will go to the hospitality industry. On page 10.8, the \$800 000 over four years for the Tasmanian hospitality strategic plan, the \$400 000 over four years and the \$300 000 over two years, can you explain each of those and how they are going to be implemented?

Mr HODGMAN - The strategic plan is again a process commenced under the former government and one which we are keen to expand upon and develop, given that it is an industry and major employer, a very important part of our economy and our tourism industry. We have provided funding which comprises \$1.5 million over the four-year period, one of those being the implementation of the Tasmanian Hospitality Industry Strategic Plan, which is \$800 000 over four years. We have picked up where the last government left off and in the process of renewing this strategic plan, which I think was first drafted in 2012, it is currently being reviewed by the THA - Tasmanian Hospitality Association - and is in the process of being updated as we speak, to incorporate developments and progress and to prioritise an action plan.

[4.45 p.m.]

Mrs ARMITAGE - I notice there is a fair bit involved when you look at actual initiatives.

Mr HODGMAN - Yes, and it is true to say we have had emerging trends and opportunities - the Chinese tourists, for example, being most notable amongst them - which has required revisiting the plan. A key part of it is the skills plan and I have said for some months in Opposition and now in government that we want to develop a more strategic and coordinated approach to workforce development for the hospitality industry because they are our front of house, the first point of contact for locals but also, importantly, for tourists.

It is an industry that recognises that they need to invest in their people, as we do as a government. It is an additional element that we are keen to expand upon. That will be highly connected with the Department of State Growth which now has principle responsibility for skills and training. A steering committee has been established with representatives from Skills Tasmania, the hospitality unit within State Growth and the THA to review existing workforce development initiatives and to consider developing new ones. It is an added emphasis in this area which we have applied as a government and which the THA are very keen to engage.

Mrs ARMITAGE - You mention the Chinese. I notice coming up soon is a forum trying to show hotels and restaurants how to work with the Chinese and make their premises Chinese friendly. Is that also having things like the stickers you see in the planes where it says welcome in different languages? Are they the strategic things you are looking at with the THA?

Mr HODGMAN - Yes.

Mrs ARMITAGE - To identify which premises, whether it be restaurants or whatever, or more along the lines that they will -

Mr HODGMAN - Yes, the government has partnered with the THA to produce a guide. They have run through some very practical ways in which you can enhance the visitor experience for Chinese and Asians and it goes right down to very simple but effective things to educate -

Mrs ARMITAGE - I can remember in the past that there was a rainbow for people to say okay, this hotel or this restaurant is gay friendly. Are they looking along similar lines for the Asians? Will they be putting out to the restaurants and hotels that they can put on windows to say welcome in different languages?

Mr HODGMAN - I do not think they will be doing that per se, but they are being encouraged to industry-led response and the initiative calls to the proprietors themselves, but for us as a government to better inform them and to equip them with an understanding of the sorts of things that work, that would be appreciated, that will add to the experience.

CHAIR - Who has produced the booklet and where would it be available? Is it being sent out to operators?

Mr HODGMAN - It was produced by the THA and circulated to all members of the THA. I think there was a couple of hundred of those.

CHAIR - It is not aimed at accommodation places?

Mr HODGMAN - Yes.

CHAIR - Where can they get it?

Mr HODGMAN - It is being distributed to them.

CHAIR - Many accommodation places would not be members of the THA.

Mr HODGMAN - No, if they are not they would not get it.

Mrs ARMITAGE - If they haven't received a booklet

CHAIR - If it is aimed at other accommodation places as well, how can they get hold of a copy of it?

Mrs ARMITAGE - If it is a state government initiative, everyone should be able to access it.

CHAIR - You are agreeing with me. My question is: where and how?

Mr HODGMAN - The initial print run was distributed to all members of the THA. Others who are interested in it would not be deprived of the opportunity to use it or to have copies. I will get some more information for the committee. A relatively modest investment to assist the THA. We are working with them to understand how effective it has been, what update there has been.

Mrs ARMITAGE - Would the booklet be available online? That would be useful. People could print their own out.

Mr HODGMAN - Good question

CHAIR - If you have done a booklet which is suitable then you would want it as widely spread as possible

Mr HODGMAN - A consultant was engaged by the THA to produce the report. There was a modest financial contribution by the state to assist the THA and it will be distributed as widely as possible. But, in addition to that, there are forums being undertaken. Tourism Tasmania is undertaking significant work in this area as well, including literally getting on the ground in Asia and undertaking trade missions. There are several China-ready training initiatives underway to assist the tourism industry and accommodation providers - cultural awareness and knowledge of appropriate product and service delivery, to cater for the growing Chinese market. More specifically, the Tourism Industry Council, has been very active. It presented several China-ready sessions at the August tourism conference held in Launceston.

Tourism Tasmania is very much a part of that and a major sponsor of that conference for regional tourism organisations. Tourism Tasmania interacts with the Government very closely and receives ongoing support. It has conducted China-ready workshops around the state. The TICT is introducing a comprehensive China-ready and accredited program as part of its suite of tourism accreditation programs, and the THA is delivering Asia-ready customer service training targeted to the hospitality sector. They have published their guide to cater for visitor. Then, as I mentioned, there's the greater China sales mission, which takes place between 14 and 23 September. Sixteen Tasmanian operators will travel to -

Mr FITZGERALD - Singapore, Kuala Lumpur, mainland China and Hong Kong.

Mr HODGMAN - To engage directly, at various levels from the very local and relatively innocuous right through to high level strategic approaches by the Government. We're doing our very best to get tourism well and truly China-ready. It's a partnership between the tourism and hospitality industry and government. We will work with them and support them but it will be very much industry led, because they are not only the best exponents of tourism, but they're the ones who need to execute it effectively.

CHAIR - When do we expect the extended runway to be ready, to be finished?

Mr HODGMAN - We are talking about roughly a two-year timeframe. There have been recent announcements that planning is progressing well. It is proceeding with minimal interruption, with major stakeholders -

CHAIR - If we are making a big push to attract tourists - and rightly - we are going to have to -

Mr HODGMAN - Yes, it was always envisaged that it would be, potentially, a two-year process for the work to be progressed and construction undertaken. In fact, January 2017 is the anticipated opening date for the 500-metre extension of the runway. No land acquisitions are required; it can be accommodated within the existing footprint of the airport.

Mr VALENTINE - No road closures?

Mr HODGMAN - No. It's a federal government commitment - \$38 million - and a federal government responsibility, principally. That is, the planning and major consultation and work needs to be done by Hobart Airport with the national agencies responsible for aviation and refining their master plan, which is all under way. The \$38 million extension is concurrent with the \$10 million redevelopment at the Hobart Airport terminal which is good. We will get it into decent shape so that it can accommodate charter flights from Asia.

Ms RATTRAY - You talked about a number of programs that have been implemented to assist the tourism and hospitality industry in relation to the Chinese coming in droves to our state. In the accreditation programs, what measures have you been able to provide that we are hitting the mark? What gauge of success have you been able to -

Mr HODGMAN - I will let Mr Fitzgerald speak a little more to that. It would probably be true to say that while they are not yet coming in droves, there has been a doubling almost in the number of Chinese tourists to Tasmania over the last 12 months. It still only constitutes about 19 500 visitors which is way below averages experienced in other jurisdictions; it is still an infant market that we are talking about. Without doubt if the Chinese President does come, and irrespective of that, we anticipate similar increases into the future so it is a very valid point. In addition to what I have advised you about some of the things the Government is doing, John might talk to the accreditation issue.

Mr FITZGERALD - Like the rest of Australia, we are seeing great growth in China. It is a relatively small place, but as the Premier said, we have reached about 19 000 Chinese visitors which is equal to any of our other international markets already. There are not dissimilar numbers coming from Hong Kong, which we treat separately. The Premier also mentioned the fact that there are 16 operators on a mission to Asia I am leading and I leave tomorrow night. We had six operators last year and we have 16 operators coming with us this year. Pleasingly, our industry is responding to the strong interest.

Ms RATTRAY - So you are using that as a measure, then?

Mr FITZGERALD - Visitor numbers are the main measure of success. Relevance to the industry is also a measure of success and when the industry starts to put its own money into

getting on a plane and going to Asia for 12 days, that is a good sign the market is real and the industry is starting to see that market flow through. I am confident about the future of this market and it has been a market that has been buoyant in Australia for over a decade; now we are seeing the maturing of the middle class in China. They are travelling the world and more independently than ever.

Places like Tasmania have all the things that they are looking for: clean air, clean water, fresh seafood, meet the maker, accessible wildlife and brilliant nature. As they expand their travel across the globe they are looking for more of these things as opposed to the traditional shopping tours that we saw in the early days of Australian tourism out of China.

Mr VALENTINE - Are you hoping to get some familiarisations back this way - groups coming here and checking out exactly what we have?

Mr FITZGERALD - We do that all the time. We go into the market but we regularly bring people down from the market to expose them Tasmania's experiences so they can then go back and promote or sell that in China to their constituents.

Mr HODGMAN - We have a physical presence in China with a representative of Tourism Tasmania.

Mr FITZGERALD - Yes, we have market representation in China, Hong Kong and Singapore, which we have had going back as far as 2007. Some early work was done in the market seven years ago and we are now starting to see the fruits of that.

CHAIR - When you say we have representation what does that mean - that we have Tasmanians on the ground?

Mr FITZGERALD - We have a representative company. They are Chinese nationals but they work exclusively for Tasmania; they are Chinese citizens because it is critical in tourism that you understand the way that travel and distribution works in a country like China. It is complex, as you might imagine, and it is heavily governed, restricted and regulated, so we need people on the ground who know how to navigate through the system and understand the consumers from a firsthand perspective.

CHAIR - Does that cost us money or is it the commission on travel?

Mr FITZGERALD - It does; it is a professional, commercial arrangement so we could choose to have our own people there but this is the most effective way of doing it. It costs us about \$320 000 a year to have representation across Asia.

Ms RATTRAY - I am interested in the funding allocated for the hospitality workforce and getting their skills up to speed. How are we measuring the outcomes of that?

Mr HODGMAN - It is an essential part of the strategic plan that we are developing with the THA industry body and also through the Department of State Growth to provide as much support and investment as we can for those who work in the hospitality sector. I genuinely would love to see it more being a career of choice and an option that is considered to be -

Ms RATTRAY - It is for some.

Mr HODGMAN - Yes, it is, but also that people consider it to be a genuine career and not just a transitional employment opportunity.

Ms RATTRAY - So we are not collecting any data at this stage about people going into the hospitality industry and getting accreditation and moving up the ladder? We are not reflecting any of that data?

Mr HODGMAN - I imagine that Skills Tasmania would have information about that. Perhaps the Education minister would be able to get -

Mrs ARMITAGE - This strategic plan includes some of that too, I noticed.

Mr HODGMAN - What we are seeking to do in this portfolio is apply funding to work with industry to ensure that there is a more coordinated approach to workforce development and training so that it is being well targeted. Programs to get people better skilled will be run out of the Department of State Growth.

Ms RATTRAY - You are probably aware, Premier, that it has been difficult to get people in the hospitality area on the east coast of our state; people are not choosing to locate there.

Mr HODGMAN - No. It is best understanding some of those areas where there needs to be increased attention, making sure that people in the hospitality sector are getting the skills that they need, including dealing with emerging demands - Chinese tourists, for example - but also to make sure that it is seen by Tasmanians as very much a good career choice and because the tourism and hospitality industries are so important to our state. In many respects it already exists but we can always invest a lot more.

Mr VALENTINE - There is a general tourism question as much as it is events and hospitality. A number of us went to Maria Island and we saw QR codes being used so that people who have a different language can capture the code and get a lot of information through their smartphones. Are you employing that technology to save on lots of expensive signage for restaurants, et cetera? I am interested to know whether you are engaging with the technology.

Mr HODGMAN - Yes, and a broad government commitment to establish many wi-fi based communities around the state, especially in regional areas, is part of that. Our Great Eastern Drive that the road up the east coast will become, we are anticipating may well have that sort of signage and facility available for tourists. It is clearly an important element of how we can interact well with Asian tourists.

Ms RATTRAY - You will need to get a better phone service before you rely on wi-fi on the east coast.

Mr HODGMAN - That is part of the challenge.

DIVISION 20

(Tourism Tasmania)

Output group 1

Tourism

1.1 Tourism -

Mr FINCH - Premier, congratulations and well done on taking on the Tourism portfolio. It is such an important part of what we do as Tasmanians. We were impressed with John Key being the Prime Minister and Minister for Tourism of New Zealand and we believe it has paid dividends. With Tourism Tasmania becoming a statutory authority, are there efficiency savings there? What is the strategy behind making it a statutory authority?

Mr HODGMAN - Yes, there have been significant efficiencies in Tourism Tasmania over a number of years. We can run you through some of the figures to demonstrate that over recent years there has been a sharpening up of its activities and the priority applied to its marketing base activity as well, which combines beautifully with our additional support for marketing funding over the forward Estimates with \$16 million extra going into that. We responded to the report of the Legislative Council following your visit to New Zealand that identified doing just this.

It is one thing we could do to best equip Tourism Tasmania to be more marketing-based, more responsive to emerging needs and opportunities to ensure its efforts are being focused in what it does best, and that is to market and promote the state and provide reasons for people to come here and convert those reasons into increased visitors. That means we are realigning some of the other functions Tourism Tasmania had into areas where there is greater synergy and greater capacity.

The skills issue is one of those where there is capacity within the Department of State Growth, and previously in Education, to make sure that skills development is being led by educators. We also have regional tourism organisations that are very active now in providing supply-side assistance to the industry and regions-based activity so that we can hopefully drive a greater number of tourists into regional Tasmania and provide them with very close contact through those organisations which align to what Tourism Tasmania does. The Government provides support for them as well.

In terms of the specifics - and I might get John to run through some of the numbers and any other additional matters - the genesis of this policy that we had in Opposition for a few years came from that Legislative Council report that highlighted the way in which the New Zealand tourism authority was able to function perhaps better, being separated from the bureaucracy.

Mr FITZGERALD - As the minister is reflecting, sharpening our focus around the demand proposition allows us to engage more with those other groups about how we are supporting the supply side of tourism. The newly-formed Department of State Growth will be more active in supporting the development of the supply side of tourism, just as they would for any other sector of the economy.

The regional tourism organisations the minister has referred to - we are going into the third year of our partnership with them and they now all have destination management plans. They have identified the development needs in each of their regions and they are going to be working in partnership with the Tourism Industry Council and the THA to determine what the industry needs to do to lead its own fate and fortune, in terms of the supply side of things. Although we will continue to be connected into that process, it has allowed us to focus on driving demand for Tasmania.

UNCORRECTED PROOF ISSUE

Mr HODGMAN - As a result of this reshaping, the CEO and the board of Tourism Tasmania now report directly to me as their minister. This has circumvented a more complicated arrangement - an unnecessary arrangement - under the former structure. I think that is appropriate - we are capable of operating as a statutory authority, with a budget.

Mr FINCH - What about the transition costs to become a statutory authority? Is there any quantifying of that amount? What is a costly exercise?

Mr HODGMAN - No.

Mr FITZGERALD - Nothing of any consequence.

Mr FINCH - Nothing that could be shifted towards marketing or anything like that. The election commitment of \$4 million a year for destination marketing, can I just get a bit of a run down on the strategy behind that - the idea, and where it is likely to be utilised? Where do you think you are going to get the best bang for buck? Is that being maintained - \$4 million a year for four years?

Mr HODGMAN - Yes.

Mr FINCH - So, \$16 million?

Mr HODGMAN - Yes.

Mr FINCH - Could you elaborate on that?

Mr HODGMAN - Yes, I will give a whole-of-government perspective as to why we believe it is important, and John can speak to how it's being spent and where it is being targeted - with some effect, I am pleased to hear it, in the very early stages.

Without going back over political history, there were under former governments reduced funding allocations for marketing. So some years ago, as shadow minister, I wanted to demonstrate that this is an industry we would be prepared to back in government. Funding of \$16 million is not insignificant, in this Tasmanian state Budget, but it's not close to what other states and territories spend on tourism. I can't recall exactly what the Northern Territory spends but -

Mr FITZGERALD - We are about half.

Mr HODGMAN - Yes, we are short of what the Northern Territory spend, so that gives you some context. But, having said that, we know tourism is a pillar of our economy, and one that is seeing very strong signs of growth. We are seeing growth in the tourism industry that is far out-stripping the national rate. There is massive interest in attractions and events in Tasmania, so we want to capitalise on that momentum.

CHAIR - It would have been interesting to see what it would have been without MONA and its associated festivals.

Mr HODGMAN - That's right.

CHAIR - For the last three years or so, that's been the biggest single driver of tourism.

Mr HODGMAN - Yes.

CHAIR - Which the government didn't have fund. It funds the festivals now, but MONA itself was a gift to us, wasn't it.

Mr HODGMAN - Very much so.

The marketing budget is significant for Tourism Tasmania - marketing is the major part of what they do. There is an established marketing strategy that focuses on five major pillars - research, brand, content, acquisition and sharing. Key project areas that deliver this strategy include international and domestic campaigns, distribution and partnership marketing, public relations and social media - which is obviously a very important and emerging area of marketing activity. There are two major domestic campaigns that take place each year, including the recently released spring campaign, which is pivotal to driving visitation, as well as the autumn/winter campaign for shoulder seasons. In 2013-14, Tourism Tasmania invested about \$5.4 million on these two major campaigns and although indicative at this stage, major campaign spending of 2014-15 is expected to be greater than in 2013-14 due to the additional funds we have allocated in the State Budget.

The principal target area is predominantly south-east Queensland, but not exclusively. There is also another rare opportunity. If you think of the Chinese President potentially coming, the reality of Restaurant Australia coming, the Tourism Australia campaign that will culminate in the Invite the World to Dinner at MONA in November with 250 of the world's most influential guests and global food and wine influences will be extraordinary value to our state. The promotion that we as a state, the tourism industry and individual operators can leverage is extraordinary. It is an \$80 million campaign from Tourism Australia and it is culminating here in that event later this year.

The Go Behind the Scenery campaign is very much the central area of activity; that commenced a fortnight ago. After only two weeks statistics are showing that it is having an effect; it is engaging the target audience. Over 109 000 people have visited the campaign website and that is twice the 55 000 who visited the website after the same period in the autumn campaign earlier this year. It clearly demonstrates a heightened level of interest. It is certainly a quirky campaign. I do not know if you are familiar with it. It would be true to say it is not an orthodox approach to promoting what the state is about. It is developing a brand of its own but it is clearly engaging. Only 9 per cent of visitors to the website left without viewing any content at all and that is a very low rate as far as these sorts of things go. Importantly, statistics show that people are not just viewing the promotional marketing activity but engaging in things like downloading an itinerary including regional areas, which is really important. That has happened around 54 000 times.

The video clips on the website have been played almost 30 000 times. The website is also generating more sales leads for Tasmanian holidays - more than 2 000 flick-throughs to the Flight Centre's Tasmanian travel packages; they are partners on the website. That is about 800 more than after the same period in last autumn's campaign.

It is estimated that the total value, \$3.5 million, paid in negotiated bonus advertising for the Spring 2014 Go Behind the Scenery campaign is estimated to be \$7.9 million and it has been extended to encompass the Brisbane market.

The signs are very promising - a very important part of where we are promoting the state. Our largest source of tourists is our nearest neighbour, Victoria. Still the case, isn't it?

Mr FITZGERALD - Yes.

Mr HODGMAN - We need to break into other markets in other areas. It appears at this stage that they are having some effect in this Queensland market.

Mr FINCH - Go Behind the Scenery - is that to develop regional tourism? Is that the thrust behind it?

Mr FITZGERALD - The idea behind it is that Tasmania's strength is in that rich journey of discovery. It is things that delight and surprise you as you round every corner. We have always led traditionally with the icons and we still feature them. Do Cradle Mountain, Wineglass Bay, et cetera, but increasingly, people are after an experience when they go on holidays. The things that are rich in Tasmania are those things that are found right throughout Tasmania, not just at those iconic sites. The Go Behind the Scenery idea gives everyone a platform to play, if you like, rather than just leading, in an advertising sense, with the icons. You cannot fit everyone into an advertising campaign but you can fit everyone into a platform that says Go Behind the Scenery. People can share their content, we call it, and their experiences with the marketplace, particularly in the digital world, much more easily than they ever could.

It is a really open way of encouraging Tasmanians to really be part of the overall marketing of the state.

Mr FINCH - Thanks. Premier, I want to talk about developing regional tourism. In output group 1, it says -

[TBC] This output supports the development and growth of a strong regional tourism platform and targeted facilitation for a product development. [TBC]

It sounds good but can we have a definition of 'targeted facilitation' and does it come down to money terms? What is the allocation for regional tourism?

Mr HODGMAN - Yes, and the best example of where that occurs is the regional tourism organisations. There are four of them, strongly supported by the Government, and there is a three-year grant deed provided by the state Government to help fund their activities. It is committed in the 2014-15 year in this Budget and the final year of the current three-year grant deed is \$970 000. We will commence the process to establish a new grant deed cycle to support RTO's activities over the next three years. They are a very important part of the industry. They provide localised and regional-based activity, and understanding of issues and challenges. They work with local operators, exploring new opportunities that may exist, and trying to imagine and deliver new attractions.

They also help target regional marketing campaigns at a domestic level intrastate, in combination with Tourism Tasmania, to expand their experiences, and provide a greater

awareness of what they have to offer. They deal very collaboratively with a more strategic approach to regional tourism-based activity, which is being formulated in an industry development direction statement being prepared in conjunction with the industry.

We have to do what we can to ensure there is a greater distribution of tourists into regional Tasmania. Our policy to realign the business case for the two *Spirits* is very much designed to ensure that part of government business is helping to disperse tourists into the north-west especially. We are very keen to ensure that regional tourism bodies are actively engaged with government policy to make sure their efforts are being well targeted, and are supporting regional operators.

I mentioned events earlier. We now have a concerted effort to revisit opportunities for northern Tasmania, so that the MONA effect, at least to some extent, can be replicated in other places. That involves ongoing discussions with various organisations, and events organisers.

CHAIR - You have not mentioned the west coast much, but I know you are aware of the need to stimulate the west coast.

Mr HODGMAN - I can talk specifically about the west coast. We can bring forward election commitments, which were planned over a four-year period, into the first year and that includes funding for the West Coast Heritage Wilderness Railway.

CHAIR - Have you an opening date for that yet - for the journey to go all the way to Strahan again?

Mr HODGMAN - Yes, I can talk to you about that but also while I am thinking the West Coast Heritage Festival, which is an award-winning -

Ms RATTRAY - It was last weekend.

Mr HODGMAN - Yes. Fantastic, exceptional.

CHAIR - There is another one, the arts festival which is coming up which Ruth was telling us about.

Mr HODGMAN - On the west coast Wilderness Railway, we have committed additional funding to it of \$5 million in 2014-15 and \$10.5 million over the forward Estimates to support the ongoing operation of the railway, which is very important for the industry and for the heritage values of the west coast.

Ms RATTRAY - Are you any closer to getting an operator?

Mr HODGMAN - We are closer, I guess, but it is a work in progress. Needless to say it is very important work in progress. We have a new winter experience that has been under way, a full Queenstown-Strahan journey recommencing on 15 December to run through the 2014-15 season.

CHAIR - You will just run it in the summer season, in the tourist season and not in the winter?

Mr HODGMAN - Certainly it is going to recommence on 15 December for that summer season.

CHAIR - Our tourism season starts now.

Mr HODGMAN - Yes, and we are working with the team on the ground on the west coast so we have brought forward the funding. Long-term options remain poor and a part of our efforts, and a lot of work has been done, to understand who may be interested in participating in this space for alternative management and/or ownership models.

CHAIR - Sounds like an opportunity for the Chinese. If they all came and they all went on the railway that would help.

Mr HODGMAN - The west coast is very much in our minds. The task force that was established remains active under the chairmanship of the member for Braddon, Adam Brooks. We have brought forward that funding and we also have election commitments to look at the Geopark concept for the west coast to see if that is a viable option. Again, that would provide more attraction to the west coast and the *Spirit* ferries would help to take more passengers out to the north-west and west coast.

Mr FINCH - Just looking at the breakdown of visitor numbers, international visitors comprised only a small percentage of our total visitation and I hear what you say about the Asian century and doing that promotion in China and in Hong Kong. Can you give me some idea of the promotional spending in those two sectors, international and national spending? What sort of money is outgoing with our marketing and promotion?

Mr FITZGERALD - Domestically we will spend this year probably in excess of \$9 million in the market here and internationally we will probably spend \$1.5 million last year only; we will probably spend between \$2 million and \$2.5 million this year with a focus on the Asian region, increasing our focus around that.

[5.30 p.m.]

Mr FITZGERALD - One of the other strategies, as the minister has mentioned, is the Restaurant Australia promotion, which is fundamentally an international program with Tourism Australia so we will increase our expenditure in that area. We are increasing our focus internationally, and domestically as well. We still think there is more domestic business to be won. It is about 85 per cent domestic and 15 per cent international. The reason we are growing is because we are pinching market share domestically from other states. Domestic tourism is only growing at, say, 1 per cent on average per annum over the last decade. We are pinching double-digit growth every year of that low growth but internationally you are seeing approximately 6 per cent growth per annum. We are still winning a good share of that business as well. In the medium term you are right; international, as it continues to grow, particularly out of Asia, becomes a greater opportunity for us. We have to continue to resource that effort.

Mr FINCH - Is there a useful comparison between the spend of international visitors and mainland visitors?

Mr FITZGERALD - That is difficult to quantify. The science around that is probably not as robust as one would like. A general rule of thumb is that - a lot of destination marketers would spend a comparatively greater amount where we are weaker, but not getting that out of balance. If

you are represented by approximately 15 per cent international, you would be trying to spend approximately 25 per cent of your marketing budget there to try to grow that off a lower base. There is no science I can look to that gives me that guide necessarily.

Ms RATTRAY - I want to talk about the job creation opportunities and congratulate the Government on its initiative. I want to explore the 'sensible' developments in our national parks areas. What do you class as 'sensible' developments?

Mr HODGMAN - It is being undertaken by the minister, Mr Groom. We were opening ourselves as a government and a state to whatever concepts might be viable or available to us in World Heritage and national park areas to test the market and to understand what they are. There is some subjectivity applied to that but it is not at all inconsistent. That is the process, with the usual planning processes. They will not be compromised in any way. It will not be a decision that is made by me, the minister, Mr Groom or the executive level of government. It will be undertaken by the appropriate planning authorities.

We thought it was time to understand what interest there might be in our state in a way not dissimilar to unsolicited bids, invitations extended by other states, to know what investment opportunities are around. We thought we would see, given that we have so much of the state appropriately reserved in some form or another, how we could leverage that to better promote the state and find new attractions, especially in regional areas. That process is under way and will be concluding towards the end of the year, in November. We have had more than 60 expressions of interest or inquiries. There are high levels of probity in the process so that it is not political. I could not tell you what any of those 60 or 70 ideas are because they are being dealt with very sensitively by the Government.

Ms RATTRAY - By the Department of State Growth?

Mr HODGMAN - Yes. They will consolidate the expressions of interest and assessments will be made as to their viability and, if appropriate, they will engaged. I would need the minister to run me through the precise steps of that process. It does not in any way undermine or circumvent the usual planning processes. They will continue. It was really a message to the world that we are open for business and are prepared to look into a space that has generally been regarded as a 'no go' zone.

Ms RATTRAY - You don't envisage at this stage, given your low level of detail about them, that any might be potentially a project of regional significance or even a project of state significance?

Mr HODGMAN - I cannot comment because I do not know what any of them may be. There are some things that have received a public airing, for example, on Mt Wellington, that are not part of this process. There is a fantastic new venture that we launched last week on the east coast, Rob Sherrard and Brett Godfrey's Sail Walk experience, which will take visitors down the east coast on board a beautiful vessel called *Lady Eugenie*. They can get off along the way at Freycinet or Maria Island and go on a walk. It is going to be extraordinary. That is almost permitted, if it hasn't happened already.

Ms RATTRAY - My invitation must have got lost.

Mr HODGMAN - It will start operating next October.

CHAIR - It is just a general point, it is nothing to do with Estimates but for your own information, it is really helpful if local members are alerted to and invited to that kind of launch or presentation.

Mr HODGMAN - This was by the operators.

CHAIR - I understand that. Sometimes there might be the opportunity, when you are invited, to say 'Have you thought about inviting the local member?'. That would be helpful. We are often forgotten as members of the upper House.

Mr HODGMAN - I will pass that on to anyone who is inviting anyone to anything.

Ms RATTRAY - It even extends down to the opening of roads and that sort of thing. We just get left off. We often find out as we are driving past.

Mr VALENTINE - We do undertake valid government services by redirecting people to ministers that need to answer the questions.

Ms RATTRAY - I want to ask about the Regional Revival Fund. In relation to the Musselroe Bay ecotourism resort and the \$5.5 million to upgrade the access roads, can I have some more detail about how the \$5.5 million - ?

Mr HODGMAN - It comes under the Department of State Growth.

Ms RATTRAY - But it is a tourism opportunity.

Mr HODGMAN - It is, but it will be funded and provided by the Department of State Growth. Clearly, it presents a great opportunity to invest in infrastructure in the north-east.

Ms RATTRAY - The same with the Solis thing?

Mr HODGMAN - Yes.

Ms RATTRAY - Does Tourism Tasmania have some input into the allocation of these funds? Do they flag with the department that here is a fantastic tourism initiative, but it will need some infrastructure funds? Is that how the department works?

Mr HODGMAN - They were election commitments so they went through a process through our policy development in Opposition and deemed worthy projects for the Government to fund. That would be through the Department of State Growth, not through Tourism Tasmania.

Ms RATTRAY - But will Tourism Tasmania have a role in promoting those initiatives? There is not much point in having a fantastic road to a new Musselroe ecotourism development resort if there is no-one going.

Mr FITZGERALD - We work closely with any new major experience or private development to ensure that we are supporting their market entry. That goes without saying, if something of significance is happening, and the Minister mentioned the Sail Walk experience that

was launched just last week, of course we are working hand in glove with them to make sure that the market knows that this new product is coming.

Ms RATTRAY - There are potentially 360 full-time jobs when and if this resort gets up and we already know that Saffire have had issues around staffing and that's on the - I mean, that's really not as remote as Musselroe Bay - it's fairly remote up there. I wonder if anybody from the tourism department spoken to these proponents about those issues that might arise?

Mr FITZGERALD - Not with any level of detail, not in terms of employment.

CHAIR - Well, there's another suggestion for you.

Ms RATTRAY - It's important that there is more than one group here working together, particularly on such a significant proposal.

Mr HODGMAN - And that was one of the reasons why we have established the Department of State Growth, to integrate all those key areas literally under the one roof. Skills development, industry development, whether it be tourism resources, energy, international education, et cetera.

Ms RATTRAY - So why didn't you include Tourism Tasmania? If that needs to all-encompassing, why were they left out of the tent?

Mr HODGMAN - It's so that we could separate them as our policy suggests, as a standalone entity entering into the market, marketing based and focused, but that's not to say that within the Department of State Growth - but there will be the presence of the tourism industry in the Department of State Growth so that we're integrating those things I've mentioned, supply side issues, industry workforce development and emerging areas that need attention. We've highlighted previously we'll all will still be undertaken by them, just not by Tourism Tasmania per se. I mean, they will clearly be intersecting their work with new attractions, new products that come to fruition, but it's the Department of State Growth, formerly the Department of Economic Development, Tourism and the Arts, that will be the lead agency for those other matters.

Ms RATTRAY - My next question is in relation to Triabunna and the tourism proposal in that area. Has the department or your Government had discussions with the owners of the old Triabunna chip mill about what they plan to do in relation to the tourism venture there?

Mr HODGMAN - Again, that's a matter for the Department of State Growth; when you see the minister, Mr Groom, he's the person.

Ms RATTRAY - I don't think we're going to see him. Some of our colleagues will.

Mr HODGMAN - I see. Well, get one of them to ask him. But I don't have that information to hand as to what discussions have taken place between him and those operators.

CHAIR - It would be worth asking some of the members of committee A to ask some questions for you.

Ms RATTRAY - Yes. I would have thought that there would have been a more cooperative approach around some of those significant opportunities. I find it concerning that here we have

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the tourism arm of our state not really having any real understanding of what's proposed, but I'm sure after these hearings there will be more work done.

Mr FINCH - That's a statement.

Ms RATTRAY - That's a statement.

Mr VALENTINE - Regional tourism organisations, funding thereof - I can't think what it's called these days, the southern group, is it Tassie South, or something else?

Mr HODGMAN - Destination Southern Tasmania. Tourism in the north.

Mr VALENTINE - Destination Southern Tasmania, I should know that.

Mr FINCH - You were close.

Mr VALENTINE - And there are similar organisation in the other regions. Are they still being funded to the same extent? I think it was \$260 000.

Mr HODGMAN - Yes. They are Destination Southern Tasmania, Tourism Northern Tasmania, and Cradle Coast Tourism are all funded to the tune of \$260 000. Historically, East Coast Regional Tourism were funded less at \$190 000 but they are now very much towards the end of that first funding cycle and new deeds are in the process of being struck.

Mr VALENTINE - Is this the east coast one or do we mean all of them?

[5.45 p.m.]

Mr HODGMAN - All of them, yes. Discussions have not quite commenced but they will in the very near future, to work out what is needed. But we are very supportive of them. We think the model is working well. We want to ensure they are being adequately resourced and they can play a very important role in that area.

Mr VALENTINE - Years ago the government was a bit reluctant to provide that sort of funding. It is good to see that level of funding is continuing at the moment - the \$260 000.

Mr HODGMAN - Yes, and it perhaps fills in some of the blanks that Tania was talking about. They can intersect the work of government. They are government funded organisations, and they are a very important part of the intersection between government and the tourism industry. The RTOs can advise government how to best direct its local tourism effort, like on the east coast, with the East Coast Drive, for example.

Mr VALENTINE - Is there any attempt to keep them on the same page in terms of broader, strategic thinking? You may have covered this. I am sorry if I have missed it.

Mr HODGMAN - It is a very important point. The RTOs, in a number of respects, are doing work that a much older version of Tourism Tasmania did, but we would like to think they are very responsive and very regionally focused.

Mr FITZGERALD - We have grant deeds with all of the regions, and we clearly state the parameters of the work they should be involved in.

Mr VALENTINE - You help to shape it a bit in that way?

Mr FITZGERALD - We help to shape it. We meet with them quarterly to talk about strategic issues. They all now have destination management plans. They have looked at what needs to be done to facilitate growth of tourism in their regions. The Tourism Industry Council, ourselves and the four regions have come together to look at what other common things need to be done across that network.

Mr VALENTINE - It is up to them to get a buy-in from each of the businesses in their own region?

Mr FITZGERALD - Yes, with our support and with the support of the Tourism Industry Council. They are on the ground, they know their local region, they can engage with local government and the industry constituents in their regions.

Mr VALENTINE - Are we doing anything with respect to adventure tourism? New Zealand has capitalised on this in big ways. Tasmania has the attractions but is it being coordinated and pushed.

Mr HODGMAN - The expressions of interest process is naturally focused on parks and WHAs.

Mr VALENTINE - I understand that.

Mr HODGMAN - It is very closely aligned with them. But, you are right. There is a whole wealth of opportunities.

Mr VALENTINE - A raft of things.

Mr HODGMAN - Yes.

CHAIR - Except it is on the railway track. Is this the member for Apsley's railway line?

Ms RATTRAY - It is but they took our sleepers away and put them down the west coast. There are a lot of people in the north-east who are still not over it.

Mr FITZGERALD - As the minister mentioned, the EIO process may flush out some additional adventure tourism operations. We do some work in the youth sector, particularly international backpackers in Australia and how we can attract them to Tasmania. We try to do a fair bit of PR and social media and visual work - what those adventure experience are, whether it be canyoning in the Cradle Mountain or whatever. Recently, our 'best job in the world advocate', Graham Freeman, was back with us so we put him over the wall abseiling down the face of the dam. He has a big following and we share that through social media. We try to shine a light on those adventure experiences to try to grow the market there and we are also working with the backpacker operator network to consolidate a greater adventure tourism offering.

Mr VALENTINE - You are trying to pull a focus in, and it is not just casual?

Mr FITZGERALD - No, it is an area of focus trying to build some strengths around that because, as you say, our environment lends itself to that and we need a more product development in that area. We are trying to shine a light on those people who are starting to develop some of these experiences.

Mr VALENTINE - Thank you.

Mr DEAN - How long is it since Tourism did a survey on what tourists are coming here for? They did a survey in about 2008 and came up with what people really came to Tasmania for and their greatest attractions were the historic sites and the heritage at 62 per cent, which was by far the highest. What is the position now? I ask because those involved in National Trust buildings and heritage say that Tourism Tasmania let them down in their promotion of these sites to other countries and so on. They say that they are being given a bad deal by Tourism Tasmania.

Mr HODGMAN - I am not familiar with that background but certainly it would be true to say, and John will correct me if I am mistaken, that principally all of Tourism Tasmania's activity is research driven, constantly seeking to understand markets and perceptions about the state. There is a lot of evidence, data and market feedback in decisions that Tourism Tasmania makes.

It undertakes research each year and in 2013-14 commissioned research expenditure amounted to about \$750 000 and it is anticipated that it will be around the same for 2014-15. Regular input is provided through the Tasmanian Visitor Survey to understand the behaviour of visitors to the state and the tourism information monitor also provides a detailed understanding of what Tasmania - John, you might provide us with some more?

Mr FITZGERALD - The minister is right. The Tasmanian Visitor Survey gives us data not only on who came and where they came from, but the sort of activities they undertook while they were here. From time to time, there is also work we do with Tourism Research Australia looking at satisfaction.

Heritage still remains a pillar of the opportunities we put into the marketplace so whether that necessarily comes down to the explicit heritage sites and properties, perhaps that is the point of debate that you are raising but I am not sure. The heritage platform is still a critical part and if you look at the work that we do, Tasmania's heritage still features pretty prominently in all of that.

I am not sure of those comments other than maybe it relates to specific National Trust sites, et cetera. As I said earlier, we are trying to provide the marketing platform in which everyone can have a component but that does not mean we can take every individual experience and product to market of our own accord. I am happy to have a look at how we can do that.

Mr DEAN - Going back, and I think was 2008 and I stand to be corrected on that, Tourism Tasmania produced that document which identified the number of tourists coming to the state over a year. It then identified the reasons for them coming here, what were the most visitor attractions in the state and it listed the percentage of visitors to these attractions. Visiting historic houses, for instance, was 36 per cent, which was pretty high; visiting historic sites and attractions was 62 per cent; visiting wineries - they get a little annoyed that very few people come to visit our wineries because they are a dime a dozen all around the world, whereas the historic sites and all of those are not. Do you have a survey document?

Mr FITZGERALD - We may not have it to that specific percentage but we would share with you the latest data we have on what visitors are most experiencing when they come in to Tasmania.

CHAIR - That would be good if you could find that for us.

Mr DEAN - It would be great if you could, we would appreciate that very much. The people involved in heritage are of the view that they should fit under Tourism Tasmania and should not fit with DPIWE. Has that ever been considered?

Mr HODGMAN - It would have been but it was not the decision we ultimately arrived at. You quite sensibly make the obvious connection that it is very much an asset for the state and an important attraction too. How many I am not sure come to the state specifically to visit our heritage assets but I am sure there will be a sizeable number.

Mr DEAN - This survey says about 62 per cent of people come in -

CHAIR - That is 2008.

Mr HODGMAN - We will get that information for you.

Mr VALENTINE - Consistency is important in tourism; people have an expectation of certain services that they are going to receive when they come to the island. Has there been any attempt to look at whether, for instance, for those using motorhomes, dump sites and certain facilities across the state, there is coordination by Tourism Tasmania? Or is that largely left up to local government to provide? I am interested in maintaining standards and how Tourism Tasmania plays a role in that.

Mr HODGMAN - My understanding is that principally it is determined by local government authorities. Some work was undertaken by the previous government to apply a more holistic strategic approach and I will need to familiarise myself with that.

CHAIR - You do not produce a map or anything of where they all are. The motorhome and caravan associations provide them for their members so the information is available.

Mr FITZGERALD - Yes the visitor information centre network and caravan associations will all be producing that. Regional tourism organisations are working with local government on the ground, the accreditation scheme -

Mr VALENTINE - I was thinking more about the regulation of sites and making sure that they are up to a standard. They are the face of Tasmania in a lot of ways and they could create a lasting impression if they are bad facilities.

Mr HODGMAN - Local government is responsible but clearly you want to make sure.

CHAIR - It is statewide.

Mr HODGMAN - Yes, that is right, but it is not to say that we do not have a capacity to be involved in the regulation of this. I take that on notice.

Mr DEAN - What work does Tourism Tasmania do with taxi operators to promote Tasmania? They are the face of Tasmania and normally the first part of Tasmania a lot of people see. Is there any work done in that area with the taxi companies?

[6.00 p.m.]

Mr FITZGERALD - That is not really in our responsibility. We are looking to drive demand to the state. Really, you are talking about regional tourism organisations working with local authorities around those service standard type issues. Again, that is probably not something that is in our remit, to be frank, but I know the regional tourism organisations are always working at their local jurisdictional level with the authorities to ensure that that level of service is permeating right through their communities.

Mr DEAN - I asked mainly because there are some countries in the world that place a big emphasis on their operators as far as tourism is concerned to sell their areas. They have to be able to do that in order to become a part of that organisation.

Ms RATTRAY - In the past, we have been able to source a list of the Tourism Tasmania marketing contracts and I would be interested to compare them from last year to this year.

Mr FITZGERALD - When you say 'marketing contracts', can you be more specific? You mean our -

Ms RATTRAY - Consultancy and marketing contracts.

Mr FITZGERALD - Do you mean things like our international -

Ms RATTRAY - Contractual relationships in place that support and aim the driving demand of holiday visitation to Tasmania. For example, Last Orders Please, that list.

Mr FITZGERALD - What was that?

Ms RATTRAY - Last Orders Please, obviously a marketing organisation. There is JimJam Ideas, Red Jelly -

Mr FITZGERALD - A list of our agencies and contractors, ad agencies, et cetera. Yes, that can be provided as well.

CHAIR - It would be nice to know how many of them are actually Tasmanian rather than interstate and international agencies.

Mr HODGMAN - Yes, sure. Probably all of them, certainly the JimJam arrangement was a longer-term arrangement struck by the former government. I am not suggesting not without good reason -

Ms RATTRAY - They are on a retainer, I think.

Mr HODGMAN - It is an arrangement that is in place.

Mr FITZGERALD - Yes, they are on a multi-year contract with options for renewal, that sort of thing, yes.

CHAIR - They are the ones who did the spring campaign, aren't they?

Mr FITZGERALD - They have been with us for a couple of years now.

CHAIR - They are based in?

Mr FITZGERALD - They are based in Sydney.

Mr HODGMAN - That information can be provided as to what expenditure there is via consultants and external agencies to assist the tourism -

CHAIR - What is your intention, minister, in terms of trying to source more of those locally? We do have bright young minds and bright ICT people.

Mr HODGMAN - Yes, certainly, we have a 'buy local' policy.

CHAIR - If you want to stimulate the economy that is where it is -

Mr HODGMAN - Having said that, I was not part of the government that struck the arrangement with JimJam, for example, but I imagine a competitive process is undertaken and a fairly high level of rigor applied to what agencies can or cannot provide, and an expectation from us as a government is that Tourism Tasmania will ensure that we get maximum bang for buck. We would like to think that local -

CHAIR - We have seen this in the construction industry where the bigger players tend to be able to get the big contracts and then often sublet that to some local providers, but very often at a price that is not advantageous to our local supplier. They take the work because they do, but they make a sizeable amount of money out of it because they can bundle it together. The question is, will you try to not necessarily look for just the big players that bundle everything together, but look at the local contractors who might be smaller but who could be paid a fair price for the service they provide, which in the end they provide anyway, if you know what I mean.

Mr FITZGERALD - We do use local people as well, we do not exclusively use JimJam.

CHAIR - We have a new government which might have a more proactive intent perhaps in that regard. That is what I am asking: do you and will you?

Mr HODGMAN - Yes, and we have a 'buy local' policy, we have a policy to disaggregate government contracts where we can so that Tasmanian providers can be more competitive. We will certainly be encouraging all agencies as best they can provide the most level playing field for Tasmanian companies to be competitive. As I say, equally and particularly the statutory authority it is their responsibility to undertake an expression of interest process, a tender process, procurement and be razor sharp.

CHAIR - You see what I mean about the size of companies, sometimes, because they can bundle a whole lot of stuff together and therefore make it easier for you to have a contract and can do it at a competitive price which they then can get the local companies very often to deliver but at a much tighter price.

Mr HODGMAN - As John said the list will demonstrate how long it is locals are engaged often.

CHAIR - We will look forward to that, thank you.

Mr FINCH - Premier, I want to talk about conferences. Recently, Richard Munro from an accommodation association said that if we had a conference centre at Macquarie Point that we would hit the tourism jackpot. I am wondering what we are doing in the conference space and how important a role do you see that in the future of tourism in Tasmania?

Mr HODGMAN – Massive. It is Business Events Tasmania core responsibility and business to attract business events and delegates to the state. We have a partnership arrangement with them. It was previously administered by Tourism Tasmania but is now part of the Department of State Growth. We have an agreement in place between the State Government and Business Events Tasmania. They have a strategic plan that takes us through to 2016 and that will be finalised in the first quarter of 2014-15 with a new grant deed providing minimal additional base funding of \$540 000 to business events. Their prime responsibility is to attract these sorts of events. Conferences are already a significant part of what we offer as a state but with much greater potential as to the facilities that are available to service them. There are massive issues, as you would be aware, particularly in Hobart accommodation capacity is stretched at the best of times and also venues for those events so the Macquarie Point opportunity exists.

You would be aware they have expressed, the corporation that is, Macquarie Point some views as to what may or may not work well there. It is going to be part of an ongoing conversation. We are not closed to that concept at all and exploring whatever opportunities there are to see a facility of that type developed.

Mr FINCH - It is in the mix then is it, Macquarie Point?

Mr HODGMAN – Yes, and I have mentioned previously that it might be an option for the waterfront. One of many, of course, but not by any stretch the craziest.

CHAIR - Is Business Events saying there is a need for a bigger conference space?

Mr HODGMAN - I imagine so, yes.

Mr FITZGERALD - They are probably not. I think they would like to see if the demand -

CHAIR - The Grand Chancellor hold 1 000 or something, so will Wrest Point and so will the Derwent Entertainment Centre.

Mr FITZGERALD - There is a sense we could do with more capacity but no-one has really done the research to enable us to understand what that potential demand is. There is a body of work there to be done before you can really say one way or the other.

Mr FINCH - The point is, Premier, if you draw people on conferences they like to take that extended holiday with a conference. That is an opportunity for regional tourism where we can attract them to travel around the state and to have a good look at the state while they are here. They are normally good spenders too.

Mr HODGMAN - The latest research we have on these people is that a quarter of delegates are accompanied by at least one other. The overall length of stay per delegate is 5.65 days with 4.58 days spent in the host city and 1.07 days spent in other areas so they can disperse. Sixty three per cent of delegates say they plan to visit Tasmania in the next three years following their business visit, and 96 per cent of delegates would recommend Tasmania as a place to visit to friends or colleagues. That was research undertaken by EMRS in 2012 into delegate expenditure and satisfaction.

It does show the multiplier effect of business events in the state which is why we are backing Business Events Tasmania and why we are open to understanding where the constraints lie but how we can increase demand.

Mr VALENTINE - It was just an observation. You mentioned about a convention centre being on the waterfront. There has been talk about the CSIRO moving and those sorts of things. Do you think that that sometimes might cut off some of the interest that many visitors have to see the working port and all those Antarctic research vessels and Southern Ocean research vessels being a real hard edge and being an attractant in its own right? They park around the corner and they do not get seen, and to have a hotel on the waterfront does not necessarily add to their experience.

CHAIR - It is not going to be on the waterfront.

Mr VALENTINE - That it is Macquarie, but I was talking about the waterfront for accommodation facilities.

Mr HODGMAN - Which is the new development on Mac1 which is great. So there is a balance and there were the tourism industry will agree as to how the PW2 will be turned into a [inaudible] and the process that was undertaken there was not as transparent or competitive as the industry would have liked. You are right it adds some colour, that Antarctic research facility and IMS there certainly adds to the character of the waterfront.

Mr VALENTINE - It is a real experience, not a plastic one.

Mr HODGMAN - Exactly.

CHAIR - Thank you very much, Premier and three ministers as you are.

There was one other issue which was not specifically of this portfolio or in fact maybe any portfolio, that Mr Finch raised and it is to do with a board. If we can raise this issue and if it does not apply here you might tell us where else we can ask it.

Mr FINCH - I am trying to find a home for my concerns. Tasmanian Early Years Foundation comes under the Department of Premier Cabinet. It has been abolished and I am wondering, in view of its exceptional contribution including the child and family centres for Tasmania during the past seven years, why that has occurred. We talked today about the cost of the community fund board. This one did not cost anything.

Mr HODGMAN - I do not have the information at my disposal but there would be a material saving to the budget.

UNCORRECTED PROOF ISSUE

Mr FINCH - \$10 000 per annum.

Mr HODGMAN - My understanding is that the work including the child and family centres obviously continues into the future. The work undertaken by the foundation can be absorbed into Government and departmental approach to what is obviously a very important issue for Government. Notwithstanding the decision there I would need to check precisely as to how much the saving is.

CHAIR - Would you like an answer for that?

Mr HODGMAN - I can take it on notice and provide you with that.

Mr FINCH - If you wouldn't mind, Premier. I do not know if you are aware that the Tasmanian Early Years Foundation attracted some \$260 000 in grants in the past two years and not to mention at least the equivalent from in-kind support from sponsors.

I suggest the Government should recognise the benefit of maintaining the foundation with its function intact even without funding support in order to provide this advocacy and the research functions. When the fiscal situation improves even if it needs to be left for some time because there is so much important work that is done in the early years of children's development. This is an important body that has done great work and it is hard to understand why it has been eliminated.

Mr HODGMAN - I will get some information back to your committee. I take on board your comments.

CHAIR - Thank you and please thank all your staff who have been here during the day. It has been a long day for you. You have done a lot of talking, Premier and you have done well. Thank you.

We do have questions on notice of course and our excellent staff have already provided questions on notice for everything except the Tourism portfolio. It has already been written and signed off and given to you, so it is only the Tourism portfolio still to come. Thank you very much.

Mr HODGMAN - A member in another place suggested that me appearing before this committee would be a warm-up to real thing. I took exception to that - a practice run, he said.

CHAIR - We are probably more polite.

The committee adjourned at 6.15 p.m.