

# UNCORRECTED PROOF ISSUE

**LC Wednesday 10 September 2014 - Estimates Committee A (Groom)**

## **LEGISLATIVE COUNCIL**

### **ESTIMATES COMMITTEE A**

**Wednesday 10 September 2014**

#### **MEMBERS**

Mr Robert Armstrong  
Mr Craig Farrell  
Ms Ruth Forrest  
Mr Mike Gaffney  
Mr Greg Hall (Chair)  
Mrs Leonie Hiscutt  
Mr Tony Mulder

#### **IN ATTENDANCE**

**Hon. Matthew Groom MP**, Minister for State Growth, Minister for Energy, Minister for Environment, Parks and Heritage

#### **Ministerial Staff**

**Tim Baker**, Chief of Staff  
**Sean Terry**, Deputy Chief of Staff  
**Danielle Harris**, Principal Adviser  
**Simon Willcox**, Adviser, EPH Estimates only

#### **Department of State Growth**

**Kim Evans**, Secretary  
**Jonathan Wood**, Deputy Secretary, Industry and Business Growth  
**Bob Rutherford**, Deputy Secretary, Transport, Regulatory and Customer Service  
**Gary Swain**, Deputy Secretary, Growth Policy and Reform  
**Amanda Russell**, General Manager, Corporate Services  
**Chrissie Berryman**, General Manager, Skills Tasmania  
**Alex Tay**, Department of State Growth

#### **Department of Primary Industries, Parks, Water and Environment**

**John Whittington**, Secretary  
**Michele Moseley**, Deputy Secretary  
**Adrian Pearce**, Manager Finance

**Peter Mooney**, Deputy Secretary, Parks and Wildlife

**Alex Schaap**, Director, EPA

**Peter Smith**, Director, Heritage Tasmania

**Alistair Scott**, Deputy Secretary Agriculture Corporate and Heritage

## **Climate Change**

**Wendy Spencer**, Director, Tasmanian Climate Change Office

**CHAIR** (Mr Hall) - Thank you, minister. Welcome this morning on behalf on the committee. We have all your different portfolios to go through today and we will be starting with State Growth. For the purposes of Hansard could you introduce the person at the table with you?

**Mr GROOM** - Yes, I am here with Kim Evans, secretary of the department - a recent appointment and an outstanding appointment.

## **DIVISION 9**

(Department of State Growth)

**CHAIR** - I will invite you to give an overview of State Growth.

**Mr GROOM** - I appreciate the opportunity to make some general comments in the portfolio of State Growth. First, it is a great honour to have this portfolio. It is an important portfolio in the context of the Government's agenda. It is fair to say that Tasmania, as we would all understand, in recent times has been dealing with very difficult economic circumstances and that has been particularly the case in regional parts of Tasmania. It has been a clear focus of the Government to undertake a series of policy initiatives which are designed to attract investment, to make sure that we are an attractive place for investment, with a view to creating jobs and opportunities for Tasmanians

The context of the Budget is the delivery on the policy commitments of the Government in that regard. We have made a conscious judgment get the balance right with the Budget notwithstanding the difficult economic circumstances that have been experienced in Tasmania in recent years. There are some emerging signs of renewed confidence; we do not want to overstate that but at the same time it is important to recognise it. It has been important from our perspective to ensure that the Budget is designed to support that emerging confidence and not get in the way of it.

I was pleased to see released, today I believe, the NAB monthly business survey for August which shows Tasmania's business confidence is the second highest in the country. That is a big turnaround. Tasmania was the only state to have an improvement in business confidence during the survey period and current business conditions have been identified by those that participated in the survey as being the third highest in the nation. The survey shows that employment conditions are by far the strongest in the nation and reflect growing optimism about the Tasmanian economy, and it is important to acknowledge that. We have seen a significant increase in the number of people employed since March just shy of 2 000 people. We have also seen an increase in the participation rate; that means that the unemployment rate has remained steady. As all members will be aware, the Government has set as an objective to provide support for investment and job creation in Tasmania that would see our unemployment rate return to the

national average over the term of the Government. I know that is not easy and these things often do not have direct causal connection but we think it is important to have that as a stated objective.

The new ABS figures also show a 22 per cent increase in first home sales for July 2014 compared to 12 months earlier, a very significant increase, while the number of non-first home sales increased by 14.2 per cent at the same time. The average new loan size for first home buyers has increased by 2.9 per cent in the 12 months to July 2014 and 1.3 per cent for non-first home buyers. They are encouraging signs, again we do not want to overstate these indicators but it is important to acknowledge them.

One of the most significant things in the department was the establishment of the new Department of State Growth which was about bringing together some of the key drivers of the economy under one roof to ensure that they can be managed in a way which is coordinated and focused in order to maximise growth opportunities for Tasmania.

I acknowledge the work of the Secretary, Kim Evans, in overseeing that from a departmental perspective. It has been very successful to date. These processes are very difficult and any change management process is difficult and it impacts on people. It has been done well and sensitively, and to this point with success.

There are a couple of other key initiatives that I would like to touch on briefly. Presumably there will be questions that might relate to some of these as we go through. The Coordinator-General is a key policy commitment of the Government. We believe that this is an important opportunity to have a renewed push for attracting investment into Tasmania. We also recognise that it is an opportunity to have a very clear point of contact for any major investment into the state - to work with investors to help them move through any regulatory or approval processes that might be required. It is also an opportunity to have a senior person solely focused on the investment environment, understanding specific barriers that may exist to investment, and advising the Government on opportunities to remove barriers or streamline processes. That will be another key focal point.

We have seen the establishment of a new unit within the Department of State Growth - the China Investment and Trade Business Unit - which is focused on making sure we are doing all we can to take advantage of opportunities in the growing Chinese economy. Both as an export market, and also to attract inbound investment.

**Ms FORREST** - And mitigate the damage done by a certain Tasmanian senator, perhaps?

**Mr GROOM** - This is a very important opportunity for Tasmania. All of us - certainly the state Government - have a responsibility to send clear messages to the market generally, but particularly to a growing economy like China, that we are very open for business. That we recognise the importance of such relationships and we want to do all we can to facilitate them. We can come back to this, but the establishment of that unit was a deliberate effort by the Government to make sure we had renewed focus. We acknowledge the work in particular of Mark Bowles and Chun Wah Lee - two people who were brought into the state for that purpose, and the broader team that have been involved in that effort.

We have identified a number of small business initiatives that are really about making sure we provide support where we can, particularly in the retail area, and online. There are other

initiatives in terms of winning government work, and also market expansion opportunities, so that is an important focus of the Government.

Youth employment - in my brief time in this portfolio there is no doubt in my mind that youth unemployment is the one of the most significant issues we face as a state. I would like to talk a bit about that at some stage, if I am afforded the opportunity. There is an obligation, not just on government, but on the broader Tasmanian community, to recognise the extent of that issue. We need to be working collectively in order to address it. From the Government's perspective, there are some specific initiatives we have supported through this Budget process that are designed to deal with that issue.

Skills development is another example. We want to make sure we are refocusing skills development to make sure it is responsive to the needs of industry - that we are maximising our investment in skills and delivering skills that make people employable, and deliver real jobs to people. We want to make sure we are investing in skills for the jobs of today, and also skills that might be relevant to jobs that emerge in coming years.

Population strategy - a very complex and difficult area, but one that we have to have a conversation about, as a community. That is another area where we are working on some strategies to ensure we have population growth in the right segments of our demographic that can support investment and job creation.

The energy strategy - we will probably deal with energy at the end of this session. There are some big issues in energy, and we are very focused on doing what we can to have sustainable, lowest possible, power prices over the longer time. We are very heavily invested in energy, which means we have to, again, have a conversation about what we are doing with that investment to make sure it is a competitive advantage and an economic driver for the state. We need to make sure we are managing our businesses responsibly, and that is an ongoing conversation that we are having with the businesses - and making sure they keep costs down, and are acting responsibly. Also, there are some broader strategic issues we are confronting in energy. Some of them relate to the uncertainty in the environment for renewable development. Some relate to issues like gas for example. There are some significant issues at work and I am pleased that it is going well. The energy working group has representatives right across the customer spectrum and I am confident that we will get some good advice out of that process and we will be well-placed to finalise the strategy for public release by the end of the year.

The last one is that we will be doing some work in relation to the regions in particular. One of the early focuses of attention has been the west coast and some of the issues they have been dealing with. We are very conscious of the broader challenges that have been faced by regional Tasmania. We have the Regional Revival Fund which is an endeavour by the Government to help facilitate opportunities. It is not easy. I don't pretend for a moment that it is. I think there are other initiatives we are working on that can help. The expressions of interest are for the Parks and World Heritage area. It is in a different portfolio but it is an important growth opportunity for the state. It is another I have mentioned.

That is my overview, Chair, and I am happy to do my best to answer any questions that the committee may have.

**CHAIR** - Thank you. We will go to State Growth first. As a general overview question, and we have a new paradigm with the creation of this new State Growth department and it is one, as I

read through some of the Budget papers, where some of the initiatives cross over into Infrastructure and even Treasury. There is a whole mish-mash, if you like.

I would like to run this past you to gauge your opinion. In the past, both state and Federal governments have been very keen at times, many times, to hand out grants to private business. It does become a bit of a pork barrel, particularly towards election times and there is plenty of opportunity for media publicity, and all the rest of it, by handing those out. I have a contention that a lot of that money, and the *Australian* newspaper did a very good article on that a couple of years ago, as to how much of that money is squandered and doesn't really hit the mark. It is often inequitable. It creates dissent within competing businesses. Often, you will see the people who get the money are people who have strong balance sheets and a lot of equity in the business. They have plenty of borrowing capacity and yet because of political favours, might I say - and even if we go back to the TFA, I am not going to name names - but you can see what happens quickly overnight. Some of that stuff went back some time.

A lot of those things create inequity and don't help the situation. It is something I have been saying, and also Jan Davis from the TFGA is saying. Instead of having a grants-type system for business growth, we should be considering a HECS type scheme whereby if the business case is proven, perhaps there is a concessional interest rate but at least the principal should be paid back into a fund which could be self-perpetuating so that it could be used over and over again. I am trying to get away from this mentality. You might consider doing that. It is all to do with business growth, and results and achievements are easy to look at in that scheme. I ask your opinion.

**Mr GROOM** - It is a very good question and it is not an easy one. It is fair to say there have been examples where these types of measures have been undertaken in the past where, in retrospect, you would say it hasn't necessarily been money well spent. Some of the money that we saw from the previous federal government through the stimulus associated with their response to the global financial crisis, that would be a fair assessment. I understand why it is that people have concern about these sorts of things. I think you have to be careful not to be too purist in anything. You can go to the extreme and say you would never engage in providing grants or stimulus. You have to be careful about purist positions. You have to have a degree of pragmatism because there will always be needs. We have taken a number of initiatives to the election and I stand by those. They will be important in providing stimulus into the economy at this time. We have done our best to make responsible judgments and not everyone will agree but I would stand by that.

I think as a general proposition you are right. You have to be careful about government intervention in that way; it is much better for government to be more focused on the broader environment, making sure that the environment is conducive to investment. That is why we are focused on issues like, for example, endeavouring to reduce the regulatory burden of businesses in Tasmania. Again, not an easy issue and one which we might also want to have a discussion about.

In addition, there is the planning system. Again, these are not easy issues but it is important that we find ways to make sure that we are streamlining those processes to make it easier for business. Generally, the renewed confidence and, I would strongly suggest, this good news we have seen in terms of business confidence is as a consequence of now having majority government in Tasmania and these are decisions for the people. The Tasmanian people spoke on

this issue and having a majority government has helped in general confidence in investment in Tasmania. Those broad factors are very important.

In relation to your loan concept, we do have that concept, which is the Tasmanian Development Board, so we have a capacity to engage in that type of support for business. There have been examples of that. I understand where you are coming from and I guess the best answer I can give to it is: there is merit in the concern you have raised but I think we also have to be careful that we are not too purist in it. We have to be a bit practical in the way we respond to circumstances as they emerge.

**CHAIR** - Perhaps it is something you might dwell on a little bit. It is just my view that the HECS-type scheme is probably one of the most equitable arrangements you could have. It also then becomes not such a great drain on the taxpayer. Even though it is easy to point to some parameters where things are moving forward a bit in the state, we have some difficult budget years coming out -

**Mr GROOM** - No question.

**CHAIR** - So if there is a fund there which is self-perpetuating and you can refarm that money back out, if the principal is being repaid over a long term, it depends on how the business is structured of course. You know some businesses take some years before they can really start to generate a positive cash flow. That is the point I am making, whether or not your Government would have a good think about that. I think you mentioned there were some loans available from the Tasmanian Development Board but they have been fairly limited as I understand and I do not know whether small business can tap into some of those or not.

**Mr GROOM** - There is a range of them if you want to talk a little bit about the process.

**CHAIR** - The commercial banking sector is very tight at the moment.

**Mr GROOM** - Yes, you have debates about this. One of the anecdotal pieces of feedback that we have received is that there is the perception that some of the ultimate decisions by the financial institutions are made interstate and there is a certain perception about the risk profile of Tasmania. The banks will say to you that no, it is all completely equitable but the anecdotal feedback we get is there may well be risk assessments that are made of Tasmania that are unfair because of a broader perception. Our hope is that now with a majority government and emerging renewed confidence in Tasmania to the extent that has been a factor. But there are cases, occasionally, for appropriate funding arrangements for a state like Tasmania, and we have those structures that are available to us.

**CHAIR** - You are quite right, minister. I know two of the major banks have made the decision in Sydney or Melbourne to walk away from lending in agriculture in Tasmania. Two others are strong, but two of them have gone.

**Mr GROOM** - The banks will dispute it, and say it does not happen, but anecdotal evidence says it might. If someone is making a risk assessment without necessarily being really familiar with the circumstances on the ground in Tasmania, there can be a disconnect. It is logical, but it's only human nature.

**CHAIR** - I am very pleased you have taken my proposition on board.

**Mr GROOM** - Another way of addressing this issue is long-term planning. This is one of the great challenges of government, because it is not easy. None of these things are easy, but we have committed to the establishment of Infrastructure Tasmania and it is our objective to put in place a mechanism that can facilitate better long term planning for key infrastructure investment in Tasmania. That is another important measure that can address some of the concerns you have raised.

**Ms FORREST** - Mr Chairman, I have a range of questions related to the loans so is it appropriate to ask it here? They relate to those loans you have been addressing, minister.

**Mr GROOM** - We might invite Jonathan Wood to the table.

**CHAIR** - Is that crossing over into 1.2, Ruth?

**Ms FORREST** - Well it sort of is. I am happy to do it now, or do other overview now, but this is on the back of the question you were asking.

**CHAIR** - Perhaps you could do your other overviews, and then the loans in 1.2?

**Ms FORREST** - I do not mind either way. With the NAB figures you have mentioned, and the ABS ones - what period of time were they relating to?

**Mr GROOM** - I do not have the survey in front of me, but I think they relate to the last 12 months. There are comparisons from July 2014 to July 2013.

**Ms FORREST** - It is prior to your Government coming into office as well, so you cannot have it all.

**Mr GROOM** - I want to be very clear about this point. It is not about claiming credit. It is about recognising the condition. We can have an argument about what supports it, but it is not about credit. It is about recognising the conditions. It is important - because some of these indicators are suggesting renewed confidence in Tasmania - that we recognise it, and talk about it.

**Ms FORREST** - Because too many places talk us down.

**Mr GROOM** - That is true.

**Ms FORREST** - Barnaby Joyce did it recently at the Cotton Conference I attended. He said he was happy to sell Tasmania - the Chinese could have it. It was an appalling statement. If I had of been able to get to him afterwards I would have.

**Mr GROOM** - I might be catching up with him after -

**Ms FORREST** - There was great laughter in the audience, which was predominantly mainland and overseas people. But that really put Tasmania down in a way I thought was very inappropriate.

**Mr GROOM** - There is some merit in this point. As a nation, we need to be more responsible in how we talk about different parts of the country, including regional parts of the

country or smaller states like Tasmania or South Australia. Some of the language we have seen come out of Western Australia recently is really disappointing, particularly if you consider that Western Australia, for the vast bulk of the Federation, has been dependent upon redistribution of wealth. Until as recently as 2007 they were a net beneficiary of redistributed wealth, nationally, and there is no state in the history of the Federation that has had more disproportionate assistance than the state of Western Australia. It was the smallest state when we federated.

**Ms FORREST** - They have short memories.

**Mr GROOM** - They have short memories and we are a nation. That is the whole point of the Federation. It is the national task to make sure, as a country, we are all doing well, we are all on a path towards growth and opportunity. One of the things that is important in that context is that we recognise the opportunity for different parts of the country to leverage off areas of natural competitive advantage for the national benefit. That is why I have the view that I have in relation to renewable energy. We will have the opportunity to talk about that at a later point.

I do not doubt for a moment that this is very challenging and difficult but it does strike me that there is a certain sense, from a national perspective, in recognising that Tasmania has natural advantages in renewable energy and thinking about how, from a national perspective, we can ensure that Tasmania is contributing in that area disproportionately in reflecting that natural advantage. I agree with you that we need to be more responsible in the national discussion on these issues.

**Ms FORREST** - Going back to that point about growth in jobs and business confidence. You talk about the extra 2 000 that are employed and increasing participation rate. What about the jobs that have been lost. In my region particularly, in recent times, there has been a number of jobs lost. Where is the offset here? Do you have those figures?

**Mr GROOM** - I am not sure if we can get any figures of what has been lost. There is no doubt that the unemployment rate has remained steady.

**Ms FORREST** - I suggest that we have probably lost 2 000 jobs.

**Mr GROOM** - What we need to recognise in that, is the participation rate has gone up. I would strongly suggest that there is a net benefit because the participation rate has gone up and the unemployment rate has remained steady. It would suggest that there has been a net benefit. We can try to identify numbers.

**Ms FORREST** - It would be good to have that figure.

**Mr GROOM** - I understand the point.

**Ms FORREST** - It is okay to talk about the numbers that came on. I commend the work the Government has done in that area, but to ignore the fact -

**Mr GROOM** - I am not wanting to ignore it. I can assure you of that. We have seen examples that have been very regrettable. The situation on the west coast is an area of very real concern. It is not the intent of the Government to sugar coat this at any level. We need to have an honest conversation about it. That is what we are seeking to do. I think it is important to identify



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areas that we can illustrate as really competent. The employment numbers would suggest that we are heading slowly, but in the right direction.

**Ms FORREST** - Where can we talk about population strategy? I can't find a line item. Should that be in the overview?

**CHAIR** - It can come under industry and business development. It is all contained in the Budget papers under the whole raft of measures you have there.

**Ms FORREST** - Population is not about industry and business, it is about people. I am happy to go on to 1.2.

**Mrs HISCUTT** - Minister, your department is going to be in Launceston, is that right?

**Mr GROOM** - The Office of the Coordinator-General?

**CHAIR** - We are about to get to that. We are still doing the overview.

**Mrs HISCUTT** - Yes, back on the overview. Your office of State Growth - how is it going, merging and pulling all the different departments in?

**Mr GROOM** - The merger itself?

**Mrs HISCUTT** - The merger.

**Mr GROOM** - I might get Mr Evans to talk about this. It has been very successful to this point. The new Department of State Growth was formally established on 1 July. It is an important opportunity for us to bring some of the key drivers together to have renewed focus. There are very significant mechanisms that we have in place in order to take full advantage of that. We have a subcommittee of Cabinet and it meets on a regular basis where all the ministers get together and talk about how the portfolios interact from a growth perspective. It is a new approach, it has been very successful to date. I don't doubt, as I indicated in my opening comments, that it has presented challenges, any change presents challenges, particularly for people. It has gone very smoothly to this point, and think it has been well received by the business community.

I have seen the benefit of cross-fertilisation of ideas myself directly and I think it's a great opportunity for the state. But I might hand over to Kim as it's a good question.

**Mr EVANS** - The Department of State Growth was brought together by combining the Department of Infrastructure, Energy and Resources with the Department of Economic Development, Tourism and the Arts and subsequently we have also brought in Skills Tasmania from Education. Out of those agencies, Sport and Recreation have moved across into DPAC and you will be aware that Tourism Tasmania is now a state authority. Tourism Tasmania has moved out of the department.

From day one we have had offices right across the state. We have a strong presence here in Hobart with 22 Elizabeth Street and 10 Murray Street as the former head offices of DIER and DED. Importantly, we also have strong regional presence, we have a Launceston regional office; we have offices in Devonport at Stony Rise, in Burnie at 32-34 Marine Terrace and also the

council depot at Three Mile Line. We also have other presences in Burnie. So we have very much a regional presence as well as a Hobart-centric presence.

The new office of the Coordinator-General will be located in Launceston and it will be co-located with the new federal Major Projects Approval Agency.

**Mr GROOM** - We should say it is located, it exists.

**Mr EVANS** - It exists and it is also co-located with the State Growth northern regional office. The big opportunity is that that's a starting point and we will undertake, or are in the process of undertaking, a review of all of our accommodation to look for efficiencies. We have to save quite a bit of money as a consequence of the creation of State Growth and one of those opportunities is to look at more co-location and consolidation of accommodation across the state, but with a very strong emphasis on having a regional presence in the north-west and in the north as well as elsewhere in the state. That will happen over the course of the next 12 months and I think you will see as a consequence of that some consolidation, but without losing the focus on a strong regional presence.

**Mrs HISCUTT** - Just one other thing, I read this morning that we have a Chinese Ambassador or visitor come to Tasmania in talking about the Chinese visit coming. Can you give us an update as to how you think that Chinese visit, if we have it, will give us state growth? What sort of things can you see happening there?

**Mr GROOM** - This is a very important opportunity for Tasmania. We are not able to confirm a visit by the Chinese President at this stage. It is fair to say that we are working extremely hard to secure that opportunity. As you would be aware, the Premier met the Chinese President on his trip to China earlier this year and personally extended an invitation for the President to visit Tasmania. If that was considered appropriate and suitable for the President, it is fair to say that we would be extremely supportive and welcoming of that. We think it is a great way to demonstrate the great friendship between Tasmania and China. The strong trade connections that we have. The growing Chinese community we have in Tasmania, particularly here in Hobart, and great growth opportunities in areas like agriculture and dairy - the Chinese are an important market and potential investors in that area.

International student numbers at the University is a significant number from China and a great opportunity for further growth. We currently track at about 15 per cent international students at the University and the national average is just shy of 24 per cent. There is no reason Tasmania cannot be at least equivalent to the national average. International students are a great way to encourage cultural exchange, it is a great way to encourage further investment. There is often investment off the back of international students. Parents come in, invest, links are established and there can be opportunities that emerge which increases the relationships we might have back into China.

The Antarctic is a very important opportunity. They have expressed a strong interest in increasing their activities in relation to the Antarctic and we are keen to promote Tasmania as the gateway to the Antarctic. Hobart is a global gateway city and I would strongly argue it is a pre-eminent global gateway city to the Antarctic, so that is another area of strong interest.

Tourism is a very important area. There are many others, we could talk about mining, viticulture and wine. It is a very important area.

**CHAIR** - We will get to those.

**Mr GROOM** - We have established this new unit within the Department of State Growth and we are working extremely hard, day and night, to do all we can to secure this opportunity for Tasmania and we are working hard with industry to make sure we are in a position to leverage off it to the greatest possible extent. Make no mistake, this is a once in a generation opportunity to promote everything great about Tasmania to the fastest growing economy in the world.

**Mrs HISCUTT** - One last curly question, minister - if we do happen to secure a visit, are you going to bring them up to the north-west coast for a look?

**Mr GROOM** - It is not for us to determine the President's itinerary. That is not how that would work. There are certain protocols but it is fair to say we will be promoting the whole of the state. What I will say, and there might be an opportunity to expand on it at a later point, we are also looking at developing a number of activities around any potential visit of the President. We are looking at establishing a Tasmanian investment forum and that will have a whole series of activities associated with it and that will definitely take into account activities in all parts of the state.

**CHAIR** - We will drill down on some of those other things as we go along when we get into the outputs.

One point I would like to make and that was the Government's talk about the jobs being created. The Treasurer spoke in his Budget speech of about 2 000 jobs being created. What is more relevant, and all governments should take it on board, is the total employment situation in the state. We all know how many people have lost their jobs as well, so to speak of jobs created and to say that the credit belongs to the Government alone - it only looks at part of the faces.

**Mr GROOM** - I have definitely not said that. I just want to be very clear about it. I agree with your points. I actually have some further statistics here. It is important that we have an honest conversation about this. Actual employment has gone up - as in those people who are employed has gone up by about 2 000 people. The number of unemployed was 19 100 people in July 2014, and the number of unemployed has actually remained steady for three months. I do not have the statistics prior to that, but the actual number of unemployed people has remained steady.

The unemployment rate has remained steady over this period, but that is as a consequence of the increase in the participation rate, so we have got more people coming back into the employment market, which in itself is a very positive thing. I do not mean to sugar-coat it, and one of the dangers of statistics is they can remove you from the personal reality, and there are parts of the state that are not experiencing these things in the same way. The west coast, as I mentioned before, is dealing with some very difficult circumstances. I do not want to sugar-coat anything, but the broad position of employment in Tasmania has moved in a positive direction.

**CHAIR** - Some of that of course can be casuals, and it depends on - that's another -

**Ms FORREST** - Participation rates - doesn't that also include people who have worked part-time and gone to full-time? They are not new positions. That is the underemployment thing. They might not appear in some figures. Your unemployment figure stays the same, you have the same number of people unemployed, which are different things, so some of the people who are

unemployed are not getting the jobs. Some of the people who are unemployed are increasing their participation -

**Mr ROCKLIFF** - That is right. This is the danger of statistics. You understand the point obviously. I still think that they can serve a purpose. They can be indicative. These things are just indicative. The underemployment issue is another one. This is something you can have a debate about, how you calculate unemployment statistics and this has been a global debate as to what the definition of an unemployed person is. There is no doubt at all that we have a lot of Tasmanians who are underemployed. That is something else that we are very conscious of, and we want to ensure we are doing all we can to provide the circumstances that encourage investment and job opportunities in order to address those issues.

**Mr MULDER** - You seem to have a fairly pessimistic outlook because if you look at your performance measures in output group 1, the difference between the Tasmanian and national unemployment rate, your 2014-2015 target is greater than what it is today.

**Mr GROOM** - It is less than 2 per cent, isn't it?

**Mr MULDER** - Less than 2 per cent, yes, but it is actually under 1.8 per cent, so you are allowing for even more blowout.

**Mr GROOM** - This is one of the points I have to go back to. It is meant to be less than 2 per cent, - it is less than 2 per cent, and our objective is that it would remain less than 2 per cent. Our long term target - that is, over the term of the Government - is that it return to a number consistent with the national average. But these numbers all move around; so the national rate will move and the state rate will move -

**Mr MULDER** - I wasn't asking for a second reading speech on that particular issue. I was pointing out that your own targets are a little bit -

**Mr GROOM** - I think the target is right. The notion that you can click your fingers and these problems are solved by 30 June next year is not realistic. It is important that we track these statistics because they are indicative. They can serve a purpose in giving us a general sense of where we are, relative to the national economy.

If you ask me whether we are on a pathway that is positive, with renewed confidence, then the answer is 'yes'. We have great opportunities as a state, but it is going to be a long haul.

### **Output Group 1 - Industry, Skills Development and Business Growth**

#### **1.1 Coordinator-General**

**Ms FORREST** - Minister, how is the office of the Coordinator-General going to work? It is great that we are seeing this progress made. It was suggested a number of years ago that we need one area where everyone can come together in the interests of getting opportunities, whatever they may be, progressed in a way that makes it easier for people. What is important is making it work and work well. I am interested in how it is going to work? When a potential new business from within the state, or from outside the state, makes contact with the Coordinator-General's Office, what is the process?

**Mr GROOM** - It is not prescriptive. I would like to make that point. The key to this is to have a clear contact point for any substantive investment that might emerge in the state. It could potentially assist investors that are not familiar with the Tasmanian regulatory environment, or more complex investments that involve multiple parts of government. It gives them a clear contact point - a single contact point. This was consistent with feedback we had from people who were involved in investment, where they found the whole process complex. We all recognise that dealing with government in Australia is multi-layered and complex. We have local, state and Commonwealth levels, and within the state you have multiple parts of government.

**CHAIR** - Are you advocating two tiers of government in Australia?

**Mr GROOM** - I wouldn't dare. I am a believer in the states. Our founding fathers got the structure right in that sense.

But, even within government there are multiple points of interaction and part of the criticism is that they don't talk to one another, and it is not easy to navigate the system. The idea is that you would have a single portal for investment - someone who is able to navigate the different components of government for you.

**Ms FORREST** - I went to Europe last year and in Vienna they have system - I don't know what it is called, but key players sit around the table on a regular basis. Any proposal that is put on the table, big, small or in between, goes through this process. There is one point of contact - one office. You have road and rail infrastructure. You have IT infrastructure. You have water and sewage. You have energy. You have planning. You have everyone around the table - people who make the decisions around the table. The top guns around the table.

Every proposal comes through that filter. For example, when they were developing a new residential area outside the city, nothing was done until the whole thing was planned and all the approvals were in place. Even the train - everything was in place before anything happened. That seemed to work very efficiently because all the people were in the room at the same time. Is there any chance this is how this is going to work?

**Mr GROOM** - It is intended that the Coordinator-General, in relation to investment opportunity, provides a mechanism by which there is ease of engagement with all the elements. Whether you have a process whereby on a regular basis people are sitting around a table, is probably a concept I would like to hear the Coordinator General's view on. I do not want to be prescriptive. The idea is that we are going to be recruiting someone into this position who will be well placed to provide leadership in relation to how best to do it.

The concept of making sure there is close engagement and co-ordination in relation to key decision making that relates to an investment opportunity - that concept is right. Is that a good idea? It may well be. I would encourage you once the Coordinator General comes on board, to have discussions. I will. I still want to get advice from them on it.

**Ms FORREST** - When would you like to see that position filled?

**Mr GROOM** - We are working through that at the moment.

**Ms FORREST** - Next month, we can see someone appointed?

**Mr GROOM** - I don't want to be too prescriptive, but we are at a very advanced stage at the moment.

**Ms FORREST** - It is difficult to tell what that role is. We have heard from the Treasurer and others about red tape and the Regulation Reduction Coordinator. Is that the same person?

**Mr GROOM** - No. That is someone who sits in their office. The Coordinator General will have three key functions. One function is almost as an investment ambassador for the state of Tasmania. That is someone who is out in the marketplace representing Tasmania, looking for opportunity, being a point of contact for opportunity. That is almost an ambassadorial-type role. Then they have a role which is almost as an investment facilitator, which is the one that we have been discussing. That is a single portal, point of contact, for significant investment opportunities for the state to facilitate that investment through approvals processes and co-ordinate different parts of government in order to ensure that it is done effectively and in a timely manner.

The third component is about facilitating the removal of barriers to investment, advising government in relation to the streamlining of processes. That is where the regulation reduction component comes in. We have a policy commitment in relation to that, so the Coordinator General will have over-arching responsibility for that initiative, but within their office they will have a specific officer who will be the Regulation Reduction Coordinator. They will have specific responsibility for the whole of government task of regulation reduction. There will be other projects that are undertaken in different parts of government.

The Treasurer has announced a review in relation to the building construction framework. The parliamentary secretary for small business and trade is being tasked with being engaged in a regulation mapping exercise which is part of a culling process, which has a particular focus in agriculture. There will be other areas we will be focusing on. One-stop shop would be another example. Streamlining of environmental processes between state and Federal, so that is an initiative that is happening in the Department of Environment, Parks and Heritage. There will be specific initiatives that are identified in different parts of government, but the whole of government task will be centred in the Office of the Coordinator General.

**Ms FORREST** - The Regulation Reduction Coordinator - will that person look at all the current regulations? There is a process of tender review as you know, and a lot of them are not remade after 10 years because it is not necessary - they fall off the statute books anyway, others are remade, others get updated and then we have the new regulations in support of the legislation. It is a process that is not done very well in some departments, particularly Justice, where they don't review them until 10 years are up. There is constant criticism from the subordinate legislation committee about that. Some other departments do much better. How is the Regulation Reduction Co-ordinator going to manage that part of their job?

**Mr GROOM** - I do not want to be too prescriptive, because this is task that's going to be undertaken by the Coordinator General. I want them to be forming views and providing advice back to the Government on how to do it.

The initial task will be to undertake an assessment of the lay of the land. The Coordinator General and the Regulation Reduction Coordinator will be having conversations with key stakeholders in relation to the regulatory environment in Tasmania. You might be a stakeholder and provide feedback, Ms Forrest. Businesses right across the economy will have views. Other people will have views on these issues. They will be undertaking that assessment and then

providing a report back to the Government in relation to the task, and then proposed actions. That is going to happen by the end of the year - that was the election commitment we made. In addition to that, there will be -

**Ms FORREST** - End of this year?

**Mr GROOM** - This will be an initial discussion.

**Ms FORREST** - There's a fair few regulations out there.

**Mr GROOM** - I want to be clear about this. It is not a comprehensive audit. It will be a discussion, like we are having - about what the problem is, and what the challenges are. Getting a lay of the land and providing a report back to the Government in relation to how best to move forward. Legislation will be put in place for an annual audit in relation to the regulatory environment in Tasmania, and that will be overseen by the Office of the Co-ordinator General.

I am not going to be prescriptive about exactly how these things are going to happen because I want to have the benefit of the thinking of the Coordinator General and the Regulation Reduction Co-ordinator.

**Ms FORREST** - Have you done any work on the costs associated with this aspect of the role within the Coordinator General's office.

**Mr GROOM** - We have a budget for this - the budget is laid out.

**Ms FORREST** - For the Coordinator General's office in its entirety, but what about this particular person's role - the Regulation Reduction Co-ordinator?

**Mr GROOM** - That's part of the Budget. If you are talking about specific future tasks that might be undertaken, they will be matters that will have to be considered by the Government in the future. But the current task - undertaking all the things I have just described - will be done within the Budget.

**Ms FORREST** - Within the current Budget. So how are going to measure outcomes? Obviously there are no key performance indicators -

**Mr GROOM** - No.

**Ms FORREST** - at the moment. But I hope we will see some really reasonable measures, and the Auditor-General, I am sure, shares my view on this.

**Mr GROOM** - This is what I want to get advice on from the Coordinator General. I want to make sure that it's meaningful to everyone. Obviously the audit process will be part of it - there will be a statutory audit process. I agree that we need a way to measure outcomes. If you look at how this issue has been dealt with in the United States - one of the things they have focused on is the regulatory burden. Not just regulation per se, but the regulatory burden. This is important, because part of the feedback we are getting from businesses is that they are overwhelmed by the task of compliance.

## UNCORRECTED PROOF ISSUE

I have seen this face to face with business operators, particularly small business operators. Its one thing if you are large business and you have a compliance department - people that work full time dealing with these sorts of issues - but if you are a small business, in most instances you don't have the time to deal with the current burden. You are struggling, day to day, to keep your business afloat. This is important because what has emerged - and it is not unique to Tasmania, it is not even unique to Australia - is a global trend which is that we developed an industry in compliance and regulation.

**Ms FORREST** - When you look at things like the pink batts, you see why they have to be there, the regulations.

**Mr GROOM** - I am not suggesting that we do not need regulation but I am trying to make a point that there is almost global trend of having developed an industry in compliance and regulation. You will often see an area of regulation will emerge somewhere, say, in the north-east of the United States and if you track that, it spreads like wildfire around the world.

**Ms FORREST** - But it creates employment as it is doing so.

**Mr GROOM** - This is true and all of a sudden, you see this suite of regulations that emerges in Tasmania and why is it here? It is here because someone in another part of the world thought it was a good idea.

**CHAIR** - Mind you, anecdotally we are more regulated than the US these days.

**Mr GROOM** - That might be right. The point is: what government needs to do more and what we are focused on is making sure the regulation suits the business environment because otherwise it presents false comfort. You make the point yourself, Ruth, that you cannot have no regulations, I agree with that.

I will give an example and I am not making any specific comment about any particular aspect of it. If you look at the national health and safety regulations, some people will say it is a national standard and that is great. Other people will say when you have a national standard all that means is that you take the highest possible average. Is that appropriate in every circumstance, is it appropriate for a small state or every particular sector that it would otherwise apply to? What sometimes emerges in those situations is: we all feel good because we have the national standard, the gold standard of regulation across the country but if you speak to a small business off to the side, you have an honest conversation, and they will tell you they just ignore them because they just cannot cope with it. There is an obligation on government to be very responsive to regulatory burden and to make sure that your regulation is appropriate for the business environment because otherwise it is false comfort. You notionally have the gold standard but the truth is you have all these people who are ignoring it -

**Ms FORREST** - Until something goes wrong.

**Mr GROOM** - Until something goes wrong and then you have an inquiry. This is a very real issue and we have to do better in it.

**Ms FORREST** - One thing I want you to touch on also, minister, you mentioned the three roles of the Coordinator-General and the person being an investment ambassador. How do you see them undertaking that role?



**Mr GROOM** - I see someone who has an outward focus on behalf of the state. Part of their task will be to understand all Tasmania has to offer and we have a lot of things to offer the world. In some respects I think Tasmania's time is arriving. When you think how attractive a lot of what we have - the high-quality food produce, for example. The potential for that to be a growth area in Tasmania is extremely real. We have great tourism offerings.

**Ms FORREST** - How do you see the ambassador?

**Mr GROOM** - You have to be familiar with it and then engage in the marketplace. It will involve them engaging nationally and internationally, making sure that people who might be interested in investing or facilitating growth opportunities for Tasmania are aware of it and also making sure that we are linking Tasmanian business with market opportunities in other parts of the country and the world. It is a bit of a roving ambassador type function.

**Ms FORREST** - It is admirable to take that approach. The budget is not very big for this in that it is not just the Coordinator-General, we have the Regulation Reduction Coordinator and other support at that office. I would have thought the Coordinator-General in particular would be expected to travel at times. It is much easier to eyeball people and then you can follow up by email, phone, et cetera, but to actually travel to some of these places and eyeball them is much more effective.

**Mr GROOM** - If you are asking me, Ruth, whether or not we would like to have more money, the answer to the question is yes, but we have to make judgements and this is the judgment we have made. It is something we will monitor over time. They will have to travel, there is no doubt about that, but there are other ways you can perform the task. We have networks that we leverage off. For example, we have a relationship with AusTrade which is a very good relationship. We have networks in Melbourne, Sydney and Brisbane and other parts of the country which we leverage off. We have an office in Shanghai that is very focused on the Tasmanian/Chinese opportunity so there are other networks that we will leverage off but they will be expected to travel. If I was in a position to have an unlimited budget, that would be a great world to live in.

**Ms FORREST** - I am not saying it is unlimited but for the role you have described and the comments of the office, not just the individual, \$2.6 million is not much.

**Mr GROOM** - We are going to do the best we can and this will be something we will keep an eye on over time but we are going to do the best we can. You want to make a judgement at the end of the day, that is the judgement we have made and there are other parts of government that also have budget allocations that can be part of this process so it is not all literally to come out of the Coordinator General budget but I am committed to this process. As you indicated, Ruth, this has been needed and we are very committed to making sure that it works for Tasmania.

**Mr FARRELL** - To clarify that point, this person's role will cover a number of ministries. If this person is looking at tourism opportunities, can funding come from the tourism minister in that case, or does it all have to come out of your budget?

**Mr GROOM** - They are an ambassador for the whole of government and we have budget allocations across government for opportunities and with tourism for example, we have invested more in marketing, \$16 million, so there will be opportunities right across government to look for

growth and investment and to have an outward focus. Environment, Parks is another one; identify the expressions of interest process is one which is important and applies across government. That will be relevant to tourism, that will be relevant to Parks itself, and it will also be relevant to the Coordinator General. It is a whole of government task.

**Mr FARRELL** - If you saw an opportunity in your area and the tourism minister saw an opportunity in that area and the resources minister saw an opportunity in that area, then they would have to work through this office to prioritise which area this person focuses on?

**Mr GROOM** - Across government there will be initiatives that different parts of government are undertaking in their own right. Tourism Tasmania, for example, embarks on marketing of Tasmania in its own right and there are other examples within government. The only point I make is that the Co-ordinator General, in their function as an ambassador for investment in the state, will have the benefit of the work Tourism Tasmania is doing in promoting tourism opportunities. They will have the benefit of AGRIVision in the agricultural sector, they will have the benefit in other initiatives that we are undertaking in relation to the Antarctic and other potential growth opportunities that we see. It is a whole of government task but the idea is that we have a specific person within the broad government structure of Tasmania who is dedicated in looking for investment opportunity for Tasmania.

**CHAIR** - How are we going, Ruth, with your output? Are you about done on that, on the Coordinator-General?

### 1.2 Industry and Business Development

**CHAIR** - It probably crosses over a fair bit into what Leonie has - 1.3. I will kick off with that. I would applaud all the initiatives you have there. They are proactive but the proof will be in the pudding. This time next year, and subsequent years, how they have performed with all those initiatives is going to be the interesting part. At the risk of sounding parochial, which of course I am not, but I detect a two-speed economy in Tasmania. In saying that, Hobart has a larger public sector presence. You have the presence of the government and you have MONA, Dark Mofo, the Summer Festival. It gives the appearance of an economy which is running fairly soundly.

Conversely, if you go not very far north you have an economy which is struggling. We see that because I have been travelling down here for some years to parliament. I have noticed that gap widening. I am still in small business. I notice the gap widening between the north and southern part. It is a fact of life. And why is it? Because so much of that productive end of the state is reliant on private enterprise and it has been struggling with all those issues of input costs, economies of scale, commercial viability, particularly in the primary industry sectors of agriculture, forestry, mining, et cetera.

Having set that scenario, and I know you have indicated some matters which I applaud with regard to the Coordinators being in the north of the state. By any measure, if you look at any of the indicators in the north, the unemployment levels, the health indicators, all of those social indicators, are at the bottom of the pile nationwide. Quite a lot of resentment has built up. It is one state, and we don't want to get into that parochial stuff, but we need to be mindful of it. I am pointing that out to you and I ask your opinion. I think there is a case where you have to focus on the northern part.

**Mr GROOM** - I agree with your point. There is no doubt we have to be careful to ensure we are finding ways to encourage further growth opportunity in any regional part. In Hobart itself, you still have to find opportunity but it is important that we are mindful that in some of the regional parts of Tasmania, in particular, they are doing it tough. I have mentioned the west coast for example. There are some indicators in the north-west that are still very difficult, particularly youth unemployment there is a real concern. I want to come back to it. As is the south-east - the more recent statistics.

Even if you go to Launceston and walk around the CBD and look at the leaseholds that are empty, it is a real concern. We have to be mindful of it and try to find ways to support the whole of the state in securing additional growth opportunity. One of the points I would make in reverse to that is that we do have to be mindful that we do not get into this north - south thing. I think it is a dangerous space, we have to be talking about the whole of the state. That is an obligation that everyone has to assume. That is why it is important when we are securing opportunities for Hobart, we are not critical because that is good for Tasmania but we also need to be mindful of other parts.

What is the Government doing about it? All our broad initiatives to make us an attractive place for investment, and providing sound policy positions that can encourage further investment like with the headworks charges and payroll tax relief.

**CHAIR** - I appreciate, minister, that you are looking at this on a regional basis in the things you mentioned before. Even if I go back to my home town of Deloraine in the mid-north, it is a big electorate as well. The panacea to saving the main street was going to be to diversify into arts and crafts-type businesses as well as everything else. Unfortunately, more than two-thirds of those are closed at the moment because they are not attracting enough business. It is a bit different to Mr Gaffney's home town of Latrobe. They are doing better in that respect. We need to be looking at a lot of those issues as well. When the tourism season starts again that moves things again.

**Mr GROOM** - Tourism is a sector that is really good in this sense. It provides opportunity for regional parts of the state and we will put a strong investment in that. Again I cite the expressions-of-interest process because that has some regional benefits. That is, the expressions for interest process for the national parks and the World Heritage Area.

We have the overarching initiatives that we are looking to improve the environment. We also have the specific measures to support small businesses. You know you have cited small businesses that might be doing it tough. One of the things that we are keen to do is to encourage the capacity of small business to take advantage of online opportunities. This is potentially an opportunity for small businesses located in regional parts where your market is not the traffic that goes through the main street but it could be anywhere. That is not easy, it has its own challenges. It is a highly competitive environment. Depending on what the nature of the business is, there could be issues with getting goods to people, but I think there are potential opportunities there.

We have the Regional Revival Fund which is about investing in infrastructure in different parts. The youth unemployment initiatives specifically are important because they are very much designed to try to address some of the issues that we have in regional parts of Tasmania. There are a range of things that we are looking at doing but I am not going to pretend for a moment that this is not a significant challenge for Tasmania, it is.

**CHAIR** - I acknowledge that there are shifts in demographics and a lot of paradigms. Cities are becoming larger whereas regional centres are perhaps struggling. What were once viable towns are now shrinking back towards villages that is sometimes becoming a bit of a wider phenomenon. It is unfortunate but that decentralisation now seems to be happening.

**Mr GROOM** - It has challenges, it is also part of the charm of Tasmania to be honest; the distributed nature of the population, the small towns and hamlets are part of Tasmania and its character. Traditional industry is another one that I would cite. Without wanting to get too controversial we have to get out of this mentality of saying we don't want to be in this or we don't want to be in that. I mentioned renewable energy before but it is true generally that we have to take a step back and identify the basic things that we have that are a competitive advantage for us to other parts of the country and other parts of the world, and make sure we are acting responsibly in securing opportunities in those areas. We have to get out of the mindset of 'we don't want to be in this and we don't want to be in that'. We cannot operate like that as a state. We have to find a way to secure growth opportunities in a way that is sustainable and that we can be proud of, and I think we can do that.

**CHAIR** - Okay. Mike, do you have a follow up question?

**Mr GAFFNEY** - I hear what you say about the north-west of the state and thanks for bringing it up. That is the advantage of the Department of State Growth, and I will use the Huon Aquaculture example. Traditionally, they provide fish for the market but they are now looking at having a shop front and a tourism venture at the facility, so people can view how it works. They are also planning to put in a curing, smoking and oil facility as well. They have some issues, or have had in the past, with the roads because of people pulling off to visit a tourist venture and a restaurant.

Because it is tired or lagging behind on the north-west coast, compared to other areas, especially the south, if a venture like that comes up, you only have so many staff across so many different agencies to help progress something like that. It is very important for the north-west coast, but people say it has to get in line with every other investment proposal. It is a bit like the west coast - we have legislated to progress funding for the roads down there. If that is the advantage of having a Department of State Growth that says, 'Okay, where are we going to put our resources - where are the quick outcomes going to come from?'

**Mr GROOM** - I agree. It is the opportunity. It is also the challenge. One of the things we have spoken about with the new department - and I don't want to be unfairly critical of previous times - is that we want to get out of the business of spending all our time on process and bureaucracy and reports and that sort of stuff. We want to spend more of our time seizing practical opportunities and facilitating practical opportunities, and practical outcomes. Being responsive - grabbing things.

**Ms FORREST** - Doing stuff.

**Mr GROOM** - Doing stuff. I don't want to be unfair to anyone, but perhaps in the past there has been too much time spent on reports and process and structure, and not enough time on grabbing things. We have to be responsive. We have to be action-orientated. The world moves quickly. Opportunities come and go and we want practical outcomes. It is the opportunity and it is also the challenge.

## UNCORRECTED PROOF ISSUE

**Mr GAFFNEY** - There is a conundrum there, too. I feel for the people who work in that area, because it is federal and therefore there are regulations. They can't recommend something that is outside of them, otherwise it comes back to bite them.

But a minister can see the issues - like rules and regulations regarding signage and access and roads - and take some responsibility for helping people move the process along a little quicker. People can get bogged down in what they have to do, which can take the process from two weeks to two months, with delay after delay. Sometimes the rules get in the way of a good outcome. There have been some issues with planning, as well, that we will come too late.

**Mr GROOM** - I am not going to suggest that we don't need to worry about the rules. We have to worry about the rules. It is about focus. You made that point before. If we have our minds less in bureaucracy and process and reports, and plans and this sort of thing, and more in practical action, facilitating practical outcomes, we are better placed to navigate some of these issues, and that is the mindset shift that we have discussed in the new department.

**CHAIR** - Hear, hear.

**Mr FARRELL** - It is good to see some positive stuff in the newspaper about the recent report that Hobart is lacking accommodation and the Premier stated that it puts us in a very strong position, it is a massive opportunity for Tasmania in terms of jobs and investment. Is this a report commissioned by State Growth?

**Mr GROOM** - I am not sure which report you are referring to, but I can talk about the issue broadly. Hobart is recognised as having one of the highest bed shortages in the country. You describe it as good news. It is an opportunity and it is a challenge, because we have to address this and there are initiatives we are undertaking in the state, not necessarily just the government, that are designed to address this issue.

I do not know if Jonathan wanted to add anything, or Kim?

**Mr WOODS** - I think that report was commissioned initially by Tourism.

**Mr GROOM** - It is widely recognised. There have been national reports that have identified Hobart as having one of the highest levels of bed shortages. We were talking before about the potential visit of the Chinese President and all the anecdotal feedback we have received on this is that if that visit happens, there will be a significant spike in Chinese visitation to Tasmania off the back of that. That would include Hobart. This is a good example of the challenge. It is a challenge and an opportunity and one we are focused on.

**Mr FARRELL** - Do you have any idea what the report cost or could we have a copy?

**Mr GROOM** - We can find out.

**Mr EVANS** - As the minister said, it is a good challenge to have and the changes that are being made in terms of tourism's focus, where they will focus more on marketing and access, creating demand it is going to challenge us in terms of ensuring the supply side and we are working with Tourism and the tourism industry about what role State Growth might play in terms of supply. Skills and workforce development is one of those key areas, but there is also product.

## UNCORRECTED PROOF ISSUE

**Mr GROOM** - I thought you were talking about the challenge and opportunity, but if you are talking about the report itself, we can find out about the report. It is an important conversation. It is important we talk about it because we need to solve it.

**Mr FARRELL** - Through tourism there is an opportunity now for investment. That should fit in pretty well with the new State Growth department.

**Mr GROOM** - Yes, absolutely.

**Mr WEST** - It does, and we are talking to particular proponents of particular developments with that sort of opportunity in mind.

**Mr GROOM** - We have been talking about this nationally. There have been various potential investors we have been having conversations with and we will continue to have.

**Ms FORREST** - One of the big challenges is with tourists, particularly the Chinese, is that a lot of our tourism providers are not Chinese visitor ready. There is a lot of work to do in ensuring that they have menus in Chinese, instructions in Chinese and understand the Chinese culture. I know a lot of tourism operators in my area have been mortified by the way the Chinese visitors approach things in their establishments. It has created quite a lot of dissent to the point some have refused to have them stay. It is a real problem. When we go to China - I do not speak Chinese, but the Chinese are very willing to accommodate you. Much more willing than some of us are.

**Mr GROOM** - We have been doing a lot of work on this. I will make a few comments and then hand over to Kim or Chrissie. We need to be ready. There is work to be done. We are actively engaged with industry on this challenge. There are a few elements involved in it. As a general proposition we need to make sure that those who are involved in the tourism industry, in particular, but also retail, et cetera, understand cultural issues and are in a position to satisfy the basic needs of any Chinese visitors. That involves things like cultural awareness, and language skills, and basic offerings. One of the consistent feedbacks we have had from people who are expert in Chinese tourism is the need to provide basic comforts. Breakfast that is familiar, for example.

**Ms FORREST** - So they can recognise it. When we go to China we like to recognise it.

**Mr GROOM** - There is a basic rule that says later in the day you are willing to be more adventurous. If you go to dinner, for example, it is no problem having something that is a little bit unfamiliar - it is part of the experience - but for breakfast you like comfort food. That is the basic rule. The Chinese are no different in that sense. What is important is that we are in a position to be able to satisfy that requirement. In fact, a lot of the breakfast offerings are very simple foods. Like soups, very simple.

**Mr EVANS** - And having the right condiments.

**Mr GROOM** - It is really simple things. Having signage and other materials in the language.

**Mr MULDER** - Perhaps we could put some regulations in place.

**Mr GROOM** - I don't support you on that.

Leveraging off the university is one of the things we have spoken about. We have a significant number of Chinese students who may be very well placed to undertake work experience in Tasmanian businesses and help with this. This is a significant challenge and we are very alert to it. I might hand over to Kim or Chrissie Berryman.

**Ms BERRYMAN** - There are three things we have been working on, in particular for the November period when we hope the Chinese President's visit will occur. We have been working with the tourism industry organisation because they already have a program for being 'China ready'. It is a form of accreditation. We've worked with the Tourism Council to see how, between now and November, we can roll out a program that further supports more of our main hospitality organisations to have that accreditation.

We have also been working with the TCCI to explore ways in which, in late October and early November, we could produce some workshops for retail businesses across the state focusing on welcoming Chinese customers. Some of those things are really very simple. It could be a form of cultural awareness - how to approach a customer as they enter your premises.

We are also finalising a project to roll out three workshops across the state - very targeted at up-skilling our chefs on how to present and cook what would be a breakfast or other forms of refreshments that are immediately going to appeal to our Chinese visitors. That proposal is still under development at the moment but we are aiming to have that being rolled out, either last week in October or the first ten days in November. We are looking to attract some of the best possible chefs in that area to up-skill our home-grown chefs. That is the immediate work, leading up to the visit.

**Mr GROOM** - There is an initial focus, which is very much about November, but this is an ongoing task, with leveraging offered in the future.

**CHAIR** - Thank you, minister. We will keep moving and if you have finished that point. I want to go back to that later.

**Mr FARRELL** - Yes, I have finished on that point, it was just the minister mentioned getting retail opportunities right and I had a question.

**CHAIR** - Do that and I will keep going on mine as well.

**Mr FARRELL** - When you mentioned having retail opportunities right, it brought me to the Myer development in Hobart. What stage is that at and what has been happening within Hobart City Council? It's hard to get a lever on where that's at at the moment, and I know in the past the government's had a bit of a hand in that. Could you shed any light on that?

**Mr GROOM** - This is an important project and there are steps we have taken from a government perspective to provides support. There are commercial arrangements that are directly between the parties. I might hand over to Jonathan on this.

**Mr WOODS** - We are in constant contact with both the council and the proponent in relation to the Myer development. I have spoken to the proponent a matter of days ago, to get an update on where we're at. They have a crane there at the moment, work is continuing on the site. They have a much larger crane that is in transit and due to arrive around Sunday 22 September. The

project is on schedule, piling work finished last week. They are looking to pour the slab around the 23rd of this month. The advice from the proponent is that they are proceeding with the project on schedule. They anticipate that stage one, which is the Liverpool Street side of construction, which is underway now, will be finished, under their arrangement with Myer, by November next year. That's when Myer will open in that area. Then the next stage is the Murray Street side. Then, tying that to the discussion we were having about opportunities for tourism vacancies, the proponent is examining the potential for a hotel development, as well as the retail side of things.

**CHAIR** - Thank you, minister. Could I move to another matter, and that is with regard to spreading the load around the regional communities of the state - the decentralisation of some public sector departments, as has happened in Victoria and New South Wales. You look at Bendigo, Bathurst, Orange, Geelong, the whole lot, and I applaud the fact MRT has moved to Burnie. My thought is that there would be a business case, given that probably 80 per cent of the primary agriculture is north of Oatlands and you have the existing infrastructure of Mount Pleasant in Launceston for example. You can be closer to the action there and DPIPWE - move it, shift it to Launceston.

[10.45 p.m.]

**Mr GROOM** - I am not going to be making decisions on behalf of the Deputy Premier. We have already discussed, from my perspective, the establishment of the Office of the Coordinator-General Launceston as an example of this. It is a slightly different location but it is an example of where you look for opportunities to spread the benefit. But, Chair, I think you are thinking way too small in relation to this, we need to be prosecuting this case at a national level. In fact, I have been having discussions about the potential opportunity for example in the area of defence. That is something that we want to do. We have been working on a strategy for increasing our share of -

**CHAIR** - I totally agree, we have nothing here.

**Mr GROOM** - We are working on a strategy at the moment for increasing our share of defence spending. It has been a while since I did it but I wrote an article on this a little while back. Our population is just over 2 per cent and we get something like 0.002 per cent of the defence spending. If you compare us to South Australia for example, theirs is phenomenal by comparison. It might be slightly different now with the submarine outcome but it is still a much more significant percentage.

These are fair conversations that we should have. We will often get criticised on the GST front and if you look at the discretionary spending of the Commonwealth, it is a slightly different story. I think there are opportunities and we will be actively working on those. I have had other ones that I probably should not go into because I do not want to overstate it, these are difficult conversations. I think there are other opportunities and we have to think nationally as well but I do take your point and I wish you all the best with your discussions with the Deputy Premier.

**CHAIR** - You will consider it though, you might reinforce the case with him as I will on several occasions.

**Mr GROOM** - I encourage you in your discussions and I wish you all the best.

**CHAIR** - For example, primary industry basically moved into NSW, it moved from Sydney into Orange.



## UNCORRECTED PROOF ISSUE

**Mr FARRELL** - The move of Inland Fisheries to New Norfolk has worked really well, to put it right in the centre of the fishing heartland I suppose, you will probably argue that that is Deloraine as well, Chair. That has worked really well.

**Mr GROOM** - I think there are opportunities here, in my area the Office of the Coordinator-General is a good example, we have a regional interface.

**CHAIR** - I appreciate that and having come out of the defence community at some stage I know where some things are. I have seen that retraction and you are right, it is something that Mr Prismall of *The Examiner* often writes about, the fact that there should be more of those resources located in Tasmania.

**Mr GROOM** - In fact, the secretary and I were up at TMO, when were we there?

**Mr EVANS** - Friday.

**Mr GROOM** - On Friday advocating this very issue and we got a pretty good hearing.

**CHAIR** - If I could move back to the China syndrome again. I mentioned I was there recently on a private trip through your department. At the end of a very long bike ride we did end up going to AusTrade to catch up with your staff a bit, which was useful. One of the messages we did get though, certainly the opportunities in dairy and everything else that you mentioned, but one of the negatives that came out, and you talked about this somewhere in the budget papers, was the increase in students. Like a lot of other countries in the world, there was quite a bit of negativity in saying that Australia is now recognised as the most expensive place for international students to travel to. We have superseded the US, the UK, Europe and a lot of other places because of our sheer cost of living and all of those other aspects, so that has become a barrier. How will you work through that?

**Mr GROOM** - I wouldn't underestimate the number of areas of attraction for international students that Tasmania, in particular, can deliver. I know it is a different market, but I was in Japan a couple of years ago, and we were talking about this in the context of Japan. What they were saying was that, historically, they used to go to the United States. But there were concerns in relation to crime rates, so they had a natural attraction away from really large cities. The parents felt that the kids were going to be distracted, or something along those lines.

I remember in Japan there was a really strong sense that Australia in many respects was incredibly attractive, and that does also stand the test of scrutiny in the Chinese context. We are seen as being a safer place with a very attractive natural environment. There is a strong interest in engagement with Australia, because we have the regional connection, it is in the same time zone and therefore it is a natural point of engagement for trade. There are lots of things we have that are very attractive, not the least of which is a very good university. We should not forget schools in this. I have raised this with a number of principals, because the Chinese Consul General was making the point to me that in Victoria and New South Wales the schools have been a lot more proactive in attracting exchange programs. That can often lead to a point of engagement which might mean they come there to university.

It is not just university, although we have an excellent university with a very good reputation. It is in the top 2 per cent in the world. Cost of living, yes, but if we compare Hobart for example

to Sydney, in terms of rental arrangements - and often the parents come and buy an apartment - there is some natural advantages that Hobart might have over Melbourne and Sydney.

**CHAIR** - You will recognise that it is still challenging, even for the school system. I am talking about a lot of the independent schools. I know principals on the mainland are struggling to compete with other countries to get the boarders to come in, to fill up, particularly from China and other places.

**Mr GROOM** - Yes, that is competitive, but we live in a competitive world. We have to get competitive. We have to sell ourselves, we have to promote what we have which is a competitive advantage. We have very liveable cities, a beautiful environment and this is understated in Tasmania. We have to more aggressively make the case. This is something I will be having a conversation with the Coordinator-General on.

Tasmania is one of the most liveable places on the face of the planet. There is an emerging recognition in many parts of the world of the attractiveness of that. As the world becomes wealthier, in particular China and the rise of the middle class, they will become more global, and they want their kids be global. This a new generation in the Chinese context. It didn't happen the generation before. You are talking about wealthy, mobile populations, looking for places that are good to live in. We have a great offering and we should never forget it and we should take every opportunity that we can to promote it and to sell it.

**CHAIR** - It is something that will persist, minister. Just something anecdotal - in China it would seem that, nationally, every student at year 1 is starting to learn English, which is tremendous.

**Mr GROOM** - They all speak English. In fact the generational disconnect is amazing. I have spent a bit of time in China, and the difference in experience between the kids and their parents is beyond our comprehension.

**CHAIR** - There has been quite a bit of criticism nationally that Australia has not made the best of the opportunities of the Chinese emergence, compared with some of the other countries. I saw a couple of TV programs on that, but aside from that, one thing that was positive when I went to a conference just recently in the timber products industry, with New Forests, was the fact that there are going to be 221-odd cities in China with over 1 million people, so there is going to be an exponential demand for timber products, which I hope, if we have enough left, we can take some advantage of.

**Mr GROOM** - This is something I believe very passionately in. I think there is potentially an exciting future for forestry. As we transition into a low-carbon global economy, which I believe we will, the potential for wood as a product, as a building material to have a value which as we sit here right now can't not quite comprehend, is real, in particular some of the engineered wood products. We have seen that example with the apartment building on the Docklands in Melbourne. It is a 13-storey apartment building built from wood. They have imported the wood from Europe. How crazy is that?

There are exciting opportunities. I do not underestimate the competitive nature of it - China itself will be looking to get into this space. This is again where we have to not shoot ourselves in the foot. We have great assets. We have to talk them up. We have to find the way. We need to find a way in forestry where we can secure a sustainable future of which we can be proud. I have

every confidence that we can do that as a state. We have to get out of this business of finding the problem and get into the business of finding the solution and the opportunity.

**CHAIR** - In regard to the merging of the two departments - what does that cost? Is that in the budget papers, is it?

**Mr GROOM** - We have a cost to date. It is designed to deliver net savings, so the net savings target is \$5 million.

**Mr EVANS** - Updated at the 6 August 2014, the total cost for 2013-14 is \$53 973, and so far in 2014-15, it is \$11 855. That deals with a range of issues relating to signage, phone charges, email charges, various licences for IT systems, office printing, office relocation, normal sorts of costs you would expect during a merger. They are not significant costs in the scheme of things.

We wanted to have extensive signage for the new agency on 1 July, and we wanted a very strong public presence in the internet and the like, and so we have concentrated on getting those aspects right. There have been some real costs associated with that, but they are not very significant in the scheme of things.

**CHAIR** - Minister, I can see that you need a break.

**The committee suspended from 11 a.m. to 11.20 a.m.**

## 1.3 Skills Development

**CHAIR** - Thanks, minister. We will resume and move onto Leonie, who has part of these outputs.

**Mrs HISCUTT** - We are talking about skills development now. The money allocated has dropped of a little bit, until it gets down to 2017-18. Why is that so and can you still manage to deliver the skills you want to deliver?

**Mr GROOM** - I appreciate the question. Those numbers are indicative of an adjustment in the Commonwealth funding, which is a consequence of national partnership agreements coming off. We have to be careful because it is not necessarily reflective of what the Commonwealth funding will do over the course of those four years - some of those arrangements are still being negotiated. I do not think it reflects what the actual outcome is likely to be over the forward Estimates. That is how we have to account for the Commonwealth funding at the moment, because the agreements are still being finalised. The state funding for skills has effectively remained steady in a very difficult Budget environment. We need to find savings across the Government but because skills is an area of such importance to the state of Tasmania, we have been able to maintain a fairly steady level. Chrissie can explain that in a lot more detail and will be able to answer any further questions.

**Ms BERRYMAN** - The spike in the expense table, where it goes up to \$123 million for the current financial year, captures all liabilities for the training places committed in the previous year. Unfortunately, individuals do not train with the financial year. They train in accordance with their life circumstances. It means we have to manage those liabilities extremely carefully.

To support the information from the minister, the Commonwealth programs that are making the difference between the expense table and the appropriation table are Building Australia's Workforce, residual amounts from the Supporting Training for Teenage and Single Parents program, and the tail end of what we used to know as the Productivity Places Program. Our skills fund has now taken the place of that program, but we are still trading out of it. There are TAFE fee waivers for childcare diplomas and there is a very tiny tail left from an old pre-apprenticeship program as well.

**Mr GROOM** - In terms of the state appropriation, I might give you the numbers. In 2014-15 it is \$97 317 000; in 2015-16 it is \$95 060 000; in 2016-17 it is \$96 691 000; and in 2017-18 it is \$97 832 000.

**Mrs HISCUTT** - That is consistent. That is good. It is very exciting to hear about your Chinese education program. Have you got anything else exciting in the pipeline that we can look forward to?

**Mr GROOM** - What was that, sorry?

**Ms FORREST** - It was a Dorothy Dixier.

**Mr GROOM** - The Chinese program -

**Ms FORREST** - Has been done to death.

**Mr GROOM** - is very important. I will reiterate that point. It will be an ongoing focus, there is no doubt about that. I might talk broadly in the Skills area and then hand over to Dr Berryman for further questions, but there are probably a couple of things that are fairly significant that have shifted in relation to Skills.

The first one is that we have moved Skills Tasmania from the Department of Education to the Department of State Growth. That is in recognition of the desire by the Government to give it a greater emphasis in terms of its responsiveness to the needs of industry. The idea is that it puts it in a position where it is recognised as a driver of the economy, making sure we have appropriate skills for the job opportunities, both now and into the future, and facilitating a closer engagement with industry to make sure they are more aligned.

The second one is a bit of a shift of focus in that regard. We recognise we have finite resources to invest. Therefore, it is important that we are investing those funds in a way that is efficient, and investing in real skills for real jobs. This will be a key focal point of the new Government. We want to make sure we are understanding from industry what their current needs are, what the skills gaps are and making sure we are investing money for skills development in those areas. We want to understand where the growth opportunities are and make sure that we are up-skilling to ensure we do not have a skills shortage.

There were a number of specific initiatives we have looked at in this area. One is a new pilot program with the TCCI, which has been commenced. I think it is in the north-west where we are starting. We are going to roll it out around the state. This is an initiative we are funding through the TCCI, about having a conversation with business and understanding what their skills needs are and then understanding what they believe the skills gaps are for those who are presenting for jobs.

## UNCORRECTED PROOF ISSUE

Quite often these are soft skills, if I can use that term. I do not want to be misleading, they are important skills, but they are not your formal certificate. They are things like how you present, whether or not you are able to understand basic customer service interaction, basic computer skills, and even how you dress and those sorts of things. They are soft skills.

Often businesses are saying to us people are presenting but could not be offered the job because they did not look as if they were in a position to perform these basic functions. They are having a conversation with businesses in that regard. Then they are speaking to job seekers and have a conversation with them about how well placed they are in relation to these skills. They are identifying the gap and then investing in it. This is a specific program to close the gap in relation to these soft skills. It will start in the north-west and it is going to be rolled out around the state.

**Mrs HISCUTT** - Is that sort of thing best done in the schools, grade 10s?

**Mr GROOM** - It is interesting you should say that because we have had a conversation with the TCCI about that specific thing and one of the things I am interested in is seeing if this is a concept that could have an application in the schools.

**Mrs HISCUTT** - It used to be.

**Mr GROOM** - Yes. It is something that I am interested in that regard. That is something that I would need to speak to Mr Rockliff about. We are investing again in the Beacon Foundation and Whitelion. Again, this is focused on younger people and making sure we keep kids in school or get them into skills training and make sure they are job ready. The Beacon Foundation, in particular, does some great work in schools making sure that there is close engagement between industry and the students. They do some great work in that area, as do Whitelion. They are a number of the specific initiatives. I do not know, Dr Berryman, if you wanted to add to any of that.

**Dr BERRYMAN** - There is one thing I am excited about and that is the work we are doing around an area we call Industry Validation. When you want young people to come out of the training system with skills that mean they can be really successful in the workplaces, you have to make sure that the nature of training aligns with the expectations of what is going to be asked of that person as soon as they go into a workplace, particularly when that person is a jobseeker and might not have a big experience of what it actually means to be successful at work.

We trialled the program of industry validation where we used the aged-care industry and the tour-guiding industry as two examples of really great practice. We have taken that great practice, and we have said okay, what are the key success factors here? We have identified them and they are how industry engages at different points in the training program, right from recruiting the person into the training program, through to work placements during it, and then through to how to capture the opportunities once they have graduated.

We are now doing a full project across the tourism and hospitality industries around best-practice industry validation to make sure our skills development in that critical industry sector is going to be as perfectly matched as we can possibly make it towards what the expectations are in the workplace.

**Mrs HISCUTT** - What age people are you talking about working here when you are talking about work placements?

**Dr BERRYMAN** - We think it is important to support all individuals who are jobseekers. There might be different approaches that a training provider would take to a youth jobseeker, and by that I mean 15 to 24. Personally I feel that that might extend up to age 30, but there are also special needs, for example, a worker who may have been in the situation where they worked in a particular industry up until the age of 40, then they find due to changes they are out of work. How do we support that individual to build confidence, refresh their skills so that they are then competitive for any other job opportunity?

**Mrs HISCUTT** - So you wouldn't be moving onto any school grounds for any of that sort of stuff? This is all with the registered unemployed, is it?

**Dr BERRYMAN** - This is with groups of what we call jobseekers. There are some individuals who are in the training system, and because they are actively engaged in training, they do not fall into the same ABS category as someone who is not engaged in employment, education or training. We work very closely at officer level, across the general managers in the Department of Education, and with the election commitments around Beacon we have already been doing that interagency collaboration at officer level. It is proving to be very constructive.

**Mr GROOM** - There is another thing that I would not mind touching on briefly that I am interested in. That is finding new ways to bring people into skills training. I made the point at the start, and I know everyone understands this, but it is important that we have a conversation about it. We do have a problem in Tasmania with youth unemployment; in some parts of the state including regional parts Tasmania, youth unemployment rate is off the Richter scale. It is very high and it is intergenerational.

One of the things I would like to say - some people were critical when I made these points before - is: we as a community, that is the Government, the broader community and the business community, have to talk about what a job is. I think what has happened is, because we have this disconnection that has emerged with pockets of our community where literally they don't have any direct experience of employment, there is a view that a job is a line of funds - it is a pay cheque, it is a source of money. You can go and work, you can rock up every day, work and get your money, or you can go to Centrelink and get your money. Of course, a job is so much more than that. Properly understood, a job is a reason to get up in the morning. A job is a means by which you engage with the broader community. It is about self-esteem. It is about success and failure and even learning success and failure. It is about appropriate risk taking.

We have to teach our kids that it is good to take risks. They have to be good risks and they have to be assessed but risk taking is important. Jobs are so much more than money yet there are pockets of our community, because we have entrenched multi-generational unemployment, where a kid will have no role model to leverage off in terms of understanding what a job can be and what that can deliver to them in their life in terms of ambition and self-fulfilment and self-esteem and engagement with the broader community.

This is a very broad issue, a very deep issue. It is a very significant issue and it is not easy. As a community, because we have these pockets of complete disconnection, we collectively have to talk about what employment means. To find new ways, more creative ways, to get people into the skills system and it might be through sport or art or other forms of engagement where kids do not think they are rocking up to do a formal course but it is an initial point of engagement to be brought into the skills training system. I don't know if you want to speak on that Chrissie.

**Ms BERRYMAN** - Yes. We have skills programs particularly designed around engagement. Sometimes they might not necessarily be only delivered by an RTO, a registered training organisation, but there are instances where an RTO might partner with a community group. We are looking to see, by framing up the outcomes of Government policy around pathways towards being employable, growth in the prospects of the individual, as well as growth for our state. Using these equity programs to support individuals to engage, get the confidence that they can develop skills, and then have a process in place where as soon as we have achieved that success, have the career conversations that will support that person, no matter how old they are, to have the confidence to take the next step towards employability.

**Mrs HISCUTT** - My biggest concern is Burnie, with youth unemployment of nearly 21 per cent. That is why I pushed that line a bit. You spoke about the RTOs and community groups that they may partner with. What sorts of community groups are you talking here? Is it like Beacon?

**Ms BERRYMAN** - It might be Mission Australia. It might be a Neighbourhood House. It might be another of the church associations. It might be a Women's Shelter.

**Mrs HISCUTT** - Minister, you might like to make a comment on the Rapid Skills Response Initiative. You may or may not have that at hand. I heard about it and thought that sounds very interesting.

**Mr GROOM** - Yes, it is very important in the context of the west coast initiative. We do have a capacity within the Department of State Growth that is well-placed to deal with workers who are affected by business closures. We are supporting retrenched workers and their partners to re-skill and to upskill and take new employment opportunities through this initiative which is managed by Skills Tasmania.

This is a capacity that is important because there are some industries that are going through a period of transition and we will see that in some of the heavy manufacturing areas. There are also some industries that are a little more 'lumpy'. For example, mining is like this. It fluctuates relative to global circumstances. The Government is committed to investing in ensuring we have appropriate skills training and support for those people who are involved in industries that are dealing with some of these issues. We have undertaken courses, such as occupational licences, heavy rigid licences, White Card work in the building construction industry, and occupational health and safety training. They have all been used in rapid response situations to support people in the employment opportunities. Registered training organisations have also played a role in providing accreditator training to allow workers to attain additional qualifications and transition to new appointments quickly and successfully.

We know that early assistance in the workplace, prior to redundancies, makes a huge difference, and it is one of the reasons why we make sure the department is staying aware of business circumstances. It is not perfect. You cannot always know when a business might fall over, or run into difficulty, but in some instances we are having ongoing conversations, so we are in a position to anticipate that.

Through the paid response skills initiative, retrenched workers are entitled to up to \$2 500 of assistance if they have an identified employment or self employment prospect. For those without an identified job opportunity there is up to a \$1 000 of immediate transition support. Once a prospective job is identified an additional \$1 500 of support is then available. These are some

important initiatives that the Government is very committed to - we saw this unfold, and I think it has been very effective, in relation to the west coast situation.

**CHAIR** - We will leave 1.2 and 1.3 open for questions.

**Ms FORREST** - You want it closed off now?

**CHAIR** - No, I will leave them open for questions to be asked - that is what I am saying. Bearing in mind there are quite a lot of questions to come, both sides of the table need to be pretty succinct. Otherwise we are going to sound like Richard Fidler on *Conversations* on the ABC - right at the moment, between 11 and 12. He does a very good job, mind you. But, I am leaving it open.

**Mrs HISCUTT** - I have two more points to put to you, minister. I have had complaints from time to time from manufacturers in my electorate, talking about up-skilling their qualified people. Is this up skilling going to be for those sort of people as well?

**Mr GROOM** - I might hand over to Dr Berryman in relation to this.

**Dr BERRYMAN** - Thank you. We have programs for existing workers, as well as programs for job seekers. One the best responses we get is when we put a tender out, inviting industry and employers to partner with an RTO and bid for a skills development program for their existing workers that is really specialised to their workplace. That is a genuine example of where there is real demand for up-skilling. We invest in that, because by up-skilling existing individuals in a workplace, you are making them more productive. If they are more productive, their business is far more competitive. If they are more competitive, those jobs are going to be more sustainable.

**Mrs HISCUTT** - I do not really understand it, but they tell me these people have a Certificate II in something or other, but need a Certificate III. Is that what you are talking about?

**Dr BERRYMAN** - Absolutely. Under the Skills Fund, even where an individual has a pre-existing qualification, if the employer says they need a particular skills set, they will be eligible.

**Mrs HISCUTT** - One last question. Minister, every year I used to look forward to the Adult Ed catalogue in our newspaper. Is that going to happen again? Have you thought about that?

**Mr GROOM** - Adult Ed is actually TasTAFE.

**Ms BERRYMAN** - Department of Education.

**Mr GROOM** - Department of Education, yes, so it is more Mr Rockliff.

**Mrs HISCUTT** - I am happy to take a hint about that. Thank you, Chair.

**CHAIR** - Thank you. Any further questions on these two outputs?

**Ms FORREST** - Just a follow-up on some things we have already talked about. The population strategy was one thing I wanted to look at further. The description in the Budget paper focuses particularly on business and skilled migrants. Does this form part of the broader population policy and strategy?



**Mr GROOM** - Yes. The business and skilled migration strategy is like a subcomponent of reported population strategy which we will be looking at a number of measures. Part of it is understanding the challenge that we have in terms of our population, some of the patterns that we have seen in the past help us to understand what has emerged and in particular the leakages with economical cycle. If you look at our population over time a lot of the movement has been very reflective of national economic cycle. To understand that and make sure we are well prepared for it and understand where the gaps are, so the working age 20 to 49 is where we have the most significant gap.

**Ms FORREST** - They are the taxpayers of the state.

**Mr GROOM** - And the productive workers, yes, that is right. It is a significant issue for the state but we are going to be looking at measures to identify ways to make Tasmania attractive for those population groups. One of things I am interested in is understanding the Tasmanian expat network better and having stronger connections. They are a good market, because if you are going to be seeking to encourage working age people to migrate back to Tasmanian, the expat Tasmanian community is a pretty good starting position.

Another issue that we are going to be focused on is understanding what this means in terms of forward planning for the state. Making an assessment of what the profile could look through to our target of 150 000 by 2050 and what that would mean from a planning perspective.

**Ms FORREST** - Do you still have that target?

**Mr GROOM** – Yes.

**Ms FORREST** - Good luck with that.

**Mr GROOM** - You need to have targets.

**Ms FORREST** - Going on to the west coast projects, they will welcome investment, being a dry patch, and having had a number of significant challenges of late. The four dot points you have listed are all worthy projects and the Queenstown Heritage and Arts Festival brings a huge amount. Two years ago, the festival's last economic return, from memory it was over a 1 000 per cent return for the major sponsor, the bank. Unfortunately they are not able to support the festival to the same extent this year. There is definite economic return in that so I commend you on that support.

**Mr GROOM** - I agree. I was in Queenstown for the fundraising dinner for the festival and I have nothing but respect for that community. The atmosphere in that room shows an extraordinary resilience and it is all credit to them. We have identified a number of initiatives to help support this area - and we have brought these forward, they were going to be spread over the four years - \$300 000 for public service housing upgrades, \$250 000 for the west coast training programs and initiatives, \$50 000 for the Heritage and Arts Festival, \$25 000 to complete the North Lyell Disaster memorial park, \$100 000 for the west coast bus service and \$25 000 for a feasibility study into the geopark concept.

## UNCORRECTED PROOF ISSUE

**Ms FORREST** - Some of them will not create long-term potential economic return in that they are a trial. It may lead to something else. The geopark, where that land is, was work in progress a few years ago.

A positive thing for the Government to consider is Lake Margaret Power Station which is the focus of the festival this year. It is the 100-year anniversary of that amazing 'old girl' as they call it and we are still lucky to have it because of the fight we had to [inaudible] the pipeline. There is a huge opportunity here for the development of the village. I know it is in a bad state of repair, but it was one of Daryl Gerrity's dreams to develop the village, to use it for a variety of opportunities. The hall there is still very good, it would not take a lot, and a couple of the houses are still in quite good repair, others less so. There is a real opportunity there for educational facilities or accommodation of some sort, and the opportunity for another walking track from Lake Margaret through to Lake St Clair to take the pressure off the Overland Track. This is getting into your other areas obviously but they are linked. That would have a long-term benefit, and I am wondering whether the Government would be interested in giving some consideration to it. It is not a cheap project by any stretch, but it would certainly bring long-term benefit.

**Mr GROOM** - I know this issue is being considered by the working group - just tracks generally in and around Queenstown in particular is another issue that we are looking at. The specific idea that you have just discussed is one which the working group is looking at. It think it is a really interesting idea. There is that incredible history of the Hydro.

**Ms FORREST** - The mine built it.

**Mr GROOM** - Yes. Our power facilities generally - it is a quirky, interesting history, so I think it can have natural appeal, and then obviously leveraging off any of the facilities that might still be there is potentially another opportunity. I can't say much more than that, because I am not in a position to. I need to understand these ideas, understand what the opportunity is and how that might be able to be facilitated. I know that this is something that the working group is thinking about.

**Ms FORREST** - The West Coast Wilderness Railway - are you still no closer to getting an operator for that?

**Mr GROOM** - That is an ongoing issue. It is one that doesn't strictly fall into my portfolio, it is Mr Hidding's, but we have seen some increased activity on the railway more recently, and I also went to have a look at it, talked to them there, and I think that it is a great setup in Queenstown.

**Ms FORREST** - It just needs to go all the way through.

**Mr GROOM** - Yes, that's right. These are the challenges. We are on schedule to do that. The real challenge is the long-term sustainability of the service, it is not easy, and it is one I know Mr Hidding is working on.

**Ms FORREST** - With the driver mentoring program, is that under your area?

**Mr GROOM** - Yes.

**Ms FORREST** - Is that the Learner Driver Mentor program?

## UNCORRECTED PROOF ISSUE

**Mr GROOM** - Which one are you talking about? I thought you were talking about small business mentoring.

**Ms FORREST** - It's on page 10.2. It may be Mr Hidding's area.

**Mr GROOM** - Driver Mentoring? It is Mr Hidding's area.

**Ms FORREST** - Just going back to the business loans, I am not sure if I understand how the loan assistance for businesses work, and how they are recorded in the accounts. When I look at the Treasurer's annual financial report, there is always an amount included in [inaudible] business as an asset. Last year it was \$48 million at 30 June. I was under the impression this represented the loan advances from the old Department of Economic Development.

When I look at State Growth and the statement of financial position in table 10.15 on page 10.42 of the budget papers, the Investments, as they are titled near the top of the page, will be \$57 million at the end of this year. Is this the total of loans expected to be outstanding, or what does this figure represent? It is going to increase to \$73.5 million over forward Estimates.

**Mr GROOM** - I think it involves a combination of things, Ruth.

**Mr WOODS** - Including the road safety levy and loans under TDR.

**Mr GROOM** - From memory, the amount outstanding in terms of the TDR out-loan portfolio is about \$30 million.

**Ms FORREST** - Is that recorded anywhere separately?

**Mr GROOM** - No.

**Mr WOOD** - As at 31 August the loan that's funded in relation to TDR was \$31.7 million.

**Ms FORREST** - That includes the Myer loan, does it?

**Mr WOOD** - Yes.

**Mr GROOM** - It will.

**Ms FORREST** - It is not in there yet?

**Mr GROOM** - They have to satisfy certain conditions.

**Ms FORREST** - Which hasn't happened yet?

**Mr GROOM** - No.

**Ms FORREST** - As you noted in the footnote, the state's movement in investments over the forward Estimates is due to the Farm Finance Loans Scheme and the TDR loan property and equity portfolio. Can you provide an approximate break-up of those areas?

## UNCORRECTED PROOF ISSUE

**Mr WOOD** - We can, but we haven't got it with us at the moment.

**Mr GROOM** - We can get it.

**Ms FORREST** - Does the Government hold equity in some businesses that you have provided loans?

**Mr GROOM** - We have not undertaken any equity investments but whether there are residual ones.

**Mr WOOD** - We have the capacity to do that under the Tasmanian Development Act and we have done in the past, but I am not aware of any equity we are currently holding. I will have to double check that.

**Ms FORREST** - If you discover there are some can you let us know about them?

I am still on page 10.42. There are interest bearing liabilities of \$74 million. Are these used to finance the loans to businesses and other investments, or are they internal? It is under liabilities.

**Mr WOOD** - I cannot answer that.

**Mr EVANS** - I imagine it would be a combination but it certainly includes the liabilities associated with the Farm Finance Loans Scheme, which is Commonwealth funded.

**Ms FORREST** - It reflects not just Australian Government loans - is that what you are you talking about? It has a footnote - 'primarily reflects Australian Government loans, in particular farm finance'.

**Mr GROOM** - The movement. The increase.

**Ms FORREST** - The increase reflects that. Is that all it relates to? There must be other things. What interest bearing liabilities are we talking about here, aside from the Farm Finance Concessional Loan Scheme?

**Mr WOOD** - We will have to take it on notice.

**Ms FORREST** - Then looking at the cash flow page on 10.44 - the net advances paid under investing activities. These are presumably the additional loans to businesses. The net borrowing under financing activities on the same page of \$12 million this year - are these additional loans used to finance the advances to business and if they are, where from? Are they internally from Finance General, or does Finance General have to borrow from TASCORP, or do the funds come out of revenue?

**Mr GROOM** - We can follow up a couple of these things.

**Mr EVANS** - We haven't got our finance person here and I would rather take those detailed financial questions on notice and make sure we get the answers right.

## UNCORRECTED PROOF ISSUE

**Ms FORREST** - I have a couple you might be able to answer and if you can't, we will take them on notice.

Again on the cash flow statement, for this year, 2014-15, there are net advances of \$12.25 million and, as I mentioned, net borrowings of \$32.5 million. Can you provide me with explanations? I am trying to establish the source of the funds used to give loans to businesses. You indicated you thought they come through TASCORP? I need to clarify that is the process - rather than from general revenue.

**Mr EVANS** - Yes.

**Mr GROOM** - I think it depends on the loan.

**Mr EVANS** - It depends on the loan and the sources vary. Farm finances loans come from the Commonwealth. The Myer loan would come from Tascorp.

[12.00 p.m.]

**Ms FORREST** - Can we have a breakdown of the loans that are there, and the sources?

**Mr GROOM** - What the sources are? Yes.

**Mr EVANS** - We do not have that detail information for you here now, but we can certainly get it for you.

**Ms FORREST** - When a loan goes bad, which has happened in the past, how is the loss recorded? Is it recorded some way in the budget papers, because we cannot find it, obviously. Or is it in the TDR annual report?

**Mr EVANS** - It is in the TDR.

**Ms FORREST** - Is that all reported there?

**Mr EVANS** - In the TDR report.

**Ms FORREST** - Can you tell us, I know the report is not out yet, how many went bad last year? I would also be interested to know how many are doubtful and impaired at the moment, in dollar terms and what percentage of the loan portfolio it is.

**Mr EVANS** - It is very small but I do not think I can say that it is zero. I has been a couple of weeks since I looked at TDR and I do not have it here.

**Ms FORREST** - One other thing I was looking at, this has been going across the department, the Government intends to cut \$68.9 million from Department of State Growth between now and 2018 - \$13.1 million this financial year and the forward Estimates show how much. How are you actually going to cut that out? We have already looked at the Coordinator-General's office, for example, not having a huge budget to start with. Where are the savings going to be made? This falls to the secretary as the Premier said as to where the decision is going to be made, but where do you think you can achieve those sort of savings?

**Mr GROOM** - Look it is a combination of strategies that we have identified within the office. We have the merger itself, so there is a savings dividend of \$5 million that has been targeted. We feel that we can support that outcome. This is an opportunity to be able to consolidate some of the corporate services. Between the departments there will some other duplication as a consequence of that. We are also looking at some operational savings - rationalising facilities in some of the leasehold arrangements that the secretary was referring to before. We are also looking at some efficiencies in fleet management. There are other consumables which are consistent right across government. We are looking at advertising, consultants, travel, and in fact some of these have already been more constrained as a consequence of a directive that was issued by the Treasurer. Some of the discretionary travel would fall into that category. We have seen a reduction in that. We are looking at other things like communication services, mobile phones, other issues.

**Ms FORREST** - Can you provide details of the spending on consultants, across the department, advertising and travel for the last two years?

**Mr GROOM** - Yes. Okay, let's get it for the current year then, and when we are coming back we'll have to secure that.

**Ms FORREST** - It is a bit hard to compare if you do not have at least one year to look at.

**Mr GROOM** - That's right.

**Mr EVANS** - We have the figures for consultants over \$50 000 for the former DIER and DED in the year 2013-14 with us. In DIER the total value of contracts was \$159 080 405.

**Ms FORREST** - Can you find a breakdown of who the consultants were, and for what purpose? We have had this in previous years, because often we found that consultants are used from outside the state. I accept that you cannot get the service you need within the state.

**Mr EVANS** - I can say that in DIER -

**Mr GROOM** - I am not going to disagree with you on that, it is one of the key areas of focus of the Government to make sure that there is less of that leakage. We have to act responsibly in that.

**Mr EVANS** - In DIER last financial year that 98 per cent of consultants and contracts were awarded to Tasmanian businesses. \$156 519 599.

**Ms FORREST** - That is a pretty good turnaround.

**Mr EVANS** - That is to be expected in DIER given most of that expenditure will go into roads and Tasmanian contractors won the lion's share of those sorts of businesses. In DED, it is a little less. They let \$10 524 342 worth of contracts over \$50 000 or more, and of that 79 per cent or \$8 330 331 went to Tasmanian business. Again, nearly 80 per cent of those contracts went to Tasmanian businesses in the case of DED.

**Mr GROOM** - This is an area of keen focus for the Government. The introduction of the local benefits test, the disaggregation of larger contracts, the requirement for a Tasmanian industry development plan for larger contracts, the initiative in terms of winning government

## UNCORRECTED PROOF ISSUE

work with small business in particular, are all initiatives we are undertaking to reduce the leakage out of the state.

**Ms FORREST** - In terms of consultants or contracts under \$50 000, because \$50 000 is still a decent amount, how many would fall into that category of being less than \$50 000?

**Mr EVANS** - I would have to take that question on notice.

**Ms FORREST** - It is a fairly high benchmark. I am sure there will be some jobs. Hopefully, a lot will be done within the department, a charge to the department, that are less than \$50 000.

**Mr GROOM** - We can get the breakdown for you.

**Mr EVANS** - It is detailed in the annual report which is to be released soon.

**Ms FORREST** - Advertising and travel costs - do you have those as well?

**Mr EVANS** - I certainly have travel costs.

**Ms FORREST** - Over the last two years?

**Mr EVANS** - I don't have it for the year before last, but in the period 1 July 2013 to 30 June 2014, total expenditure on travel, which includes flights, accommodation, and travel expenses - and that is for intra, inter and overseas travel - is \$1 855 901.

**Ms FORREST** - Across the whole department?

**Mr EVANS** - Across the whole department. We have aggregated that for DIER, DED and Skills Tasmania. I can break those down for DED, DIER and Skills if you want that information.

**Ms FORREST** - If you get information over the two years it would be helpful to have a comparison.

**Mr GROOM** - Yes, do a comparison. I think we have a more recent figure there.

**Mr EVANS** - I gave you the figures for last financial year but I also have the figures for the previous financial year. It is \$1 970 268 for the previous financial year and for the first month in 2014-15 the costs were \$102 953. On a pro rata basis in the first month it is a very significant reduction, going to the minister's point of the potential to make savings in this area.

**Ms FORREST** - Advertising - you haven't got those costs?

**Mr EVANS** - I am not sure we have advertising costs here but I will check. No, I don't have advertising costs here. It is probably a little bit more problematic but we can get you some information. I have a big spreadsheet just arrived.

**Mr GROOM** - It looks like it needs to be deciphered.

**Mr EVANS** - It is in very small print, so -

## UNCORRECTED PROOF ISSUE

**Ms FORREST** - We can take that on notice.

**Mr GROOM** - Clearly there will be advertising - there are things we need to advertise. It is in a different portfolio, but the initiative in relation to expressions of interest for national parks and the World Heritage area is an example. We have embarked on an effort to advertise for that, and we stand by that judgement. Consistent with the Treasurer's directive, very careful judgements are being made about discretionary spending in these areas, with a view to securing the savings.

**Ms FORREST** - Recruitment costs for the Coordinator-General, the Regulation Reduction Coordinator and the secretary of the department – do you have costs for those? I understand some of them are still ongoing.

**Mr EVANS** - It is 35.

**Ms FORREST** - Did you say \$35? Sure, Kim. In your dreams.

**Mr GROOM** - It is \$35 000.

The Secretary is Premier and Cabinet, and I am not sure what the Regulation Reduction Coordinator is, but I would imagine that -

**Mr EVANS** - I can answer that. We just advertised that locally through the newspapers and the *Gazette*, and also in the *Australian*. We have also incurred some small costs associated with getting a local consulting firm to give us an assessment of those applications.

**Ms FORREST** - A local firm? Just checking.

**Mr EVANS** - Yes. That is only going to be in the thousands.

**Ms FORREST** - Which boards in the Department of State Growth have been cut or reduced or combined? The Treasurer said we should ask that question of individual departments.

**Mr GROOM** - We will have to get that. I am trying to think where the Climate Change Action Council -

**Ms FORREST** - That is the problem with having eight ministers in one department.

**Mr GROOM** - There are advantages to it.

**Ms FORREST** - You can all sit round the table at once.

**Mr MULDER** - The entire Cabinet runs your department.

**Mr GROOM** - There are advantages in it.

**Ms FORREST** - And some challenges as well.

**Mr GROOM** - That is the challenge of government isn't it. I think it is a good model.



**CHAIR** - If you wish, minister, we can take it on notice. Unless you have it there.

**Mr GROOM** - I think most of them are Mr Hidding.

**Mr EVANS** - We have a few small reductions in Mr Groom's portfolio - the Digital Futures Advisory Council, the Premier's Business Advisory Council -

**Ms FORREST** - These are being abolished?

**Mr EVANS** - No, these are reductions. We have others in Mr Hidding's portfolio and one in Mr Rockcliff's racing portfolio.

**Ms FORREST** - Can you provide detail? We don't get those people before us. We don't get those ministers before us. Would you like to tell us which ones relate to the Department of State Growth?

**Mr EVANS** - We have a reduction in the Integrity Assurance Board of \$19 000 across the forward Estimates, and a reduction of \$29 000 across the forward Estimate years. The integrity insurance board is being removed so that is in Mr Rockcliff's portfolio.

**Ms FORREST** - My question is to him then.

**CHAIR** - As a matter of principle, minister, with regard to consultancies, you will attempt to keep some sort of lid on it because I have noticed across all three levels of government it has been very easy to engage consultants which come at a significant cost. I know they have to be used where, in fact some of that work could be done in-house, so within your department is that what you will be doing?

**Mr GROOM** - Any of this, what you might describe as discretionary spending, is a strong focus in terms of savings. I am not going to suggest that we will not engage consultants because there will always be a need to do it. We need to make sure we are making good judgements in that regard because this is an important area where we can deliver savings to make the Budget target.

**CHAIR** - We talked about the regulatory impacts on small business and does your department engage with your federal counterparts if you see things which are becoming onerous. If an indication has been given to you that things are becoming onerous in a particular field, will you engage with those people if it is emanating from Canberra, for example?

**Mr GROOM** - There are multiple processes that are currently in train, so there is a regulatory mapping process at the moment. The parliamentary secretary for small business and trade has been tasked with Tasmania's effort in this regard which is focused in the agricultural sector.

There are other initiatives and I am in the process of finalising arrangements with the minister, Mr Hunt, in relation to the one-stop shop for environmental approvals. We are looking at both a bilateral on environmental assessments and approvals being done by Tasmania on behalf of us collectively and that will be easier for investors who are seeking to navigate those processes. I have efficiencies and current efficiencies in them.

**CHAIR** - Even if a person can go down from the reporting aspects. From the federals there are about three different ABS lots of figures which normally you do on farm activities and then an environmental one. The other day I got another one which is called an economic impact statement which required a vast amount of time. You have to comply even though financials are not finished then you have fork out a heap of dollars to your accountant to try and do a rough estimate. Those sort of things in a small business do really impact.

**Mr GROOM** - I completely agree with you. I made the point before in terms of the regulatory burden for small businesses and I mean it, it is very consistent feedback. We also get it in the not-for-profit sector where you get these stories where more than 50 per cent of their time is spent reporting, as opposed to performing services. This is a challenge for all government and the Tasmanian Government is very focused on doing what we can in reducing the regulatory burden on Tasmanian businesses.

**CHAIR** - Do any members have any questions for the minister on State Growth. Thank you very much in that regard and thank you for your advice as minister and we will go to Energy.

**Mr GROOM** - I thank all the departmental staff. I put on the public record my sincere appreciation for all the efforts of those who work in the department. It is a very important one and they do a very effective job on behalf of the people in Tasmania.

## **Output Group 3 - Energy Policy and Advice**

### **3.1 Energy Policy and Advice**

**Mr GROOM** - I welcome Gary Swain and Alex Tay from the Department of State Growth to the table.

I will open with some general comments. It is a very important area. Energy is an area that Tasmania has very heavily invested in. It is very important that as a state we have a clear strategy for how to ensure that energy is utilised for the competitive advantage of Tasmania and also as an economic driver for Tasmania. One of the key areas of focus in recent times has been power prices and the need to find a pathway for power prices which is as low as possible but genuine and sustainable. It is also important that we understand the potential opportunities in renewable development. In a very difficult policy climate it is important that we are recognising some of the challenges with respect to energy. As I mentioned before, the gas situation is an example of that as well. It is important that we have a clear focus on the proper management of our government businesses. This is another area. The need to extract savings and to make sure they are being managed well is a very important area of focus.

Consistent with this, the Government has announced a policy in relation to a development of a whole-of-state energy strategy. We believe this has been a failing. That is why we have embarked on this work. We have established an energy working group which has representatives from across the consumer spectrum from the large industrials right down to the small consumers, including vulnerable Tasmanians. We also have representation from the agricultural sector on that working group. It has been going very well and I feel very confident it will be delivering some good advice to us as an input to the development of the whole-of-state energy strategy, and we remain on track to deliver that strategy into the public domain by the end of the year.

I also note that it is the centenary of the Hydro, and the Hydro is one of our great assets, a big part of the story of Tasmania and a big part of the story of the industrialisation of Tasmania. It is an extraordinary asset. As I was saying the other day, to me the dams are the infrastructure of the twenty-first century; a piece of infrastructure, in many respects, whose time has come, and yet they were built in substantial part off the back of the Great Depression. It is an incredible story and one we should be proud of. It is also one which we need to recognise the importance of continuing to invest in. We have great opportunities in renewable energy but there is no doubt in my mind that the dams are one of the great long-term investments. They will be a great investment for the people of Tasmania and we are very committed to ensuring that they have a positive future and, through Hydro, deliver good returns to the people of Tasmania.

**Ms FORREST** - So get down to the west coast to the Queenstown Heritage and Arts Festival where they are celebrating.

**Mr GROOM** - That is why I was down there the other day.

**CHAIR** - Okay. It is a complex and convoluted map of energy.

**Ms FORREST** - You mentioned the energy working group. Can you give us a list of the members? You have identified some of the key bodies represented, but can you tell us who sits on that working group?

**Mr GROOM** - Ray Mostogl and Geoff Zoof [TBC] representing major industry. Then we have Jan Davis representing Tasmanian Farmers and Graziers Association, Tony Reidy from TasCOSS and Mark White, an energy consultant who has been assisting small business and is also familiar with the household area. The Chair is Mr Rhys Edwards, and providing secretarial support through the Department of State Growth.

**Ms FORREST** - Do you have an expected date of delivery for the strategy?

**Mr GROOM** - End of the year.

**Ms FORREST** - Is that going out to broader public consultation or are you relying on the working group to inform that?

**Mr GROOM** - We are going to put it into the public domain. People have been asked to make contributions already so we have an issues paper that has been out seeking input. The idea behind this is that we will have a conversation in relation to it. The issues paper process closed on Monday.

**Ms FORREST** - Was there much interest in that?

**Mr TAY** - Yes, we have had 22 submissions so far. We have had some requests for late submissions by the end of this week or by Monday. In the interests of making sure we get all the views we have allowed those extensions. We are expecting a small handful.

**Ms FORREST** - Are they predominantly from representative groups or individuals or is there a mix?

**Mr TAY** - At this stage there is a mix.

**Ms FORREST** - I notice the increase in the energy, policy and advice output in relation to projects to investigate a second Bass Strait interconnector. I am interested in what process that will undertake, particularly with Tas Wind project on King Island and it has the potential to create that as phase 2, if ever phase 1 got going. Where are we at with the King Island? It is partly a Hydro question but the Minister for Energy informed us of the policy, particularly in this area, where we are looking at a second Bass Strait interconnector?

**Mr GROOM** - Hydro has been doing some work in relation to that project. It has two components. It has a King Island component and it has a component which is about a second link. That work is ongoing. It is a very difficult environment. I am going to be completely acknowledging of that. The immediate policy environment is difficult and that is why we have been advocating as strongly as we have in relation to a good outcome from the RET review.

This has been a very heavy engagement over an extended period of time. I had the opportunity post the Warburton Report to catch up with Mr Hunt and I have also spoken to the minister, Mr McFarlane, and we have had representation. The Premier has spoken to the Prime Minister. We have had representations with other senior ministers as well to advocate Tasmania's case. We are arguing for policy certainty in this area and I have made the point to Mr Hunt that from our perspective we think it is important that they seek to engage a bipartisan outcome, but one which is appropriate to support further renewable opportunities nationally. We want to see Tasmania have opportunities there. We have made the case in relation to the major industrials because we think it is a case worth making. They are particularly exposed at the moment, and the loss of a major industrial would be one of the most significant elements of upward pressure on power prices for households and small businesses in Tasmania.

**Ms FORREST** - And the biggest risk to Tasmania's GBEs, in terms of return.

**Mr GROOM** - That is right. In terms of return.

**Ms FORREST** - TasNetworks is entirely exposed.

**Mr GROOM** - That is exactly right. It also has significant upward pressure - the same point made twice - it has significant potential upward pressure on power prices. We have made that case. They largely use renewable energy. We think it is important also that existing investments that have been made by Tasmania are not compromised by policy outcomes of the Commonwealth. We have made that case very directly and will continue to do so. We have been continuing to advocate this case. Several months ago there was talk about the potential for the renewable energy target to be abolished in its entirety, and that would have a very significant adverse outcome for Tasmania.

**Ms FORREST** - On the back of Dick Warburton's report?

**Mr GROOM** - No. This was a conversation in the lead-up to the release of the report. But based on more recent discussions I have had, there is an emerging indication that it is not really on the table - the straight abolition of the target. That doesn't mean there aren't risks. There are risks because there are various scenarios that have been proposed as options in the Warburton Report that could have adverse outcomes for our existing investments and for future development. This is an ongoing conversation and we are going to continue to press the case. As I said to Mr Hunt,

the renewable energy target was a policy that was designed to transition the mainland of Australia towards renewable energy.

It would be a very perverse outcome if, as a result of policy decisions by the Commonwealth, the state of Tasmania - the state that is almost 100 per cent renewable in this generation mix - should suffer an adverse outcome. It does not stand scrutiny and that is the basis upon which we have advocated the case on behalf of Tasmania.

**Ms FORREST** - I commend you on that and I am sure you will continue.

It is interesting when you look at the Lake Margaret power station. That was going to be decommissioned by the previous government, potentially for a period of three years. It was in relation to the renewable energy credits. To get those you had to effectively shut it down for three years and then reopen. This would have destroyed the old station. After a bit of pressure, we reinstated the wood stave pipeline to keep the power station going and reopened the blower station that had been mothballed for years.

Regardless of the decisions being made about renewable energy targets, is there any potential to progress the King Island project, as happened with Lake Margaret? The federal policies are not really helping us at the moment but will we do it anyway, with a great outcome and result? Is there potential for that to be progressed regardless?

**Mr GROOM** - I would like to come back to the King Island issue, and then touch on the first one. As I said in my discussions with Mr Hunt, Tasmania's dams are the infrastructure of the 21st century. They deliver the best form of clean energy you can ever get, which is baseload clean energy. They are important in a national context. There is a strong case to say that national policy settings should support ongoing investment in those assets. They are ageing assets. They represent a significant impost in order for them to be maintained. Hydro spends somewhere between \$70 million and \$90 million every year up-keeping the dams. Under the RET we had two forms of investment or exposure, depending on how you want to look at it. We have the RETs associated with wind investments and then we have the baseline credits associated with the dams. The point I have made to Canberra is that it just does not stand scrutiny for there to be an outcome from the RET that undermines the capacity for reinvestment in the dams. The policy setting must support that investment. That is one of the strengths of the RET, but I think there are opportunities for there to be policy incentives that make that even more attractive, and that is the conversation that we are keen to have.

In relation to King Island, as I mentioned to you before there are two parts to King Island. There is the opportunity for renewable development on King Island itself and then there is the opportunity via that project to have a second link. There are two projects, in a way. If we had a really negative outcome from the RET, and I do not want to foreshadow that, but if that happened it would make the immediate environment for that very difficult. I do not want to see that happen but that is the truth. It would make it very difficult. We have adopted a policy commitment in relation to the investigation of the second interconnector. It is important to acknowledge that our policy is for it to be nationally funded and there are various ways that can happen. We can come back to that if you like.

One of the things about energy that we should never forget is that energy as a policy area shifts quite dramatically over time. If you go back seven years and you try to remember what the policy setting was at that time, it is very different from where it is today. At that point there was

strong bipartisanship in relation to the RET, there was an emerging sense of substantial investment in renewable development nationally, there was even a greater sense of global movement in this area, yet it is now a very different environment. You think of gas, where that was five or seven years ago. Seven years ago people were suggesting that gas was going to be the form of electricity generation that replaces coal and yet now it is pricing itself out of the market. Things shift.

If you look at a second interconnector project, that is a long-term projects. The assessment that was done by the previous government had a second interconnector being somewhere between seven and 10 years in terms of its planning and implementation. These are long-term projects. Notwithstanding the difficult policy environment we have at the moment, and not pre-empting the outcome - because I think the mood on the renewable energy target is shifting, in a positive sense. I do not want overstate that but I think it is shifting, so acknowledging that difficult policy environment, it is still necessary for a state like Tasmania, because of our serious investment in this sector, to make sure that we are undertaking the work to understand where the market could go in the future, what these projects might look like, what the technical options are, what the challenges are so that we are in a position to be well-placed should the opportunity emerge. That is what this investment is about. I think it was a failing of the previous government. The whole-of-state energy strategy was a failure and we are absolutely determined to make sure that we are as well-placed as possible to leverage off what is one of the great competitive advantages of Tasmania.

**Ms FORREST** - With regard to the second interconnector you are saying that you think it should be federally funded?

**Mr GROOM** - Nationally funded.

**Ms FORREST** - Are you going to ask the West Australians to kick in?

**Mr GROOM** - I will explain the point. With the existing Basslink, Victoria avoids the need for additional investment in peak load generation. There has been an assessment made of that that had it valued at something in the order of \$60 million annually. What I am saying is, if we were to explore a second link it needs to be in the context that Tasmania can play an important role in contributing clean energy into the national market. This is a national investment. This is national infrastructure.

**Ms FORREST** - It is because it is needed for the rest of the country.

**Mr GROOM** - That's right. The mechanism that is set up to fund that needs to be national. If it was a regulated asset, which is in contrast to the existing Basslink, that would mean that it was paid for by the national market.

**Ms FORREST** - As opposed to us paying - I think it is a \$5 million fee just to have the privilege of being connected at the moment - or is it more than that?

**Mr GROOM** - It is a significant amount.

**Ms FORREST** - It is a lot of money.

**Mr SWAIN** - There is a facility fee. It is a quantum step bigger than that.

**Ms FORREST** - Is it \$5 million?

**Mr GROOM** - No, it's more than that.

**Ms FORREST** - How much are we paying - the facility fee?

**Mr SWAIN** - I don't know if that number is in the public domain.

**Mr GROOM** - It is a significant amount. I don't think there is any doubt at all -

**Ms FORREST** - Higher or lower?

**Mr GROOM** - I don't think there is any doubt that Basslink has been to the net benefit of Tasmania, and the Expert Panel will predict that and draw a conclusion in relation to that. We have a national market that presents opportunities. I cannot change decisions that were made in the past but we can make sure we are well placed to make decisions in the future. It is incumbent on Tasmania to properly understand this - the further opportunity. It is a national conversation we have to have. If there is to be a second, then it is national. It is national infrastructure, it is facilitating the national market.

**Ms FORREST** - How do you propose to progress that?

**Mr GROOM** - There is ongoing work through the Hydro, and through the department we will be working with Hydro to further that. There are multiple aspects. It is important that we understand the policy outcome from the RET. I am not saying it is the be-all and end-all but you have to understand that with environment. There is some work to be done through the energy strategies. This is connected to the energy strategy. Part of the energy strategy is to understand opportunity from energy. There is work to be done on that. But armed with that background, we will be having the department work with Hydro in relation to understanding where we think the market could go, the various parts that it could go, what opportunities that presents for Tasmania, what the technical options are and in that context we will be having a discussion nationally.

**Ms FORREST** - At COAG level?

**Mr GROOM** - Yes. I have already done it. The Commonwealth understands our view in relation to Hydro and our capacity for renewable energy.

To go back to your farmer choice point, we are a nation and as a nation it is important that we all look for opportunity for different parts of the nation to deliver to the national product leveraging off natural competitive advantage. Renewable energy is one of our areas of competitive advantage. Not only do we have some of the best resources on the face of the planet, we have heritage in it, which we will celebrate through the Queenstown Festival.

We have expertise in it, which at various points is shared with the world. This is an area where we can play a role. If you take wind, for example, there are some parts of the country that have really struggled with the concept of large-scale wind. There has been strong community resistance to it. I can understand how that has happened because some of the locations of various wind farms have probably encouraged angst but in Tasmania it is well supported by the local

communities. There are many reasons why Tasmania can play a significant role in this regard and it is an important conversation that we have at a national level.

**Ms FORREST** - With regard to the issues of the networking charges, that has been one of the most rapidly growing components of power prices, and it is a matter that the major industry group have focused on, particularly last year. They have some very valid points because whilst it does impact on them, it also impacts on every user.

**Mr GROOM** - It's everyone's problem.

**Ms FORREST** - That's right. If one of the major industries pulled out, that is when there would be real pressure and it is a huge risk for TasNetworks. What are you doing in the area of policy management and advice?

**Mr GROOM** - This is the work of the Energy Working Group. Part of the conversation we are having is understanding different perspectives on how we can find additional savings in this area. One of the key areas of focus for the Government will be making sure that we secure the savings that can be achieved from the merger of Aurora distribution and Transend into TasNetworks. We think there are opportunities there.

It is fair to say that as a consequence as some of the political pressure in relation of this issue in recent times, there has been a shift in some of the regulatory thinking. National reform is going to improve the outlook in this area. There were regulatory issues and inefficiencies, but part of the problem was that historically there have been periods of under-investment in parts of our electricity infrastructure, apart from one period when there was very significant investment.

**Ms FORREST** - Some might say over-investment.

**Mr GROOM** - Some will argue that. But as a consequence of both the investment that has happened and the change of focus and mindset, we now have a different capital investment profile for the future. So there is the opportunity, and we have seen this in the latest pricing outcomes. We had a power price reduction of 7.8 per cent on 1 July, which was a combination of things - partly abolition of the carbon tax. This is a very important area of focus - it is a key focus of the Energy Working Group and the energy strategy.

**Ms FORREST** - As I understand it, the projections by Transend were blue sky projections, in terms of the future energy requirements in the state. They were basing their forward capital expenditure program on a population of 600 000 and the equivalent of two more major industries - two more Rio Tintos or Pacific Aluminiums or Nystars coming into the state. Clearly, in the current climate, this is not going to happen in the short term. Have they readjusted those policy settings for future capital expenditure?

**Mr GROOM** - There is a dramatic shift in the forward capital spend and it is a clear focus of the new company, TasNetworks. That is, making sure we minimise any upward pressure, and look for opportunities for downward pressure, in power prices. This is not easy, because you are making judgements. These things are all trail-offs, obviously. Investment can provide reliability, so conversations are happening between TasNetworks and major businesses in Tasmania in terms of potential investment, whether you want increased reliability, or are prepared to trade some of it off for cost savings.



**CHAIR** - So, you are indicating to the committee, minister, that there will be reductions in capex, in terms of infrastructure spending?

**Mr GROOM** - The forward profile of capital investment for TasNetworks is very different from what it was a few years ago, and that will have significant cost benefits.

**Ms FORREST** - I hope we have TasNetworks in front of our GBE committee, because I would like to drill down into that much more.

**Mr SWAIN** - I am going to add a little detail to that. Transend was overly optimistic and that has been recognised at the national level. It is not an isolated event in Tasmania.

**Ms FORREST** - I understand that, yes.

**Mr SWAIN** - As you know, no-one got the forward demand projections right and the understanding has been growing since 2012 of how off beam they were. There is now some work going on at the national level, to look at instead of having what you might have described as a sensitivity analysis around a base, fairly small changes of the base forward projection. They are now investigating a different modelling approach and it is now being done by AEMO, the market operator, not the network businesses. You could argue that the network businesses actually had an incentive because a lot of their return came off that.

**Mr GROOM** - That was the regulatory model and it has shifted.

**Mr SWAIN** - They are now looking at moving to a scenario analysis model. That is being investigated, which would say, with significant changes in forward demand, what would you do differently and what are the decisions you would make under all scenarios? That is more of a classic or modern-day scenario planning-type approach. This area has changed a lot in the last couple of years.

**Ms FORREST** - It was time it did.

**Mr SWAIN** - It had to, simple as that. In that sense, the structural change with TasNetworks is a real opportunity for them to re-examine all their processes and approaches.

**Ms FORREST** - Draw a line under it and move on.

**Mr GROOM** - Lance Balcombe has made it very clear that he wants to make sure that TasNetworks are contributing in a constructive way to the lowest-possible sustainable power price path for Tasmania in order to ensure that power is a competitive advantage and an economic driver.

**Mr TAY** - It is probably important to state that some of that change in the profile that the minister was talking about is a matter of public record at the moment. TasNetworks has submitted its revenue proposal to the Australian Energy Regulator which will assess that case. Some of that information around changing the [inaudible] profile will be in that revenue proposal which the Energy Regulator will be making its determination about May next year for the forward period.

**Ms FORREST** - That is not in the public arena yet?

**Mr TAY** - It is on the Energy Regulator website. They will publish TasNetworks' proposal and there is a public consultation process associated with that, including about a month or two ago, the AER came to Hobart and ran a public consultation process around the revenue proposal in which stakeholders could engage.

**Ms FORREST** - I assume that the major industry representatives would have been engaged in that process.

**Mr TAY** - They were present at that meeting, yes.

**Mr ARMSTRONG** - On biofuels, I noticed you have allocated \$200 000 over two years to work with local government or organisations, particularly the Dorset and Huon municipalities were mentioned. The federal government, I think through the TFA, allocated money to Dorset of somewhere around \$500 000. Is this in conjunction with those people and what do you want to progress out of that?

**Mr GROOM** - I might hand over to Gary for some of the detail on this. It is a combination of things. We want to explore the opportunity to better utilise some of our forest residues and this is part of the motive for this. We want to make sure that where we have genuine residue, that is not just put to waste; if there is a way we can utilise it productively for distributed generation then that is something we want to understand. In that context, we have made representations to the Commonwealth Government to see this type of generation qualify for renewable energy certificates under the RET as a way of further facilitating that opportunity. Then there is a broader biofuel-type opportunity for Tasmania.

**Mr SWAIN** - Yes, it is following on from that previous work that was funded federally and which saw Private Forests Tasmania working with the local councils to map the extent of the resource that could be used in bioenergy. I know there have been some early discussions about how the \$200 000 could be spent, looking for specific projects in those two municipalities.

In addition to that, there is work going on in relation to residues in the forestry space for Mr Harriss where there is some federal funding looking at the most prospective use of residues. One of the ones that I think will come out of that will be bioenergy. In terms of the department, those policy responsibilities all come through me, so we will be making sure that we are looking to keep the different work elements lined up and building on each other not duplicating the work of each other, and the two ministers will be talking at ministerial and Cabinet levels.

**Mr ARMSTRONG** - I believe it is on a dollar-for-dollar basis, is it?

**Mr SWAIN** - Yes, it is.

**Mr ARMSTRONG** - I believe you have been talking to some community groups in the Dorset and Huon area. The actual funding is to look at the resources, is that what you were saying?

**Mr SWAIN** - No, I believe most of that work has been done previously with the funding that you mentioned originally and Private Forests Tasmania have done a lot of work in that area. My understanding of it is that it is looking to identify specific opportunities based on our existing body of knowledge about the supply side.

**CHAIR** - Minister, moving slightly away from that, we have the gas pipeline which was put in across from the Longford fields and the western arm of that and the southern one as well coming down through the Midlands. Some industries are seeking to connect and households to that gas network? It is my understanding, and correct me if I am wrong, but it would seem from my reading that gas prices are going to increase significantly, is that what you are hearing at all?

**Mr GROOM** - Yes, look the profile for gas, as I alluded to earlier, is very different from where it was a few years ago. Depending on who you speak to, some people are forecasting a tripling or even a quadrupling, potentially, of the wholesale price of gas in Australia over the course of the next 10 years or so. That presents very significant challenges in that area, which can have flow-on consequences both for gas as a direct form of energy but also it will have impacts on the generation profile in the National Electricity Market as well. This is as a consequence effectively of the globalisation of gas prices, and there are a number of factors that are at play there. There has been an emerging demand for gas internationally. When Japan had the tsunami it shifted away from nuclear towards gas, so there has been a demand. There is a huge increase in demand from China. It has meant that now our domestic price is subject to global pressures and fluctuations. This is a very unpredictable space. I think it is dangerous to try to suggest certainty about these things. Even with unrest in the Middle East and the Ukraine, potentially Europe's responses to Russia can have impacts on global gas prices. It is a very difficult space.

From a Tasmanian perspective, it raises difficult questions of what role gas will play. I still believe that gas has an important role in Tasmania, but this is some of the work that we are looking at through the energy strategy. Then there is the separate question that has been raised by some in relation to the Tamar Valley Power Station. That is a difficult issue and one that Hydro Tasmania is giving close consideration to. They have to make commercial judgments in the first instance in relation to that.

**CHAIR** - That is right. One of the concerns might be, if I could look at it from the outside, if some of those industries that had converted to natural gas like Tasmanian Alkaloids and others, if indeed there is an exponential increase in gas prices then they may have to make some significant capex decisions down the track to change their source of energy supply.

**Mr GROOM** - It is important not to pre-empt these things. The main point is that it is complex and uncertain. Business and government - because we are also invested in it - we have to be informed and make judgements about these things but I certainly would not pre-empt outcomes. It is important to see how this unfolds.

**CHAIR** - It is a moving feast, as you say. You have the LNG plant at Westbury, and some people have done vehicle conversion and put in LNG.

**Mr SWAIN** - Gas pipelines, like any infrastructure business, are volume driven. You would expect the entities to act commercially in their long term self interest. Unless they had absolutely no capacity you would not expect them to price themselves out of the market. There will be a lot of positioning and commercial mechanics at play but ultimately the customer says if they have the capacity to play - based on their end markets

**CHAIR** - Minister, it is now 1 p.m. There will be a more questions on energy, so if we can knock off for a nose-bag until 2 p.m.

**The Committee suspended from 1 p.m. to 2 p.m.**

**CHAIR** - Thank you, minister, and we will resume.

**Mrs HISCUTT** - Minister, following what Ms Forrest talked about with the Bass Straight interconnector, if it gets set up and gets going, will the energy be distributed through Momentum or will that be tendered out?

**Mr GROOM** - It depends how it is done and this is a long way into the future so I would not want to be too prescriptive about what the arrangements might be at some future point should a second link be built, but my starting position on it is that it makes more sense that that asset be a regulated asset and therefore be available to anyone in the market.

If you are asking my view on the notion to Momentum energy itself, we remain committed to the concept of Momentum energy. We think it is important as a means by which Hydro can sell its power. It is consistent with the structure that exists in the market - that is, a vertically integrated structure where you also have access to the retail components. We believe there is an ongoing role for a retail presence on the mainland. It is important that investment is carefully managed and any growth is appropriate for the risk mitigation strategy that underpins it and it does not go off on a frolic of its own.

**Ms FORREST** - Minister, is it not fair to say that without Momentum's profitability Hydro would be in dire straits?

**Mr GROOM** - That is the point. This is one of the reasons why typically in the national market, companies have the full spectrum - they generate as well as sell. When you have a period of low wholesale prices, as we do at the moment, if you are in the business of energy you want to have an exposure on the retail side. That is where the margin is. For Hydro, that has been an important arrangement.

**Mr MULDER** - Several times, minister, you have pushed the point that our energy assets, particularly our renewable ones, are the state's competitive advantage. I would suggest to you it is only a competitive advantage if businesses within Tasmania get it at a good price. In the past the government has received dividends and when the carbon tax came along there was a windfall that would have been a huge competitive advantage in electricity prices across the country. Instead we upped the price and the government pocketed the windfall. With a new government that realises our competitive advantage, what is it going to do with the pricing mechanisms to make the most of that competitive advantage and pass it on, not to the government or the Treasury, but to the businesses that want to use it to create the wealth this state so desperately needs?

**Mr GROOM** - It is a good question. The previous government adopted more of a cash cow mentality with the energy businesses and that created price pressure for households and businesses. In that sense we were not taking full advantage of our investment in energy.

**Mr MULDER** - Even the government found itself buying electricity at a cheaper price in the market.

**Mr GROOM** - There is no doubt that if we are going to have government businesses they have to be well run - responsibly run - and deliver fair returns. That is an important proposition and this is part of the conversation we have had with government businesses. It is our view that it is important that energy is delivered into the market in Tasmania in a way that ensures the lowest possible sustainable power prices for households and businesses. That is important in underpinning growth, investment and jobs. This is a bit of a mindset shift under the new Government and is very much at the heart of the work we are doing on the energy strategy.

**Mr MULDER** - The other area I wanted to cover briefly was the feed-in tariffs. When the current four-year tariff regime - it was five-year and is now four, and counting down - goes from the 1:1 feed-in tariff to a - I forget what the ratio will be, but I know the feed-in tariff will be significantly less than the wholesale price that TasNetworks is paying for wholesale energy. What is the Government's view on that? Don't get me wrong, I am a great believer, I think no business can operate when it has to sell at the same price as they are buying it. I do not have any drama with that. I thought something more akin to the wholesale price would be a better feed-in tariff, given what it costs to get electricity in.

**Mr GROOM** - We have not loved the history of this. It is fair criticism of the previous government and fair criticism of decision-making that happened in other parts of the country. People were encouraged to invest in these types of installations.

**Mr MULDER** - I agree. I do not think the one-to-one tariff is appropriate because a business cannot operate if it has to sell for the same price it buys for. What I am suggesting is that the future feed-in tariff, which is something significantly less than the wholesale price of electricity, is a little unfair.

**Mr GROOM** - I might hand over to Gary on this. It is important to understand the broader context. The first point is that it has a historical legacy, so regrettably, people were encouraged by the higher tariff to come in and that was not sustainable. The Government recognises that it was not sustainable and in that sense it did not take issue with the transition to a process that determined a fair sustainable price for the energy delivered back into the system.

The previous government had originally proposed a smaller grandfathering period of three years and we had indicated that from our perspective, out of fairness, given the fact there were longer pay-back times under some of the investments that people made that that should be a longer period. It was on that basis that the Government ultimately agreed to the five years.

We need to make sure that these arrangements are sustainable. I know there is a perception that the new tariff that would apply to either installations. That did not fall within the grandfathering arrangement, or that will exist post the grandfathering arrangement, is not fair. I guess my response is that we have a process in place for making an assessment of what a fair return is for the power that is delivered back in, acknowledging the fact there are certain costs in relation to the system itself that form part of that assessment and that is the basis upon which the new tariff has been determined which I think is about 5.5 cents.

**Mr MULDER** - Five and a half cents in the future feed-in rate at the end of the five-year period. While I am there, what is the wholesale price currently that you are paying Hydro?

**Mr SWAIN** - The wholesale price is now tied to the Vic pool price and it varies, so it is not a number.

**Mr GROOM** - It is not less than the wholesale price but is substantially less than the one-for-one arrangement that existed previously. It is the wholesale price plus an additional component. There is an assessment that is made to determine a fair return based on factors, like for example, the cost of maintaining the system. There are some who will argue that is not a fair process. I have to rely on independent processes to determine what a fair price is for the power that is coming back into the system and that is the tariff that has been determined.

The most important thing from my perspective is that any arrangement that is put in place needs to be genuinely sustainable. What I will not allow to happen is for a pricing structure to be put in place that people bank on the basis of future investment which is not sustainable and then you have a situation in the future where we go through this process again. That is what I want to avoid. We have an independent process that determined the rate.

**Mr SWAIN** - I cannot add much to that. I corrected on the price and I believe it is determined on an avoided cost model. They are looking at the avoided costs on the network, based on shaving that peak demand and that is where the 8 cents has come from. The only other thing, and I think you have already covered it, minister, is that we are coming off a much lower base than some jurisdictions. So the adjustment for those people who have a lower base is more benign in Tasmania than any other jurisdiction.

**Mr MULDER** - What I hear you saying, minister, is that we are going to move towards a review of what is now mandated to be 5.5 per cent in the future?

**Mr GROOM** - The new rate is 5.5 cents.

**Mr MULDER** - But we are going to have to look at that to see in relation to the modelling you are talking about with the additional costs of bringing it in. That is the problem with it, is it not? You only generate the solar stuff in the daylight hours and most people are using it in the night time. I also notice that a piece of information I missed is that the wholesale price is determined on the Victorian pool price.

**Mr GROOM** - It is referenced to the Victorian price with an adjustment for certain Tasmanian factors.

**Mr MULDER** - As long as we are not burning coal, is a good one.

**Mr GROOM** - It is not a pure representation, but what has happened is it was 8.2 cents and it is now, for this financial year, 5.5 cents. That reflects a downward adjustment of the wholesale price, which is a reflection of the broader market.

**Mr MULDER** - And the current wholesale price you are paying to Hydro?

**Mr SWAIN** - It is about 4 cents.

**Mr MULDER** - I look forward to the cheques in the mail.

**CHAIR** - I have one further question, minister, and it is encapsulated in the form of an email from a constituent, who is a large irrigator and has a certain philosophical point of view, which

you may or may not agree with. So I will run that past you to see where you sit with it. As I said I would ask, he says:

Many key drivers of employment and wealth creation in Tasmania are irrigated agricultural bases from broadacre to horticulture. Large-scale infrastructure developed by federal, state and local farmers is of core importance to the sunrise industry. Rapidly increasing input costs from freight, fertilizer, fuel and energy, et cetera, are hampering increased development of new projects, as well as profitability

And he claims energy to run irrigation schemes is vital and is more than double the cost. He then goes on to say:

Sunset industries receive massive subsidy for energy-dependent old technology industry - NB Alcoa's closure in Geelong. Long-term energy subsidy to these industries should be scrutinised relative to the similar energy provisions that are readily targeted in irrigation pumping industry with a comparable irrigation rate to assist in boosting agricultural profitability and so maximise employment and returns to the rural communities.

There is a little more:

This irrigation power rate commensurate with the Rio Tinto-type break wood boosts expansion profitability as well as employment for Tasmania -

He claims it would be a minimal relative cost to TasNetworks and be good PR for them. You understand where he is driving along with this matter?

**Mr GROOM** - I understand where he is coming from. I would agree with him in this sense and that is that we need to find a way to make sure that energy is a competitive advantage and it should be. It is one of the great assets and it should be. That is why we are changing the focus away from thinking of energy as a cash cow for government and thinking of it as being more about delivering lowest possible sustainable power to drive growth. I would agree to that extent.

If we are talking about the cross-subsidisation you are getting to a more difficult space. There are some who argue that there are cross-subsidisations to the major industrials, but in fact the major industrials have a very different use profile. I think the Energy Expert Panel looked at this issue and concluded that it was not the case. But cross-subsidisation inherently creates unsustainability. It is not able to be maintained into the future. You want to make sure you are running the businesses efficiently and keeping costs down and that you have good regulatory models. You want inherent efficiencies so that you can deliver the lowest possible power prices across the consumer spectrum. That is what we are focused on.

**CHAIR** - Of course, and you would have heard that argument before from different sectors in the community, that we are over-subsidising those old industries. But there are ramifications if we don't, one would suggest.

**Mr GROOM** - I was making this point to Ruth before. Without doubt, the single most significant factor putting upward pressure on power prices in Tasmania would be the loss of a major industrial. This is where these things are interconnected and you have to make sure you are

making good judgments. That is the work of the Energy Working Group - having a conversation about that.

**CHAIR** - If that were to occur, it would spread the cost load for the infrastructure right across the remainder of the users.

**Mr GROOM** - There are significant fixed costs in our electricity infrastructure and if you have reduced usage, those fixed costs have to be spread across the users that are left, which is upward pressure. It is a significant issue and that is why the Government is very focused on making sure we are doing all we can to ensure that the energy businesses are being run efficiently, that the sector is efficient, that we have the right regulatory models that don't incentivise over capitalisation, and that we are making good judgments that can deliver the lowest possible sustainable power prices into the future.

**Mr SWAIN** - Just on those two points, one of the reasons the expert panel found there wasn't cross-subsidisation was that the MIs were taking direct from the transmission system. A large part of the infrastructure wasn't servicing them. The whole distribution network was not servicing them. On the other point the minister made about the risk of MI withdrawal, there has been, I understand in the past, an examination of which assets would be stranded if you took an MI out and there are very few dedicated assets. Most of the assets are common user assets. We do not even have a position where we can strand an asset and write it down, because they are still required.

**CHAIR** - I get it. Any further questions on energy?

**Ms FORREST** - One of the decisions of the Government, in meeting the budget challenge, was to take a significantly bigger chunk of the government business's profits in dividends. This is a decision to try to fix the Budget bottom line to some degree. But it places enormous pressure on the energy entities that have been the saviour of the Budget bottom line over the whole state sector. Hydro is going to be in a loss-making position, according to the forward Estimates, over the next two, three or four years, and TasNetworks is not. How does taking so much out those businesses enable them to reinvest in their business?

**Mr GROOM** - Again, this is a balance. On the one hand there is going to be significant investment in energy, and we have to make sure the entities are delivering fair returns. Where there is a tight budget situation that is one of the tools available to us. In relation to Hydro, we are having ongoing discussions. We want to get the balance right in relation to this. The higher dividend kicks in a bit later with Hydro, if I remember that correctly. In any case, you have to make sure the business is on a good sustainable footing - that you are delivering profits for the business.

**Ms FORREST** - They pay dividends on the profits. The income tax equivalent is on the profits. If they are making a loss, that means zero. In 2016-17 the Treasurer is asking for \$75 million from Hydro, when it appears to be in a loss-making position.

**Mr GROOM** - From Hydro's perspective the key is to make sure that we have the business itself on a sustainable footing so that it can be delivering profits. There are lots of issues that Hydro is dealing with; we do not deny that. The way I have described it in recent times is that the Hydro needs to go through a period of reconsolidation, but there are significant factors: you have had lower wholesale prices with the carbon tax coming off, which we support because a very



significant portion of that was paid for by Tasmanian households and small businesses, which I think was for the implementation of that policy; you have the Tamar Valley Power Station associated debt; you have some significant contraction in national consulting business. There are challenges. We do not deny it, but I have great faith in the future of the Hydro.

I made the point at the outset that Hydro, if you look at the energy mix in the national market - coal, gas, hydro, other forms of renewable energy - and then if you would also consider nuclear, if you asked me which one to bank first, I would say hydro is a good long-term bet. We have to make sure that we are in a position to reinvest in the assets; they are ageing assets, which is why we are having the conversation with the Commonwealth Government in relation to the renewable energy target because that is an important revenue stream. We want to have ongoing conversations with the business about further savings that they can deliver from an operational perspective and there will be other issues that we will have a conversation with them on. I feel very confident that we are going to be in a position to find a sustainable future. It was profitable prior to the carbon tax and it will be profitable in the future, but we have to get the balance right in relation to the amount to which the government extracts and the capacity of the business to reinvest. That is something that we are very mindful of.

**Ms FORREST** - It does not answer the question I asked you, which was about: the policy and parameter statement clearly shows the income tax equivalents for Hydro Tasmania for this year, 2015-16 and 2016-17 to be negative, so that means it is making a loss. The dividend pay the year after that the profit or loss made by a GBE, the year after it is expected to have a decline in the income tax equivalents of \$237 million, you are going to require \$75 million you paid in dividends from a loss-making position but it has to borrow to do that.

**Mr GROOM** - Yes, I was genuinely endeavouring to answer the question and all I can do is to repeat the point that the situation that Hydro is in right now is difficult, I completely agree with that, but there is an ongoing discussion that we are having with Hydro which is very much focused on making sure that that company can be on a sustainable footing going forward. It is important because we are very heavily invested in Hydro so we need to make sure that it is in a sustainable position and able to deliver fair returns. The Government and I have been on the public record saying we do not want to sell the Hydro, we are invested in it and therefore we have to find a way to make sure that that business can deliver genuinely sustainable returns. Does that mean that there are some conversations we are in the process of having with Hydro to make sure that is in that position? Yes, is the answer to that question.

**Ms FORREST** - One of things that may be necessary is an equity injection. Is that part of the discussion?

[2.30 p.m.]

**Mr GROOM** - There is no proposal for an equity injection but all I can do is repeat the point again that we will have the opportunity to have the GBE scrutiny at the end of the year, and there will be a further opportunity with the company to have further discussions to clarify and pursue this further. I reiterate that I have strong faith that Hydro can have a sustainable future. We recognise that there are difficult issues, we are having conversations as we speak about those issues, and we are doing so with a view to making sure that business is genuinely sustainable in the future and able to deliver fair returns to the people of Tasmania.

## UNCORRECTED PROOF ISSUE

**Ms FORREST** - You do mention in your first comment the importance of Hydro Tasmania reinvesting in their business. This can be increasing difficult in a loss-making making position.

**Mr GROOM** - I understand the challenges, Ruth, I really do.

**Ms FORREST** - I am just concerned about ripping so much out of them.

**Mr GROOM** - I understand where you are coming from in relation to this. All I can say to you is that the Government is very mindful of this as an issue. We are having ongoing discussions with the company to make sure it is on a sustainable footing and able to deliver fair returns. That is genuinely what we are doing and it is absolutely critical. This is one of our great businesses and we need to find a path. This is the joint task of the Government working very constructively with the management of Hydro Tasmania to deliver on that outcome. I am absolutely committed to achieving that.

**Mr MULDER** - You are still not getting the answer to your question. Why would take a dividend out of a loss-making company?

**Mr GROOM** - Clearly the Government has a budget intent of making sure that Hydro is in a position to deliver that return. These are conversations we are having. It is a bit difficult for me to expand on that much more at this juncture. There will be an opportunity later this year to have further conversations about it. It is very genuine. We understand the issues and the ongoing conversations. We have a firm resolve to make sure that we can achieve that outcome.

**CHAIR** - In 10 weeks we will have the GBEs; maybe all will be revealed then.

Thank you very much, minister, and thank you to your advisers.

### **DIVISION 8**

(Department of Primary Industries, Parks, Water & Environment)

### **Minister for Environment, Parks and Heritage**

#### **Output Group 3**

#### **Resource Management and Conservation**

#### **3.1 Land Management Services -**

**Mr GROOM** - The commitment of the Government in relation to the budget is to make sure we are putting Tasmania on a path of sustainability, but also to deliver on policy commitments that are about unlocking full potential of Tasmania. I do not think there is any doubt at all that growth in our economy will require us to make sure we make the most of our natural and heritage assets. We mentioned renewable energy in a different context renewable energy, but it also relevant in the context of this portfolio. It is important in order to do this that we respect our natural and heritage assets, but we also must find sensible and appropriate ways to make productive use of them. The Government is determined to get the balance right in this regard.

Our natural assets and heritage are relevant across the economy, particularly tourism, which is very important in the context of regional employment. We have a strong commitment to grow

the tourism industry. We are seeking 1.5 million visitors by 2020. We have invested heavily in tourism - an additional \$16 million in marketing to promote tourism offerings. One of the other things we are doing which is relevant to this portfolio is engaging in an expressions-of-interest process in relation to new investment and tourism offerings in our national parks and the World Heritage Area. This is a really exciting opportunity for Tasmania to embark on something which is a bit different. We believe there is global capital keen to find opportunities to invest in Tasmania. It is important in order to make the most of our natural areas that we attract that investment to ensure we have world-class assets and are able to refresh our tourism offerings to make sure we are competitive in that market.

If we take full advantage of these opportunities Tasmania has the potential to be the environmental capital of the world. We genuinely believe that. Our natural areas are as good as anywhere. At this point there is an opportunity for Tasmania to really emerge, leveraging off from renewed interest in Tasmania flowing from some of the exciting things happening with MONA, and also the appetite for the natural environment in Tasmania. We are very excited about that. I emphasise that it is very important from our perspective that we encourage investment in these areas in a manner which is sensitive to the environment and cultural values that make them special drawcards. Tasmanians are proud of our natural environment and heritage. We want to make sure we continue to be proud of it and do all we can to share it with the world.

There a number of other initiatives the Government has embarked on. We have seen additional funding of \$6 million into the South Coast Track and the final stages of the Three Capes Track to ensure we have improved infrastructure along the South Coast Track, and also fully realise the potential of the Three Capes Track, which is a very significant project.

In addition there are a number of other initiatives we are looking at in this portfolio. We recognise increased reserves and crown land as a consequence of our recent changes, so the Government has provided an additional \$14 million to the Parks and Wildlife Service over the next four years to assist with the management of those areas. In addition we are undertaking a number of initiatives to invest in further infrastructure, so \$500 000 towards the replacement of bridges near Meander Falls and also an investment at the Dip Falls Reserve.

In addition to that there is a need to ensure we are effectively managing some challenges that face Tasmania and one of them is the risk of fire. It has been one of the learnings from recent times where we saw the capacity of fire to reek damage and potentially present risk to communities, including to life. It is off the back of that that the Government has affirmed its commitment of \$28.5 million over the course of four years for the fuel reduction program and I will be happy to talk about that.

The Government has identified some investment in heritage, so some additional amounts appropriated for work on Highfield House and also the Brickendon Estate and Woolmers Estate, the great heritage assets of Tasmania.

They are some of the initiatives we have identified as some highlights in terms of the budget for this area. I am proud to have this portfolio, which represents the oversight of some of Tasmania's great assets. I am very committed to doing all I can to make sure it is well managed and responsibly managed and also that we are fully realising the potential it can offer for investment, job creation and growth in the Tasmanian economy.

**CHAIR** - Thank you, minister. We will move into Output Group 3.

## **Output Growth 3 - Resource Management and Conservation**

### **3.1 Land Management Services**

**Mr FARRELL** - My first question was in regard to the list and the impact of the new planning scheme on the list.

**Dr WHITTINGTON** - It is Output Group 1, so Informational Land Services runs the list. However, there is some information that is relevant to this portfolio that is delivered through the list but the management of the list is in Output Group 1 which is tomorrow.

**Ms FORREST** - With regard to this Output Group and I assume this is where the NRM group sit, is that right or not?

**Dr WHITTINGTON** - They are in Output 3.2. They work very closely across the sector.

**Mr MULDER** - I have a question on this. They are not huge numbers but I note they are declining over the forward estimates, \$1 million to \$0.9 million to \$0.8 million to \$0.7 million over that period. What is the reason for the downgrade? There is no note to explain it.

**Mr GROOM** - It is a reflection of some investment in earlier years so there is some money for the NRM Tamar settlement which I think is \$75 000 and also on the issue of dealing with the Nile log jam which is \$50 000. That is why there is a higher base, for want of a better description. From that point on it is budget savings.

**Mr MULDER** - How are they maintained? By fewer projects, fewer FTEs?

**Mr GROOM** - The savings initiatives, we have identified broadly in relation to -

**Mr MULDER** - Is this just pay pause stuff.

**Mr GROOM** - There are number of initiatives that apply across the Government, and the pay pause will be one of them. One of the things we are looking at doing in the portfolio, is identifying better ways of doing things, which are more efficient. We made the point in the session earlier in the week that we are looking at some more efficient ways of selling Parks passes, for example - ways that might be more attractive and therefore positive from a revenue perspective.

We are also looking at some initiatives that are designed to make better use of volunteers. That has benefits for a lot of reasons, and is also an opportunity for broad engagement with people. The contribution made by volunteers is very significant - it is something in the order of 200 000 hours, equating to about \$5 million annually. This is a significant factor and we want to increase it. There have been some really good examples of that recently, including in the Arthur Pieman area, where some good work has been done by volunteer groups.

We also have constraints in relation to discretionary spending - advertising, consultants, mobile phones, those sorts of things. Facility rationalisation is another area we are looking at.

There is ongoing vacancy control, there is the wage pause, and there are revenue opportunities we are also pursuing in a number of different areas. It is a combination of all those factors.

But, the specific answer to the question is - in the earlier years, there is some front loading of election commitments, and then beyond that it is more Budget saving impact.

**CHAIR** - Okay. We will go to 3.2 - Conservation, Flora and Fauna.

## 3.2 Conservation of Tasmania's Flora and Fauna

**Mrs HISCUTT** - I will start with the easy ones first. Foxes - their primary meal is native animals. Now that they have gone to BioSecurity Tasmania, your department is not going to be allocating funds to this, are they?

**Dr WHITTINGTON** - No, I do not have any funds.

**Mr GROOM** - Nothing in your portfolio

**Dr WHITTINGTON** - Nothing in my portfolio in the south, nothing of any significance.

**Mrs HISCUTT** - That is lovely to hear.

**Mr MULDER** - I think he is foxing.

**Mrs HISCUTT** - Second, there is issue with Tasmanian Devils. Did I hear a report on the news, not long ago that they are starting to show signs of recovery? Can you make a comment on that, if that is the fact? How are they going and how are you going with the protection of those particular animals?

**Ms FORREST** - I have seen a few dead ones on the road recently.

**Mr GROOM** - We need to get the messaging right in relation to this. First, there is no doubt at all that the devils are still dealing with very difficult circumstances in relation to Devil Facial Tumour Disease. The disease is present across about 85 per cent of Tasmania and still continuing to spread. So, the devils are certainly is not out of the woods. The best estimate we have is that the population of devils across Tasmania has seen an overall decline since 1996, when the disease was first identified, of about 80 per cent.

The decline in the north-east of the state, where the disease was first observed, has been about 96 per cent. I do not want to represent to anyone that there are not significant issues in relation to the devil. But we have seen a couple of things that are more on the positive side and/or interesting side. One thing is that the insurance population initiatives have been very successful. The breeding programs have been successful, and the genetic diversity that is captured in those populations has been very good. That is a very significant mitigate in terms of the potential extinction of the species. We need to acknowledge that ongoing work. We can safely say that it has been a great success.

The other interesting thing in relation to the devils in the north-east, which is where the disease first emerged - there has been a significant impact in that part of the state, but in more recent times the devil population in that area has stabilised. This is something we are keen to

have a look at and understand more about but I do not want to get the message wrong or miss it. I am not going to suggest that there are not ongoing challenges, this is a very significant disease and it is one which we are committed to doing all we can to understand and to mitigate against and there has been some very significant financial commitments by the Government. Core funding for the Save the Tasmanian Devil program was provided by the state government with \$2.4 million in 2014-15. In addition to that, the Australian government has recently announced further commitment of \$3.3 million for devil conservation projects. This is an area where I am working closely with the minister, Mr Hunt. He has a strong interest in ensuring we are doing all we can to save the Tasmanian Devil.

**Mrs HISCUTT** - Okay. Another easy one, probably. This covers flora and fauna. Does Tasmania have any particularly threatened species of flora that you are concerned about?

**Dr WHITTINGTON** - We have at least several hundred plants on the list of threatened species - rare, vulnerable or endangered - and we have management plans for many of those. Some are there because they are so rare. There are some plants that are only found in single locations and are vulnerable to a single fire, something like that, so they are there because of their rarity. Others are there because there are very few left and need to be more extensive, but Alistair might want to say a few more words.

**Mr SCOTT** - We currently have 681 on the schedule of the threatened species protection act, which includes a number of extinct species. I will go through the listings - 204 as endangered, both flora and fauna; 114 as vulnerable; 335 as rare and that is where they are uncommon and is mainly flora species; and also 28 are presumed as extinct. I do not think I have the number here of the flora species.

**Mrs HISCUTT** - Is there anything being done in the programs to keep them online?

**Dr WHITTINGTON** - This output works very closely with the three original NRMs, the original associations or organisations and so we have programs that we work with them on. They have received funding from industry and from Federal government. It can be things like fencing off vulnerable populations, weeding, grazing control, all of those sorts of things. Whatever the threat is, those sorts of groups harness the bush care groups and will be working in this space. We provide technical support as well as practical advice and coordination support roles into a much broader group than just the agency.

The Gardens, which is also part of this portfolio in the broad, has its seed bank program where it collects seeds from rare and endangered species from right across the world but with a focus on Tasmanian ones. The Gardens has a seed bank which is part of a global seed bank for capturing seeds from rare plants and they put those into a system where they keep the seeds viable and learn to grow them out and collect seed and keep them in situ. Like the devil insurance population, it is an insurance population for a whole range of plant species. There are a number of programs that agency is involved in, either directly to this output group or in partnership with others.

**Mrs HISCUTT** - I have heard whispers amongst some of the rural communities that the Government is going to use things like drones to look for these things. Do you have a comment on that, minister?

**Mr SCOTT** - No, we do not own any drones.

**Dr WHITTINGTON** - The approach that the minister has given me direction on is to work in partnership with the landowners, the custodians of the land. The last thing you would do, from my perspective, is to impinge on that partnership by using a drone without their permission. Our approach will be very much to work in collaboration and cooperation to provide help and support, not to spy. That is our policy position

**Mrs HISCUTT** - I am pleased to hear that. Having touched on that, how do we go with compensation on farms where a threatened species has been discovered, like galaxias fish? A particular area I know of in Circular Head is having trouble with compensation. Galaxias have been found in the river, therefore many caveats have been put on a particular private of farm. So how does the compensation go for that? Is it very lengthy and arduous?

**Dr WHITTINGTON** - There are provisions in the Nature Conservation Act for compensation in special circumstances. Those special circumstances are where a forest practices permit has been refused or amended by the Forest Practices Authority. If you have a forest practices plan that has been refused by the Forest Practices Authority, then you can become an affected owner if that refusal is upheld by the Forest Practices Tribunal. Once you become an affected owner you go from forestry into the Nature Conservation Act. At that point Mr Groom's portfolio takes over. There are provisions in the act for compensation for refused forest practices plans. The refusal has to be above the duty of care in the Forest Practices Code, so above what is considered appropriate for conserving, which is more than 5 per cent of biodiversity. Then there is a very long and difficult process, but we are talking about considerable sums of public money. The process is set out in the act, a very prescriptive process and it takes some time to move through, but considerable sums of money can be paid as compensation at the other end. Effectively the compensation is designed to compensate the opportunity lost by maintaining the forest.

**Mrs HISCUTT** - It does make it very difficult for any landowner to sell their land, or a bank to loan using that as collateral, because of these caveats

**Dr WHITTINGTON** - To get compensation, you are required under the act to enter into a covenant. That is a condition of compensation in the act. You do not have to have a covenant, but then you cannot be eligible for compensation. You are right; once you have a covenant, that is on title and it may or may not impact.

**Mrs HISCUTT** - Do you have many cases before you like that?

**Dr WHITTINGTON** - Of compensation claims?

**Mrs HISCUTT** - Of private land that has been affected by things like highly protected species. Is it common or rare?

**Dr WHITTINGTON** - We have nine compensation claims currently in the system that are being assessed.

**Mrs HISCUTT** - When I was visiting Eddystone Point Lighthouse a little while ago there were many wallabies there and they were mangy and ill. Do you have a cull program in place where there is too much wildlife?

**Mr GROOM** - We certainly recognise this is an issue. It has been raised by a number of landowners from a management perspective. One of the things we are looking at is to find ways to make it easier for landowners to effectively manage these issues. That is something the department is actively working on at the moment.

**Dr WHITTINGTON** - In the main we do not have programs for managing wildlife in the way you are suggesting. The minister is absolutely right. We are certainly assisting landowners who are managing browsing damage on their lands. There is one exception that I am very aware of, and that is on Maria Island. We have found over many years of management of the islands that, unless you manage the wallaby numbers, you end up with a very diseased and poorly nourished population of wallabies. That is by virtue of the size of the island and the grass. We do have a program there where we cull excess wallabies to ensure the population remains healthy.

[3 p.m.]

**Mrs HISCUTT** - There is a report from April 2011 which clearly states that native browsing animal control needs fencing, shooting and baiting. It clearly says you need all three tools. Are we going down that lane to make it easier to reduce red tape to help farmers because the dollar loss in farming is horrendous through browsing animals?

**Mr GROOM** - That is what I am referring to. We have been having active discussions with that sector to identify practical ways we can reduce the regulatory burden and make it easier for landowners to effectively manage these issues. We have to get the balance right and make sure we are acting responsibly. There is no doubt at all that, given the significance of this issue from a landowner perspective, it is encumbered on Government to find ways to make it easier for landowners to manage the issue.

**Dr WHITTINGTON** - I think you are referring to the alternative to 1080 report. That report advocated shooting and fencing, but also the need to have 1080 as a tool of last resort. This Government has made that statement quite publicly through Mr Rockliff's portfolio that 1080 is available as a tool of last resort.

**CHAIR** - It says on output 3.2 that this output manages the state's wildlife, including game species, and deliver programs - I thought that was what you did not say you were doing; I may be wrong - to reduce the impact of browsing damage.

**Dr WHITTINGTON** - If I mislead you that is not what I meant to do. I was answering the question that we had programs in place where the department culled wallabies to keep the populations healthy - Maria Island for example. Absolutely we work with landowners on programs to manage browsing damage, as the minister said.

**CHAIR** - It is a massive problem; ask any landowner in the state. Numbers have never been as high as they have been now. It has come home to us because we are leasing another property that backs onto crown reserve. The problem is moving people away from crown reserves because it is uneconomic because of the pressure. A couple of months ago I asked, in terms of game-control fencing, which is expensive, where private land joins crown land whether there is a 50:50 arrangement, as there is for other land tenure arrangements, for that fencing. I did not get a very satisfactory answer at the time.



## UNCORRECTED PROOF ISSUE

**Mr GROOM** - I know this issue has been raised. Historically it is not something the Crown has assumed responsibility for. My understanding is that under the legislation there is an exemption.

**Dr WHITTINGTON** - As I am sure you are aware, if you back onto a reserve the Crown does not pay 50 per cent of the fencing.

**Mr GROOM** - That is under the legislation. I understand what gives rise to the question. All of these things cost money and you are making judgements all the time about these issues.

**CHAIR** - In terms of 1080, a lot of people welcome it. Even though it is quite an emotive issue, we have had some good support from DPIPWE's on-ground officers. Before you create kilometres of new fencing you have to reduce the pressure, otherwise the whole job does not work again. It is very difficult to get people in the rural areas who have gun licences, the shooters and the really good shooters, to reduce that pressure. Once again, 1080 becomes part of a last resort but it is a very important tool to have. Some people find it quite difficult still to get permits, and you have to go through advising a lot of neighbours. I understand the reasons for that. I am just making the point that it is a big issues and I am glad that the TGFA is working with you on that.

**Mr GROOM** - It is a big issue and an emotional issue at various points. We are trying to find the sensible path to the extent that we have issues with managing browsing animals and other management requirements and to the extent that there are not practical alternatives available. We want make sure that it is used properly and responsibly. At the moment it is not in large numbers, is it?

**Dr WHITTINGTON** - This is 1080? No, it is down to around about 1 kilogram of use in the last year, roughly, from about 15 kilograms just over a decade ago. The use has come down, but it is certainly available as a tool of last resort.

**CHAIR** - I am surprised that in the tables, on page 9.16, it says private land covered by a property-based, [inaudible] wildlife management plan is 3 715. That is a huge amount of tenures to be covered. At No. 3 there is a footnote. A lot of those are forestry coupes.

**Dr WHITTINGTON** - I think they are forestry coupes and it is a steady number there.

**CHAIR** - Yes. Okay.

**Dr WHITTINGTON** - We treat each forestry coupe under a plan, in order to manage damage on the coupe.

**CHAIR** - Yes, I am with you. Any more questions?

**Mr FARRELL** - Mine was in regard to weeds - are you responsible for weeds?

**Mr GROOM** - I am not sure that we are, actually.

**Dr WHITTINGTON** - No, the agency is. Weeds was transferred into Biosecurity Tasmania as part of the Invasive Species Branch and so that question is best directed to Biosecurity Tasmania.

**Ms FORREST** - The question I want to ask is about the budget cuts and reduction in spending over the forward Estimates and the impact that could have on the capacity of NRM and Landcare groups to carry out their duties and their legal obligations. Will that have an effect at all? Are there cuts to any of those groups?

**Mr GROOM** - The first point in this area is that there has been a reform at the Commonwealth level. They have merged now. I cannot remember their names now, Caring for our Country and something else.

**Dr WHITTINGTON** - The Biodiversity Fund.

**Mr GROOM** - Caring for our Country and I think Landcare.

**Dr WHITTINGTON** - No, the Biodiversity Fund. It is the Caring for our Country. They have gone, those programs have finished.

**Mr GROOM** - They have merged and I think there have been some Commonwealth funding impacts, but at the state level we have largely maintained our investment. We recognise the importance of these activities and it was on that basis that we maintained it in difficult budget circumstances. But there has been an impact at the Commonwealth level.

**Dr WHITTINGTON** - At the Commonwealth level the Commonwealth has reduced the funding not this year but the following financial years, in their out years, by 20 per cent. The state has maintained its commitment at the existing level through the forward Estimates, so there is a recognition in that of the importance of NRM and maintaining it as a viable part of managing natural values.

**CHAIR** - I have one further question about the difficult matter of wildlife control. It may be a question, perhaps, for the primary industry minister's portfolio. In lieu of 1080, Ferotox is being used, as I understand it, quite widely in New Zealand. Is it an option you would consider?

**Mr GROOM** - That is Mr Rockliff's portfolio, but I don't know whether you have a comment on that?

**Dr WHITTINGTON** - It would be under Mr Rockliff's portfolio, as a poison. Ferotox is something we have had a look at in various programs, including previously in the fox program. It is a very rapid knock-down poison, a cyanide-based poison. The problem with its use in Tasmania is that it is highly non-specific - pretty much anything that eats it will die instantly. That has problems for bait and bait delivery. Non-target animals and humans, including children, are all at risk. It is a very complex poison to use in a landscape. In our context, bait delivery systems would be the real issue.

**Mr MULDER** - It works against the population growth policy, apparently.

**Mr SCOTT** - There is also an issue with national accreditation. It has not been accredited for use here, and there is quite a long process to go through if we were to go down that track.

## UNCORRECTED PROOF ISSUE

**CHAIR** - Obviously, the Kiwis have found a way to do it. I remember being there over six years ago, and perhaps they were a little bit nonchalant about it. They were it spreading up and down gullies with helicopters, and dropping 1080. That is the way they used to do it.

**Mr SCOTT** - They have a very different pest profile to us, and we have different types of native animals

**Ms FORREST** - I notice that in 2016-17 the Australian Government funding for the Save the Tasmanian Devil program ceases. Will it have an impact on the program into the future? Obviously the problem is not solved, and that is only a couple of years away.

**Mr GROOM** - It is an ongoing - where are you, Ruth?

**Ms FORREST** - It is a footnote on page 9.11 that explains the change to the funding line item

**Mr GROOM** - It will come to an end. There is a current funding envelope, for want of a better description. This is one of the reasons why it is important that we seek to engage the philanthropic community in relation to the Tasmanian Devil. There is some real opportunity in this regard.

**Ms FORREST** - There is already quite a degree of philanthropic support for the program.

**Mr GROOM** - I mean potentially taking it to another level. I had the benefit of catching up with the American ambassador, who has a very strong interest in the devil.

**Ms FORREST** - He thinks it looks like 'Taz' from the Warner Bros cartoon.

**Mr GROOM** - Well, that may be the case. A lot of Americans know Tasmania, and the devil, but he has a strong background in this area. I think he was responsible for US zoo administration, or something along those lines. I spoke to him about the potential to increase activity in attracting philanthropic funding for this initiative. There is a strong interest in the disease in the United States because of its unique transfer characteristics. There has been some work in California where they have looked at it from a research perspective.

As is always the case with these things, you would like unlimited funds, and we will continue to discuss it with the Commonwealth. But it is important to do all we can to secure funding for these types of initiatives outside of government. The devil is a really good example for these potential funding opportunities because of its iconic status, and the fact that is known globally.

**CHAIR** - If there are no further questions on that particular output group, we will move to output group 7, environment protection.

[3.15 p.m.]

### **Output group 7 - Environment Protection and Analytical Services**

#### **7.2 Analytical Services**

**Mr GAFFNEY** - I acknowledge that Leonie has 7.2 but if you put this output group together it looks like there is about \$120 000 decrease this year, \$105 000 decrease the following years and

then in 2016-17 and 2017-18 there is a \$360 000 increase across the line. I am imagining that is as a result of the possible savings the government is looking at. Will that impact affect staffing levels in the next couple of years for that output group?

**Mr GROOM** - The first point I make in relation to this is that in the context of the budget circumstances we have been successful and are now able to maintain the funding at a fairly steady level. In the scheme of the budget challenge it is fair to say and is very much an acknowledgment of the commitment of the government to this area and it is important from a public confidence perspective, but obviously no area is immune so there are savings that will need to be found in relation to it. We do not have any specific job number arrangements in relation to this.

**Mr GAFFNEY** - Is the decrease in funding of \$120 000 going to affect the staffing you have at the moment over the next 12-month period?

**Mr SCHAAP** - You will notice the decrease next year is more in the area of Analytical Services. The number of positions there tends to be more reflective of the work throughput and therefore the commercial revenues raised, so that tends to be the primary determinant of how many staff we have, but certainly we are going to have to be more efficient with the manner in which we deliver the services for government in order to achieve that budget target and that may result in reduced numbers on that ground alone, but what the net effect will be is difficult to predict without being certain of what the total throughput through the lab would be.

**Mr GAFFNEY** - In the following two years of forward Estimates there is a \$360 000 increase over both years, so is that because of a certain act you see happening at that stage or is it because the government feels as though they will be in a better position to put more money into this output group?

**Mr SCHAAP** - The increases over the forward Estimates tend to be more for indexation of salaries and operational expenses rather than any programs. The changes in programs tend to be more about the fact that in the previous year, that is last financial year, we had a number of new initiatives which have potentially ceased for this year and that accounts for what would otherwise have been slightly less between the 2014-15 and 2013-14 allocations.

**Mr GAFFNEY** - In 2013 a question was raised regarding waterways and rivers that had some work done on them. Two of those were the bigger ones down the west coast regarding Savage River and Mt Lyell and the response then was quite good in that they said those companies' reparation work there was very good and they were probably well on top of that. My question pointed out that there were smaller works that needed to be taken up on other waters and riverways within Tasmania. Can you provide a breakdown of what work has been done by the agency over the last 12 months in those smaller areas, if that is possible?

**Mr SCHAAP** - That is easy, the answer is none. There are only two programs in terms of west coast remediation in which the agency expends funds itself. One is in relation to water monitoring in Macquarie Harbour as a consequence of Mt Lyell copper discharges, and that is a relatively modest program which involves seasonal sampling of water quality in the harbour. The more substantial one, as you have mentioned, is the Savage River remediation program which is funded expressly through legislative arrangements established when the current operators took over Savage River. That relies upon a fund of some \$22 million for remediation activities on the west coast.

All the other remediation activities that occur in relation to mining and impacts on water quality on the west coast are either funded directly through the obligations of individual mining companies in terms of those legacy issues and current issues they have responsibility for under their mining leases, or the historic issues which are not currently the responsibility of any mining operator are dealt with by Mineral Resources Tasmania under the mining rehabilitation fund scheme which again is a fairly modest fund that tends to be targeted more on making areas safe rather than managing the environmental impact.

**Mr GROOM** - Quite apart from rehabilitation, there are other things we are doing in relation to water quality; for example, the Derwent Estuary Program would be an example of that which is a great collaboration between state government, local government and the industry.

**Mr SCHAAP** - Certainly if you beyond the west coast there is a whole range of other stuff. The example of greatest note would be the progress we are making in a number of systems, and through the Derwent Estuary Program and the regulatory efforts we are making with respect to a number of polluters we have seen some dramatic improvements in water quality. The primary improvement we will see in the reasonable term in the future will be through the improvements in discharged water quality of wastewater treatment plants, typically those operated by TasWater.

Our expectation is that through those programs we will see improved water quality not just at the estuarine end of the system but throughout waterways that currently have discharges. There is a not so much in the frame now for other discharges because most of those players are now operating at accepted modern practice. Their effluent quality is pretty reasonable by modern standards, it tends to be the wastewater treatment plants that are coming further up to scratch. Each of the systems has a different history and prognosis and we can go into some of those specifically if you wish.

**Mr GAFFNEY** - The Derwent and Macquarie ones were mentioned last year. What other things may have surfaced in the last 12 months or major issues in environment and pollution control that you would like to mention to the group today, those that have been resource-hungry, or you have put more time and energy into in the last 12 months? What are the major issues that would be of concern that you would like to comment on?

**Mr GROOM** - That are new?

**Mr GAFFNEY** - Not necessarily new but have taken a lot more time. The Derwent Estuary and Macquarie Point were mentioned last year and the year before. Is there anything else that has surfaced in the last 12 months you would like to comment on that may be resource-hungry or you will spend more time on in the next 12 to 18 months? Is there anything surfacing at the moment?

**Mr GROOM** - These things tend to be long-term ventures.

**Mr SCHAAP** - We do manage to knock things off the list. The one, in terms of water quality, that is of most consequence, is TasWater's waste water management plan and the investment that it makes across the state. That remains one of the key focus points. In terms of broader environmental issues, one area where we have been investing more resources of late has been in the area of working with local government, to try to improve environmental outcomes that are not necessarily in areas that the EPA has been regulating but which the local government regulates in accordance with its responsibilities under the act.

A good example of that is the work we have been doing with some local government groups, in particular Northern Midlands Council at Longford this year, trying to reduce the impact of domestic wood heater smoke on populations and trying to reduce smoke exposure to the community. We have also been working with local government in a whole range of difficult regulatory areas to help them overcome issues, such as from unauthorised waste dumping. Through the regulation of particularly difficult premises, where there might be issues of understanding chemical and physical processes that they need our expert assistance with. That is an area where we have invested more this year and hope to do so over the next few years to assist local government in getting a better result. And, also, in the course of doing so, improve the capacity of local government to deal with those issues in the longer term. That is reflective of the unusual situation where we have the EMPCA axed, the Environmental Management Pollution Control Act, which sets up two regulators expected to operate as a partnership, that is the EPA and local government. We are hoping that by making that investment we can get a good yield in terms of environment improvement from a fairly modest investment on our part, to help council do a better job and become more capable in the longer term. They are a couple of the major areas.

In terms of specific areas that have been resource hungry, you will have noted in recent years there have been some new mine approvals. Mines are of some consequence, because they can have long term impacts and they need to be carefully regulated. We have taken some care to ensure we allocate enough of our energies, not just the assessment process for those development proposals, but also to their subsequent regulation. As we have had a few new mines in recent times, that means we have had to focus that attention on those new mines to make sure they get off to the right start.

**Mr GROOM** - Going back to the efforts in relation to the domestic smoke management program, they have also been geared towards education. One way you deal with limited resources is good co-operation between state and local government, but another way is education. How people manage their domestic heaters can have a big impact on that outcome.

**Mr GAFFNEY** - One of the goals of the EMC is developing contemporary policies to address certain environmental issues. One of those is in the quality of our estuary and the conundrum between economic social activity and pests that might be in estuaries. I will take, for example, the Rubicon estuary which has a high proliferation of rice grass which is impacting on the quality of the environment and of the estuary and the management of that. With coastal policies and dealing with those nasties, the rice grass, there are certain places, such as in Victoria, that are using a spray for rice grass, that is available in New Zealand. We have some issues with using it here. To contemporise your policies, what needs to be done in Tasmania to upgrade some of our policies to address those issues? For a small council area that is the issue we have between local government and state and federal policies, how do we deal with something like that? Would you like to comment, or can you see a way forward? We find it quite frustrating to deal with that big problem. A number of our submissions that have gone to both the national and state level have not realised any action other than our community out there digging up rice grass every week to try to stop it from spreading. It is a huge issue for us. I am not saying not focusing just on that, but there will be others with estuary management that is going to be a concern into the future.

[3.30 p.m.]

**Mr SCHAAP** - The Derwent Estuary Program has been able to use spray treatments in management of rice grass. In fact there have been numerous trials with various differing methodologies, including up on the coast. I guess a lot of the issue there is trying to figure out the

mix of cost and benefit with the range of techniques that are available, and which technique is then most appropriate for a particular sort of habitat.

From the EPA Division's perspective, the sort of work we are doing within this output though has tended to focus more on ensuring that we do the current business well and efficiently rather than looking to develop the policy environment too far. We have not seen many immediate policy imperatives that have warranted significant further investment at this point. That means things like management issues of the estuarine environment haven't really focused strongly on the priorities in our business plans.

**Mr GAFFNEY** - Does the coastal policy come under your bailiwick with the impact it might have on outflows of traditional sewerage and stuff into riverways?

**Mr SCHAAP** - There were once some coastal management issues associated with this output group, but that is no longer the case. Coastal management issues are dealt with as other land management issues under output 3, and also in the planning context, but not in this output any longer.

**Mr GAFFNEY** - Do you have a voice on the Tasmanian Planning Commission task force?

**Mr SCHAAP** - No.

**Mrs HISCUTT** - As far as the analytical side of it, there are the Mount Pleasant Laboratories. Are there any other places?

**Mr SCHAAP** - The Mount Pleasant Laboratories is in a different output group; that is primarily about animal health. The laboratory that this output refers to is the Analytical Services Tasmania laboratory at New Town. That provides a range of services. It does organic and inorganic chemistry, and it does some biological work, but that biological work is largely about identifying algal communities in water samples. It can be both from freshwater or marine systems.

**Mrs HISCUTT** - Do you have capacity there for any private analysis? Would people come there and pay you to do some work for them?

**Mr SCHAAP** - The majority of the revenue that goes into the laboratory is from commercial work rather than government work. About 30 per cent of the funding is through the appropriation made through the EPA Division through this output. Most of the revenue is generated from commercial work; that includes a whole range of business operators, some private individuals from time to time, and then the balance is then typically regulatory work done for government.

**CHAIR** - We will move to output group 8. We might need another changing of the guard.

## **Output Group 8 - Parks and Wildlife Management**

### **8.1 Parks and Wildlife Management**

**CHAIR** - We will get straight into it. Having been a bushwalker for many years, like Mr Mulder, and having walked through all of our national parks, I support the potential

development in our national parks. They have been very under utilised, and having seen what happens in other countries, there seems to be potential for sustainable, appropriate development.

In terms of the planning process, what hurdles or road blocks do you see? Most of our local government jurisdictions cover some wilderness areas. Do you see any issues there?

**Mr GROOM** - This is a really exciting opportunity and it is important that we do all we can to make sure our parks are relevant to the expectations of the market. Part of that is making sure we have world class tourism offerings, and appropriate infrastructure to support them. There has been direct government funding for the South Coast Track and the Three Capes Track project. We can also tap into private capital, and that is what this process is about.

It is also important to use it as a way of celebrating what we have here in Tasmania and advertising it. I had an incredible experience with John and the Premier when we launched the EOI process up at Mount Field. There was a collection of journalists there, and they were asking how the new policy would make any difference to anyone. So, I asked them - when was the last time they had been to Mount Field? There were seven journalists, but only one of them had ever been there before. This is one hour from Hobart.

We have extraordinary assets and we need to make sure we are doing all we can to fully celebrate them. Another area of great interest for me is Maria Island - finding a way to fully unlock the potential of that area. It has great potential. But all our areas have great potential. We are very committed to this.

In terms of the process, projects will have to go through the normal planning processes. The Government is very focused on streamlining approval processes. We are undertaking reform of the planning system. We are seeking to streamline state and Commonwealth environmental approval processes, and some reformat will be happening there. We are currently undertaking a review of the management plan for the World Heritage area. We want to make sure the plan can facilitate appropriate and sensible opportunities for investment in tourism offerings and infrastructure. I might hand over to John if you have anything further you would like to add.

**Dr WHITTINGTON** - Not only had the journalists not been to Mount Field, they were really surprised at the quality of the coffee you can get at the café there.

**Mr GROOM** - It was good coffee. If you have not been up to Mount Field recently, I can highly recommend it.

**Dr WHITTINGTON** - That is an example of a business operating in a park and a new business doing really well, and that is one of the things that this is designed to do.

**Mr GROOM** - It is a great example. I am not sure if it is appropriate to name them but they are a young couple from Canberra who were doing a road trip as a family and they came across Mt Field and fell in love with it. They are doing a fantastic job up there. It just highlights how attractive these areas are and what opportunity there is. Particularly if someone wants to invest in a good tourism offering or a good business venture within these areas there are very real opportunities. It certainly looked like it was going well as a business and it was very good coffee; I recommend it.



## UNCORRECTED PROOF ISSUE

**Mr FARRELL** - There is a great opportunity with a disused railway line that runs from the Hobart wharf right up to Mt Field National Park.

**Mr GROOM** - The expressions of interest process close on 21 November so I encourage you to get in.

**Mr FARRELL** - I will make sure I get something in.

**Mr GROOM** - Eagles Eyrie is another example up your way. In all seriousness, that railway line there is an asset and we have to find a future for it.

**Mr FARRELL** - About eight years ago now once a month a trainload of 100 or so people used to journey from New Norfolk to Mt Field and it is all sitting there and just needs some funding. I will let them know to put an expression of interest in.

**Mr GROOM** - Or you could.

**CHAIR** - Minister, for a private entity who may be considering doing something in a national park or World Heritage Area, who should their first point of contact be at this stage? Is it a local planning authority or will it be your department?

**Mr GROOM** - Are you talking about this particular process or just generally?

**CHAIR** - Anywhere in the state.

**Mr GROOM** - There is a business licence process that we go through.

**Dr WHITTINGTON** - If it is for a lease of a new idea on reserve land it should go through the EOI process and the Invest Tasmania website has all the information so we have pointed people to that and through that process any idea can be assessed, as the minister said. If the idea is in that sort of space that is where people should go. We have a project manager on board full time to assist in that place for those investors. If people are wanting a commercial business licence for somebody running a bus tour up a road or something, they would contact Parks directly. We have several hundred of those businesses in our parks.

**Mr GROOM** - Yes, this is an ongoing process.

**Ms FORREST** - Does the Coordinator-General have a role in this too?

**Mr GROOM** - I think the Coordinator-General will have multiple roles. Once the expressions of interest process moves into assessment phase the Coordinator-General will oversee it so they will have a formal role in that regard but also, as we were discussing before, they are a portal for ideas and investment opportunities into the state so it may well be that they become the front door for some of these ideas, particularly the larger ones. Specifically in relation to the expressions of interest process they will have a formal role in overseeing that. In relation to more standard business licence arrangements, that is directly through Parks.

**CHAIR** - In regard to the TFA funding there was quite a bit of money allocated, Environment Tas got a bit over \$2 million of that and are doing works on track remediation at the moment. Who is responsible for overseeing and conducting any due diligence regarding the

work being done in those areas? There has been some controversy about different timbers being used for bridges and gold-plating some bits and pieces of tracks close to my patch, and there is a fair bit of angst about it. Putting that aside, it is public money, there is over \$2 million out there, so does your department have any oversight?

[3.45 p.m.]

**Mr MOONEY** - They got a direct grant from the Commonwealth to do certain tasks. Basically there are two tasks. One is to trial some rehabilitation or restoration burning using techniques and methods that forestry traditionally use plus some other methods to bring some coupes back to a natural state, rather than to prepare it for production forestry. They have been doing that on three separate coupes, two down south and one up north, and that is still in progress.

The other element is, as you mentioned, some track works which involve some small bridges and boardwalks. I think the timber question was mainly to do with timber that had a high degree of fire resistance. It is fair to say that a lot of Tasmanian timbers are not in that category, and the best timber that reaches that category is what they call spotted gum, mainly from Victoria, and we have been using that as a trial to see how that goes. When a fire goes through it will not actually catch alight; it might slightly smoulder but it won't catch flame. That is a really important feature when you are putting in timber tracks in the forest because you have fire from time to time.

**CHAIR** - More often than not they get washed away rather than burnt.

**Mr MOONEY** - Yes, but that is the main reason and it is just a trial. It is really done to test this mechanism of having a fireproof structure as much as possible as opposed to one that is very prone to fire.

**CHAIR** - Were those fuel reduction burns that you mentioned oversighted by FT?

**Mr MOONEY** - They combined resources with FT and us, so it was basically a tripartite exercise. I suppose the points of difference was they had different rates of lay of the seed, and different species involved with the rates of lay. It wasn't just a single species reproduction, they are having multi species come back, and a more natural potential, rather than just single species production forest, but it is still in its early stages; the seeds are really only in the ground.

**CHAIR** - With regard to your fuel reduction burns, do your staff do them, or is it FT staff or a combination?

**Mr GROOM** - This goes to a new initiative of the Government and that is the additional funding we have identified for the fuel reduction program of \$21.5 million over the course of four years. As Peter has alluded to, it is very much a tripartite effort with Parks, Forestry Tasmania and the Tas Fire Service in relation to overseeing this new initiative. This will be very much a tenure-blind risk-based program. One of the great learnings in relation to bushfire management is making sure you are adaptive and leveraging off the experiences of each season and also experiences interstate, so based on that the Government has been taking advice and will continue to be adaptive in this space, but the best available advice we have at the moment is that we will achieve the greatest risk reduction by undertaking a tenure-blind program, so that is what we are focused on doing, to undertake a landscape-based risk assessment, identifying areas of high strategic benefit in terms of risk mitigation. Then we will embark on a program off the back of that. A significant component of this will be undertaking burns on private property, and that will

involve a conversation. There is a whole communication effort, engagement effort, education effort that is underway in that regard.

In addition, we are looking at measures to make it easier for landowners to undertake burns. That has been one of the complaints made in the past. We are going to reverse the onus of proof in relation to any environmental harm that might be raised in the course of seeking a permit. This has been identified as an issue in the past. There is an education piece that is underway but we are very committed to making sure that we utilise that funding to the greatest extent possible to reduce the risk to life and property in Tasmania resulting from wildfires. Do you want to expand on that, Peter?

**Mr MOONEY** - One of the best ways I would describe it as is, at moment in Tasmania for about the last decade we have had this really good agreement between Forestry, Parks and Wildlife and Tasmania Fire Service to respond to wildfire. It is first response, regardless of tenure. We are still the only state in Australia that has that mechanism. Other states are still way behind. That first-up principle is what we have in place for the fuel reduction burning program. It is all about combining resources and getting the best bang for your buck. The new element is the private land, as the minister mentioned. Again, this is first time in Australia this has been attempted. There are some very programs in Victoria and New South Wales but they are all just on public land and they are actually not reducing risk to the communities at the level that we believe can be done here, by going into private land.

It is a new way of doing business and it is very important that we secure the infrastructure and the assets on the private land. That will mean a lot of prep work, you cannot just go in and light a match and expect a fence to look after itself. There is still a lot of work to do. Autumn will be the big burning period, you will see a lot of smoke in the air in autumn.

**CHAIR** - Thank you for that, minister. Personally I am very supportive of that. Recently there was a *Catalyst* program which showed the great fire risk for Hobart. It is one of the most fire-prone cities in the world and unless something is done, it is potentially a disastrous consequence.

In regard to materials, you talked about the Three Capes Track. I have talked about infrastructure, the Three Capes Track and completing that. I was on the Public Works Committee when part of that had already been completed. I suppose there has to be a balance, and I must say it is a magnificently constructed track, however, a lot of people think it is a bit gold-plated. There needs to be a balance between how much you are going to spend and what you are going to provide in terms of reasonable infrastructure to attract the people you want.

**Mr GROOM** - I understand the point. In response, firstly the Three Capes Track project has the potential to deliver for Tasmania one of the great coastal walks in the world. If you are familiar with it, to describe that part of Tasmania as stunning is an understatement. It is a special opportunity that we have. One of the other things that we are seeking to do is to make sure we delivering a walk experience that is available to a wider range of experience and fitness levels. That is deliberate. We have some great walks in Tasmania that are not walks you would take on lightly, or should not take on lightly. One of the things we have to do in order to make sure we have the best mix of great walks in Tasmania is to make sure we are covering the market, so there is a deliberate attempt in relation to this project to make sure it is relevant to a wider cross-section of walkers.

**Mr MOONEY** - Three Capes is certainly a brand new product, and a brand new business for us. We are really good at fixing things up, but we have not a long experience of brand new products. This is a really big venture, especially with the state government diving into this with support from the Commonwealth. This is the first time in Australia this has been attempted - a multi-day, high-class walk. The walk surface will be all gravel and stone. It will be dry shoe. It will be the only dry-shoe, multi-overnight walk in Tasmania.

The market research we have been doing - this research has gone worldwide - has clearly shown that is what people want. People are dissatisfied with mud. We are already getting enquiries on our website. People want to book now, and it is not even ready. There is a real interest out there, and a wholesale market already keen to set up programs. We are just about to complete negotiations with the private hut provider, a similar process as on the Overland Track. That was the first one in Australia. It has been in place 28 years now - Cradle Huts - and it is still a fantastic model.

There is commercial interest, plus we believe all the spin-offs to the Tasman peninsula will be significant. There will be transport, food, accommodation, all sorts of things attached to this product. But it is new and it is that high-class point of difference. It is targeted at the interstate and overseas client to a large extent. Sure, some Tasmanians will want to walk it. The level of fitness is a really important feature because the level of fitness of the average Australian is actually dropping, so we want to get access to more Australians. Therefore you have to make the walk easier than perhaps some of our hardened walks which go up and down terrain.

**Mr MULDER** - There was some concern at the time the project mysteriously appeared two or three years ago. Suddenly money appeared. I am wondering whether that money was in relation to a business case or a costed plan. How did those figures that were thrown around at the time come about?

**Mr GROOM** - There was work done by the previous government in relation to this in preparation for the project.

**Mr MOONEY** - I cannot give you the exact time, but this was begun by the premier of the day. He had just been to New Zealand and had done a couple of overnight walks there, mainly the famous Milford Track. The enquiry was: is it possible to do this in Tasmania? We had to do a lot of homework and research, and we did the business case. The figures that came out were about what was required to provide a high-class walking trail of such a distance, with really good accommodation that is a cut above what we provide at the moment. What we provide at the moment are like renovated trappers huts or hunters abodes in the high country. They were not built for servicing a walking trail. They were built for people trapping possums and getting skins, so they were pretty rough and ready. They were great for the time but today people expect a whole different experience and service. That is what we have to do. Also, with the rules to build places where people can be accommodated, up to 64 people at its peak overnight, you have to meet all sorts of building guidelines that were not around 100 years ago. That is where the real expense goes.

**Mr MULDER** - So this was all part of it. You had a look at it, planned it, and developed a budget to do that particular -

## UNCORRECTED PROOF ISSUE

**Mr MOONEY** - Yes. We had to go to the Commonwealth with a proposal to negotiate 50:50 funding, so they needed a big business case as well. It was not done off the back of an envelope.

[4.00 p.m.]

**Mr MULDER** - What is the role of the private accommodation provider? Do you know who it is?

**Mr MOONEY** - We are working with someone and are about to finish the stage 2. We had an expression-of-interest process. We had multiple applicants, have gone through stage 1 and are just about to complete stage 2, which will be a preferred operator to deal with. We cannot name the business but we are using the model similar to the Overland Track. It has five huts that are privately constructed. They have a lease on each site, so exclusive use, and they pay a percentage of their business income to the Government as lease fees. At the moment the Overland Track takes 10 clients through with two guides and they operate for about seven months a year.

This product here has the option to operate 12 months a year. Because it is close to sea level it does not experience the very cold conditions that the Overland Track does. We expect the window of use will be quite open and they will operate all year.

**Mr MULDER** - Regarding arrangements with your accommodation provider there are suggestions they are going to be taking them from their city base, or from the airport, straight down to the beginning of the track, accommodate them, and then take them from the end of the walk back to the airport. Is that part of the arrangement?

**Mr MOONEY** - It is totally up to the private operator as to how they manage the client from beginning to end. I can only comment on what happens with the Cradle Huts model. With it, people have to come to Tasmania the day before because they depart at 6.30 in the morning from our location near Cressy. They finish on the last day at about 4.30 p.m. to 5 p.m. in the afternoon at Lake St Clair, so there is no way they are going to catch a plane that night. There is always the first and last night in staying somewhere in Tasmania.

The other thing is that it is a taste of Tasmania. From our research and working with the private operator - because part of the agreement is access to their information - we get access to how often people come back and the reasons they come back. A lot of it is related to their first experience. They will return and return and get different experiences.

**Mr MULDER** - So it is quite possible for the operator to be picking people up in the city, take them down, walk them through their own accommodation on the peninsula, then taking them away from the peninsula and bringing them back here for their extended stay.

**Mr MOONEY** - Yes. On the Overland Track, the current Cradle Hut operator works with other operators to provide other experiences for their clients, in addition to the Cradle Hut experience.

**Mr GROOM** - We have to be careful not to make assumptions about who we are talking about here.

**Mr MULDER** - I have ideas and I have not mentioned them, so your concerns are fine.

## UNCORRECTED PROOF ISSUE

**Mr GROOM** - Obviously from the Government's perspective we are absolutely committed to making sure that -

**Mr MULDER** - I am trying to explore the potential benefits that would flow to the Tasman Peninsula if the model I have referred to applies. The benefits would be limited.

**Mr GROOM** - It is an assumption. I have great confidence that this will deliver benefit to the region. I have no doubt it is a very positive investment for the region.

**The committee suspended from 4.04 p.m. to 4.25 p.m.**

**Mr MULDER** - There was a lot of helicopter movements over parts of my electorate during some of the early stages of the building and there was some suggestion from locals, who were highly surprised, that there was a series of helicopter flights from a quarry near Bicheno carting stone into the Three Peaks through a coach track. I am wondering, since Capes are made of stone, why we would need to be ferrying stone into the Capes?

**Mr GROOM** - In relation to the rock and gravel to be used for the track construction - the rock has been sourced from the Tasman Peninsula where the correct type and required quantities were available. Rock from near White Beach was used to construct the Cape Hauy upgrade. All gravel is sourced from the Tasman Peninsula. Rock excavated while building the track is also being used. Different types of rock are required for steps, edging and infill. While some step and edge rock is still sourced from the Tasman Peninsula, large quantities of the right quality and type are currently not available. Contractors have also sourced rock from Orford and Cradoc. I have been advised that no contractor has indicated rock has been sourced from Bicheno so I am not sure where that comes from.

In terms of the helicopter use, rock and gravel is trucked to a relaying site near Fortescue Bay. Rock and gravel is transported in bags slung under a helicopter to the required place along the track as it is being constructed. There is no road or water access to the track construction site and there is no practical alternative but to use a helicopter to transport the large quantities of heavy and bulky materials. It takes less than 10 minutes to deliver 800 kilograms of rock by helicopter to the further sites on the track. That is the basic overview.

**Mr MULDER** - There was insufficient stone of the right stepping quality within the park?

**Mr GROOM** - Yes, that is as I understand it. Where it has been possible it has been used locally. There are some parts of the track that required a certain type of rock for steps, edging and fill and that has been sourced from other parts, including Orford and Cradoc. I am not aware of any in Bicheno.

**Mr MOONEY** - Local rock along the track edges and the landform is predominately dolerite capping, the same as Mt Wellington. Some of that is good for rock foundation and edging and some stepping but the most practical and easy way to have stepping is to get square classic bluestone rock, which is often in bluestone quarries, and is the overburden they don't crush for road surfacing. It is much more efficient because to have a stone mason out there chipping away to square up a rock is far more expensive than grabbing it out of a quarry and throwing it on a truck and getting it down there by helicopter.

**Mr GAFFNEY** - Are you allowed to use the rock from a national park to create roads?

**Mr MOONEY** - We have a corridor of development zone along the new track and it is a number of metres each side of the new track. We are allowed to use surface material from that but we cannot quarry material out of the park.

**Mr GAFFNEY** - It makes sense to get it from somewhere else.

**Mr MULDER** - I guess you have factored that into your costings when you did your plan. Is that the case, was helicopter cartage factored into your plan?

**Mr MOONEY** - That is factored in our business case and plan. It is fair to say that the Cape Haui track, which is our first trial of this new extensive stonework track construction was quite challenging. It has been the steepest and most awkward terrain of all the track we are going to be doing and we hit that first up. It was a big learning curve for everyone, and we have certainly improved our technique since. We are using less rock per metre now.

**Mr MULDER** - I have not been out to Cape Haui since the work was done. The other track was probably not up to the standard of the international tourist latte set, but it was a passable and useable track. The steep sections you refer to are the last couple of rises, which when I did it were basically gravel - there were round stones and things on the track at that time. I wonder whether it is a little bit of gilt edging - whether we have maybe gone a step too far?

**Mr MOONEY** - We are aiming for a track that is consistent in its rise and fall. We do not go above a certain degree in elevation and angle, and the steps are regulated at set sizes. It allows people with all sorts of mobility to use the track. That is really important when it comes to providing an offering to a broad spectrum of the community and visitors to the state. And, if it is built really well there will be the absolute minimum of maintenance. We are already finding that. We are getting fewer maintenance requirements on this track than on other tracks that were built with other techniques, in a shorter period. The maintenance on this track will be so minimal and it will last a thousand years.

**Mr MULDER** - I promise not to come back in a thousand years and ask you whether your prediction was true.

What are your projected usage figures? Numbers have been bandied around for a fair while and there has been some scepticism. You said you were getting some indications that there will be a high level of usage. What is that based on - market survey work? What are those predictions?

**Mr MOONEY** - We have to be realistic, as it will build up over time. We expect the optimum use will be 10 000 persons per annum. The Overland Track is reaching just over 7 000 persons per annum now and it is increasing each year. I cannot tell you how long it will take to reach 10 000, but that is our target. The commercial operators who put in expressions of interest - to take up the commercial opportunity - did their homework independently of us, and they need to make a profit. They would not make a decision to invest unless there is profit in it for them, and they have decided to continue and work with us. That is a pretty good indicator to us.

## UNCORRECTED PROOF ISSUE

**Mr MULDER** - A commercial operator will be found? Will they be building the huts and things like that?

**Mr MOONEY** - They have to build their own huts - to specifications, obviously - within the region where the public huts are, so they can share services.

**Mr MULDER** - Wastewater treatment and things like that?

**Mr MOONEY** - Yes, they are in 'bubble zones' of development rather than being spread out over a large area.

**Mr MULDER** - What are the arrangements for crossing over from Safety Cove?

**Mr MOONEY** - We have a tender out for a vessel operation to take walkers across Sir Edmunds Cove from Port Arthur -

**Mr MULDER** - Safety Cove?

**Mr MOONEY** - Yes. Our orientation centre will be using the Port Arthur visitor centre, because it is a big, new facility and can handle Three Capes Track clients. That will be the entrance, and will allow for exposure to a magnificent historic site in Tasmania - one they will want to visit later. It is a good extra opportunity. Walkers will be taken from there across the waters to the track start. That EOI is nearly closed, so we will have a good indication in a number of weeks how many people are interested in taking up that opportunity. We have had a lot of interest, but the tender box has not been opened yet.

**CHAIR** - You talked about registered volunteers and also the WildCare volunteers. They are an integral and important part of the national parks scene in Tasmania. When those volunteers are working with Parks, do they have full insurance cover? Mr Mooney would remember the nasty helicopter accident on the Western Tiers many years back and the complications with the volunteers.

**Mr MOONEY** - Referring back to that terrible accident, unfortunately those volunteers had not signed up with us before the accident, so that was the complication with that. Any volunteer who signs up with the Parks and Wildlife Service has amazing insurance cover. It has some of the best insurance cover in the nation. In fact, the insurance cover is rated the same as the current workers' compensation. It means that if someone has an accident and is out of work, they will be compensated for their work wage on an average yearly salary until they are rehabilitated to a fit state to go back to their workplace. You will not get a better volunteer insurance mechanism anywhere else, I can guarantee that.

**Mr HALL** - That answers my question and I'm very happy to hear that.

**Mr GROOM** - We are very committed to exploring further opportunities to engage with volunteers. There have been some good examples of work done that is to the benefit of the maintenance of parks but also provides a point of engagement for people. If I take my Parks hat off and take a broader perspective, I believe it is important for the broader community to find opportunities to facilitate engagement with volunteering. It is something I am very keen to encourage but we have to make sure we are acting responsibly and have appropriate arrangements



in place such as supervision, insurance and the like. This is an important area and one I am keen on.

**Mr ARMSTRONG** - How long does the Three Capes walk take from start to finish?

**Mr MOONEY** - It will be three nights and four days. We estimate they will leave at about 11 a.m. to 12 noon and finish about 4 p.m. to 5 p.m. on the fourth day.

## **8.2 Crown Land Services -**

**Mr ARMSTRONG** - Why is there a change in the transfer from the Crown Lands Administration Fund to the Consolidated Fund?

**Mr GROOM** - I will hand over to John on that one. These are holding funds in the Crown Lands Administration Fund and from time to time there are directions from Treasury as to the flow of those funds, but I will hand over to John.

**Dr WHITTINGTON** - The minister has answered it. The Crown Lands Administration Fund is set up under the Crown Lands Act and moneys received from the sale of crown lands and licensing of crown lands ends up in that fund. That fund is used for two things: it is used to pay for the management of crown land and Treasury can take a dividend out of it periodically. If there are several major sales and the fund increases considerably, money can be withdrawn from that. Essentially it is a holding account for the sale of crown land. It is set up under the act so it is drawn down periodically.

**Ms FORREST** - I am sure the minister and others are aware of requests to lease crown land for a range of purposes. There was one down the west coast particularly that was sorted out with commonsense finally, where a landowner wanted to clear gorse from the property next door so they could build on their block. The setbacks required they be 14 metres from the boundary and the block was only 20 metres wide, so they couldn't build because of the gorse problem with the fire risk on the crown land beside it. This took a bit of to-ing and fro-ing until commonsense prevailed. Is there a simpler process around this? This was a nonsense in the making. We had a meeting arranged with the minister but thankfully we did not need to have that. Is there a process that can be put in place that can make these sorts of things much easier to address?

**Mr GROOM** - I appreciate the question. Crown land impacts on a lot of people around the state. There are lots of issues that emerge from time to time that are obviously important to people, so there is a significant workload that the department works through. It is a very clear focus of the Government to make sure we are dealing with these things in a responsive and commonsense manner. I am very appreciative of the work that happens within the department in that regard. I am very pleased we have had a good sensible outcome to the example you cited and it is not the only one, there are many examples that I am aware of. I will hand over to John.

**Dr WHITTINGTON** - I do not know the specifics of this. Pete, do you know this one?

**Mr MOONEY** - I am sort of familiar with it. What happened in that case was that it was taken as a normal request and under a normal request process we tend to try to have the landowner of the day on their own land manage issues they have to manage from other obligatory authorities, but because the block was so narrow it had to go to us for consideration, simply because the fire hazard was in our block that was affecting theirs. All I can say is that we could

be more vigilant with the type and size of block in each request. You can imagine that a lot of requests come in on a daily level and that was an exceptional circumstance because it is such a narrow block. Most blocks do not fit that category that are joined; they are usually in an urban area rather than an area with is a lot of vegetation or gorse.

**Dr WHITTINGTON** - One thing I would say is that we have been trying to improve our relations with neighbours over time. The approach we would take now would be different to the one we would have taken five years ago. We have had a real focus on trying to be more pragmatic about how we manage our land so we are much more respectful of our neighbours.

**Ms FORREST** - When you have a neighbour wanting to clear your gorse -

**Dr WHITTINGTON** - I completely accept that and that is the sort of thing we should be working pragmatically on. I guess the issue there is who takes responsibility for the gorse, and if the neighbour wants to clear it, how do we authorise that in a way that is simple for the neighbour but protects the Crown and all those sorts of things. We just need to work harder at being better neighbours. One of the Government's policy commitments is around a good neighbour charter, which is being run through Agrigrowth but this is the sort of thing that would be encompassed in that, essentially a government policy around being a good neighbour. That will apply equally to crown land.

**Ms FORREST** - He will be pleased to hear that because he has a crown land boundary on the farm.

**Dr WHITTINGTON** - That is what that policy of the Government is designed to do.

**Mr MULDER** - I was going to ask a question relating to the recent World Heritage listing in the attempts by the Federal Government to de-list parts of that. I think the current Government was quite silent at that time. Was there any support?

**Mr GROOM** - There was support for it. I had a number of conversations with Mr Hunt in relation to this. We spoke about the practical ways the state Government could best be supportive of it and that was through making available resourcing on the ground here in Tasmania to the Australian delegation, so we acted consistent with that. At the end of the day the process before the World Heritage Committee was a commonwealth matter in a sense that they were the ones leading the delegation. We sought in discussions with them to find how they suggested we could best support it, so I disagree with any suggestion that the state Government was not providing appropriate support for it.

**Mr MULDER** - Did you write a letter a support and offer assistance to the federal minister?

**Mr GROOM** - We made a submission directly and I had several conversations with Mr Hunt in relation to it where we discussed these things. What we did in terms of making available resourcing on the ground was consistent with his advice on how we could best support the delegation.

**Dr WHITTINGTON** - In discussion with the Commonwealth the most efficient way we could help was to have our technical people sitting at computers here providing information to the commonwealth officials in Qatar as and when they needed it, so that is what we did.

[4.45 p.m.]

**Mr MULDER** - In the context of when the previous government first suggested the listing, I think they were very vocal and pushy due to department at the time, but I just didn't see that level of enthusiasm from the new Government when the new Federal Government went to withdraw it

**Dr WHITTINGTON** - All I can say to you is that I don't agree. We were engaged, had multiple conversations, I had a direct conversation with Mr Hunt about how Tasmania could best support the delegation and that is what we did. We acted consistent with that discussion. I wrote directly to the committee on behalf of the state and we were supportive of the process. I would strongly argue that.

## **Output group 9 - Heritage**

### **9.1 Historic Heritage Services**

**Mr FARRELL** - I note in the footnote that the major increase in the budget is due to the Woolmers Estate visitor centre which is pretty substantial, some \$1.7 million in total in lots of \$438 000. I would like to know some details about this project because it seems that Woolmers, Brickendon and Highfield House are the recipients of the Heritage Services funding, and coming from an area where there is a large amount of built heritage and a constant demand for money, as these places tend to take a lot of money to keep running, I would like you to detail this allocation of moneys.

**Mr GROOM** - Our built heritage is a very important asset of the state. The state Government is very committed to doing all we can to ensure it is properly managed and that we are fully leveraging off it to the greatest extent possible for growth opportunities for the economy. You would always want more money for this. One of the realities of heritage buildings, as I am sure you are familiar with, is that they are expensive, so you always want more money. In addition, there are always untapped opportunities in Tasmania that would require more money, so this funding is not intended to suggest that other examples of heritage are not of value. One of the things I would say in terms of the Government's mindset is that we are very keen to make sure we are doing all we can to utilise heritage from a tourism perspective and in other ways to secure additional revenue to help support maintenance of the heritage we have for the benefit of current and future generations, so we are looking for these sorts of opportunities.

Why Woolmers? People have different views on it, and I don't discard the high quality of other areas we could have invested in, but I would strongly argue that Woolmers is an extraordinary asset. It is one of the most remarkable examples of early colonial heritage in the country. The fact it has been maintained by the Archer family on a continuous basis renders it pretty extraordinary. It is an incredible place to walk around, and I assume that everyone at the table here has been to Woolmers but if you haven't you should. We were delighted to be in a position to help support further investment in that. Brickendon is a very much related property. I stand by this investment but if you are asking me whether I would prefer to have more money and be able to identify other opportunities, that is the case. One of the other things about this particular opportunity was it was a 'shovel ready' opportunity. A lot of work had been done in the planning for it, also leveraged off private money. They were other reasons why this investment was identified.

**Mr FARRELL** - What is the project exactly?

## UNCORRECTED PROOF ISSUE

**Mr GROOM** - There are two components to Woolmers, the visitors' centre and some maintenance costs.

**Mr FARRELL** - Is it building a new building or is the visitor centre in an existing building?

**Mr GROOM** - There is an existing one but I think this is a substantial upgrade. I might hand over to Peter.

**Mr SMITH** - The development of the Woolmers Visitor Centre is important for a couple of reasons. It gives the state government the ability to assist Woolmers to portray its World Heritage values, which is an obligation of us to assist the Australian Government as a state party to the World Heritage convention. That is one of the outcomes that would be delivered. It also gives both Woolmers and Brickendon, the opportunity to talk particularly about the assignment system of convicts because that system is unique in the Tasmanian context and is the reason Brickendon and Woolmers were considered for inclusion in the Australian Convict Sites World Heritage listing. Hopefully, there is also an opportunity to portray the story of the Archer family and the story of Norfolk Plains, as Longford was when it was established. The centre gives the Woolmer site the ability to develop a new visitor and receiving centre, a new cafe and event facilities, and exhibition space on a permanent and temporary basis. It is a new facility and it is aligned to the National Rose Garden so it gives people a greater sense of entry to the site and gives a more holistic overview in terms of visitor experience and it augments what is already on offer with Brickendon and Woolmers as a major attraction in northern Tasmania.

**Mr FARRELL** - Woolmers have been pretty successful with grants. There was a Federal grant in 2009-10 of \$1.19 million. There have been grants of \$600 000, one was a shared one with Brickendon and one was directly to Woolmers. It seems to be very good at applying for and receiving grants. Who owns the property now?

**Mr SMITH** - The Woolmers Foundation trades as Woolmers Estate. In relation to grants there was quite a level of positioning done with each of the Australian sites, including World Heritage nomination, to make sure they are able to offer a quality visitor experience and to address some catch-up maintenance and other conservation needs. That explains the passion about grants in recent years. If Tasmania is going to put itself on the international stage, we need to offer an experience and heritage conservation that equates to that stage.

**Mr FARRELL** - The property is owned by the government?

**Mr SMITH** - It is owned by Woolmers Foundation as a trust.

**Mr SMITH** - A board of management, chaired by Peter Rae.

**Mr FARRELL** - Is that a paid board?

**Mr SMITH** - I do not know.

**Mr GROOM** - I would go back to my basic point that is I wish we had unlimited amounts of money to spend on these things but if you are asking me whether this money is money well spent in what is a first class heritage property of Tasmania, of the nation, of world significance, the answer from my perspective is yes. Would I like more money to spend on other areas of Tasmania's heritage portfolio - yes, I would.

**Mr GAFFNEY** - I appreciate what you are saying. With the state's money, the limited funds we are putting out there, we need to know if you think there has been an improvement in the visitor numbers that have gone through these venues that have received funding. Does it mean we are going to put more funding in? You have all the big guns wanting finance, so we have to make sure, for the limited finance, that we get value. Within two or three years there will be another place that they will say is of World Heritage value, but what is the return to the state for that money because we need to make sure we put limited funds into the right projects? To me Woolmers is fantastic but there are many others out there and we need to share it around, so I think Craig's point is well taken. If you are putting money out there you need to get a response from it with visitor numbers and whether they have improved in the last 12 months, or is it two years since World Heritage. We need some of that information.

**Mr GROOM** - There is no doubt we are going to be held account for the investment, and that is as it should be. It is a very high quality part of our Heritage portfolio and I feel very confident that this is a good investment, but obviously we are going to be held to account for it. Next year and the year after as this investment is delivered, we are going to be asked questions about visitation. This is a very important part of the overall Heritage portfolio for Tasmania and is a good investment.

**Mr SMITH** - The site managers and myself get together a couple of times a year and one of the things we are really conscious of is tracking the outcomes as a result of World Heritage listing. We have done some work in terms of visitation and tracking that, but one of the things that has been very difficult to judge is the impact of the global financial crisis on visitation and if it has changed the passion of what we have seen and what we might have expected to see. I think there has been a pick-up more recently but we are really conscious, as a group of people working together and with the whole 11 sites in Australia, of trying to track the benefit of that. Some of that benefit is more tangible and some a bit less tangible, because some of it is very much about the integral brand of Tasmania as being a natural environment but also being a very historic environment. That is part of the experience, part of the appeal for people who come here, but as Tourism Tasmania figures indicate it is very much part of the experience once people get here. They discover gems they would not have appreciated they would enjoy before actually arriving, so it is something we continue to work on.

Convict history, though, is unique to the Tasmanian context, one where the investment in Brickendon and Woolmers is very prudent as it helps to bring forward a very major theme. We have so much heritage out there and we do need to spend some time focusing on some of those core themes, and convict history is one of those.

**Mr GAFFNEY** - Thank you. There was some funding behind Highfield House as well. It makes it much easier to go back to the public and say we have spent this much money and this is the result.

**Mr GROOM** - It is a very fair point you are making.

**Mr GAFFNEY** - Next year when we are sitting here we will want to ask what you can give us to back up the spend.

**Mr GROOM** - It is a very fair point.

## UNCORRECTED PROOF ISSUE

**Mrs HISCUTT** - The \$430 000 that you committed to Highfield for their commercial kitchen I reckon is a very good investment. I do not know how you are going to track it with Woolmers and Brickendon, but the commercial kitchen at Highfield will be used. I would have used it myself when my son got married, so you will get a return on that and that is a good investment. It will be interesting to track how this other money, this \$1.952 million, goes with Brickendon and Woolmers.

**Mr FARRELL** - Is Brickendon managed under the same group that manages -

**Mr SMITH** - No. Brickendon is still owned by the Archer family. It is a private tourism operation and it is also a private farming business. It is owned by Richard Archer and his wife, Louise.

[5.00 p.m.]

**Mr FARRELL** - Is the \$50 000 for maintenance?

**Mr SMITH** - Maintenance and urgent conservation works in the 12 months.

**Mr FARRELL** - For Woolmers, is that the only stream of income, or is there a farm or land attached to it?

**Mr GROOM** - They have accommodation and the rose garden.

**Mr SMITH** - Woolmers is made up of a diverse range of products that give them the capacity to generate an income stream. Of the property, I understand there is some land leased for agistment and for other purposes. There is some rural activity that generates some limited income. There is visitation to the site. There is general visitation; for a limited fee people can self-explore the site. For a slightly higher fee they can do things like have a personalised guided tour of the main building. There is also the option for people to visit the national rose garden. At the moment they offer accommodation but part of the Government's investment in terms of maintenance and conservations works is geared up to increasing the standards of the accommodation offered at Brickendon and Woolmers to increase that self-sustainability and raise the standard of accommodation on offer to visitors.

One of the components of the visitor centre is very much about its own self-sustainability. It has greater capacity to utilise the rose garden as a site for weddings, events, functions, conferences and the like. The more that heritage can be used, and we can facilitate development that respects heritage values but makes it self-resourcing, the better. That is a very worthy stance to take.

**Mr GAFFNEY** - When a government decides to spend this much money in a space like that over a period of years, is there a business case to see whether there will be return from investment on the visitor centre? Is that how it works? Are you presented with a business case to do with Brickendon and the Woolmers visitor information centres? I am interested to see how somebody gets the money. There would have to be a business case to say we think this and this. Does that come from the board?

**Mr GROOM** - They are not all the same. Some are probably more formal processes. For example, some of the investment we have had at Port Arthur leverages off the Commonwealth process - a more formal process. I understand where the question is coming from; it is a fair

## UNCORRECTED PROOF ISSUE

point. I do not consider myself to be an expert in heritage but I have spent a bit of time at this site and there is no doubt in my mind that this is a very special asset. If you are asking me whether I am prepared to be held to account for this amount of public money being spent in order to facilitate increased visitation and put these properties on a sustainable footing, then yes I am because they are very special. There is a lot of special property but that would be my view.

**Mr GAFFNEY** - Is there a business case for the centre?

**Mr GROOM** - I am not sure there was a formal business case.

**Mr SMITH** - The visitor centre and the components I mentioned a moment ago have been a long-standing plan on the part of the board through successive business plans to look at ensuring they can offer a first-class visitor experience and maximise the sustainability of the site. The various elements that go with the visitor centre are designed to do that, in addition to things like the accommodation arm, café/restaurant and the other things on offer on the site.

I am part of the Australian Convict Site Steering Committee, the national body the Australian Government has formed as part of the World Heritage listing to oversee the management of the World Heritage properties collectively. I know as Woolmers had an opportunity to see what the other World Heritage sites do, they have been able to make a judgment call to say, 'Well, how do we compare to them?' How do they compare to the experience on offer at Port Arthur and given the level of visitor facility in northern and north-west Tasmania is maybe not quite to the same standard as some other areas of the state and elsewhere, this is positioning to give them an opportunity to step up and recognise their World Heritage values and give them the capacity to do what they need to do. Part of that is not only about offering an experience that attracts people to the site in the first place, it is also about return visitation and the fact that if someone comes along and visits the site and says, 'Oh gosh! The next time such-and-such is visiting I must them here'. There is a spin-off effect of return visitation if they have exhibitions that are rotating over the time or different events. That return visitation can also help that sustainability and the vision of the visitor centre is very much about return visitation as well as the initial experience for visitors.

**Mr GAFFNEY** - Is there a visitor information centre in Longford per se, or are you thinking that this one will become the visitor information centre? To me it makes sense that becomes it for the area whether it is a yellow *i*, is it going to come under that umbrella? Is it just a visitor information centre for Woolmers, or is it one promoting and part of the Visitor Information Network? What relationship it will have statewide with bookings and those sorts of things. Is it going to run along that line or is it just for the Woolmers and Brickendon experience?

**Mr GROOM** - I am not sure if it has been contemplated that it will have a formal role in the broader sense. No doubt it will promote the broader region I do not think there is any doubt about that.

**Mr SMITH** - I will pick up on one or two things that I have already mentioned. Firstly though, we need to recognise that Longford, as historically was Norfolk Plains, is quite an historic precinct in its own right. My understanding is that it does have a visitor centre and a number of the businesses in the town are very keen to promote that. There are accommodation venues, there are places to eat and other things that appeal to locals and visitors alike from both interstate and intrastate.

## UNCORRECTED PROOF ISSUE

The primary focus of the Visitor Centre at Woolmers is for the Brickendon and Woolmers sites. Hopefully there is an opportunity for them to tell the story of the Archer family, the story of assignment and the story of Norfolk Plains as part of the mix, and we are expecting that as part of their interpretation. Their role is not necessarily to act as a generic visitor centre. The best sites I have seen are the sites in Tasmania where a visitor comes along and the person who is guiding them through that site will make connections to other parts of Tasmania, other historic places and along the way mention other businesses or food outlets that are good to see.

Part of the real tourism appeal of the experience of Tasmania is our friendliness, and certainly the visitor information surveys suggest that is the case. The other thing that people get in Tasmania that they do not necessarily get elsewhere is the value out of saying, 'Mike, if you go to the north-west coast you have to go here, here and here'. I think Woolmers and Brickendon are already well-positioned to do that. They do it in a much more personal way than in a more formalised way as you are suggesting.

**Mr GAFFNEY** - Thank you.

**Mr HALL** - There is a small visitor information centre in Longford but it is only a small one. As far as I know the board is voluntary, which was my previous question.

**Mr FARRELL** - With their other enterprises, the rose garden and the accommodation and that type of thing, do they make a profit off that or does that run at a loss?

**Mr GROOM** - I do not have their financial position with me and I do not know what the revenue arrangements are for the other measures. I don't even know what the arrangement is in relation to the rose garden. I would say the maintenance costs and the upkeep for properties like this are phenomenal. In Tasmania we have to try to find opportunities where we can to help facilitate these types of properties being in a position to be used for productive purpose to bring in revenue in order to sustain their maintenance for the benefit of future generations. I reiterate, I am happy to be held to account for this because I am completely persuaded on it.

**Mr FARRELL** - I am fully aware of the fact that these buildings have to try to carry themselves because no-one can afford just to keep putting money into crumbling ruins. That is why the Highfield House idea of putting a kitchen in so that it can generate income is probably a sensible move to balance things up.

**Ms FORREST** - Chair, is it possible to have provided - I know you do not have them here now - the past few years' visitation numbers and the breakdown of new and repeat visitors to the centres so that we have something to compare with over the coming years?

**Mr SMITH** - I am not so sure that the breakdown of return visitation is always available. Some of the sites are able to collect postcodes and the like to get an idea of what visitors are coming from what places.

**Dr WHITTINGTON** - We will provide what we can.

**Ms FORREST** - I could hardly hold the minister to account.

**Mr GROOM** - Yes, it is a very fair point.



**Ms FORREST** - We intend to do that.

**Mr FARRELL** - Still on Heritage, it was reported a few weeks ago now that there had been job cuts in Heritage Tasmania. How many redundancies and terminations were there in the department?

**Mr GROOM** - I think they were positions coming off contract, but I might hand over to Michele.

**Ms MOSELEY** - Yes, there were four fixed-term positions that finished up over the last couple of months. Three of them were fixed-term staff on trust funds or on short-term funding. They were employed for one or two years to accelerate the completion of a couple of projects. The fourth person was someone who was covering for someone on maternity leave. When that person returned from maternity leave that person's fixed-term position finished up. All of the staff knew that they were fixed-term employees and they left at the end of their contracts. There were no redundancies.

**Mr FARRELL** - Will that have any effect on how you operate with the lower numbers, or is there any opportunity to increase contractors in the future for projects?

**Ms MOSELEY** - In fact we are just going back to what had been the steady number. We had the boost of the three additional people on fixed-term contracts to boost us along to get a bit more progressed with some of our projects, so we will just go back to what we were. I think the division, like any divisions of the agency, would take advantage of fixed-term funding whenever the opportunity arises to manage peaks in workloads and to progress projects.

**CHAIR** - Minister, since we have been in Estimates the matter of the proposed delisting of 1 650 properties has been very hot news - Cassy says one things and Matthew says another. At first take that seems to be alarming, so could you give us the rationale as to what is behind that and how much of it is built heritage?

**Mr GROOM** - I do not think anyone should be alarmed by it. This is something that has been the subject of discussion for an extended period. It was based on a report that was undertaken by the previous government in 2005 by Professor Richard Mackay. It has also been the subject of discussion through various COAG processes, in recognising the benefit of having heritage registered at the appropriate level. You have the World Heritage, you have national and state, and then you have local. The general trend more recently has been to have greater integrity in that. At a state level it ensures that with the limited resources you have, you are applying the resources for the maintenance of heritage that is genuinely of significance at that level. It ensures that you have focus and integrity and that it is consistent with the objectives of the legislation.

The other point that I make on this, which I made to Ms O'Connor on Monday, is that you cannot remove anything from the register unless it does not meet the criteria. It is only things that do not meet the criteria - that is, it should not be on the register - that can be removed in this way. There are processes to be undertaken, including appropriate notification.

In Tasmania, we have a substantial number of registrations on the register that are a legacy of the way the register was first put in place. When it was first established, a lot of areas that were recognised at a local level for having local significance were automatically brought on to the register. The idea is to clean up the register. There is also an opportunity for us to remove

duplication, and to consolidate where appropriate. It is leveraging off a process that was undertaken by the previous government in relation to rural properties. It also allows for properties to be removed where they have been destroyed by fire, which was one of the measures included in the legislative reforms last year. I do not think anyone should be alarmed by this. It is about giving integrity to the register and making sure we are applying resources in an efficient and focused way that is consistent with national practice. Did you want to say any more on that?

**Mr SMITH** - No, thank you.

**CHAIR** - Minister, if a property is taken off the state register, I presume it is still protected under local planning schemes?

**Mr GROOM** - In some instances we are dealing with properties that are of local significance but not state significance and it is a quirk of history that they are on the state register. If they are on the registers kept at the local level, they will still be afforded protection. You cannot remove something under the legislation from the state register if it satisfies the criteria for state registration - it is not possible. So, we are only talking about items that are not of state significance and therefore are not consistent with the criteria and the purpose of the act.

**CHAIR** - If someone currently owns a heritage listed property and they want to make some alterations, even if it is removed from the state list, they will still need the necessary approvals under the heritage provisions of the local planning authority?

**Mr GROOM** - If it is of local significance and is recognised as such at the local level. What we do not want is a circumstance where something that is not of state significance and does not satisfy the criteria for registration on the state register, continues to be registered and subject to restraints that are not appropriate and not consistent with the purposes of the legislation.

With all due respect to Ms O'Connor, she got this one wrong on Monday. This is a really sensible policy and it has been discussed for quite some time. I am not suggesting that it is going to be easy. We have to go through a process, but it is going to be completely consistent with the legislation. It is a very desirable outcome - it is about giving integrity to heritage in Tasmania, not undermining it.

**CHAIR** - Mike, do you have a question?

**Mr GAFFNEY** - To the credit of the Heritage Council, a lot of work has been undertaken in the last three years to simplify the process. Living in a town that has 76 heritage buildings, in a heritage home, I understand the issues. The Heritage Council has protected the larger properties, and made it easier for everybody else to alter heritage properties to make them liveable for many, many more years.

**Mr GROOM** - I agree, some very good work has been done. The legislation we referred to was about streamlining processes, and that is a good thing, but we should not have properties on the register that do not satisfy the criteria. That undermines the integrity of the register.

**CHAIR** - We will move to 9.2 Aboriginal heritage

**Mr ARMSTRONG** - The notes for 2014-15 Budget mentions there has been a reassessment of the corporate overhead costs. Could you elaborate on what these cover?

**Mr GROOM** - Corporate costs apply across the portfolio and a reassessment was done and it was acknowledged that Aboriginal heritage was slightly underdone, so there was a reallocation. The main point in relation to Aboriginal heritage funding is, notwithstanding the difficult Budget circumstances, we have been able to maintain that funding in large part. That is important, and is an acknowledgement of the yet to be completed work, difficult work, but important work, of addressing the legislation.

**Ms FORREST** - You would have read the report of Government Administration Committee B - the Aboriginal Land Act. There was a recommendation in that - looking at Clause 18(2) of the act. Have you done anything about that? What is the Government's response in relation to that?

**Mr GROOM** - I will probably need to take advice on that. What did that issue entail?

**Ms MOSELEY** - The Aboriginal Relics Act?

**Ms FORREST** - No, the Aboriginal Land Act. That doesn't come under your shared area?

**Mr GROOM** - No, the Premier. I think he is aware of the issue

## 9.3 Royal Tasmanian Botanical Gardens

**Mrs HISCUTT** - Looking at the Budget, there is \$200 000, so it must be steady as it goes. But on Page 26.3, with the detailed budget statements, am I right to presume that what goes in is about what comes out? They had a trading deficit of \$205 000 and you are revising that down to about \$75 000 by the end of 2018.

**Mr GROOM** - The Royal Botanical Gardens is a very important asset, and very important from a tourism perspective in and around Hobart. We have great confidence that there will be increased visitation to the Gardens. One of the things we have been keen to do is to give additional investment into their infrastructure requirements, and so there is an additional \$100 000 that has been identified to deal with those issues.

We have also been pleased with some of the initiatives that have been taken on by the Gardens in relation to ensuring they are in a position to maximise revenue. One of the things they have looked at is arrangements with respect to the restaurant. There has been an outsourcing arrangement put in place, and from the early feedback that has been going extremely well, so that can potentially deliver some additional revenue to the Gardens and help alleviate pressure from the funding perspective in the future. It is a very important asset and one we remain very committed to.

**Dr WHITTINGTON** - The depreciation and amortisation is about \$420 000 to \$430 000 per annum, so in an accounting sense the loss you are seeing there includes the depreciation. In dollar terms as opposed to accrual terms it is a positive result this year by about \$200 000, going up to about \$400 000. It looks negative but actually in assets -

**Mrs HISCUTT** - No, it is starting to look good.

**dr WHITTINGTON** - Yes, that takes account of the depreciation of the assets.

**Mrs HISCUTT** - The nationally accredited horticultural training that they do out there, are they charging for those courses because that is a good revenue-raiser?

**Dr WHITTINGTON** - Yes.

**Mrs HISCUTT** - That is good to hear.

**Mr GROOM** - There are some very good training options being looked at there. I will also give credit to the community gardens. It is a great facility and a great way to engage with the broader community. I know they have had school groups that go through there that use the gardens and also veteran groups. It is a great example of how those sorts of facilities can be of relevance to broader community groups.

**Mrs HISCUTT** - Minister, when those television programs feature the food garden, do we as a government charge for that use of that film or do we see that as exposure and they just come in and do it?

**Mr GROOM** - It is certainly a good ad.

**Dr WHITTINGTON** - Just on that, the gardens management is looking at ways of generating more income so how to utilise the gardens more commercially is certainly on the board's agenda. They are looking at different types of events and activities using the operators of the café and the gardens. They do limited numbers of weddings and things but they are looking at broadening that kind of commercial activity. There is a real opportunity for the gardens to generate much more of its own income.

**Mrs HISCUTT** - There is, although you have to be mindful of the balance that it should be there for all to use.

**Dr WHITTINGTON** - Absolutely.

**Mr FARRELL** - I notice that Woolmers Estate get \$75 000 in 2014-15 and 2015-16, which would buy a fair amount of fertiliser. I would like a little more detail on what that \$75 000 is for.

**Mr GROOM** - I think that is for maintenance, so we have gone back in terms of output groups here. There was the component for the visitors centre and a separate component for maintenance.

**Mr FARRELL** - So that is just to do with the gardens?

**Mr GROOM** - No, it is for the buildings.

**CHAIR** - Any questions with regard to the capital investment program

**Ms FORREST** - A bit of argy-bargy has gone on over the past few years about which tracks should go and which shouldn't. I notice the track to Sandy Cape has recently reopened. A lot of those tracks are duplications of those that were damaged over time up there, but one of your backbenchers made the bold statement that if the Liberal Government was elected they would open every track there. Do you hold by that?

**Mr GROOM** - We are certainly standing by our election commitment about revisiting the more recent decision made by the Government in relation to 15 of the tracks, if I remember the number correctly.

**Ms FORREST** - He stated during the election campaign that all the tracks would be reopened, that includes all the ones that none of the locals or anyone wanted, because they were duplications.

[5.30 p.m.]

**Mr GROOM** - I think the actual election commitments in relation to the additional tracks that were closed were for 15. This is the more recent government decision and we agreed from a policy commitment perspective that we would revisit that and look to have those tracks reopened but we have also said we will go through a process of consultation in relation to it. I think this is one of those areas where you have to recognise dual values. There are obviously strong Aboriginal heritage value in those areas. I have seen it myself and it is pretty extraordinary. If you look at the broad history of the Aboriginal community there is no doubt that is an area where there is rich Aboriginal heritage. At the same time people value it from an environmental perspective so there is also the post-settlement cultural attachment to that area which is very strong, which you would be familiar with. There are lots of communities on the coast that have a very strong attachment to it and have spent time walking, camping in shacks and also four-wheel driving and other activities. All of these values need to be respected so we are going through a consultation process in order to build trust between these groups and find an appropriate middle path.

We stand by our commitment in relation to undoing the position of the previous government but we have to work through a process in order to do that and find an outcome which satisfies to the extent we are able to each of the different elements within the community. It is a pity that we do not have Peter here because he could speak about this in more detail but there has been some really good engagement with volunteer groups who have undertaken some work to repair some of the tracks. That is a really positive initiative and I feel like this is on a good path and about trying to find an outcome which is genuinely respectful of all of the different values.

**Mr GAFFNEY** - An amount of \$556 000 is put aside every year for removal of physical structures of land and public liability risk. Do we have a breakdown of what was spent of that \$556 000, what was spent last year, was it activated and if so, could we have a copy of that?

**Dr WHITTINGTON** - We will take that on notice.

**Mr GAFFNEY** - Could I have the amount of money that has been spent against that line item for the last three years, just to see if it has been used?

**Mr GROOM** - Yes.

**CHAIR** - Minister, I know one of your election promises was to spend \$500 000 on replacing two bridges at Meander Falls, a spot I know well. I have had a representation, it is a very short note and in my view it is well worth consideration. The basic history was that two bridges were washed away in the flood in 2010 and since then we have only had four-wheel drive access roads being used. The contention is that even before the bridges were washed away, fewer than 1 000 people per year visited the spectacular Meander Falls and associated walking tracks.

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In comparison, the nearby Liffey Falls gets about 15 000 visitors a year and the main reason for that disparity is that Liffey Falls is a 30-minute return walk while Meander Falls is six-and-a-half hours return. I've done it a few times and it's a pretty long slog. A long standing desire of many locals is for the road to be extended from where it currently ends, further up into the Meander Forest Reserve, which is along the basis of the existing track. So Meander Falls is only a half hour return walk and what they are saying is that if that were the case it would be a huge boost to the local economy in terms of a tourist market which would be much more satisfied by having access to a short walk than a long walk.

Therefore our proposal would be not to rebuild the two bridges, but instead upgrade the alternate four wheel track to an all-vehicle road. An estimate of \$400 000 has been made by local contractors for the cost of these road works, as opposed to \$500 000 to replace the two bridges. Most engineers say that is an underestimate of the job, and replacing the two bridges will not tap into the 15 000 people who visit Liffey Falls each year. On the other hand, upgrading and extending the road will be cheaper and create a huge increase in business to the area.

There is a cohort of people in that area who are very supportive of that concept, rather than spending the \$500 000, and perhaps even more, on the two bridges. It is a matter I said I would raise on their behalf, and I tend to agree there is quite a lot of merit in what they say.

**Mr GROOM** - I appreciate you raising it, and it sounds like it is a great initiative, but as we have indicated, we intend to deliver on the election commitments and we will deliver on it. It sounds like a good other initiative.

**CHAIR** - A couple of your Lions members may concur with what has been said, so I don't know if there is a chance of changing things.

**Ms FORREST** - Without breaking a promise.

**Mr GROOM** - Thank you for raising it

**CHAIR** - South Coast Track, Three Capes Track

**Mr MULDER** - Interesting to note that the total bill for the South Coast Track looks like it is only \$2 million over the period -

**Mr GROOM** - It is \$2 million of work.

**Mr MULDER** - I am comparing that to the Three Capes Track of \$25 million. It goes over a lot longer period.

**Mr GROOM** - This is specific work which is about upgrading degraded parts of the track, and doing some work to help facilitate some beach access points along the track, so it is not rebuild, and it is one of those ones where you would love to identify additional funding.

**Mr MULDER** - So you won't be flying in flat rocks? Given the spend, and the boost and the amount of energy you have put into it, clearly you have no intention of building this track to anywhere near the standard of the Three Capes Track.

**Mr GROOM** - It will be a very different experience

**Ms FORREST** - It will still be mud.

**Mr GROOM** - It is a very different experience, and we were discussing before in context of the Three Capes, it is designed to provide an offering to a broad segment of the market, whereas the South Coast Track is for fairly experienced walkers, and there have been concerns raised by some of the people doing the track, that there are certain parts of it that are in dire need of improvement, so that is what this is focused on.

**Dr WHITTINGTON** - One of the first things we are doing is installing five toilets/campsites. Really basic stuff. It is about bringing it up to speed

One of the first things we will be doing is installing new toilets on the South Coast Track. At the moment they are fairly rudimentary to non-existent in some places. There is about 5 kilometres of track that is unacceptably muddy. If you have walked it, you know what I am talking about. There will be quite a bit of duck-boarding water and -

**Mr MULDER** - This would be just to the west of Prion Beach?

**Dr WHITTINGTON** - There are a couple of spots.

**Mr GROOM** - Subject to an article in the *New York Times*, if I recall correctly.

**Dr WHITTINGTON** - A number of bridges will be replaced. These are safety concerns, particularly in high rain and high flow times. Access to a couple of the beaches will be improved as well, so you are not dropping off big cliffs. It is about fixing the track to a standard, which is a completely different standard and experience to what we are designing and developing at Three Capes.

**Ms FORREST** - Are you going to leave some mud for the member of Western Tiers?

**Dr WHITTINGTON** - I am sure he will come with wet boots.

**Mr MULDER** - I am sure there will be mud.

**Dr WHITTINGTON** - But hopefully he will not disappear in bog hole, or drown on a creek crossing or fall down a steep cliff, and he can go to the toilet in comfort.

**Mr GROOM** - That is the strongest consensus position I have ever seen.

**CHAIR** - Rob, do you have anything sensible to say?

**Mr ARMSTRONG** - I have walked some of this track and it is very wet at different times of the year. Is there going to be any interruption to the walkers on this track? Is it going to be on the website to say when work is going to be done?

**Ms FORREST** - Where the workers are on the track.

**Dr WHITTINGTON** - The work on the South Coast Track will be done like it was at Frenchman's Cap. The walkers will co-exist, and might be re-routed around something, but we do

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not have big heavy machinery moving around. There will not tonnes of rocks flown overhead. I imagine it will be a very light touch - the impact on walkers.

**Mr MULDER** - We will not need to get a white hat to go through a building site, or anything like that?

**Dr WHITTINGTON** - No, no hard hats on this walk.

**Mr ARMSTRONG** - Who is doing the work? Is it going to be contractors, or is it going to be -

**Dr WHITTINGTON** - A lot of the work will be put out for contract, and I expect that local track workers will do the work. There are some extremely good track workers in Tasmania that we will employ under contract.

**Mr ARMSTRONG** - You are saying you are improving access to beaches - are you accessing additional beaches?

**Dr WHITTINGTON** - Beaches you can already get to - Louisa Bay, Milford Creek and New River Lagoon. Some of them have quite precarious access and so it is about firming up access down to those beaches.

**Mr ARMSTRONG** - So, no other beaches are going to get access?

**Dr WHITTINGTON** - Not as far as I am aware.

**Mr MULDER** - No work on remarking the track up to Precipitous Bluff, which is a notorious get-lost spot.

**Dr WHITTINGTON** - I don't believe the Precipitous Bluff route is part of this works. I will have to get Pete to confirm that, but I know where you are talking about.

**Mr MULDER** - That is a great extension, up through the limestone caves.

**Dr WHITTINGTON** - Up through that limestone country -

**Mr MULDER** - Up through the limestone caves. All the cavers are busy up there marking their own tracks to their own special caves. You get completely lost in a confetti of marking tape. I suggest you flag that, because it is an iconic area and well frequented by cavers. It is a real attraction, although why you would want to put on a hard hat and crawl down into the bowels of a cave that is prone to instant flooding, is a mystery to me.

The other area you should look at, which I think is a better walk than the South Coast Track, is the South East Cape Ranges area. It takes in Window Pane Bay, Mount Karamu and back up through Ketchem Creek. There is a good track there but I think it has been left in disrepair for a long time. It is an absolutely spectacular walk.

**Mr GROOM** - There will always be more work to be done, and hopefully someone will invest it in our -



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**Mr ARMSTRONG** - When will this work start? Will it be done for this summer?

**Mr GROOM** - It is sort of –

**Mr MULDER** - Stretched over the forward Estimates?

**Mr GROOM** – Well, it is over a couple, that is right.

**Mr ARMSTRONG** - There is \$500 000 this year - \$2 million over four years and \$500 000 allocated this year. Can you tell me what the \$500 000 this year will cover?

**Mr GROOM** - There has been some planning work done.

**Dr WHITTINGTON** - My understanding is the toilets are high on the list of priorities.

[5.45 p.m.]

**Mr GROOM** - There has been some planning work done.

**Dr WHITTINGTON** - My understanding is that the toilets are high on the list of priorities, and some of the extra work, but I will have to get the list from Pete on notice to give you a schedule of works. That is probably the safest thing.

**Mr ARMSTRONG** - A lot people are really interested in this because it is a big asset for that region and many people use it. The only thing that I could add is that a south-east cape track off this one would be another great asset to the southernmost point of Australia.

**Mr GROOM** - That is a great EOI.

**Mr GAFFNEY** - That is two out of 70.

*Laughter.*

**Mr MULDER** - I think it has been suggested in the past that for some of this track work inmates of Risdon and places like that might be appropriate for community work programs. I think other states such as Western Australia use them in that way; it is a bit of basic training and you have those gangs out there. We would try not to be authentically heritage and put the ball and chain on them, but that is an opportunity we really need to have a look at. I suggest that you talk to the Attorney-General, who I know is in favour of it.

**Mr GROOM** - That is a good thought.

**CHAIR** - Finally, minister, I think you want to touch on climate change

### **DIVISION 7**

(Department of Premier and Cabinet)

#### **1.2 Climate Change**

**Mr GROOM** - I welcome Wendy Spencer from the Climate Change Office.

**Mr MULDER** - This is a major issue for the Government, especially as there is no longer a dedicated climate change minister around the Cabinet table, so perhaps I would invite you to do what you haven't done and give an overview of what is different in this department now the new Government is here.

**Mr GROOM** - I was not seeking to avoid the opportunity, just conscious of the time. I am very happy to talk broadly about it and as I have indicated in some comments I have made previously, the Government remains very committed to dealing sensibly and practically with the issue of climate change. I genuinely believe there is an opportunity for Tasmania to make a significant contribution but a strong focus of the Government is to make sure it is sensible and practical and done in a way which is not adverse to the economic interests of the state.

One of the best examples I would cite is one that already has been the subject of discussion a couple of times through the course of the day and that is contributing renewable clean energy into the national market. There is a natural opportunity for Tasmania to make a significant difference in this regard. There is no doubt in my mind that the world will transition to a low-carbon environment and there will be future opportunity in the area of clean energy. I feel very sure of that, and I think Tasmania is very well placed.

With the expertise we have through Wendy and her team at the Climate Change office we have some really good skill sets, and we also have that in the Department of State Growth, the GBEs, local government, industry, business and the broader community. I think there are fantastic skill sets in Tasmania and we want to make sure that we are leveraging off it for Tasmania to make a significant contribution to the area.

In terms of other areas of focus, we continue to be committed to ensuring that the Government is very mindful of its own carbon footprint and there is ongoing work in that regard. I think adaptation is important, so we need to continue to have a conversation with the broader community and local government in relation to what might transpire in terms of impacts to the climate and what appropriate measures there are to be able to respond to that from an adaptation perspective. In having that conversation I think it is very important that we are not alarmist and overstate certainty of outcomes, but at the same time we need to recognise that there are certain risks as to what may transpire and we need to be well placed to respond to it.

**Mr MULDER** - There are some areas, not just emissions and things like that, that are highly probably outcomes, given projections, particularly along the coastal areas and the mitigation strategy that will be required. I know some within the community who will retreat in advance of it and others who wish to create shore defences and things. I am wondering whether that is something the Government is going to be grappling with, because I do not think anyone has ever really done it before with some of the low-level coastal communities, particularly in my electorate. I have the southern beaches, Cremorne and places like that, and there are other areas under threat where just a king tide is enough to do it. I think it will not be long before the South Arm peninsula has to rename itself South Arm Island.

**Mr GROOM** - There is no doubt that we have to be mindful of some of these issues. I take your point, there is a spectrum of potential outcomes, and at one end you have things that are almost here and at the other you are looking into the future trying to make risk assessments. I think it is really important to get the tone of the debate right because I think where this issue has gone wrong in the public domain is that people get ahead of themselves and overstate certainty.

There is no doubt there are some immediate issues we are dealing with and adaptation is an important focus of the Government. Do you want to speak on this, Wendy?

**Ms SPENCER** - The Clarence municipality was an early leader in this space. Several years ago it got money from the Australian Government to undertake some risk assessment work, you would remember, and you would also note the incredible job the council did in engaging with the community. We have been able to extend that work to do the Coastal Adaptation Pathways Project, we did some work with Port Sorell and we are now doing work with Hobart City Council and Huon. That is around providing the community with the evidence, and we are getting better evidence, we are getting LIDAR data, we are getting information from our research sector, which is another really capable group that we can source, and we are getting the community involved in understanding what that risk is, what pathways are open and what they are prepared to accept and involving them in that process

**Mr MULDER** - If you get down to the nitty-gritty, all that work Clarence did resulted in working out what the datum height for a future residential development in Lauderdale should be. There was no talking about, 'Are we going to defend, are we going to retreat or are we going to do something halfway between those two things?'. Of course when you overlay the damage, it depends on where you are and what sort of population you have as to which one of things you do, but the thing that disappointed me out of all that was, despite all those studies which gave the mid-case scenario of about a 700 millimetre sea level rise by 2100, that is fine, but we now need to go down to almost 100 metres of coastline to work out what we are going to do. Are we going to get to those sorts of strategies or are we going to continue to engage, which is fine?

**Mr GROOM** - The issue you are raising is a very fair one and an ongoing conversation because it involves multiple parties. It is not for the state Government to come and tell local government how to run things, for example. We have to continue to have a conversation about those issues but I agree with the point you are making in terms of some parts of our community being at the front edge of this and therefore getting to a point where we have to get to the nub of it and come up with immediate responses.

**Mr MULDER** - My pet project is the erosion on Roches Beach, which runs up through Lauderdale. Somehow or other the currents have changed in Frederick Henry Bay. They used to come up the middle and flow around the outside, they now rip up Roches Beach side, pull up all the sand there and drop it off the end of Shark Point. Someone said you need to dredge the sand back again but that is not going to achieve much. Someone else suggested that an artificial reef there would act as a nursery for fish, provide a dive retreat and actually interrupt the current off the end of the point. That seems to just go round and round in circles, where no-one is prepared to bite the bullet because a small group in the community are vocal enough to block anything except to let nature take its course.

**Mr GROOM** - I think it is a fair point you make.

**Mr MULDER** - Local government will need some support and assistance as it works through those difficult issues. I am suggesting that perhaps your office needs to provide some leadership about getting down to the nitty-gritty. I think you have used the word 'conversation' about 100 times today but I suggest the time for conversation per se is over, unless they are conversations about doing something.

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**Mr GROOM** - I stand by the use of the term because I think you have to bring people with you.

**Mr MULDER** - It has been consulted on for years.

**Mr GROOM** - I get your point in this and I hear where you are coming from but I do think it is important that you bring the community with you. If the state Government were to overreach and start imposing outcomes on local communities it would not go down too well.

**Mr MULDER** - I am just saying that the conversation, particularly in Clarence, has been had for a long time. We need some leadership from the state Government to say, 'Listen, you know what is going to happen in these areas. Can we sit around the table and start working about how we are going to adapt to it. Where do we defend, where do we retrieve?', and I suggest you start with areas that are already being impacted by king tides and things.

**Mr GROOM** - I take the opportunity to thank Wendy and her team for all their excellent work in assisting and also ongoing work, which is a very important effort of the Government. Thank you.

**The committee adjourned at 6 p.m.**