

# UNCORRECTED PROOF ISSUE

Thursday 31 May 2012 - Estimates Committee A (David O'Byrne) - Part 1

## LEGISLATIVE COUNCIL

### ESTIMATES COMMITTEE A

Thursday 31 May 2012

#### MEMBERS

Mrs Armitage  
Ms Forrest  
Mr Hall  
Mr Harriss (Chair)  
Mr Mulder  
Mr Valentine  
Mr Wilkinson

#### IN ATTENDANCE

**Hon. David O'Byrne MP**, Minister for Infrastructure, Minister for Economic Development, Minister for Science, Innovation and Technology, Minister for Police and Emergency Management, Minister for Workplace Relations

#### Ministerial Office

**Josh Bradshaw**, Head of Office  
**Peta Sugden**, Adviser for Economic Development  
**Neale Tomlin**, Adviser for Infrastructure  
**Astrid Wootton**, Adviser for Economic Development  
**Simon Monk**, Adviser for Infrastructure  
**Wayne Johnson**, Adviser for Workplace Relations

#### Department of Justice

**Michael Stevens**, Deputy Secretary (Corporate)  
**Chris Jacoora**, Departmental Liaison Officer  
**Roy Ormerod**, General Manager, Workplace Standards Tasmania  
**Martin Shirley**, Director  
**Stephen Morrison**, Director, Finance

**Department of Infrastructure, Energy and Resources**

**Norm McIlfattrick**, Secretary  
**Amanda Russell**, General Manager Corporate Services  
**Simon Hiscock**, Manager, Corporate Affairs  
**Marnie Peebles**, Executive Assistant  
**Nell Butcher**, Executive Assistant  
**David Spence**, General Manager, Infrastructure Policy Strategy  
**Craig Hoey**, AG Manager Rail Safety  
**Colin Finch**, Chief Executive, Marine and Safety Tasmania (MAST)  
**Simon Buxton**, Director, Traffic and Infrastructure  
**Phil Cantilon**, Director, Operations (Roads & Traffic)  
**Lia Morris**, CEO, MAST

**Department of Economic Development**

**Mark Kelleher**, Secretary  
**Jonathan Wood**, Deputy Secretary Industry Development  
**Ros Harvey**, Executive Director, Strategic Policy and Research  
**Lynne Fitzgerald**, Director, Strategy and Impact Assessment  
**Craig Watson**, Executive Director, Corporate Support  
**Alan Campbell**, General Manager, Export and Enterprise Development

**Department of Police and Emergency Management**

**Darren Hine**, Commissioner of Police  
**Scott Tilyard**, Deputy Commissioner of Police  
**Scott Wilson-Haffenden**, Director, Corporate Service

**Tasmania Fire Service**

**Mike Brown**, Chief Fire Officer  
**Mike Gallagher**, Director of Corporate Services

**DIVISION 1**

(Department of Infrastructure, Energy and Resources)

**Output group 1**  
**Infrastructure**

**The committee met at 9.02 a.m.**

**CHAIR** (Mr Harriss) - Minister, we will make a start thank you.

**Mr O'BYRNE** - Getting our infrastructure right is critical for the future economic and social development of Tasmania. Investing in key infrastructure is a major part of the government's

strategy to diversify Tasmania's economy and create lasting jobs. Continuing to invest in our state road network and connecting our communities through vital public infrastructure remains fundamental to building and shaping strong communities for our future. Despite the budgetary challenges facing the state, we will not walk away from investing in our public road and rail network. This government has positioned Tasmania to make best use of our infrastructure, to benefit our economy and connect communities. With control of the ports through TasPorts, control of the rail through TasRail, and the main arterial roads network, we are strategically positioned to make best use of our links in our island state and connect with the rest of the world.

It is a moment in time for strategic action and we must act. Tasmania was the first state to create an Infrastructure Advisory Council. The council provides strategic advice on the coordination and prioritisation of economic infrastructure. The council is also aligned with the Tasmanian Economic Development Plan and the chair, Phil Clarke, has recently met with the regional reference groups to discuss infrastructure priorities. A number of key points highlight the positive social and economic outcomes we are continuing to see through investment in public infrastructure.

Under the leadership of the Labor government, we have secured record investment of more than \$810 million of federal funds in road and rail in Tasmania for the six years to 2013-14, projects of generational significance. This equates to almost doubling infrastructure spending per Tasmanian, from \$157 per year to \$264 per year, compared to the federal Howard years. We delivered a \$191 million Brighton bypass and the \$77 million Brighton transport hub. We are rolling out the \$90 million community roads program and the \$21 million west coast roads program. We are rolling out the \$42.5 million north-east freight route package, which is a joint federal-state program. There is also the \$19 million Tarkine forest drive project.

Over the last few years we have seen real and significant achievements in the area of road safety. This financial year we will invest in the order of \$12 million for the road safety levy, with new technologies helping to continue our trend of a decreasing road toll and a reduction in serious injuries on our roads. Through the guidance of the Road Safety Advisory Council and the implementation of the Tasmanian road safety strategy and the second action plan, as well as the national road safety strategy, the government is determined to do all it can to see road fatalities continue to decline. As a result, Tasmanians are now safer on our roads than ever before. We have been greatly assisted in recent years by the advent of cutting-edge technology and safe systems infrastructure, while at the same time acknowledging that technology is not the silver bullet when it comes to road safety. Over the last decade, serious injuries have decreased by 45.1 per cent, from 534 to 293 each year. For the last two consecutive years, Tasmania has achieved the lowest road toll on record and is currently on track to do it again this year. That is encouraging and suggests our approach to road safety is working. We must continue to work harder and do more to make our roads safe because every serious injury and every death on our roads is one too many.

Innovative technology currently being harnessed includes new \$3 million variable speed limit signs from Liverpool Street in Hobart to the Cambridge Road interchange, which are scheduled to be switched on in the middle of this year in a bid to improve safety and prevent rear-end crashes. This high-tech system can detect incidents and weather conditions and allows for the speed limit to be lowered to prevent secondary crashes. New, high-visibility electronic warning signs have been installed at the northern junction of the Dilston Bypass on the East Tamar Highway following community concern about poor visibility and winter fog. The rollout of the electronic 40-kilometres-an-hour speed limit signs is helping to protect school children, who are most

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vulnerable in the road environment. This investment of \$6 million of the road safety levy has already seen 512 signs across 212 schools, with almost 100 more to be installed by the middle of this year. We launched a trial of similar technology in Moonah last week, which will see variable electronic speed signs show 40-kilometres-an-hour speed limits in shopping zones during peak times to protect pedestrians.

There is a constant and growing need for ongoing maintenance of our physical infrastructure, such as roads and bridges. In 2012-13, we will continue our significant ongoing general maintenance investment of more than \$59 million. This is a crucial time to be Tasmania's Minister for Infrastructure and I look forward to the major contribution which infrastructure projects, such as those I have mentioned, are making and will continue to make for Tasmania's prosperity.

**Ms FORREST** - We contacted you and various departments you are responsible for, minister, asking for the estimated outcomes, revised estimates and actuals for each line item on this portfolio and that was not forthcoming. Are you able to provide that now?

**Mr McILFATRICK** - Is the question in terms of the budget impact this year above and beyond the current challenge?

**Ms FORREST** - Not really. We get the global figures for the budget that are relatively easy to find. You have to look around for some of them, but when we look at individual line items under output group 1, for example, under infrastructure we ask for figures for each of those line items: the estimated outcome for the year, the revised estimates from mid-year, and the actual expenditure to date, at least until the end of March.

**Mr McILFATRICK** - The budget estimate today - I do not have the detailed figures of each line item, but we are meeting our budget across the board in the department. We will come within budget, even though we had a \$4.1 million challenge at the start of the year. We have been doing a lot of work looking at our business processes. We have had a renewal program internally that has essentially allowed some people to retire early, and paid them a small incentive. We then bring other people into the department at a graduate or trainee level.

**Ms FORREST** - So you are talking about the WRIP program.

**Mr McILFATRICK** - We have lost about 32 people this year, mainly through vacancy control and natural attrition right across the agency. We started the year at about 608 people and we are down to about 575. The head count moves around a bit because of part-time employees. I expect we will be slightly ahead of budget this year, not that we will just cross the line. We are really looking at setting ourselves for a three-year picture, which is what we discussed with the budget committee. We have significant reduction in expenditure on our operations over the three-year period that was forecast last year and continued this year. I have indicated to all my ministers and my staff that I expect that over that period we will probably lose between 40 and 60 full-time equivalent positions. That is where we are trending at the moment and I have not changed my mind on that.

As to the impact on each of the individual elements, some have elements of election commitment and programs that are specific to those outputs. They will therefore mask some of the budget impacts, but essentially we are trying to smooth the budget impact across the whole department.

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**Ms FORREST** - Are you going to provide those figures, though, on each line item? I hear what you are saying about how you are managing -

**Mr McILFATRICK** - Do you want the end of April figures or the end of May figures? Our budget is not complete.

**Ms FORREST** - I accept that. We wanted the revised outcomes and the estimated outcomes, and the actuals - the actuals are not as important in my mind as the revised outcomes and the estimated outcomes.

**Mr McILFATRICK** - Okay. I do not think we can provide them yet because it is still a work in progress.

**Ms FORREST** - The actuals, you are talking about?

**Mr McILFATRICK** - Our revised outcomes are that we will be pretty well on budget for all of the line items.

**Ms FORREST** - Are you able to table what they are, though, for each of the line items or provide that information? That is the question.

**Mr McILFATRICK** - The estimate -

**Mr O'BYRNE** - Not today.

**Mr McILFATRICK** - Not today, but I can certainly table an estimate.

**Ms FORREST** - We did a secondary contact, that is right, Secretary, isn't it, asking for this information?

**Mr McILFATRICK** - Obviously there are payments coming in, and there are commitments that have been made -

**Ms FORREST** - Yes, that is for the estimates, Norm, but I am talking about the revised estimates and the estimated outcomes.

**Mr McILFATRICK** - I have given you a revised estimate that we will be on budget.

**Mr O'BYRNE** - We will get them and table them.

**Mr McILFATRICK** - On the capital program there are projects that move in and out, because projects do not get neatly delivered in one year. On the operations side of our budget we will be under budget in most line items by a small margin.

**Ms FORREST** - It will be helpful to have that.

**Mr WILKINSON** - The questions were obviously answered by Mr McIlfatrick then in relation to the general overview. You spoke about election promises, minister, and you were saying you wanted to keep those election promises to some degree. In the budget speech, I think

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the Premier in her budget speech stated that 25 per cent of the election promises could not be met, and that would have been over the whole spectrum. Can you please give me some indication as to what promises are going to be met and what promises cannot be met?

[9.15 a.m.]

**Mr O'BYRNE** - When you sit down as a cabinet working with the Premier and Treasurer about how you balance the public sector but maintain money within the economy, infrastructure is very much seen as the way we could support the civil construction industry. Some of these road projects are jointly funded between state and federal so we are not able to recalibrate those decisions. For example, in the north-west freight routes package we have made a commitment to the Australian government and we will honour that, but in relation to the community roads package all of those election commitments will be maintained and we are able to manage that within the Infrastructure funding over the forward estimates. Obviously not all of the \$90 million would occur in the one year but we made a commitment that there will be a community roads package over the forward estimates of \$90 million. We have listed the projects and they are all on target to being rolled out.

**Mr WILKINSON** - Are there any projects of the ones that you had listed and had put in the budget a couple of years ago just prior to the election that you believe are now not going to be met?

**Mr O'BYRNE** - There was one existing allocation for the Howard Road-Elwick-Brooker upgrade and through discussions with the Glenorchy council and also in more recent times with the federal government, the money that was allocated was not going to be able to achieve the outcome so we partially re-allocated some of that funding. That was not necessarily an election commitment; there was an allocation of funds again in 2008-09 -

**Mr McILFATRICK** - And at the same time the federal government took over that part of the highway so we really could not deliver what we thought we could originally. We now have a bigger bid in with Infrastructure Australia and Nation Building. That is the only one, to my knowledge, that has been taken away.

**Mr WILKINSON** - A couple of people as I walk through the streets, which I do often normally during daylight hours -

*Laughter.*

**Mr O'BYRNE** - If you read the paper, the streets are very dangerous at the moment, you'd better be careful.

**Mr WILKINSON** - I hasten to add -

**Mr VALENTINE** - Are you talking about being careful of your minders?

**Mr O'BYRNE** - You are blushing too, Jim.

**Mr WILKINSON** - Just the heat.

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A couple of people working on building sites are concerned that the jobs are not going to Tasmanian firms. I understand the hospital job, and I know it is a matter with Health but it is part of the infrastructure, is not going to a Tasmania firm -

**Mr O'BYRNE** - It will be Tasmanian contractors.

**Mr WILKINSON** - Yes, and can you fill me in, in relation to what is happening with the construction work that is in the pipeline, that has already been allocated to a construction company, which are the construction companies within Tasmania or outside Tasmania?

**Mr O'BYRNE** - Government procurement is governed by the Treasury guidelines so we have to commit to those. The statistics I have seen from Treasury show that the vast majority of public sector tenders go to Tasmanian operators. Broadly speaking - but I will get some specifics for you - we want to maximise Tasmanian content. Ultimately, we have national obligations on the procurement to ensure there is not only value for money but we are not able to discriminate on the basis of where the company is from. We have to take into account a whole range of issues and commitments that we have made to the Australian government, also in some elements of procurement of the free trade agreements with other countries.

I know that in my broader portfolio we have been very much focused on making sure that Tasmanian content is maximised. For example, I am very pleased with TasPorts in relation to the Devonport Airport which went to a local contractor and subcontracting. In my police portfolio, the Devonport police station went to a local contractor in Mead Constructions. For example, the rebuild of some of the regional houses under Tasmania Police at Cygnet and over at Dunalley, is done by Tasmanian company Wilson Homes. So I suppose we are working with local industry and trying to maximise contractual arrangements. Hazells won the infrastructure project for the Musselroe wind farm; that is a \$400 million project. The total consultants' and contractors' dollars this year is \$36.8 million, or thereabouts, \$35 million of which has gone to Tasmanian contractors.

**McIFATRICK** - I have a detailed list which we can table.

**Mr O'BYRNE** - We obviously want to make sure that we can maximise Tasmanian content. There are certain contracts that are let to organisations that have a presence in Hobart or a presence in Tasmania but they are a part of the national contracting organisation. It is not as simple as saying 'Let's just give it to a Tassie firm', because we have a number of firms now, and because of the industry that they are in they are aggregating up to being nation-wide contracts.

If you look at a firm like Pitt and Sherry, they now have a lot of focus on the mainland in their activity. They are still a Tasmanian company but they are not necessarily confined to the geographic bounds of the island. We try to maximise where we can.

**Ms FORREST** - Shaw Contracting, too.

**Mr O'BYRNE** - Shaw is fantastic.

**Mr McILFATRICK** - This does highlight all our contracts, some of it not in this portfolio but obvious the majority are because they are road-related.

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**Mr O'BYRNE** - Also, some of the issues that the industry is facing is partly cyclical. I have had a discussion with Shaw Contracting - A. Shaw - and many years ago when they sought contracts off-island to build the company, and we have just come off the back of a significant amount of infrastructure construction spending over the last few years. At the one stage in Tasmania it is probably the biggest amount of construction that the state has ever seen.

We have the Brighton hub, the Brighton bypass, the Kingston bypass, the East Tamar Highway and the Dilston bypass. That is close to \$0.5 billion-worth of road and construction projects, all happening at the one time. When that all happens at the one time, companies scale up and we want to make sure there is competition in the tendering to ensure that public money is spent appropriately. All of those projects were happening at the one time.

Now they are coming off we are in the process, and we will talk more this morning, no doubt, about the Nation Building 2 program and our pitch to the federal government for Tasmania's share of that fund. All we can do as a state government when we are constrained with our expenditure, having the \$90 million community roads packages is of benefit and I think Tony from the CCF put out a very positive release after the budget saying that they welcome the maintenance, that there has been no cut to the community roads package and there still is spending. Of course that industry would like more. We would love to give them more but we are not able to now in our current situation.

**CHAIR** - Supplementary to where Jim was going, then we go to Tony.

**Mr VALENTINE** - Obviously there are rules around tendering and what you can and what you cannot do, especially when you are dealing with the national situation. Someone brought it to my attention the other day that we had purchased \$8 million-worth of concrete sleepers from New Zealand. I am thinking to myself, there is a lot of weight in concrete and bringing it across, all of that.

**Mr O'BYRNE** - We have had many meetings with Tasrail. Obviously we have a significant below-rail - the Rail Rescue program effectively is a rescue. We have inherited an absolute basket case of a rail both below and above, where there is \$400 million that has been allocated - \$200 million from the federal government for below rail and \$200 million from the state government for above rail to get it back to scratch. I have had a number of conversations with Tasrail about their procurement. They met with a number of Tasmanian companies in an attempt to make sure that it was sourced locally. Unfortunately, the Tasmanian companies that they spoke to did not have the capacity to do the work to a certain standard. Essentially, it is not just about -

**Mr VALENTINE** - No, I understand.

**Mr O'BYRNE** - - putting it in a cask and hoping that cask - it is expensive. It has to have a 50-year capacity, especially given the kind of gauge rail we have and some of the alignment and topography it has to go over in Tasmania.

It has to be of a certain grade and certain quality and no-one in Tasmania was able to come up with that. We did meet with a number of local contractors including - what is the mob down at Cradoc? Anyway, we met with them. We are really working hard with our GBEs to ensure that local content is maximised. In fact, we would rather the tender had gone much earlier and there would be arrangements sooner, but we made sure that they talked to local operators to exhaust all options there before they made a decision to go to New Zealand.



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**Mr VALENTINE** - In that tendering process, the question I ask is: there must be a margin for local companies compared to external ones? It used to be 10 per cent years ago.

**Ms O'BYRNE** - My understanding under the Treasury procurement guidelines is that you are not able to do that.

**Mr VALENTINE** - You can't do that margin anymore?

**Ms O'BYRNE** - What you have to do is try to find other ways to support Tasmanian contact with the capacity to do the work. But unfortunately, or fortunately, depending on which government you are in -because we want to make sure Tasmanian companies can win contracts in other states as well - it is a double-edged sword in some respects. If you become too protectionist, you restrict the growth of Tasmanian companies.

**Mr VALENTINE** - I thought there was a margin; I couldn't remember.

**Ms O'BYRNE** - I believe there was but with Australia and New Zealand, within the one contracting zone, you can't discriminate on the basis of geography.

**Mr VALENTINE** - I wondered about that.

**Mr McILFATRICK** - Under the Free Trade Agreement there is a monetary limit - it was over \$600 000 or something like that.

**Ms O'BYRNE** - You've no choice but to.

**Mr McILFATRICK** - I need to return to Mr Wilkinson's questions about what election commitments were curtailed. In our total budget this year, \$200 000 has been taken off this minister's portfolio out of the road planning allocation, which was an election commitment, but that is just a part of it. It is reduced from \$1.5 million to \$1.3 million. That is the only one we have listed.

**Ms FORREST** - Is that in the planning area?

**Mr McILFATRICK** - Road planning, and we are able to do that partly because we didn't kick that program off until part way through the previous calendar year, so we were able to transfer some of the funds forward.

**Mr MULDER** - Following up on the question Ms Forrest was pursuing about year-to-date figures, have the business units been advised of next year's allocations in terms of the budget? Is the global budget yet to be broken down into your business units and areas of responsibility?

**Mr McILFATRICK** - Yes. In fact, what we would call division heads are aware of their future budgets. There will still be detail to be loaded into our budget module for the future but certainly they are well aware of that.

**Mr MULDER** - How long have all the business units known what sort of money they have to work with?

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**Mr McILFATRICK** - They knew the day after budget day, basically. The budget is very much a cabinet process and while I may have known what I was expecting, I was relying on them to provide the note to my staff on budget day. So on budget day a note went to my staff indicating what I expected the impact of the budget to be.

**Ms FORREST** - The Premier told us on Wednesday that an additional 2 per cent in savings would have to be made and obviously you would have related that to your staff after budget day. What areas are you going to make those savings in?

**Mr McILFATRICK** - Right across the whole agency. I didn't think it was worthwhile indicating to staff that it was 2 per cent because we have been communicating with our staff on a monthly basis about progress towards our budget strategies. The 2 per cent is a further tightening but our staff are all aware that state finances need our help and they are all willingly working towards that.

**Ms FORREST** - Do you have specific projects or aspects that you are going to be pursuing to make those savings?

**Mr McILFATRICK** - Yes. Our budget is broken down into organisational improvements such as business process improvements. We are doing quite a lot of work in registrational licensing. Now that we have a new system that is finally bedded down and working - after a few hiccups - we can look at that whole process. We are looking right across the organisation. There are specific division-level ones and there are whole-of-agency ones. I recently advertised for a new deputy secretary after my previous deputy secretary, Mr David Peters, retired. I will be using that as an opportunity to strengthen the way we organise ourselves at the top level and there will be some savings administratively out of that as well. So it isn't just one area - it is right across. Certainly, there is an indication that I have given to the budget committee about where those savings will be, but they are generally right across the agency.

[9.30 a.m.]

**Mr MULDER** - Minister, how many ministerial staff do you have? I mean on this side not that side across your portfolio, and how are they allocated? How are your entitlements allocated?

**Mr O'BYRNE** - That is under the DPAC budget. In terms of this portfolio outcome, when I first became minister we did have a departmental liaison officer but we no longer do. That person has been returned to the department.

**Mr McILFATRICK** - It is one of our budget initiatives that has been delivered.

**Mr MULDER** - What about staff within your office as opposed to the department - advisers in that area?

**Mr O'BYRNE** - That is under the DPAC budget. In terms of the infrastructure portfolio, I have two.

**Mr MULDER** - What is the basis of that entitlement?

**Mr O'BYRNE** - It is from the Premier and the Department of Premier and Cabinet; we talk about the office allocations in terms of the ministerial workload and the kind of adviser structure

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that we have. That is ultimately a decision of the Premier and Premier's Chief of Staff and we work through that with her.

**Mr MULDER** - Thank you. You mentioned in your overview the Cambridge Road interchange. Could you just flesh out what that is, and what works are going in there?

**Mr O'BYRNE** - That is the Pass Road; it is the extension and upgrade to Rokeby Road between -

**Mr MULDER** - Sorry, Cambridge Road and Rokeby Road don't meet.

**Mr O'BYRNE** - Sorry. I don't think I mentioned Cambridge Road, did I?

**Mr MULDER** - You mentioned the Cambridge Road interchange in your overview.

**Mr O'BYRNE** - Let me just check my notes. I mentioned Cambridge Road with the \$3 million variable speed limit signs.

**Mr MULDER** - So \$3 million to put a variable speed limit sign - where on Cambridge Road?

**Mr O'BYRNE** - Between Liverpool Street and Cambridge Road; that is the section we are trialling for the variable speed limits. So there is no Cambridge Interchange upgrade. That is what I thought. Given it is your electorate, I thought you were referring to -

**Mr MULDER** - So there is no Cambridge Road interchange.

**Mr O'BYRNE** - No, that is why you threw me. I thought you must be talking about Pass Road, which is the upgrade to the Rokeby Road that we going to do.

**Mr MULDER** - I thought you might have meant the Mornington interchange rather than the Cambridge Road interchange.

**Mr HALL** - Minister, in regard to freight equalisation, which is a very hot topic at the moment, Infrastructure Australia gave us a bit of a nasty report card. The federal government gave us an extra \$20 million and there has been some flack about where \$5 million of that went. You might care to comment on that. Where do you think we are going to go with freight equalisation? It is a matter of such critical importance to the whole economic fabric of the state.

**Mr O'BYRNE** - Yes, it is. If we work through it chronologically, Deegan's report was not a formal report from Infrastructure Australia to the minister. It was a report that was commissioned by minister Albanese regarding the issues of freight in Tasmania. Essentially, it has looked at the window of 1976, when the scheme was first introduced, and now. Chronologically, where it became an issue is when, with the change in international shipping to larger vessels and a hub-and-spokes model in terms of trade, smaller ports like Bell Bay were left off the international list.

Now, AAA was a consortium, so one individual company didn't have a direct carrier into Bell Bay - sorry, this will take a little bit of time, but it is worthwhile to do it, with the Chair's discretion.

AAA was a consortium of three organisations to get volumes out of Tasmania. They had significant issues with that direct link because of the mismatch of north and south-bound. Lots of traffic was heading north; lots of freight was heading north but not much was coming south, because of our population base. There is not the consumer demand so a lot of empty boxes were coming south along Bass Strait and that was causing the AAA consortium a lot of problems. When you have a container of 20-foot equivalent, you want to make sure that with every movement you have something in it and you are making money out of it. The mismatch between north and south was an issue.

When AAA made the decision to move to the transshipment model out of Melbourne, I led a delegation in June last year to Canberra to meet with minister Albanese. With me were Bob Gozzi from the Bell Bay Industrial Group; Robert Wallace, the CEO of the Chamber of Commerce; and Martin Thorpe from the Transport Association of Tasmania. We sat down with minister Albanese and said, 'This is now the first time that Tasmania no longer has a direct international carrier'. We understand vessels are getting bigger and it was an industry decision to pull out. When the freight equalisation was crafted back in 1976 there was never the view that we would ever lose an international carrier, but that has happened now. We sat down with the federal minister to look at ways we could assist industry, particularly out of the Bell Bay industrial area, by way of a change to the freight equalisation scheme.

We should acknowledge that the freight equalisation scheme currently provides \$140 million for the feds each year, so \$100 million goes to freight and \$40 million goes to passengers with vehicles. For the next six months we sat down with the department and industry to see if we could find a way to move here or change the freight equalisation to include northbound exports. Those discussions concluded, I think, in February this year and, unfortunately, we were not able to get agreement from the federal government to change the freight equalisation to the point of including northbound exports, which we believe would have been between maybe \$20 million and \$30 million a year advantage to Tasmanian industry.

We should also remember the context is that in 2006 there was a Productivity Commission report which effectively said, 'Freight equalisation is a rort, get rid of it'. That is something we do not subscribe to, and I know the federal government at the time did not subscribe to it either, but there is a lot of pressure on the freight equalisation scheme. Federal minister Albanese and the Prime Minister have made a decision to allocate \$20 million to assist Tasmanian exports to deal with the freight challenge. We were in negotiations over about a six-week period with the federal minister as to how that could be applied. Essentially, \$4 million has gone to an upgrade to increase productivity and efficiency at Burnie; \$1.5 million to a freight logistics group that would work in concert with our Infrastructure Advisory Council to work through those issues; and the bulk of that money would go to support, as a transition payment only, to northbound exporters.

Deegan has done a report which said, 'You have had close to \$150 million for the last  $x$  number of years', and he is of the view that it is protecting inefficient industry and everyone else in the market needs to compete on equal terms. It is a 30-year view of freight in Tasmania and I think he has acknowledged recently we have made some tremendous changes in how we are dealing with infrastructure in Tasmania. When his report came out, he wanted to have a root and branch review of freight equalisation. I immediately spoke to federal minister Albanese and said, 'As long we have breath in our body, we will be fighting for the freight equalisation to be maintained'. On radio later that day he made it very clear that he supports the freight equalisation, but he believes there are things we can do to make the scheme more efficient. Mr Deegan has raised some concerns about the operation and recommended a referral to the Federal Police and

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the ACCC. Ultimately that is a matter for Mr Albanese; it is a federal program. If there is rorting and some inefficiencies within the system, we want to see that cleared up.

**Mr HALL** - Yes, that should occur if there is rorting. What you are saying is that hopefully that \$140 million per year at the moment is secure. We are looking at agricultural exports to drive the state forward and roughly about one-third or 30 per cent is what you get back in a container.

**Mr O'BYRNE** - I agree. It is important we understand because there are a number of misconceptions about the freight equalisation scheme. A number of people say, 'It's a road. Bass Strait is a road and that's why we get the \$140 million'. That is not our strongest argument, because effectively there is no mainland road or highway between states that gets every year \$140 million spent on it.

It is about equalising the cost to get to market, and that is our strong point. That is why we support it and that is why industry supports it, and that is why the federal government supports it. It is equalising the cost of getting a product from Tasmania to the market. When you look at the costs - and we have worked extremely hard to find efficiencies, to assist industry - 70 per cent of the cost structure or thereabouts is basically on the water, it is over Bass Strait, because you have low volumes, a mismatched north and south, a lot of time-sensitive products. You talk to Neil Armstrong from Harvest Moon and the importance of TT-Line. Pick in the morning, process during the day, on the truck, on the boat that night, into the markets first thing in Melbourne the next day, either for flight into Asia, up to Brisbane, or in the Melbourne south-east corner. For some shippers it is a daily call, it is a milk run; not a lot of business but a lot of sunken costs in terms of labour and the vessels they use. It is a complex issue and we are working extremely hard to assist exporters, and importers as well, of course.

**Mr HALL** - I am pleased to hear that. One of the questions, Chair, in regard to the department's staffing, present employee numbers, and do you expect to see a reduction over the year and by how many? You may want to table that.

**Mr McILFATRICK** - We started the financial year at 608 full time equivalents after that head count, and we do have quite a number of part-time employees, so our actual paid employees are at about 475 FTEs, so 100 fewer than the head count. We have reduced that by about 32 this year, and I expect that will be about where we land at the end of the financial year. If you think about the three-year program that I have indicated, 40 to 60 in the three years to make sure we can meet our budget. We needed to make those reductions early, so I think my employers can rest a little bit easier that through natural attrition over the next couple of years we may look at another 20 or so. We have not had any redundancy program in the organisation. We have had a renewal program, as I mentioned earlier. Twenty-six people applied for that, and that has enabled us to bring in important renewal of young people coming back into the organisation.

Obviously our forestry area, which is outside this committee at the moment, is an area of challenge for us, so we have some people in the forest practices and private forests area that we may have to look at redeploying. Generally, it has been across the board that we are looking at vacancy control, making sure we look at every vacancy. If it is not needed three years out we are probably likely to say let us put it on as a temporary fixed term role, rather than build in to ourselves a need to make someone redundant in the future. So we have disclosed this to all our people, and I think we are on track for that. About 40 to 60, so we are a long way towards that target.

## UNCORRECTED PROOF ISSUE

**Mr HALL** - Just one more quick question, Chair, to the minister. You talked about infrastructure projects like the Brighton bypass and all those sorts of things, so there has been quite a lot. They have come off the boil now, or are virtually completed. So the question is it would seem that there are some major concerns out there with some of the larger construction companies, like Shaws, for example, which has sent 60 off to the Northern Territory just recently, and they are concerned about what is in the pipeline. Are there any major infrastructure projects you can point to which may help Tasmanian businesses? What else is on the horizon, could I put it that way?

**Mr O'BYRNE** - I suppose there are multiple portfolios that have an impact on that sort of civil construction industry, and if you talk to the Hazell company about the importance of their winning the Musselroe project, that is a fantastic fillip for that company, it is a big job. I suppose we are sort of in between the big licks of money. When you look at the Brighton bypass, that is about \$189 million.

**Mr HALL** - When is that due to open?

**Mr O'BYRNE** - The original schedule was March next year but we are hoping to give that a bit of a haircut.

**Mr HALL** - We would like it before then.

**Mr O'BYRNE** - Absolutely, so would we.

**Mr McILFATRICK** - The minister would like a Christmas present.

**Mr O'BYRNE** - If I can get a Christmas present from the secretary I will be very happy because that is a \$198 million job and it is federally funded. We finished the Kingston bypass, which was \$50 million, \$35 million of which came from the state government. The Brighton hub is a \$79 million -

**Mr HALL** - What is coming up?

**Mr O'BYRNE** - We have to put it in context between federal and state. The state government has a \$90 million community roads package; that is our infrastructure spend. We are now sitting down with the federal government looking at a nation building speed program. They have made the decision. Traditionally, Infrastructure Australia is an intergenerational big-picture national economy, national exports funding approach where Infrastructure Australia assess certain projects of national significance and then make recommendations to minister Albanese who makes the decision on the funding.

We are now at the end of Nation Building 1 so the last project in Tasmania out of that is the Brighton bypass. We are now in the zone of applying for Nation Building 2 funds. Minister Albanese has made the decision that the funnel through which those funds are agreed to, or those funds are assessed, will be through Infrastructure Australia. They want to make more use of this framework that Infrastructure Australia use. That is, south to north, the Brooker Highway, the Bridgewater Bridge, the Bagdad bypass, the Midland upgrade -

**Mr HALL** - I was hoping you were going to say that.

## UNCORRECTED PROOF ISSUE

**Mr O'BYRNE** - Perth to Breadalbane upgrade -

**Mr HALL** - Bell Bay did you say?

**Mr O'BYRNE** - Did you say Breadalbane? Yes, I am a Lonnie boy and that's how we say it.

*Laughter.*

**Mr O'BYRNE** - I bite too easily on that stuff.

There is also the next stage of the rail infrastructure. Bringing that back up to scratch is crucially important for freight efficiency within Tasmania; getting those heavy trucks off the road and getting the non-time-sensitive product to north and south and east and west. We are in a unique time in Tassie. I am probably the first infrastructure minister to have control over all the rail. We have never had the Melba line on the west coast; that has always been in private sector hands. Now that we have all that in public sector hands TasRail has all the rail network, and TasPorts is one authority with many ports and also the main arterial routes, so it is a crucial time for us.

The community roads package, and it is publicly available on the website again, talks about all the different community roads projects and how they are being rolled out over the next two to three years.

**Mr McILFATRICK** - Given your observation, Mr Hall, about the contractors federation being concerned, we have a good relationship with them. We table this with them at our monthly meetings so that they can see the forecast capital works programs and not just from their point of view but from the engineering services people doing the design component they know what workload is coming. Even if it is not as much as they would like they have a bit of certainty about future work programs. I am happy to table that.

**Mr O'BYRNE** - Also we have the \$21 million west coast roads package, and the work has commenced on that. There's the north-east freight route that is getting, arguably, the plantation resource and other resources out of that area down through Bridport to Bell Bay -

**Mr HALL** - I have a few questions on that for someone else afterwards.

**Mr O'BYRNE** - Okay. We have the \$19 million Tarkine road-Forrest Drive project that is under way. There is between \$50 million and \$60 million of annual maintenance that occurs and obviously there is a \$12 million road safety -

**Ms FORREST** - Just on the infamous Tarkine drive, minister, you say it has already commenced. What has actually happened? What has been done? Has the bridge been fixed yet?

**Mr O'BYRNE** - I will bring Phil Cantilon to the table.

**Mr McILFATRICK** - While Phil is getting ready there, the bridgeworks were separate to the main project and have commenced and have been completed. I will let Phil talk about that. We are still in the process of getting the project environmentally approved and through a parliamentary subcommittee on public works. We are ready to go but we are not through the approval process yet.

**Mr CANTILON** - There is a number of things occurring at the moment. One major tranche of work is finalising the environmental documentation. We are probably within a matter of a week of being able to formally submit that, and then there is a process where it is publicly advertised, reviewed, commented on, and we provide some feedback and then it ultimately goes to the federal environment minister for a determination in the matter. We are on track in terms of the timing.

Concurrently while we are doing that we are preparing and have well under way our parliamentary standing committee report that would proceed in due course at some point and as well as the **(9.51.43)** bridge, which is shortly to be completed, we have also had a number of setbacks with some floating events that occurred.

**Mr O'BYRNE** - As you know, the window for construction on the west coast is not as wide as others. Yesterday the weather was terrible.

**Mr CANTILON** - They had a wall of about 4.5 metres of water come through at one point.

On the road kill mitigation trials, we had a 12-month study that commenced in October 2009 and that was completed. That led to a number of discussions with various environmental groups and notably the Tarkine National Coalition and the Tarkine Discussion Group. We meet with them about every two months and out of that came a number of trials, six key sites, both within the route and on the approaches to the route - I have some maps that we can table that indicate where they are. Those trials have been completed and that was one of the founding sets of data that was required to go into the environment document that we have now achieved. I understand the results have been quite successful as well.

**Mr McILFATRICK** - Subject to approvals and subject to parliamentary public works approval, we have budgeted a major part of the budget this financial year. Given the tightness of the program we would want to be starting around November-December to get some work done over summer.

**Ms FORREST** - Is it a controlled action as far as the feds are concerned?

**Mr McILFATRICK** - Yes. That is part of the EPBC submission and we have a group of that we will resubmit. We had approval for the previous project but it has substantially changed because it is now near the western port. That will come for review within the next four to six weeks we hope.

**CHAIR** - Since Mr Hall has made a welter of entering the debate and has taken up 20 minutes we will now go to Ms Armitage.

**Mr HALL** - I feel better now actually.

**Mrs ARMITAGE** - Going on from where you were before - and I was very pleased to hear you talk about getting heavy trucks off the road and the unique time in Tasmania - I am just wondering where are we at, if we are anywhere, with an eastern bypass heavy vehicle route for Launceston? Is it still on the radar anywhere or is it totally off the screen?



**Mr O'BYRNE** - Obviously any decision on a major infrastructure scheme needs to be proved up. You need to make sure that you have the traffic volume, that it will add to the efficiency of the network, and that it will move significant volumes off existing roads. We are sitting down with the Launceston City Council infrastructure team to work through some options. I know they have thrown up the option of a bridge, which came out of left field for us; we saw that in the paper.

**Mrs ARMITAGE** - We need to be careful that we do not concentrate on the bridge, which just happened to be there, as opposed to the real issue, which has been there for a long time with government.

**Mr O'BYRNE** - When you look at getting into the federal space for funding, Tasmania always struggles because our volumes are very low in both commuter and freight traffic. To get into a federal qualification in a very competitive environment when you have so many infrastructure bottlenecks around the country, getting federal government approval for something of that size and spend is very difficult. It relies very much on the Tasmanian government making a decision on that. We are in discussions with the Launceston City Council and we are working through those issues. It is on the radar but no decision has been made.

**Mrs ARMITAGE** - So it might be nation building 3?

**Mr O'BYRNE** - To be honest, the traffic volumes are not enough to get it into that. That is why the \$42 million north-east freight routes package directs traffic out of that heavy vehicle route in the north-east around Bridport, so trying to divert it away from Launceston. To get into nation building, you need volumes, and we were very lucky to get the Brighton bypass.

**Mr McILFATRICK** - We are doing a Launceston traffic study with the council and jointly funding that. There are a number of things that cascade to give us a big picture of Launceston. We are also doing a greater Launceston metropolitan transport plan, again with the council and the regional councils. At the higher level we are also doing the northern region transport plan. So there is a series of interrelated studies going on at the moment. Launceston City Council and greater Launceston have been successful at getting some funding under the Cities Program to look at some general issues in Launceston. We are working with the council and the regional body to bring those projects together to get a big picture. It may not be in time for submission under Nation Building 2 in the first stage, but Nation Building 2 goes for a fair while, five years generally.

**Mrs ARMITAGE** - Is there a light at the end of the tunnel?

**Mr McILFATRICK** - There is, but I am not sure it will be a bridge over Foster Street or whatever, but we are looking at that. I have a map that shows all those projects under the northern Tasmanian context and I can table that. The one you are talking about is the Launceston traffic study, right at the bottom of the local; it shows how that fits with the whole picture.

## **1.1 Infrastructure strategy -**

**Mr MULDER** - I have a question on the work on the linkage between the East Derwent and Tasman highways, which I believe is a federal government project. I know there has been a lot of work done there. I believe the department is involved in some of the planning and drawing work. What activity is occurring around that link that is not mentioned in the project?

## UNCORRECTED PROOF ISSUE

**Mr O'BYRNE** - We have been allocated \$2 million - \$1 million last year and \$1 million this coming year - to do the design work. I know there is a federal government line in their budget allocating  $x$  millions, but we think that is a bit short. Our role at the moment is doing the design work. We are sitting down with the Clarence City Council and working on that element of the project. Once we have finalised the design, it is up to the federal government to make a decision on funding.

**Mr MULDER** - I have only been aware of what the federal member, Julie Collins, said in relation to what the road was. Being very familiar with that area and the roads, I was completely confused as to what the project entailed about some interchange on the eastern side of the Tasman Bridge. Can you give me an idea, perhaps Norm is up to the detail, of exactly what your overarching plan is? What is going to happen to which bits of road?

**Mr McILFATRICK** - There isn't an overarching plan now because that is what we are doing: we are looking at what the options are. But you know from driving that road going towards Hobart, for instance, as you come through the merging traffic and then if you perhaps want to go to Lindisfarne and you come from the airport you have a bit of traffic to cross.

**Mr O'BYRNE** - Also it is from Geilston Bay across back the other sides as well.

**Mr McILFATRICK** - In both directions, on the Montagu Bay side.

**Mr MULDER** - What is the plan heading towards the bridge?

**Mr McILFATRICK** - We are looking at the issue and then how that issue might be resolved by infrastructure. The planning part is to look at all of those things and put options on the table. There is \$2 million for looking at the challenges and then I think in the federal budget there is a further \$13 million allocated for perhaps doing the detailed design work. Obviously that intersection, whatever they come up with, could be a very large number.

**Mr MULDER** - Are included in your options what to do about traffic heading towards the eastern end of the Tasman Bridge from the eastern side, and looking at what to do about East Derwent to Tasman Highway connection?

**Mr McILFATRICK** - All of that, that whole intersection.

**Mr MULDER** - How far down the Tasman Highway do those options look, given the on/off ramps in the area of Gordon Hills Road?

**Mr McILFATRICK** - It is provisionally looking at on/off ramps at Gordon's Hill Road as well. So that is included in the scope.

**Mr O'BYRNE** - It is a big job, potentially.

**Mr MULDER** - We hope so.

**Mr McILFATRICK** - Certainly as we get further into the planning happening, given your interest we are happy to give you a briefing on where we are at, through the minister.

## UNCORRECTED PROOF ISSUE

**Mr MULDER** - I certainly would be keen on that, and there are many people very interested in looking as soon as possible to what those pictures look like.

**CHAIR** - Your road reconstruction budget, could I have a snapshot of that for 2010-11, 2011-12, and the emerging year? If it is not possible for the two previous then just emerging year will be fine and table the other.

**Mr McILFATRICK** - The reconstruction budget includes maintenance and some projects, which are about maintenance and improvement so we could table in the budget papers what we have in terms of outcomes for the next financial year and what our budget is for each of those line items. I am happy to table that.

**CHAIR** - That will be good.

**Mr McILFATRICK** - In tabling it, it also has some output groups that are not included in this committee at the moment, such as passenger transport, but I think you can read it.

**CHAIR** - That is fine. We will sift through that, thank you.

**Mr HALL** - Minister, a couple of years ago I went to an Engineers Australia lunch and the ginger beards gave us a nasty whack in the report. Are we looking to any improvement coming up?

**Mr O'BYRNE** - Infrastructure Australia?

**Mr HALL** - No, this is Engineers Australia. Engineers Australia does a report card on each of the jurisdictions each year, and we got a nasty report a couple of years ago. Are we looking to have a better outcome coming up?

**Mr O'BYRNE** - The answer is yes, we are.

**Mr McILFATRICK** - We would be very disappointed given the amount of money we have spent on infrastructure in Tasmania over the last five years if we didn't get a better outcome.

**Mr O'BYRNE** - To the six years 2013-14 it is over \$800 million.

**Mr McILFATRICK** - That report from memory, I don't have it in front of me, indicated that rail was in a fairly dilapidated state.

**Mr HALL** - That is right.

**Mr McILFATRICK** - We certainly have addressed that, so the next report will, I believe, show a huge upgrade in rail performance and engineering capabilities. Since that report we have delivered major bypasses and freight route upgrades.

**Mr O'BYRNE** - Also the engineers usually give most state and federal governments a bit of a whack, because it is in their interests to get more money out the door.

**Mr McILFATRICK** - It is embarrassing, though, I am a member of that institute.

## UNCORRECTED PROOF ISSUE

*Laughter.*

**Mr HALL** - Not just to do with the capex, but it is also to do with the condition of the infrastructure as well, so that is what they assess, basically. Anyway, we will wait and see what transpires.

**Mr VALENTINE** - The trans-corridor project, is there any money to fund the consultant's recommendations on that?

**Mr McILFATRICK** - Not in the current budget. Obviously we haven't completed the project.

**Mr VALENTINE** - I appreciate that but I was wondering whether there was anything factored in?

**Mr McILFATRICK** - The way we budget at the moment is the minister and I go to budget committee together with scoped proposals. I would imagine we could go with a proposal but we do not want to go with speculative amounts. You could get it approximately right and precisely wrong.

**Mr VALENTINE** - I understand that.

**Mr McILFATRICK** - I think we will have an outcome from that. We do not expect to do the report and then not have some substantial upgrades to the corridor.

**Mr VALENTINE** - Does that include park-and-ride compartments?

**Mr McILFATRICK** - Yes. This crosses portfolios a bit into passenger transport, but the main corridors are important both for commuter and passenger transport operations.

**Mr O'BYRNE** - It is also really interesting because there is always discussion around the Macquarie/Davey Street tunnel. Through our surveys of all the local government areas coming into Hobart, 70 per cent of the traffic actually wants to get into the city. It is not about bypassing the city, so that adds to the complexity.

**Mr VALENTINE** - Forty thousand?

**Mr O'BYRNE** - Yes.

**Mr VALENTINE** - Some significant number.

**Mr O'BYRNE** - Yes.

**Mr VALENTINE** - Thanks for that. On the level of commitment to the Brooker upgrade, do you agree that AusLink comes into that?

**Mr O'BYRNE** - Yes.

**Mr VALENTINE** - Could you give us a bit of an understanding there?

## UNCORRECTED PROOF ISSUE

**Mr O'BYRNE** - There are a couple of things. First, we essentially have a sort of agreement from all the councils from Hobart to Launceston along the Midland Highway, which we presented to minister Albanese. You were at that meeting in your previous role where he said it was refreshing that so many local councils and the state government come together and have an agreement -

**Mr VALENTINE** - Which indeed it was.

**Mr O'BYRNE** - - which was fantastic. Indeed, it is a wonderful step forward, which is strategically important for us because when federal governments make their decision for funding they want to know that there is a consensus about the proposals so having that -

**Mr VALENTINE** - It is the only way to get money, minister.

**Mr O'BYRNE** - Yes, you are exactly right. We know there are some significant crunch points on the Brooker Highway. You have the intersection with the Domain Road coming from the Tasman Bridge. You have the Risdon Road intersection. You have Howard Road, Elwick, the high school, so all up and down that highway you have some real clutch points, which we need to work on. That will form part of our Nation Building 2 proposals. Close to \$240 million would be a part of our total proposal. If we can get all of that, it will be a great day for Hobart and Tasmania so we will be asking. It is important we give a comprehensive submission under Nation Building 2 and that will form part of it.

**Mr McILFATRICK** - One of the things we are doing this year, now we have the infrastructure council established, which reports independently to the minister, is running all of these projects through that council. At their last meeting - I will not go into detail but it rated the Brooker Highway upgrade, particularly the critical interchanges, as a high priority with a number of projects.

**Mr VALENTINE** - Given it is going to be carrying quite a lot more heavy traffic, not just in car numbers but in terms of trucks from the Brighton bypass, the Brighton hub -

**Mr O'BYRNE** - Actually not necessarily, because most of the freight that comes into Tasmania comes into the northern ports.

**Mr VALENTINE** - Yes.

**Mr O'BYRNE** - The problem we have is that if it comes by rail it ends up at Macquarie Point so you have heavy traffic, heavy vehicles -

**Mr VALENTINE** - Going the other way.

**Mr O'BYRNE** - - going in to pick it up from there. People assume that because it worked well historically with TasPorts and rail coming in at the one time. When it was a very busy port that made sense, but now the port is predominantly an Antarctic gateway and cruise ship port with a little bit of industry. Derwent Park and the Brighton community is where a lot of the industry is. Essentially it is two movements now where they move down to pick it up from Macquarie Point and then move back to Derwent Park and places in the southern region. We will potentially reduce the heavy traffic on that section of the Brooker Highway -

## UNCORRECTED PROOF ISSUE

**Mr VALENTINE** - It is still the same number of movements though, is it not?

**Mr O'BYRNE** - No, fewer because instead of going from Brighton into Hobart central and then back out to Brighton or points south, they will just go to Brighton or from Derwent Park to Brighton -

**Mr VALENTINE** - To deliver it, it is going to be - yes anyway.

**Mr O'BYRNE** - Lutana intersection and Risdon Road south probably will be less busy and there probably will be no change north of Risdon Road.

**Mr VALENTINE** - Fair enough.

**Mr McILFATRICK** - If I can use an example I am sure Cascade would not mind me using, eventually Cascade may not be storing their beer -

**Mr VALENTINE** - In that shed.

**Mr McILFATRICK** - - at the wharf and they may choose to store it at Brighton because that is a more appropriate place. So they won't be going into town and then back out again.

**Mr VALENTINE** - It is a product that gets distributed widely across the state.

**Mr McILFATRICK** - That's correct, certainly in the south and around Australia.

**Mr VALENTINE** - Mind you, I must say that the reason we got the funding for AusLink in the first place was because of the Antarctic connection. That was the international connection we needed.

**Ms O'BYRNE** - When you are in these federal infrastructure conversations, your ability to elevate it just beyond local commuter traffic is crucially important. The issue we have with the Midland Highway, reflected in the report by Michael Deegan from Infrastructure Australia, is that just having it as a commuter issue will not attract much money but if you deal with it as an integrated freight strategy -

**Mr VALENTINE** - It was the same with the airport road. That got pulled into AusLink the same way.

Where is the ferry investigation at the moment?

**Ms O'BYRNE** - There are a number of entry points to that. As Minister for Infrastructure I believe we have a waterway that needs to be used -

**Mr VALENTINE** - A highway that doesn't wear out.

**Ms O'BYRNE** - Exactly. It is a wonderful opportunity. There is a reason why it hasn't worked historically, because of volumes and because of the numbers. In terms of public transport that is more in minister McKim's area, but from an infrastructure perspective I believe we have to try to make it work. The game-changer has been MONA. It has worked on the Brisbane River because there is a whole lot of tourist traffic during the day. They have done a lot of upgrades up

## UNCORRECTED PROOF ISSUE

and down, and now the Southbank, in Brisbane. It works now because there is traffic during the day, which makes the value proposition much stronger.

**Mr VALENTINE** - Commuter in the morning and -

**Ms O'BYRNE** - Commuter in the morning, tourist traffic during the day, commuter in the afternoon. If you are going to employ people there is going to be a sunken cost; there can't be an hour in the morning and an hour at night to make money. So the MONA contract, which is with Navigators, which is the Roche brothers, who have vessels that can go on these runs. The reason they are not doing it now is that the money is not there. I think MONA is the game-changer and it is something we can work on from an infrastructure perspective through TasPorts. We are looking at the Brooke Street Pier, which is a fantastic proposal put forward by the Roche brothers, and we are keen to see whether we can support that development getting up via TasPorts and an infrastructure spend. We are not there yet but we are very keen to get it up.

**Mr VALENTINE** - That's why park-and-ride is important for peripheral. If you are coming from Sorell, you have a park-and-ride somewhere on the other side of the bridge and then the same all around. If that can be coordinated in strategic terms, that would be very good.

**Ms O'BYRNE** - And it needs to be incremental. When you look at it, the majority of the traffic will probably come from Bellerive across to Hobart, and potentially Wilkinsons Point in a park-and-ride opportunity as people can drive there. Ultimately, parking in the City of Hobart is relatively cheap compared to other major centres. People will make a decision based on efficiency of movement for them, but also saving time and money.

**Mr MULDER** - I am prompted by the discussions about the upgrade of the Brooker Highway and the freight corridor from the port and the Brighton hub. What are the plans in relation to the rail corridor that now goes between the port of Hobart and the Brighton hub?

**Ms O'BYRNE** - We will maintain the corridor but it won't be used for freight.

**Mr MULDER** - What plans do you have to use it?

**Ms O'BYRNE** - There are no plans at this stage apart from maintaining the corridor. Obviously there is the light rail proposal. There are many views about that and how many people it will carry. Ultimately, we have to work through the figures on that. But the rail corridor will be left open. When you talk to TasRail about the section from Bridgewater to Hobart, it is the slowest and most unproductive part of their system because of so many level crossings - about 30 crossings in that section - so it is very expensive for TasRail to maintain. However, we will maintain the corridor and we will have a community conversation about what is next.

**Mr MULDER** - And the new Bridgewater bridge?

[10.15 a.m.-

**Ms O'BYRNE** - That is part of the Nation Building 2 project. We are working through the design phase at the moment. The existing bridge will be maintained. The causeway is heritage listed and parts of the bridge.

**Mr VALENTINE** - And the rail that it carries.

## UNCORRECTED PROOF ISSUE

**Mr O'BYRNE** - And the rail, yes.

**Mr MULDER** - And we will continue to lift the span for two yachts a year.

**Mr O'BYRNE** - I know every time it doesn't lift properly it gets in the newspaper, but we had 100 lifts with one problem. Anyway, it is tough one.

**Mr McILFATRICK** - I am sure it will be an item of conversation at Bellerive Yacht Club.

*Laughter.*

**Ms FORREST** - Touché.

**Mr MULDER** - For the once-a-year run to New Norfolk.

**Mr WILKINSON** - There has been some talk about the Midland Highway. We have the Brighton bypass pretty well up and running at the moment.

**Mr O'BYRNE** - We would like to try to open it now, but we have just missed the window because it is just too cold to do the pavement. It won't set. But we will soon get it open, yes.

**Mr WILKINSON** - And so next I understand it is going to be the Bagdad bypass, is that right?

**Mr O'BYRNE** - In that area there are two proposals that were put forward as a part of Nation Building 2: the Bridgewater bridge, so we link the four-lane Brooker Highway up to Granton with the bridge to connect it with the Brighton bypass, and also the Bagdad bypass, but again, they are big licks of money and we need to take a number of steps so, as Norm alluded to before, the National Building projects are five-year lots. We will put it up and if we can get it in this five-year one, that is fantastic.

**Mr WILKINSON** - Do you have a plan as to what the segmentation of the Midland Highway is going to be? If you could provide that to me, that is fine. It will save me asking any more questions in relation to it.

**Mr O'BYRNE** - That is interesting because the Midland Highway was a big debate at the last state election where I think the Liberal opposition put forward a \$400 million program. The Brighton bypass was \$187 million, so if you applied \$400 million you would probably get to Mood Food. You are a little bit short of Launceston on that basis.

**Mr WILKINSON** - Mood Food would enjoy it.

**Mr O'BYRNE** - Yes, Mood Food and the Bennetts would be very happy.

**Ms FORREST** - I stopped there one night about 2 o'clock in the morning on the way home.

**CHAIR** - Standing Order 99.

*Laughter.*



## UNCORRECTED PROOF ISSUE

**Mr O'BYRNE** - I reckon the bain-marie would have been pretty cool.

**CHAIR** - Standing Order 99 on relevance is being invoked.

**Mr O'BYRNE** - We do have a strategy. It is a federal government road and I think the key ability for us to get funding will be on the freight movement. When you look at state-wide independent wholesalers opening up their new massive facility at the Launceston airport, the Perth to Breadalbane section is a key issue in the north. But I reckon you are looking at probably - well, the whole Midland Highway project will be put up, but if you look at the top three priorities, and not in any order, they are the Bridgewater bridge, Bagdad bypass and the Perth to Breadalbane section, because that is where a lot of the heavy freight is at the moment.

**Mr McILFATRICK** - The Midland Highway partnership agreement looks 25 years out, and things change in time even since this, but it does give an indication of where the priority areas are. We do have a map of those but I don't have it with me.

**Mr WILKINSON** - If you can provide it, that would be good, thanks, and it will save some time rather than asking questions here.

**Mr HALL** - Yes. A bypass of Perth - is there any mooted at all?

**Mr O'BYRNE** - It is a part of the mix. When you cross the bridge, instead of going into the town you come to the west into the Illawarra junction.

**Mr WILKINSON** - The only other one was the pulpmill. There has been talk in previous estimates in relation to any infrastructure that is being looked at for the development of the pulpmill if it gets up. What is happening there?

**Mr O'BYRNE** - The East Tamar Highway - The Bell Bay Industrial Group with Rio Tinto, TEMCO, BHP - is a major industrial part of our state. Close to 30 per cent of the gross state product comes out of that section. It is a heavily industrialised area, so we knew that the East Tamar Highway needed to be upgraded by virtue of the heavy traffic, and the pulpmill is a part of that equation. When you look at some of the other freight routes and Frankford Highway et cetera, they are being progressively upgraded with some shoulder sealing and those sorts of things. At this stage no infrastructure project has been particularly defined for the pulpmill necessarily, but it is dealing with the freight task generally, and if and when the pulpmill gets up, that will be a part of the mix.

**Mr McILFATRICK** - What has been happening over the last three or four years is looking at the north-east, recognising that the plantation timbers in Tasmania are essentially concentrated in the north-east and they will be harvested for one reason or another, whether it is for timber products or a pulp mill or woodchips. On the north-east freight road project we have been talking to the local councils and they are pretty well defined now how that \$42 million will be spent. Some of those, again, will be coming to the parliamentary public works committee so I can leave a map of where we believe those projects will be, and they will be subject to individual and global assessment by Mr Harriss's committee.

**Mr WILKINSON** - That will be good.

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**Ms FORREST** - This is to the area of planning. It is disappointing, again, to see that around the back of Wynyard, the Wynyard bypass, does not rate a mention as to dealing with that section. We have discussed before that in the long, swerving curve around the back of Wynyard the grass grows to a height such that you cannot see, you cannot pass. There are three major intersections, or four if you count the roundabout, which is good on Mt Hicks Road as there have been no serious crashes there since that was put in, but we still continue to have serious crashes on that section of road, not necessarily all related to the junctions. The RACT has put up a proposal for an unfortunate stretch of road in lots of ways and the corridor is well and truly wide enough to do something about it.

**Mr McILFATRICK** - I think you are talking about local roads coming into a major highway -

**Ms FORREST** - Yes.

**Mr McILFATRICK** - Certainly we have had ongoing discussions with Wynyard council and they are continuing. It has to be an agreement between local government, state government and federal government if we want to do any major works. But the work we are concentrating on is hopefully limiting the access road and that then falls right into local government's court because they have to explain that to their community. We are dealing with the people -

**Ms FORREST** - Often in the community they understand it because they have lost people on that road, and most people who have been killed on that road are locals.

**Mr McILFATRICK** - We recognise the hazard because of the through traffic and we also need to engage with the community on this. It is not a project in here at the moment because there is no agreement and that is where we are at.

**Mr O'BYRNE** - We will sit down with the local community if there is a sensible way forward and obviously we are constrained in the current forward estimates and budget but we have already been in discussions with council about it and we will continue to be.

**Ms FORREST** - They said there has been some discussion and the RACT has made a number of recommendations, particularly with regard to dealing with some of those junctions. I have nearly been cleaned up myself by someone pulling straight across the road.

**Mr VALENTINE** - I have a couple of questions on longer-term implementation. We do a heck of a lot of roads and highways every year in Tasmania for maintenance and upgrades. Can we try to consider putting in cycleways every time we put in an extra couple of metres or more? I know it is not cheap because you sometimes have to have that barrier but is that something we can factor into the strategic direction?

**Mr O'BYRNE** - Yes, and we have done. For example, with the Kingston bypass there has been significant extra costs put in to do that very thing. Where we are able to, and I think it is an accepted policy now, whenever we are doing upgrades or design work on the major roads or any road that we have responsibility for, multi-users are considered -

**Mr VALENTINE** - Shoulder sealing.

## UNCORRECTED PROOF ISSUE

**Mr O'BYRNE** - Shoulder sealing and giving them some space, and also, if we are able to put in a separate section like we have done down at Kingston, that is exactly what we will do.

Obviously money is tight now but over the last two or three budgets we have committed to cycleways across the state. In Tasmania it is a liveability advantage for us to be able to move people by bikes around communities and across the north of the state using some of the old rail corridors and some of the old coastal roads. We have been able to do that.

**Mr VALENTINE** - I was saying earlier about the idea of having a cycleway run alongside the rail corridor that is the flattest point, flattest route between two points and it would bring all those small towns alive like Parattah, Oatlands and those sorts of places, even Ross. I know Ross probably gets enough attention but just imagine -

**Mr O'BYRNE** - If you talk to Ross, never enough.

**Mr VALENTINE** - All of those towns, all the way along to the north-west coast, it would be a real fillip for those. If there could be some consideration in dealing with your rail corridors in conjunction with local government, there might be that opportunity to -

**Mr O'BYRNE** - We are discussing some of the old rail corridors with the north-east community. The rail is gone but the natural alignment and the areas are still there and still usable. One of the issues with the north-south line is that we do not want to compromise freight. We are fortunate to be able to get approval for insurance on our current infrastructure on the basis that we were spending \$400 million on it. For example, I was driving back from Launceston on Monday afternoon and you could see that section south of Campbell Town, with the amount of rain they had -

**Mr VALENTINE** - Some whips and whales?

**Mr O'BYRNE** - They built it up. They built it up to keep it out of the water. There is natural water lying all along for probably a kilometre or a kilometre and a half right next to the rail line. It is a great idea. We are dealing with a heritage rail alignment. If you go through some of that area out in the coal valley, it is pretty windy on the sides of the road and that was part of the problem.

**Ms FORREST** - You might need a bike on a boat, maybe.

**Mr O'BYRNE** - A bike on a boat - yes, or versatile infrastructure options. It is a good idea and I think we have utilised it in some areas, for example, in Strahan, and across the north-west and the northeast we will have that rail corridor, which we have already in Hobart.

**Mr VALENTINE** - It would be great for tourism.

**Mr O'BYRNE** - I agree.

**Mr VALENTINE** - The other thing is \$75 000 for a public transport interchange, is that on the books?

**Mr McILFATRICK** - That is probably in the passenger transport area. Do you mean for Hobart?

**Mr VALENTINE** - Yes, the interchange here.

**Mr McILFATRICK** - There has been some federal money which has been allocated for planning for that, but I am not sure about the \$75 000.

**Ms NICHOLS** - There is a \$75 000 contribution through a Passenger Transport Innovation Fund.

**Mr VALENTINE** - That is in the budget?

**Mr McILFATRICK** - Yes. We have it across portfolios really, but we do have and have allocated a full-time person for two years to look at the principal urban cycling network within DIER and that will mean partnering with the local council. We have put a senior person on that, an ex-HR manager who is very used to dealing with multi-council relationships. We should see some good outcomes.

**Mr VALENTINE** - It needs experience.

**Mr McILFATRICK** - You know what it is like, don't you, Rob?

## **1.2 Rail safety -**

**Mr O'BYRNE** - We welcome to the table Craig Hoey.

**Mr HALL** - With regard to national arrangements for rail safety, it appears we have to make some sort of a transition. There is a holistic area in that.

**Mr O'BYRNE** - There is the establishment of a national regulator to be based out of South Australia; it is part of the COAG reforms in road, rail and transport. We have committed to having a national safety system.

**Mr HOEY** - That will be effective from 1 January 2013. We are working with the other states on that. It is moving quite well. Do you have a particular question or I can talk generally?

**Mr HALL** - I am just wondering what is going to be involved for the state? Is it going to involve significant change?

**Mr HOEY** - No, there won't be a fundamental change. The 2009 act that recently went through is very consistent with the national act that has been developed. It has been passed in the South Australian parliament now, so there is body of law there. We will adopt that law but there is no significant policy change. Our railways will be relatively unaffected and we have been communicating and working with the tourist and heritage sector, and also closely with Tasrail on what changes there will be.

**Mr HALL** - In regard to rail safety, what changes have been made recently? If I recall, particularly in that southern Midlands section, we have those gradients and the old Rhyndaston tunnel and all those sorts of things. They have been a bugbear and they have been one of the most difficult areas to sort out between north and south.

[10.30 a.m.]

**Mr O'BYRNE** - Ultimately, TasRail is a GBE but I will touch on it. There are two parts of the equation; one is infrastructure - upgrading infrastructure and maintenance work on those sections. It involves training and supporting staff and making sure that safe systems are applied. That means ensuring that staff are constantly vigilant and receive the latest contemporary training in workplace safety.

There has been a significant reduction in derailments and -

**Mr HALL** - That was my next question - how many derailments and rail crossing incidents have we had? It can be tabled.

**Mr O'BYRNE** - We can table that. There has been a reduction. As to level crossings, there have been a couple of high-profile incidents recently. The vast majority have not been the fault of TasRail but people were not following the signs and obeying the road rules and putting themselves in dangerous circumstances. The impact on the drivers has been significant; it is horrific as to the consequences for the drivers. They do all they can to avoid a collision but people are ignoring the bells and whistles, and all the signs and the road rules, and putting themselves in very dangerous situations. Unfortunately, we have had a couple of circumstances where it has been horrific.

There are 126 level crossings with active control, which is 58 per cent, and 42 per cent, or 92, with passive control. At 58 per cent the proportion of level crossings with active control in Tasmania is substantially higher than the national average, which is only 28 per cent. We have spent a fair bit of money through TasRail in upgrading those level crossings, and we have a higher proportion than the rest of the country.

**Mr McILFATRICK** - In terms of the infrastructure upgrades, the Rail Safety Unit tracks the derailment facts and we are probably running, up to 2010 when we took the railway over, at about 11 derailments a year. There were four derailments in 2011 and this year to date it is zero for TasRail.

**Ms FORREST** - What do you put that down to?

**Mr McILFATRICK** - Track upgrades.

**Mr HOEY** - It is also very pleasing that TasRail has improved many of its safety systems, particularly bringing on board engineering and rolling-stock advice. That is now contained within TasRail under the city national arrangement; they draw upon that from a national office.

**Ms FORREST** - The loading of the rolling stock and things like that falls under that, does it?

**Mr HOEY** - Yes, the loads. Also, internally in TasRail the safety expertise, particularly from an engineering perspective, has been lifted significantly. In conjunction with the excellent work that is going into the track, TasRail is learning from the safety issues and embedding that into its procedures and how it goes about managing the operations.

**Mr O'BYRNE** - We are going through a procurement process now to replace the rail. In the interim, I am not sure if it is daily but I know virtually every section of the main line is checked weekly by rail inspectors because of the nature and condition of the track. It is hard work, having

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that focus for hours at a time to have a look if there are any issues with spurring or breaking in the line.

**Mr HALL** - Who are the main contractors at the moment who are doing that? Is it the Queensland crowd?

**Mr McILFATRICK** - No, two were here doing the major upgrade. In terms of the sleeper replacement, that was very early on. That was cutting across when TasRail was taking over. They are now managing their contracts.

**Mr O'BYRNE** - It is predominantly by their internal work force. If there is a particular need, they will bring in a specialist or a consultant.

**Mr HOEY** - The safety inspections the minister is talking about - they are on a 96-hour rotation and would be provided by the TasRail people. With some of the works that are going on, such as the drainage and bridge works, VEC does quite a bit of that. There is a company named Digga which has the machinery to do the drainage works in particular. They supplement the work done by TasRail. TasRail is required to sign off on the safety side of things so they have the expertise to make sure that whatever works are done in accordance with their safety management plan.

**Mr O'BYRNE** - And VEC is doing the bridges across the north-west, across the Leven and the Blythe, and I think that is \$9 million in total. That is a good local company.

**CHAIR** - Any further questions on rail safety? We will move to road safety.

**Ms FORREST** - Minister, you addressed some of the road safety issues during your overview. I don't think you mentioned the point-to-point speed cameras. Is that trial still planned?

**Mr O'BYRNE** - Yes it is. There are a number of details of that program we needed to work through. We needed to work up a business case but also we had to make sure that there would be appropriate arrangements between DIER and Tas Police. We are hopefully going to roll that out by the end of this year.

**Mr HOEY** - There are two sites that have been nominated - one on Midland Highway and one on the Bass Highway. That is currently under a business case proposal. There were some sites we previously looked at about 12 or 18 months ago. Some new sites have been selected and the business case is currently being prepared before it goes to government to prove that it is a viable and a good project to go forward on.

**Mr O'BYRNE** - The two proposals are on the Bass Highway between Dan Road to Abeys Road, which is approximately a 16 kilometre stretch. The other one is on the Midland Highway - Oatlands to Ross, approximately 30 kilometres.

**Ms FORREST** - When you say a business case, are you talking financially or are you talking about in terms of outcomes?

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**Mr HOEY** - You need to do the robust numbers to make sure that the financials are there. This is to review the numbers that were done a couple of years ago, to make sure that those numbers still stack up before we go to government with a concrete proposal to go forward on.

**Mr O'BYRNE** - The evidence across the globe is that it really significantly reduces speeding, and crashes and accidents, so we are keen to do it. We just need to make sure that we get it right. There has been some anecdotal evidence from other jurisdictions where they were quite hasty and there have been legal challenges to the fines, and some legal requirements in terms of the evidentiary base. So we have tried to make sure that we don't repeat the mistakes of other jurisdictions and get it right when we do them.

**Ms FORREST** - What is the cost of the equipment that is necessary?

**Mr McILFATRICK** - That is part of the business case. We have not been to tender yet.

**Ms FORREST** - Right.

**Mr McILFATRICK** - We know from experience that if the average speed was reduced - not just the people who are well over the limit; these things tend to drive people's speed below the limit - for every kilometre an hour you get below the limit then the severity of the crashes is less likely.

We are coupling this with some of the work that is going on on safety improvements on the Midland Highway as well so these are one of the things you do to improve the overall safety. The handout I have is where the point-to-points are but also the crash history on those sites because that is part of the business case. Is there evidence that if we could reduce the average speed that that would reduce the crash severity and the incidence of crashes? If that is the case then we are not aiming to make more money out of those devices, the overall thing is to not actually capture anyone but of course we will capture people.

**Ms FORREST** - This is something the road safety committee could never really get to the bottom: if you have a head-on with two vehicles at 100 kilometres an hour it is close to the velocity of 200 or 220, so are you just dead or deader in each case? If you say we will reduce the overall speed but you are still having a head-on at 100 kilometres an hour, the outcome is generally not all that pleasant.

**Mr McILFATRICK** - Yes, and on another stretch of the Midland Highway we are currently looking at two plus one, which means you have two lanes travelling one direction and a wire divided down the middle and a single lane on the other side. That is obviously the ultimate way of avoiding a head-on but you cannot do that on every stretch on the highway. This is a complementary issue, like 30 kilometres of the highway under point-to-point so people will modify their behaviour, and then another significant area that had more crash history would have potentially a divider.

**Mr O'BYRNE** - Also that slowing it down gives the drivers the ability in a very short period of time to take action, so the slower you are the more time and it could be just a quick jerk of the steering wheel -

**Ms FORREST** - I have been out there on the roads many times and had very near misses.

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**Mr O'BYRNE** - I know, and driver behaviour is a key part of this. Infrastructure is not the silver bullet; there is a whole range of things we can do but if you slow the traffic down you do give people more time to react to either an inattention by another driver or actions of another driver. So you can respond and it may very well be the difference between life and death.

**Mr McILFATRICK** - Chairman, these two projects will again come before you and the Public Works Committee.

**Ms FORREST** - I notice the line item shows an increase in the budget for 2012 and it is related to the increase in the road safety levy, according to the footnote. Why then does it drop away the next few years? Isn't the safety levy going to continue?

**Mr McILFATRICK** - These are for infrastructure projects that are delivered through us and there will be other road safety levies, and there are some carryover funds from previous years. The point-to-point project I think was funded out of a different budget but certainly we are forecasting considerable works out of it.

**Ms FORREST** - That line, then, is more to do with infrastructure upgrades and that sort of thing?

**Mr McILFATRICK** - Yes.

**Ms NICHOLS** - It is recognising some carry forwards, I understand.

**Mr O'BYRNE** - Yes, recognising some carry forwards and they will obviously come off the line.

**Mr McILFATRICK** - We are not expecting it to be less in out years, it is just the Road Safety Council allocate different funding and not just to DIER obviously. We are looking at issues in other departments and working with local government and working with, say, the RACT. We are trying to broaden the brush of where the funding from the levy goes.

**Ms FORREST** - Do you have a list you could table of the infrastructure upgrades or works that have been done from the road safety levy funding?

**Mr McILFATRICK** - We publish quarterly a report from the Road Safety Council that includes the current projects and the forecast projects in the five years. The latest report was tabled at the Road Safety Advisory Council last month and will be on the web once the minister has endorsed it. But there is nothing in it you should be worried about, minister.

**Mr O'BYRNE** - Thanks for telling me.

*Laughter.*

**Mr O'BYRNE** - You have some witnesses now.

*Laughter.*

**Mr McILFATRICK** - I am seeking permission to table it.



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**Mr WILKINSON** - Norm said he was about to lift the lid on something unexpected and this could be it.

*Laughter.*

**Mr McILFATRICK** - It is a quarterly report and it goes right through the infrastructure projects and the statistics, so you have probably seen it before.

**Ms FORREST** - Yes, and it has forward projects as well?

**Mr McILFATRICK** - The ones that the committee has endorsed but obviously the committee is looking at these things all the time.

**CHAIR** - Stop press, minister.

**Ms FORREST** - Very brave and very trusting.

**Mr McILFATRICK** - All the graphs go in the right direction.

**Mr O'BYRNE** - I think there is a television program about it.

**Mr WILKINSON** - It looks like my heartbeat.

*Laughter.*

**Ms FORREST** - On the issue of compulsory novice driver education, are we still having that same attitude that there is no evidence to support it as being a positive thing even though many more young people now are undertaking education?

**Mr O'BYRNE** - We have had a number of discussions on this, and I have written to the education minister wanting to have a conversation about it. Look at the graduated licence program that we have and the success of some of the programs. The issue is that the education department does not mandate any subject so they have a policy position that is very clear. I am very keen to see if we can find a way through this because the better we can prepare our young people before they get to the graduated licence it will be much easier for them in their graduated licence process.

With regard to safety, when you look at the overall strategy on road safety, infrastructure spend, education, advertising campaigns and support for the community, it is all driving the numbers down so if we continue to do that we can save lives. I am a supporter.

[10.45 a.m.]

**Ms FORREST** - You have to accept, and there is evidence in the statistics, that driver inattention and inexperience are still considerably up the top of the list. It is not just young people who are inattentive, I can tell you. If young people understand more about the impacts of inattentiveness and inexperience, you might make it a safer road.

**Mr O'BYRNE** - There are a number of ad campaigns around the world which indicate this. We saw in one European country, I think it was in Sweden, where they did an advertising campaign where they made people text whilst they were going through a driving test -

**Ms FORREST** - I saw that.

**Mr O'BYRNE** - they told them it was serious and that the only way they were going to pass this exam was if they actually texted while driving and some of them said, 'I can't, I can't' and they counted how many times they crashed into the witches hats, et cetera. So there is a diverse range of education tools out there and we need to continue to drive it. Inattention is one of those things; speed and alcohol are the other two.

**Mr McILFATRICK** - We do have the qualification in our group so people can get points on their TCE for doing the approved course. We are looking at, and working currently with the education department for year 9 and 10 students to see whether there is an introductory thing that can happen -

**Ms FORREST** - Like the Road Ready program in the ACT.

**Mr McILFATRICK** - because obviously not everyone in years 9 and 10 will be looking to get points. You can do it and you can get points in year 10 towards your TCE so that the focus might be years 11 and 12 for that but an earlier program. We are having conversations at the moment with the education department.

**Ms FORREST** - You have to look at it when the kids turn 16 year, don't you really?

**Mr O'BYRNE** - If you get them before they get into the L1s and L2s.

**Mr WILKINSON** - I have been speaking about youth driving now for many years. I am wondering, it seems to me that now there are so many other different things with youth driver training because you have just spoken on one of them being mobile phones and people texting. The increase of fines as a result of texting - do you have any statistics on how many accidents have occurred as a result of people using their mobile phone either texting or actually speaking on it?

**Mr O'BYRNE** - I think we have some and I must admit it is my other portfolio. In terms of assigning it to evidence, I believe it is very low. Anecdotally, inattention - whether the causal link is the phone or something else within the vehicle - is really hard to define but there is some evidence to say that is occurring. That is where driver behaviour and education programs are crucial, and peer support as well.

**Mr WILKINSON** - Sorry?

**Mr O'BYRNE** - Peer support.

**Mr WILKINSON** - It would also seem to me the previous tack has been to get people doing this driver training in grade 10, the last year of high school where you really, I suppose, have a captive audience. The argument has been that many of these people who do this course think they are Niki Lauda as soon as they get onto the road and have a licence, and that has been a competing argument. Am I right that there are other countries around the world that are bringing in driver education earlier than the actual practical driving itself but theoretically at an earlier age to endeavour to alert people to the dangers of driving, and the fact that they have really a weapon

in their hands? If so, are we doing anything through the education department to try to get this gentle increase in road and driving attention prior to the grade 10 level?

**Ms NICHOLLS** - What we are inputting is a push nationally to try to get road-user behaviour put into the national curriculum so it might not just cover issues about young people when they potentially want to get their licence, but general road safety behaviour as a pedestrian, in addition to as a driver. That is a push that is happening nationally that we are participating in.

**Mr WILKINSON** - Has that been done in any other parts of the world that you know of and have the statistics that have come back said yes, it is worth doing?

**Ms NICHOLLS** - I am not totally across the statistics. I do not have that with me. I am familiar with some others, particularly the Scandinavian countries, doing some work in this area, and there have been some benefits. However, I am not in a position to give you more information than that. I am happy to have a look at that for you to provide something separately.

**Mr O'BYRNE** - In terms of statistics, that is something we can get you, but anecdotally the road safety community globally is pretty well connected, so that through the Road Safety Advisory and the National Road Safety Strategy they are looking at other jurisdictions about strategies, not just at school age but at a whole range of areas: what are the entry points, what are the changes either legislatively, infrastructure, or education and support to driver training, that can make a difference to bring the road toll down.

**Mr WILKINSON** - These maps that you have also noting where the accidents have occurred in the past, do we have any evidence at all to show that this area of roadway has been realigned or whatever because it was a black spot, and then do we have evidence to show that no accidents have occurred on that area of roadway because of the work that we have done? In other words, what I am looking at is endeavouring to see, we have had a spend here, yes, we can actually see results because of the fact that there are no accidents in that area of roadway.

**Mr O'BYRNE** - Absolutely, and a good example of that is the federal Black Spot Funding Program which we roll out. I am not sure what the funding to that is.

**Mr McILFATRICK** - We have had an across the board reduction in serious injuries and fatalities, and the infrastructure investment is part of that. You have to look over a fairly long period. Generally the numbers I gave before are over five years, so if we have done an infrastructure upgrade in the last couple of years I would not get confident until we had seen it over a five year period.

**Mr O'BYRNE** - But on a year-to-date basis serious injuries in Tasmania have been reduced by 32 per cent during the year, and we have had 10 fatalities to date this year. At the same time last year it was 12, and last year was our lowest year on record, so there is a whole range of things that happen. But you are right, in terms of infrastructure spend it is very easy to pull those statistics out, and that is the reason predominantly at the pointy end of it for the black spot funding under the federal government programs.

**Mr WILKINSON** - Are we able to be supplied with these? It is something I would not mind, but I am not going to die in a ditch if it is going to be too much trouble to get.

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**Mr McILFATRICK** - I am not sure. I could look at black spot programs that have been invested in, in the last five years, and see what the history is on those areas. There may be some examples, but I am not sure we could do every one.

**Mr WILKINSON** - The black spot is fine if you can, so you can see a before and after, yes.

**Mr O'BYRNE** - Sometimes driver error is the main cause. Sometimes it is the infrastructure spend which reduces the incidence.

**Ms NICHOLS** - Minister, I have just been informed that we have had a study done of the effectiveness of the federal Black Spot Program. I understand that is publicly available and we can provide that.

**Mr WILKINSON** - Thank you. The other area I was looking at with this too is alcohol interlockers. In other words it seems to me to be an ideal tool for the magistrates or courts to use that, look, a person has already had two or three breathalyser convictions, whatever you deem appropriate, and therefore the only way that person is able to drive is if he drives a vehicle with an alcohol interlocker.

**Mr O'BYRNE** - You are right. Essentially, repeat offenders are the major source of the criminal statistics at the moment, and we have been working on the alcohol and drive project for a little while. I can say now that tenders for the \$430 000 road safety initiative funding by the Road Safety levy will be sought for next month so that we can implement alcohol interlockers in Tasmania. So, by the middle to late year, we will already have some of those working in Tasmania. So we are going to do that.

**Mr WILKINSON** - The cost of an alcohol interlocker would be what?

**Mr McILFATRICK** - It hasn't gone to tender, but it would be spread over the period of the interlock, so if you had an average period of about 15 months and we are saying, I guess, in most cases you would need to give people time to get used to it - then there is a period where they have to be free of any interlocks, where they can't be locked out in a period, so 15 months is what we think, and it would be around \$3 000 over that period.

**Mr WILKINSON** - Of course the other thing to do would be to offset part of that against the fine that was imposed on the person who commits the offence.

**Mr McILFATRICK** - We are currently looking at basically zero tolerance for anyone who gets a large blood alcohol reading over 0.15 per cent, but then as you indicated, they were repeated offences. Two offences would require you to have an interlock in place before you could get your licence back.

**Mr HALL** - Our favourite subject, speed limits on rural roads, where are we at?

**Mr O'BYRNE** - There is a section around the Deloraine-Westbury area where we will be putting in place -

*Laughter.*

**Mr O'BYRNE** - everywhere else we will give -

*Laughter.*

**Mr O'BYRNE** - We have been working with the Road Safety Advisory Council, and I will be taking something to cabinet relatively soon. There will not be a blanket reduction, but there will be potentially a change to the default. How that is applied around Tasmania will need to be evidence-based, and we will need to sit down with local communities and councils to consult on those things.

**Mr HALL** - What will be the process for what you are taking to cabinet? Will we get some legislation, or will it be done through regulations?

**Mr O'BYRNE** - It will be done through the normal process. I will absolutely commit that we will consult with the Legislative Council and, prior to any final decision being made, consult with local councils. They have a view about their roads and the conditions of their roads and we want to make sure there is an evidence-based approach on the condition of the road, topography, alignment, et cetera. I believe a one-size-fits-all approach probably is not appropriate. For example, you can use two sections in road in Tasmania which are currently default 100; apart from certain sections of The Sidling and the section between Dover and Geeveston, to get up to 100 on those roads you are courting death, not only for yourself but potentially others. In terms of a default, there are sections of the road network in Tasmania which will need to be reduced but there are others where you need to take an evidence/commonsense approach on some of the sections and that is what we will do.

**Mr HALL** - Point-to-point speed cameras, is there any movement in that regard?

**Mr O'BYRNE** - We touched on that a bit earlier.

**Mrs ARMITAGE** - I was wondering about the strategies for the drink-drive offenders, so that is basically the alcohol interlockers?

**Mr O'BYRNE** - Yes.

**Mr WILKINSON** - Line marking was a problem a couple of years ago. It was spoken about on a number of occasions. How are we going with the line marking?

**Mr O'BYRNE** - We are on track.

**Mr McILFATRICK** - As the member would know, there has been quite a push to get line marking on local roads committed to and we have made a large commitment over the last few years to upgrade that. We are up to an additional commitment of approximately \$810 000 to commit to line marking. It is a substantial increase above what we were normally spending. With that commitment, it will take some time to get the whole road system covered with the thermo-plastic marking which is better. We are looking at that over probably a five-year period to get the whole state upgraded, and then there is continuous maintenance. There is a substantial upgrade in spending. Even the RACT gave us a tick on it.

**Mr O'BYRNE** - In local government areas we have increased by \$250 000 to more than \$800 000 a year, so that is a significant increase.

**Mr McILFATRICK** - And that is on top of our state road marking; this is just for local government.

**Mr WILKINSON** - Are there any new, innovative ways of marking - in other words, speed zones? You go to different places around the globe and the speed limits are painted on the road as opposed to signs to the left or the right. Are there any new, innovative ways that the state is looking at?

**Mr McILFATRICK** - Most of the innovative ways at the moment are getting more of the high-visibility markings, the long-standing markings, and the ripple warnings on the highway. We have not considered going back to marking on the road itself. It would be difficult when there are changes, so I do not think that is on our agenda.

[11.00 a.m.]

**CHAIR** - This will be the final question and then we will take a break.

**Mr MULDER** - I would like to pick up on some of the widgets in relation to road safety, which also touches on vehicle operations and licensing. We have talked about the alcohol test, alcohol interlock or something, I am sure you guys like inventing these words.

**Mr O'BYRNE** - No, I don't like it at all; it makes my life very difficult.

**Mr MULDER** - Speed over distances is something I know police have been looking at over many years along with numberplate recognition. I noticed there was a bit of media the other day about how we are going to use numberplate recognition so that we can get rid of labels. I am wondering whether we should look a little further into the future. Is there any idea, for example, about replacing registration labels with e-tags that they use on the tollways? That would give you a couple of things: you wouldn't need automatic speed recognition cameras because every time the e-tag goes past a receptor it will link. We seem to be able to invent this stuff to raise money, but we don't seem to be able to do it for other things. An e-tag would be a great way of setting up permanent speed detection devices all through our highways, which would mean that the risk reduces, as speeding is done by and large in direct proportion to the risk of being caught. If you know you are going to get caught no matter where you do it, that would be great. I would like to know if you have given some thought to e-tags.

A related issue - and I think BMW or Mercedes actually walked away from Tasmania - is the idea of factoring in the speed limits applicable to roads into the GPS system, so that you could automatically generate an alert if you were driving with your GPS on. The GPS would tell you that you are on a 60-kilometres-per-hour road and you are travelling at 65 kilometres per hour.

It seems to me that these are two areas really worth of investigating in terms of voluntary compliance and detection.

**Mr O'BYRNE** - I think you are right and you raised some good issues. We have always been keen to adapt to new technology as it is applied. A state the size of Tasmania would find it difficult in some circumstances to be the guinea pig. Usually, if other jurisdictions do it well, we can then piggyback to save costs for Tasmanian taxpayers.

In terms of the variable speed limit sign, that is looking at technology to create safer road environs. Also we were at a national meeting of transport ministers and infrastructure ministers in

Adelaide recently, where we talked about the Victorian experience on the M1 and using technology real time - obviously e-tags because it is a major motorway - but using technology to increase the efficiency and productivity of road movement and keep it safer. I believe we have shown that where we are able to adapt to new technology we will. I am not sure if there is another jurisdiction in Australia that has gone to that because getting a whole network covered under one system would not be cheap.

I know in my economic development portfolio of the SenseT program, a project working with CSIRO, the University of Tasmania and the federal government on sensing every part of Tasmania. They are very keen to get IBM involved, not only for agricultural industries and understanding soil content and temperature and those sorts of things, but it also can potentially have applicable use for our road network. That is something we are looking at. In some respects our size is our advantage. We are big enough to get a model up that would work globally, but small enough so it does not cost so much money if its a failure; that IBM or another like-minded company won't waste their research dollars on us. That potential could be there with the SenseT project. DIER has shown where there is equipment and new technology that will make a difference, that they will adapt to it.

**Mr MULDER** - On the GPS thing, I am not sure whether it was BMW or Mercedes.

**Mr O'BYRNE** - That is the first time I have heard of that.

**Mr MULDER** - I think the RACT might have alerted it. They actually tried to get hold of the road data for Tasmania so they could build it into their national system, because at no cost to the government and no cost to anyone else, they were going to build into their cars this GPS alert system on the roads. They walked away from Tasmania because they could not get up-to-date data and it was changing too frequently.

**Mr O'BYRNE** - Yes, and that is the issue with the default speed limits.

**Mr MULDER** - That is a policy issue that your department needs to grapple with if we are going to actually piggyback on the investment that other people are making.

**Mr McILFATRICK** - I am not aware of that one, but I will certainly follow it up. I agree with the minister that technology is changing all the time. The focus nationally and certainly here in using GPS and other on-board technology is really concentrated on larger vehicles under the national heavy vehicle regulator.

**Mr MULDER** - But it is voluntary compliance in the area of serious crashes.

**Mr McILFATRICK** - It is, but it will grow and the extent of that will be quite large within five years. We are also installing technology on our school rural bus routes to make it easier for the kids to pay their accounts and also for us to know that the school buses are delivering the service we require.

**Mr MULDER** - In that order - get the money and then to make sure they are doing the job.

**Mr McILFATRICK** - Many of the kids are travelling free, so we want to make sure they are travelling free. There is a movement towards technology right across the network and RFID or e-tags are possibly a way forward. Then you have to put the infrastructure in to measure them.

**Mr MULDER** - Public education is about trying to get voluntary compliance rather than raising revenue through detecting inadvertent non-compliance.

**CHAIR** - We are done. We will take a break.

**The committee suspended from 11.07 a.m. to 11.22 a.m.**

**CHAIR** - We are back on road safety and for the final question, Greg Hall.

**Mr HALL** - Thank you, Chair. In Victoria, they have an incentive program, or a grants program - I think the Victorian government put up about a \$60 000 contribution towards stock underpasses and that has been very successful, particularly where you have amalgamation of dairy properties which is happening around Tasmania as well. I recognise budget constraints but it is a matter that I wanted to bring forward - they are very expensive bits of infrastructure of course.

**Ms O'BYRNE** - We generally try to bring that in, either we pay or there is an arrangement made with the landowner when we are doing road upgrades. I do not think there is a particular project. That is something we need to consider; from an economic development perspective we are trying to drive industry growth, especially in our agricultural industries and dairies, and the example you gave is an important one for us. That is something we would consider. It is like the decision around the Harcus River Road, getting power down that road has made a massive difference, so that is a broader infrastructure decision to assist industry growth. Whenever there is a potential for growth or potential for economic development, we usually sit around the table and see what we can do to facilitate, especially if there is a much broader benefit for the Tasmanian economy.

**Mr HALL** - It is something that you may have a think about because, once upon a time, you could put 200 or 300 cows across a road but people and local government do not like that. There are safety implications.

**Ms O'BYRNE** - We did it in the Dilston area; we did it on the East Tamar Highway as part of the road upgrade at Dilston.

**Mr HALL** - Yes, and indeed on the Lake Secondary Road, where the Speaker came up and we facilitated a couple with the previous infrastructure minister.

**Ms O'BYRNE** - The Speaker is very handy. We will have a look at the Victorian model.

#### **1.4 Registration and licensing**

**Mr WILKINSON** - I take it that the unregistered vehicle issue is that unregistered vehicles are not in proper working order, therefore, because they are not in proper working order they are more likely to be involved in an accident, is that right?

**Mr McILFATRICK** - That may be so but the most important thing, minister, is that they are not insured. If you have an accident then you are very exposed; that is, exposing yourself or the person you have an accident with.



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Since 2004, we have had the automatic number plate technology and the police have more recently taken on our - there are two angles to that: we would use it for revenue recovery and to make sure that people are insured so our view is that we are using these all the time letting people know if we pick them up on the road unregistered by letter and generally 70 per cent or 80 per cent are people who have just forgotten and they will pay. Then the police are more on the fining area if they find someone unregistered or unlicensed in their program and often we will work together on that. With unregistered vehicles we are now down below 0.8 and down towards 0.7 per cent. Ten years ago we were estimating it was about 3 per cent. It is a significant reduction.

**Mr WILKINSON** - Are there any statistics at all on those vehicles that are unregistered being involved in accidents and, if so, are you able to supply us with those statistics?

**Mr O'BYRNE** - Yes, we can do that.

**Mr WILKINSON** - Okay.

**Mr McILFATRICK** - For what period?

**Mr WILKINSON** - The last 12 months is fine, thank you. In relation to the automatic devices where the police can be driving past a vehicle which is unregistered and they immediately pick it up even though the vehicle has done nothing wrong other than being unregistered, that has been a boon, has it not?

**Mr McILFATRICK** - For police and DIER.

**Mr WILKINSON** - You see that time and time again.

**Mr O'BYRNE** - The automating system is very good.

**Mr McILFATRICK** - Yes, we both have that system.

**Mr WILKINSON** - Interestingly enough, you would be aware that at times - and I do not know how much but certainly at times - people who are driving these vehicles are people who have had warrants out for their arrest as well.

**Mr O'BYRNE** - That is an unfortunate coincidence.

**Mr WILKINSON** - It is a bit like the quinella - they get first and second.

**Mr O'BYRNE** - Yes.

**Mr McILFATRICK** - They may well be unlicensed as well.

**Mr WILKINSON** - Well, that was the trifecta I was going to get into, the licensing.

**Mr MULDER** - Hamburger with the lot.

**Mr O'BYRNE** - We are not a betting government.

**Ms FORREST** - Really?

**Mr O'BYRNE** - Not any more.

**Mr MULDER** - These questions should be directed at Treasury.

**Mr WILKINSON** - In relation to people driving whilst unlicensed, have you the statistics as to how that is tracking over the last couple of years?

**Mr McILFATRICK** - There will be some statistics in the road safety report that I tabled but certainly police would have those. You have to be careful with trends because it may be there is more detection now because of the technology so that is a good thing, and that does not necessarily mean there are more people driving unregistered. The numbers, we believe, on average are well below what they were 10 years ago but the detection capability is much higher.

**Mr WILKINSON** - In relation to the licensing as well - and you may not be able to answer the question - again in relation to accidents, for those people who are unlicensed, are you able to get statistics for that?

**Mr O'BYRNE** - We will discuss this in the police report this afternoon. We can do that.

**Mr WILKINSON** - All right. We can do that.

**Mr O'BYRNE** - I will say unlicensed drivers are not over-represented in accidents, but we can give you those figures.

**Mr McILFATRICK** - We do have those.

**Mr O'BYRNE** - Okay. It is both portfolios.

**Mr McILFATRICK** - For fatalities, in 2009 there were 63 fatalities, and I remember that year well. Unlicensed drivers were seven of those. I will leave 2010 out because it is trending down, but in 2011 there were 25 fatalities, down from 63, and only two were unlicensed. For 2009, there were 290 serious injuries and 10 of those were unlicensed drivers. In 2011, it is much the same statistic - 268 serious and 11 unlicensed. I can table that background.

**Mr WILKINSON** - Thank you. Is it fair to say that, like with the unregistered vehicles, those that are unlicensed, it is mainly as a result of them having just overlooked it, or not?

**Mr McILFATRICK** - I would not generalise.

**Mr WILKINSON** - You cannot generalise? Are you able to say for how long they have been unlicensed? One could understand that if they have been unlicensed for a couple of weeks or a month, they may have overlooked it as opposed to those who have been unlicensed for six to twelve months.

**Ms FORREST** - Or have never had one.

**Mr WILKINSON** - Or never had one, yes.

[11.30 a.m.]

**Mr McILFATRICK** - I did say in another forum yesterday that there it is a very small percentage of our community. Most people do abide by the law but there is a very small cultural part of our community which believes driving unlicensed and unregistered vehicles is not a major issue. The real struggle for the Road Safety Advisory Council is how we get the message through to that group, however small it is, and we believe particularly in the younger age group between 17 and 25 it is more likely to be done through social media rather than broad advertising. The media habits of that generation are not the same as ours so television and radio may be the forum to get through. It is a real struggle for us to understand how we get people to believe that driving with a licence is the right way to go.

**Mr WILKINSON** - And in relation to unregistered as well, as you say, the major area there is the fact that if there is an accident they cannot claim MAIB. That story to a lot of the people is not out there, is it? Therefore, how do you believe we are able to get the story out there so those people who are driving and maybe negligent and involved in an accident may have to pay the costs themselves as opposed to the MAIB if they were insured paying the costs?

**Mr O'BYRNE** - There is always a proportion of people who do not think of the consequences of their actions, and that is not a key determinant in their decision around their behaviour. Through advertising campaigns via new and current media we have tried to highlight individual cases - those stories of the consequences of an accident not only personally but also more broadly. It is hard but when you look at the stats trending down over the past few years, one single thing is not going to be the difference but a whole range of things will be and I believe it is starting to work. The work we are doing with the graduated licensing for newer drivers, the advertising campaigns, the infrastructure spend, is all coming together to drive it down, but you will always have people who just do not think.

**Mr McILFATRICK** - The CEO of the Motor Accidents Insurance Board is on our education subcommittee of the Road Safety Advisory Council, as is our RACT and I think those two people on there are helping us really start to build awareness of how to get it through to that community.

**Mr WILKINSON** - Do you accept that part of the problem is that a number of these people who go to a court and are disqualified for a period of time believe that on the completion of their disqualification they immediately put their hand up and get their licence back again? Of course that does not necessarily happen because it is at the discretion of the registrar of the licences. The offenders often contact me and say, 'What can I do? I have completed my disqualification or whatever and they are not giving me my licence back. I have to write a letter. I have to make certain undertakings prior to my licence coming back and sometimes they don't give it back at all so it has to be appealed before a court'.

**Mr McILFATRICK** - That is one area I mentioned earlier where we are looking at reviewing our processes within registration of licensing. We understand that we do need to give people more information at the time of disqualification about what the process is, so we are not writing to them a week before and saying that they need a medical certificate, for instance. That is a continual communication issue. We want people to be licensed and able to drive but legitimately, not in other ways.

**Mr HOEY** - Could I just add, a positive story is the assistance provided through the learner driver assistance, the mentoring side of things, where people perhaps have difficulty getting a mentor to do the compulsory hours with learner drivers and that is a pathway to getting your

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licence. Also, I understand the MAIB is very active in encouraging people to ensure that their vehicles are registered with the MAIB and have done some radio advertising on that as well.

**Mr WILKINSON** - The mentoring process is a good-news story and I certainly was not aware of it. Can you just explain as briefly as you can what it is all about?

**Mr HOEY** - Yes. Throughout Tasmania there are learner driver mentoring programs and they get some assistance for learner drivers who need to get hours up and do not qualify - who do not have parents or volunteers. There is Driver Mentoring Tasmania that sits over the top of that and coordinates the learner driver mentoring programs and provides access to those people.

**Mr WILKINSON** - I did not know about it, but that does not mean much.

**Ms FORREST** - It is in the rural communities much more.

**Mr WILKINSON** - That is what I am wondering: do the communities know of it and has there been much advertising?

**Mr O'BYRNE** - It has been successful in Bridgewater and other communities.

**Mr McILFATRICK** - We put some seed funding in a year or two ago to support the peak group and to get them going. There are various ways they can seek funding, for instance the Tasmanian Community Fund, to support their activities. They are another group of the Tasmanian community who volunteer for a particular course and they do a great job.

**Ms NICHOLS** - In addition to the funding support that Norm mentioned for the coordination, which was a \$100 000 grant we gave in 2011, in 2010 we also gave grants up to \$25 000 to organisations to establish new programs and up to \$20 000 for those that had existing programs to expand or consolidate their existing organisations.

**Ms FORREST** - The launch of one in Burnie is going on as we speak, at 11 o'clock this morning.

**Mr HOEY** - It is a broader part of the community road safety program that is active in the communities with the road safety side of things.

**Mr WILKINSON** - What is the situation with Tasplates and the uptake of those?

**Mr McILFATRICK** - I think fewer people have been taking up the Tasplates issue.

**Ms NICHOLS** - I believe it has plateaued, but I do not have any recent data with me.

**Mr McILFATRICK** - We can get details on how many Tasplates. That is a relationship we have with the private operator, but I don't have the most recent figures. Registrations overall are down. They are trending upwards always but their growth is down on previous years. I think people are keeping their vehicles a little bit longer post-GFC, but it will come back up again.

**Mr WILKINSON** - You still have the ability to get a six-month registration, haven't you, as opposed to a full year?

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**Mr McILFATRICK** - Yes.

**Mr WILKINSON** - Is there an ability to get any less than six months?

**Ms NICHOLS** - Not at the moment. Heavy vehicles are three, six and 12 months, but light vehicles are restricted to the six and 12 months.

**Mr McILFATRICK** - We are continuing to look at ways that people can bill smooth. When we collect registration, we are collecting a range of other things such as MAIB and other motor taxes. There are stamp duties, et cetera, applied to those. The more times we have to collect them, the more those fees are disbursed. So it is a difficult one to work through, but we have been actively looking at how we make a more regular payment option available.

**Mr WILKINSON** - How do we compare with other states with this bill smoothing?

**Mr McILFATRICK** - Fairly well, I think, but they are all different in the way they apply.

**Mr WILKINSON** - So you can have three-month registrations in other states?

**Ms NICHOLS** - Yes, I recall that New South Wales may have introduced a three-month registration and some direct debit bill-smoothing arrangements. I believe they announced something in the last couple of weeks.

**Mr McILFATRICK** - It is under active consideration but we have not taken it to the minister yet, so I will not go into detail. We are looking at ways we can make it easier for people.

**Mr WILKINSON** - It would seem to me that in order to have these vehicles that are registered on the road, and the assistance that would be going from MAIB as well, the more vehicles that are on the road that are registered the better we are. Therefore, ways of making it more affordable to a lot of people would be worthwhile. Is that a fair comment?

**Mr McILFATRICK** - Yes.

**Ms FORREST** - On the point Tony raised earlier, I notice the New South Wales government has announced it is abolishing car registration stickers from early next year. Western Australia and South Australia have already done away with stickers. They don't sent them out, so there is a significant cost saving, though it would more so in New South Wales than in Tasmania. Part of it goes back to number plate recognition and availability online and police having their mobile phones -

**Mr O'BYRNE** - It is under active consideration.

**Ms FORREST** - Do you have any idea how much we would save?

**Mr McILFATRICK** - Yes. As part of our registration and licensing review, which I mentioned earlier, the saving is significant - not posting a piece of paper might save \$100 000 per year for us. Under the National Heavy Vehicle Regulator, they would still be required to give labels to the heavy vehicles, which are only about 10 per cent of the fleet. However, the mechanism I believe that is more important in the future is that it then gives you the flexibility to introduce other more flexible payment options so that it is more akin to a regular account. It is

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complicated because if someone failed to pay their account in a regular payment, they would also not be insured. We need to make sure we look at all of that. Certainly the label is a cost saving.

**Ms FORREST** - The printing of the label itself must be reasonably costly.

**Mr McILFATRICK** - The printing of the label is a cost saving. It is becoming more redundant now because before our transport inspectors or police leave their vehicle, they already have a lot of technology at their fingertips to understand whether that vehicle might be registered, who the driver might be, and what infringements they might have had. It is not just automatic number plate recognition. As other states are finding, it is a technology that has been overtaken; the label does not have as much utility as it used to have. So within the next three to six months we will be taking an option to the minister that suggests that we will be phasing out labels.

**Ms FORREST** - We won't have to get it off the windscreen any more.

**Mr O'BYRNE** - These hearings are very important, so I can find out what is happening.

*Laughter.*

**CHAIR** - We will move on to the next area. Mr Mulder with vehicle operations, please.

### 1.5 Vehicle operations -

**Mr MULDER** - All the bits and pieces I wanted to cover have been adequately covered in registration and licensing.

**Mr HOEY** - Reporting some supplementary information to an earlier question on the GPS, I understand that there are some private companies that do have GPS route information available, and we will be looking at that as part of the intelligent speed strategy. We are aware of that being available.

**Mr MULDER** - So as head honcho for widgets, can you also have a look at the e-tag idea? Thank you.

**Ms FORREST** - Will your budget savings strategies impact on the capacity to undertake roadworthiness checks, or is that not going to be affected?

**Mr McILFATRICK** - No, the major area there is heavy vehicles and we will work with police on that. We have had a little bit of staff change in the heavy vehicle area, but staff contingents are around the same - I think 21, between 19 and 21 heavy vehicle inspectors. They will over time become part of the National Heavy Vehicle Regulator regime. They will still be employees of DIER, but they will be working under the national regime.

**Ms FORREST** - And paid by?

**Mr McILFATRICK** - Paid by us but funded out of the national registration system.

**Ms FORREST** - How does that money flow in then, as a grant?

**Mr McILFATRICK** - We are still working that out. Hopefully, it will flow in.

*Laughter.*

**Mr O'BYRNE** - It will flow in.

**Ms FORREST** - But how? As a grant or some sort of national partnership arrangement.

**Mr O'BYRNE** - National partnership.

**Mr McILFATRICK** - The minister met last week in Adelaide and there was a lot of discussion on the mechanics of that process.

**Ms FORREST** - Thanks.

**CHAIR** - No, other questions. Greg on traffic management, please.

### **1.6 Traffic management and engineering services -**

**Mr HALL** - Minister, are there any new projects being worked on or considered under that line item, 1.6.

**Mr McILFATRICK** - We are still closing out the two major projects, which have been the school crossing signs. That is going to be completed this year. We have been doing a major project over time to upgrade the traffic lights themselves to move from the old globe technology to LEDs. That is an ongoing project but it is significant. We will be looking at where there are opportunities to use this technology, as the minister mentioned, in Moonah at the traffic branch.

The Tasman Highway is a major project in terms of electronic variable speed. I think that is the way of the future. This technology is highly visible; it allows you to match what you are telling the public about the road conditions to the actual conditions. I cannot see that not being in our forward program, but really the current budget funded by the Road Safety Advisory Council is to complete those two major projects.

**Ms FORREST** - You mentioned in your opening, minister, the variable speed limits in various areas, and I cannot think which area you referred to, but one of them was where there were no shopping signs -

**Mr O'BYRNE** - At Moonah.

**Ms FORREST** - Moonah, yes. What about Campbell Town? You must drive through there late at night at times -

*Laughter.*

**Mr O'BYRNE** - Day or night it does not matter; yes, I do drive through there.

**Ms FORREST** - And go down to 50 when there is absolutely nothing open and no-one around -

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**Mr McILFATRICK** - Because Zepps is closed, do you mean?

**Mr O'BYRNE** -Or Red Bridge.

**Ms FORREST** - Red Bridge is mine.

**Mr O'BYRNE** - Or Banjo's.

**Ms FORREST** - Red Bridge is not open long enough.

**CHAIR** - Let us get back to the point.

**Mr O'BYRNE** - To be honest, we will making a decision around 50 kilometres per hour in built up areas -

**Ms FORREST** - I do not have an issue with it being 50 kilometres per hour when all those shops are open because I have seen people nearly cleaned up at that speed or less. But at 1 o'clock in the morning, or midnight -

**Mr McILFATRICK** - I would say, let us see how Moonah works. Does it have an impact? Then there will be other regions, I can imagine. Glenorchy City Council wants to talk to us about other areas and maybe other cities.

**Mr O'BYRNE** - So you are saying go back to 60 or something? Because really it is not even a matter of kilometre - maybe a kilometre; it is the time difference.

**Ms FORREST** - I am not worried about the time difference; it is the frustration.

**Mr MULDER** - I am sure you mean that it does not have an impact, not that it has an impact.

**Mr McILFATRICK** - It has an impact on increasing safety.

**Mr MULDER** - I thought it was the impact you were trying to reduce.

**Mr McILFATRICK** - No, no.

**Mr O'BYRNE** - Also, there are many entry points within that section of road so it is not just about pedestrian traffic; there are a lot of intersections there.

**Ms FORREST** - Most people are camped down in bed at that hour, though.

**Mr O'BYRNE** - Well, you would hope so.

**Mr McILFATRICK** - I think you would be aware that once our road engineers get the speed limit down to 50 they are going to take a lot of trouble getting it back up again.

**Mr VALENTINE** - It won't be going the other way.

**Ms FORREST** - I can see the same argument for the extended period of 60. I did see a pedestrian one day on one of my trips to Hobart on the northern approaches to Campbell Town -



**Mr McILFATRICK** - A pedestrian?

**Ms FORREST** - A pedestrian. It is 60 from - you know where it goes to 50 on a very wide, straight road with clear vision. The pedestrian - unless they were a comatose snail - could have crossed. It is a long way at 60. They said it was for pedestrian safety - that was one of the excuses given to us in the road safety committee, and I did see one.

**Mr O'BYRNE** - It reaffirms the decision.

**Mr McILFATRICK** - We might have to write that one up to experience, I think.

**Mr VALENTINE** - How are we going with that long-running issue of councils taking over jurisdictions and making decisions on things like road speed limits within their jurisdictions?

**Mr McILFATRICK** - We have come a long way with that; I think you would agree in the case of a council you are familiar with. The issue is the transport commissioner has responsibility to assess the safety of any road safety devices. However, as a local road user, if they understand those safety issues and are willing to put the equipment in, then we are happy to endorse their decision. If they ask us for an opinion about the safety then would we do it; as a transport commission we have to give advice.

**Mr VALENTINE** - I understand that.

**Mr McILFATRICK** - Certainly, we would be a part of the decision and we would endorse a council decision unless it was an unsafe installation.

**Mr VALENTINE** - At some point there was the idea that those councils that had the staff to be able to do it, and I imagine not every council in Tasmania would be in this position. There are councils that are big enough to have this level of staffing, the level of engineering expertise et cetera, to be able to take on those decisions, and it was something that was mooted many years ago, to hand that to councils to make those decisions rather than having DIER -

**Mr McILFATRICK** - It would need a change to the act to do that. A change to the act would vary based on experience of each council. I think it is better. Certainly the protocol we have at the moment can work, where there is advice sought and advice given, and permission would not be withheld.

**Mr VALENTINE** - Or delegated. Can you delegate?

**Mr McILFATRICK** - We have not looked at delegation.

**Mr O'BYRNE** - Also, I think it is important, because of the number of councils we have, to have some level of consistency between areas.

**Mr VALENTINE** - I realise that. In fact, with national things, I appreciate that entirely, but that is what I am getting at.

**Mr O'BYRNE** - If you start to break out into local areas you might get that inconsistency which will cause confusion.

**Mr VALENTINE** - But if you have a system of delegation you might be able to, under certain circumstances where councils can demonstrate that they keep abreast of the national scene and those sorts of things. That is the only query I have.

**Mr McILFATRICK** - We have not looked at delegation. I think you will find that the learning of a couple of these issues in Hobart will lead to better outcomes in the future where there is cooperation. In one case we were asked to give a safety opinion, and because we were asked to give that safety opinion, which in our opinion was not the best solution, we were joined in an anti-discrimination case.

**Mr VALENTINE** - Yes, I understand that.

**Mr McILFATRICK** - If we are going to be called on for the responsibility of the decision, then that is different to actually endorsing something which the council takes responsibility for.

**Mr VALENTINE** - That is right, so delegation is not a bad way to go. It could save you that problem.

**Output group 6  
Transport subsidies and concessions**

**6.1 Bruny Island ferry service -**

**CHAIR** - I have a couple of linked questions regarding the Bruny Island ferry service, and I will confine them to the actual ferry service, because that is what the output is. What is the life expectancy of the *Mirambeena*, the replacement strategy and funding, and how many times is it dry-docked each year?

**Mr O'BYRNE** - The *Mirambeena* last completed dry-docking and survey in May of last year and was given a tick of approval. In terms of the life -

**CHAIR** - You might dwell on that then and provide me with an indication of how many times per year it needs to go into dry dock.

**Mr McILFATRICK** - It certainly has annual maintenance, but going into dry dock -

**Mr O'BYRNE** - It has an annual survey and then the dry-docking prescribed by MAST is based on that survey. So it may not be in dry dock every year, but it depends on the engineering report.

**CHAIR** - And the replacement and life expectancy?

**Mr McILFATRICK** - The contract is for 10 years, and we believed when that contract was signed in 2008 the vessel was capable of completing that contract, so that would be to 2018. Obviously, closer to that contract renewal period - this is a private operator with a contract to the Transport Commission - my view is that we would not have contracted if the boat was not capable of doing the job till 2018.

**Mr O'BYRNE** - In the coming years we need to start to think about its eventual replacement.

**6.2 Furneaux shipping contract -**

**Mrs ARMITAGE** - I asked the Member for Apsley if she had any concerns here, and one of the questions that she would like asked was a progress report on the redevelopment plans at Lady Barron Port.

**Mr O'BYRNE** - We have been in negotiations with the council. There was an issue over some crown land, which has been cleared up, so the council has agreed on the scope of the works. The money is either already in their pocket or it is about to be.

**Mr McILFATRICK** - As part of the shipping arrangements we have talked about in previous years, we have a contingency for Flinders Island which we set aside in case commercial shipping cannot provide the weekly service. Under our agreement with the council and the shipping committee on the island, any funds that are not used for that contingency can be used for wharf or shipping-related infrastructure. Last year, 2010-11, we used the residual funds for four refrigerated shipping containers, which helped with logistics on the island. This year, we discussed providing funds if they were available, and it looks as though they will be now because we are close to the end of the year, for upgrading the shore side shed facilities. If you have been to the island you will know the large concrete shed on the approach to the port. Council has been negotiating a lease for that land with Crown Land Services and we would supply funding to remove and upgrade the shed to make that whole area much better logistically. We are expecting those funds to be available, and I will negotiate a grant with the council for that purpose.

**Mrs ARMITAGE** - Is the shipping contract meeting demand on the island?

**Mr McILFATRICK** - Yes, it will be tendered. There are two elements to it. The only contract we have is for Cape Barren Island, which is a monthly service. That will go back out to tender later this year. There is no contract for the general shipping service because it is being provided commercially.

**Mr O'BYRNE** - There are a number of commercial operators on the island looking at different opportunities, and we are in regular contact with them. Flinders Island has a couple of unique advantages. Port infrastructure may be crucial to the economic growth of that island, so we are talking to them as well.

**6.3 King Island shipping -**

**Ms FORREST** - I accept this line item is only the contingency to deal with the problem should the ship not be available, but we all know the current ship is coming to the end of its life.

**Mr O'BYRNE** - SeaRoad has made public indications but has not made a final decision.

**Ms FORREST** - So what is the plan? The island is very nervous about this. What work are you doing to address this?

**Mr O'BYRNE** - There is a contingency in the budget for King Island shipping. If SeaRoad was to make a decision that its vessels, in terms of their re-tonnage - it still has not made its final decision in terms of the timing.

**Ms FORREST** - The contingency of \$49 000 will not go very far.

**Mr O'BYRNE** - It is commercially viable now.

**Mr McILFATRICK** - And has been for a long time.

**Ms FORREST** - I accept that, but it is about the size of the boat. That ship can only get in because they have special allowances and the pilot on board is capable of doing it most of the time - he is capable all the time but the weather sometimes stops him being capable.

**Mr O'BYRNE** - The government has shown over a number of years that if one of the islands has an issue with shipping we step in to assist. We have a contingency. If in the foreseeable future SeaRoad has not made a decision on their retonnage, and that is going to take a couple of years at least from ordering the vessel to a placement on the run, we have a contingency there. We will continue to work with the island, the council and the port users groups that have been pulled together. We are working with them through TasPorts and SeaRoad. It is one of those situations which is, in some respects, out of our control. It is working well at the moment and we will have at least a two-year look in for any potential disruption. We have to work with the community as best we can.

**Ms FORREST** - I assume the situation remains that there is no money for a port upgrade?

**Mr O'BYRNE** - Working on the assumption that the retonnage of SeaRoad occurs with a bigger vessel, the numbers do not stack up for a massive redevelopment of that port. It is about us identifying an appropriate vessel with appropriate infrastructure upgrades to support the island. That will probably be the focus, but we are not at that stage yet.

**Mr McILFATRICK** - We approached King Island and cooperatively. On the Furneaux Group we established an agreement on how we would approach shipping issues. We have drafted that with King Island Council but they have asked us to hold off on formalising that agreement, so we are certainly in discussion.. That is how the contingency arrangement gets settled on Flinders. However, with the Sea Road Mersey being in play they have said, 'Can we just wait. We won't formalise that agreement with the council until we have a greater clarity on the Sea Road Mersey'. I think the minister is right, certainly the large capital investment that has been looked at in the past for Grassy is very hard to justify in the current circumstances.

**Ms FORREST** - That was contingent on the overburden from the mine that they are not going to have now either.

**Mr McILFATRICK** - It was in excess of \$40 million.

### **Grants and subsidies**

**CHAIR** - That takes us into grants and subsidies. The only two areas there are the national transport commission local government contribution and TasRail. I am thinking we may have done TasRail earlier in the output. Is there any further with regard to grants and subsidies? We will move the capital investment program.

### **Capital investment program**

## UNCORRECTED PROOF ISSUE

**Mr HALL** - Minister, I have two or three issues there and one is the Lake Secondary Road. There has been some excellent work done on the northern end, might I say, between Haulage Hill and Brandons Bay. I am slowly working my way south; the bit from Deloraine is done and that bit is done. Is there any consideration for further funding for an 18-kilometre stretch that is the unsealed portion down the western side of the Great Lake? If that was completed that would make a marvellous, safe tourist road for Tasmania. We have hire cars and all sorts of things, so when tourists get off the boat they GPS straight down through the middle and then they end up in a hire car on a gravel road. That is part of the issue, I suppose.

**Mr O'BYRNE** - I think most hire car companies allow gravel road traversing now.

**Mr HALL** - Do they? They have a bit of a waiver there.

**Mr O'BYRNE** - There is nothing in the forward estimates but again it is one of those projects that will be considered probably in the next community roads package once we have finished this one. I know we talked about it last year. There is one section -

**Mr HALL** - And the year before and the year before.

**Ms FORREST** - I think it has been many years.

**Mr O'BYRNE** - We did talk last year about that section of the road, Haulage Hill, with the south facing of that hill and the frosts that potentially may create a safety issue so we have to consider that as well.

**Mr HALL** - Thank you. The second question I have, minister - and this comes from the member for Apsley, Ms Tania Rattray - is for a break-up of the north-east freight road funding, project by project, and the time frame for the completion of those projects? We actually did that on public works. In particular, she is seeking the status of works to be undertaken on the Prossers Road and Camden Road works program that were on the freight road strategy master plan works agenda.

**Mr O'BYRNE** - It is a \$42.5 million project and we have committed \$8.5 million. We have undertaken strategic analysis to identify individual projects to be delivered including the replacement of Tebrakunna bridge, Bridport main road upgrades between Scottsdale and Bridport, the Tasman Highway and Gladstone main road upgrades between Derby and Herrick, replacement of five load-limited bridges in Mathinna and Evercreech, the junction upgrades along Patersonia and Prossers Road to the Tasman Highway and Lilydale main road, and Camden Road and Camden Hill Road upgrades. The replacement of the Tebrakunna bridge was completed in April 2010, so that is already done. A project proposal report seeking approval for release of construction fund for the replacement of five bridges has been submitted to and subsequently approved by the Australian government and construction will start on the first of the Mathina/Evercreech replacement bridges during the 2012-13 financial year.

The concept design phase is complete for the upgrades along the Bridport main road at Tasman Highway and Gladstone main road. Project proposal reports seeking the release of construction funding for the Bridport main road upgrade, Tasman Highway, Gladstone main road upgrades have been submitted, too, and we understand they are to be approved imminently.

## UNCORRECTED PROOF ISSUE

Construction will commence for the Tasman Highway at Gladstone main road upgrades and the Prossers Road junction upgrades in 2012-13. The construction for the Bridport main road upgrades will commence in 2013-14. Detailed design for the Prossers Road junction upgrades and drainage permits will be completed next month and the construction for the Prossers Road junction upgrades will commence in 2012-13.

**Mr HALL** - Did we mention Camden there somewhere?

**Mr McILFATRICK** - The Camden Road one is a bit problematic at the moment.

**Mr O'BYRNE** - We are still working on that one.

**Mr McILFATRICK** - We are still working on it and really it will depend on the funds that are available once we have been to tender.

**Mr HALL** - Right.

**Mr McILFATRICK** - As I mentioned earlier, all those projects will be subject to the public works committee. They should be coming through the pipeline very soon for approval at the state government level. Even though we have approval at the Australian government level it is a state-owned federal government project.

**Mr HALL** - Ms Rattray mentioned talked about budget paper 2, page 6.18, table 6.8, third-last item and the reference. It shows the estimated cost of \$42.5 million, which the minister just mentioned, which from memory was federal money.

**Mr O'BYRNE** - \$8 million of that is Tasmanian government money.

**Mr HALL** - Oh, okay. She goes on to say, 'It is interesting that the two allocations show \$14.9 million and \$21 million, then nothing into the forward estimates. These two numbers do not add up to the allocated \$42.5 million of original funding'. 'Why not?', she asks.

**Mr O'BYRNE** - Suggests.

**Mr McILFATRICK** - Because some of the funding has already been allocated to Dorset Council and to planning works. They have done quite a lot of work.

**Mr O'BYRNE** - You progressively draw it down.

**Mr McILFATRICK** - For all of the design works, all of the engineering works, the approvals and the process has been done in the previous year.

**Mr O'BYRNE** - So it is coming down.

**Mr McILFATRICK** - Including \$1.3 million to Dorset Council for the Tebrakunna bridge. This is showing the remaining funds for that project.

**Mr HALL** - Thanks for that. I will let her digest the *Hansard*.

## UNCORRECTED PROOF ISSUE

**Mr O'BYRNE** - We have already built the Tebrakunna bridge, as I mentioned so that cost a lot of money as well.

**Mr HALL** - Right. Finally, minister you might have noticed that it was reported in the *Examiner* yesterday morning I think it was, that Northern Midlands Council had actually knocked back a DA from your department on some passing lane work on the Midland Highway between, where was it?

**Mr O'BYRNE** - And it was a part of the agreement with public works as well.

**Mr McILFATRICK** - At Symmons Plains.

**Mr HALL** - Symmons Plains, round that area.

**Mr O'BYRNE** - Just south of Symmons Plains, where the feedlot is. We are not clear as to why they have knocked that back so we are going to sit down and have a -

**Mr HALL** - My understanding is that the planners recommended approval because it ticked boxes but the elected members round the table because of concerns with access, farm access -

**Mr O'BYRNE** - We understand so we are going to work through with the council and see if we can resolve that.

**Mr HALL** - You are going to work through that one. Can I just flag to you there is another one coming up west of Elizabeth Town or north toward Devonport. The same issues may well arise and the public works committee will look at that in time.

**Ms FORREST** - You will be on the front foot then, minister.

**Mr HALL** - I just thought I would flag to you that there may be similar issues and the department may need to get that sorted.

**Mr McILFATRICK** - There always will be I guess a balance between local amenity and road safety so that is what we are going for.

**Mr HALL** - Okay.

**Mr MULDER** - Those terrible elected representatives, how dare they not do what their advisers recommend?

**Mr HALL** - Thank you, Mr Chair.

**CHAIR** - Minister, I have one I wish to raise with you. Did you announce yet that the highway improvements south of Franklin and Summer Straight are not going to proceed?

**Mr O'BYRNE** - Yes. We have written to the council and to local community members. We are still committed to providing overtaking options for the travelling public between essentially Dover and Huonville.

## UNCORRECTED PROOF ISSUE

We have been consulting with the local council and local community on a proposal that clearly does not have the support of the local community, or the formal support of the council so we are looking at a corridor survey from essentially Dover all the way through to Huonville to identify potential upgrades like we have done with the Midland Highway. Instead of looking for one proposal worth \$8 million or so, we will look at a number of proposals to upgrade the road and then take them in bite-size pieces.

We are committed to, in the coming year or two, looking at options for passing between Geeveston and Huonville, so we are basically going back to the drawing board after consultation with local communities.

**CHAIR** - Thank you. While you were on the drawing board, what was the cost of producing the concept for that proposal?

**Mr O'BYRNE** - There is a whole lot of work that has been done and, again, the final proposal is one that is not being pursued, but much of the preparatory work - because we still think that section of road could provide some options for us - I think it is approximately \$300 000 worth of work and design work to get us to that point. The final result is not going to be pursued, but a fair bit of that work will inform other potential ideas, so it is not all lost.

**Mr HALL** - Were they in-house costs or was that contracted out?

**Mr McILFATRICK** - We have engineering services that are contracted out on a period contract to three local engineering companies, some of it would have been internal and some would have been external. All up, even if we put the project on hold we would have spent up to about half a million dollars on the investigation and planning, but that means there is \$7.5 million to complete whatever project the community endorses.

**Mr O'BYRNE** - In the short term we are undertaking some improvements to remove some of the willows in that area, and also get some shoulder sealing and some other general improvements, whilst that corridor survey is being undertaken.

**Mr WILKINSON** - Does the government have anything to do with the proposed bike lane that has been mooted on Sandy Bay Road between the Yacht Club turn-off and also that wide bend at the bottom of Sandy Bay? If it has, can you bring me up to date with what is going on; it is a pretty contentious issue.

**Mr McILFATRICK** - It is a council project. As I mentioned earlier, we are consulting with councils on the urban cycling network and Sandy Bay because of the university is definitely an important network. It is a council project and we would be giving our advice and cooperating with them, but I don't have details on how far it is or where it is in the decision framework.

**Mr WILKINSON** - Are we able to get an update and if so when in relation to it? I say that because I was asked only as late as not last night but the night before.

**Mr McILFATRICK** - Our involvement has to be a little bit arm's length because we would be the approving body of the final thing. While we are cooperating it is a council decision. Nick Heath from the council might be happy to call in and give you an update.

**Mr WILKINSON** - I can contact him.



**Mr McILFATRICK** - It is this dilemma between the approving body and the cooperative body.

**Mr WILKINSON** - I understand there is an engineering report that has been obtained by an individual resident, which was obtained at a not insignificant cost that shows some problems.

**Mr McILFATRICK** - They are difficult projects. If you are happy to follow up with him.

**Mr WILKINSON** - I will do that, thank you.

**CHAIR** - Before going to the next question, minister, we would like to welcome students of the Forrest Primary School into the parliament precincts.

**Ms FORREST** - A very good school.

**CHAIR** - We hope they enjoy their day as part of the process for learning. We welcome school groups at all times to the parliament, and we are glad to have them here, and their teacher with them, Mrs Smith.

**Mr O'BYRNE** - Named after you, the school?

**CHAIR** - Ruth claims that the school is named after her.

**Mr O'BYRNE** - You don't look that old, Ruth.

**CHAIR** - We do have the next question from Ruth and then we will go to Tony.

**Ms FORREST** - My great-great-grandfather grew up in Forrest, or great-great-great it might be after he was released as a convict.

My question is, minister, about the Stanley Junction, the Bass Highway and Stanley Road that goes up to Forrest Primary School. There has been a lot of work done on that and there is a bit of contention about whether it should be a roundabout or an upgraded intersection. The latest plans I saw were for an upgrade that did not include a roundabout, which is somewhat concerning because everyone says roundabouts reduce crashes or vehicle interactions by up to 80 per cent.

**Mr O'BYRNE** - Where they are built in appropriate places.

**Ms FORREST** - This one is an awkward spot because it is on a slow sweeping curve.

[12.15 p.m.]

**Mr O'BYRNE** - The motivation in all these highway upgrades is road safety and making sure that we take account of the nature of the intersection and the nature of the traffic - freight traffic, commercial traffic, tourism traffic and local traffic, and the nature of the intersection. There are a number of people who view roundabouts as the answer to everything and in many cases roundabouts do play a role, but it is important that we have the right infrastructure spend to achieve the outcome. The outcome that we want is people moving in and through that intersection safely. The majority of the traffic, particularly the commercial and the freight traffic,

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continues on and moves around on that sloping corner, and a small proportion of the traffic moves into Stanley, predominantly tourism traffic.

**Ms FORREST** - And up to Forrest including school buses.

**Mr O'BYRNE** - Including school buses, we acknowledge that. So what we are trying to do - and we are still in discussions with the council - is trying to find the best targeted infrastructure result. At the moment we have a design for essentially some segmentation to allow for passing in and out and turning in and out, and having some barriers there to protect those people who are slowing down and moving either across traffic or coming in. We are still finalising the negotiations. We do not necessarily agree that a roundabout is the best option because of the interruption that will have to freight traffic. It may be that we can move the traffic through more smoothly without having the predominant traffic slowing down and speeding up. We can move traffic on and off the main part of the highway without segmentation. We are still working through council and we have not made a final decision.

**Ms FORREST** - When can we expect a final decision on this one?

**Mr O'BYRNE** - When are we next meeting with the council?

**Mr McILFATRICK** - I mentioned yesterday that I had a talk to the engineering guy who is looking at this. There are a number of ways you can look at the intersection, particularly heavy vehicles, to maybe give a greater warning of the through traffic that there might be a vehicle in the intersection. That is something we would look at. A roundabout is probably beyond the project fund at the moment but that is not necessarily the issue. The issue is what is the best solution for both to approve.

**Ms FORREST** - I know some of the landowners in that area would be happy for land acquisition basically in that area.

**Mr O'BYRNE** - If that is the best way. I want to introduce Simon Buxton, Director of Traffic and Infrastructure.

**Mr BUXTON** - The concerns expressed at the junction are similar to concerns expressed at many of the junctions along a high speed state road network. If we were to put in a roundabout - I am just giving you some general comments - at that location you could justify a roundabout at many locations along the Bass Highway. So from an efficiency point of view for the freight task, for people commuting long distances particularly in the north-west, if you were to construct roundabouts at every single junction where some genuine concerns are expressed -

**Ms FORREST** - It would take three days to get along the road.

**Mr BUXTON** - Yes. Obviously situations like Campbell Town may crop up from time to time where you are delayed somewhat -

**Ms FORREST** - A roundabout at Campbell Town!

**Mr WILKINSON** - That would definitely slow you down, Ruth.

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**Mr BUXTON** - So the right treatment and balance between safety and efficiency needs to be carefully made. We are never going to get it right in the eyes of the disaffected ones. We are working with the RACT north-west committee and we are working with the council. In terms of landing the direction that is probably two or three months away because of the sensitivities of people's views. In terms of a technical view of it, we could land the decision today but in terms of the stakeholders' and people's ideas on what we should be doing with the taxpayers' dollars if you want that is what is taking the time. If we spend the money there then that means we are not spending it somewhere else and distributing that money.

**Ms FORREST** - We did have a school bus incident there recently - thankfully an unloaded school bus but the driver was injured.

**Mr O'BYRNE** - Safety is our main priority to make sure we get the right infrastructure result for the community. I have a lot of correspondence about it from councillors and other people. We want to make sure we get the best result for the community and for the kids.

**Ms FORREST** - Thank you. Yes, the kids.

**Mr MULDER** - I have a few questions, Chair, but I will just start off with the Arthur Highway upgrading between Taranna and Port Arthur and Dunalley and Murdunna. Total project, as you revealed last year, was \$18 million spread over four years. We are now rapidly approaching year 2 and it seems we have spent \$900 000 so far just on rough figures. What do we have for that \$900 000?

**Mr O'BYRNE** - There is designing. I will hand over to Norm.

**Mr McILFATRICK** - All of the design work and engineering works are nearing if not completed, and we have proposals of which section of the road we would be upgrading. They are essentially broken into different projects which will make up to the total project cost.

**Mr MULDER** - Can we see pictures? Can you table them?

**Mr McILFATRICK** - I can table them. What I have is an overall map which shows the different lengths of the highway and then a more detailed picture. It is not so much the treatments. Much of this is about realignment, so you can see the original road and the red map on here will show where the realignment and widening of roads is going to happen. It is not a detailed plan, but it is an indication of which sections are involved, and given you drive it quite a bit you will probably recognise them. I am happy to table that as a little package. From Mr Wise's point of view we will also give you this electronically.

**Mr VALENTINE** - I travel down that way quite a bit for various reasons. With respect to the section that has just been done south of Forcett, between Forcett and the Primrose Sands turnoff, the quality of that is just appalling.

**Mr McILFATRICK** - I don't think that is completed, if you are talking about the patching and pavement repairs?

**Mr VALENTINE** - Well, it is chip sealed, with significant chip seal over the top. It has gaps in the seal itself back down to the normal road base, which immediately strips off as soon as

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tyres get onto it. I would be comforted to know that it is not totally complete, but they have put the lines down on the road so I am thinking it is.

**Mr O'BYRNE** - Sometimes we need to do it in stages and you need to allow time and traffic to go on certain pavement seals to -

**Mr McILFATRICK** - You are talking about from Dunalley Hotel through to Murdunna?

**Mr VALENTINE** - No, I am talking about the section between Forcett and Primrose Sands.

**Mr McILFATRICK** - I would need to check on that. I am not sure of that. It may have been part of our normal -

**Mr VALENTINE** - Actually it is not this one. You are quite right. It is not quite this one.

**Mr O'BYRNE** - It could be part of the maintenance program, so there could be something -

**Mr VALENTINE** - It is just a quality control issue, that's all.

**Mr McILFATRICK** - I think it is part of an annual maintenance contract, so we will certainly following up maybe with you on that one.

**Mr VALENTINE** - Just check the quality of it, because I just don't think it is good.

**Mr MULDER** - Just going back to the Arthur Highway, I would like to make an observation. Everyone talks about the volume of the tourist traffic to the premier tourist site and those sorts of things. As important as that is, I am wondering what discussions you have had with some of the local freight operators. There is a significant amount of freight on that road. If all of this has been designed to facilitate people, to stop tourists stopping next to a wallaby crossing and sit to have their photograph taken with it over the edge of a crest in a corner, we need to realise that. Some of the issues that the Member for Hobart raises are valid. If you are repairing a road to suit cars when in fact there is a lot of heavy traffic on it, it might be an issue.

**Mr McILFATRICK** - In redesigning and spending \$18 million, we would have, and will, take into account all the traffic on the road. With the amount of freight on that road, which is maybe less than other major routes but is significant, it is the heavy freight that does most of the damage, so we will be making sure that the road alignment, et cetera, cater for all the traffic.

**Mr MULDER** - Many times they find themselves coming over a hill, travelling at quite a safe speed, and there is a tourist car going very slow, or stopped on the side of the road, or something like that. Many of these treatments have to have good shoulder treatments to give people room to pass.

**Mr McILFATRICK** - The parameters that design engineers use would include all vehicles but also the vehicle mix, and it is quite often trying to create -

**Mr MULDER** - The main thing really is decent shoulders, so if people want to stop and admire the scenery they can stop and admire the scenery.

**Mr McILFATRICK** - and slow-moving passing lanes and that type of thing.

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**Mr MULDER** - Not to mention the bicycles and unlicensed, unregistered and uninsured vehicles which need some space. The other area is the Richmond heavy vehicle link road. We are not allowed to call it a bypass, but anyway -

**Mr O'BYRNE** - No, the local community is very passionate about that, Mr Mulder. It is a link road, it is not a bypass.

**Mr MULDER** - It is a link road, not a bypass for heavy vehicles. The overall project cost is \$6 million. I note that this year we are spending \$793 000. What have we spent so far and what have we got, and are we at the same stage as the Arthur Highway?

**Mr O'BYRNE** - We are probably a little bit further advanced than the Arthur Highway. We had some extensive consultation with the community. It was complicated by the Tea Tree Road intersection and trying not to have too many headlights into heritage buildings and tourist operations, so we have tried to create the alignment. We can provide you with a design.

**Mr McILFATRICK** - It will show you the new alignment we are proposing. The alignment has been moved to avoid any interruption with heritage issues. There is one issue where we may have to acquire an old residence on the corner.

**Mr O'BYRNE** - It is not heritage listed; it is just an old house.

**Mr MULDER** - Not yet.

*Laughter*

**Mr O'BYRNE** - No, we are moving very quickly.

**Mr McILFATRICK** - I am happy to table that and provide it electronically as well.

**Mr MULDER** - Being in the Clarence Municipality there is a chance you could run into some heritage-listed trees.

**Mr McILFATRICK** - Given this project has been on the books for 35 years, it is about time, and at least there is progress on it now.

**Mr MULDER** - I think we would like to see a shovel in the road, even if we disagree the alignment is too cheap.

**Mr O'BYRNE** - A mirror-image of a building in a pond has been heritage listed up north. The old Holyrood House, apparently part of the heritage recommendation is that at a certain time of the day from a certain spot you can see the image of the old house and that image on the water has been heritage listed. They have worked around it in terms of the build, so it has not had any extra cost.

**Mr MULDER** - Between that and the forestry burn-offs we really have smoke and mirrors.

We had some discussion last year on the Rokeby Main Road. I know the project in relation to the Tollard Drive extension, which I think is a council responsibility, the Pass Road junction,

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the realignment of the highway from Diosma Street coming back this way to about 100 metres this side of the current Pass Road junction, I am aware of all the alignments and things like that. Part of that, although it is not part of this \$10 million, as I understand it, is the Buckingham Drive junction and the access to that commercial property. I know last year we were in the state where the original plans showed a fairly convoluted access to those areas but that that had been taken off the drawing board and we were going back again. Can we have an update as to where that is currently, the proposals for Buckingham Drive and commercial access?

**Mr O'BYRNE** - There are two elements there. We have prioritised the Pass Road intersection and the connection of Tollard Drive, so we are working with council on that. We submitted the stage 1 upgrade to Clarence Council and it approved the development application at its meeting of the 21st, and also made a decision in relation to the funding proposal for the construction of Tollard Drive, so that is resolved.

In relation to the second stage, which is where the commercial activity is and the access to Buckingham Drive, we have not made a final decision on that. We have put forward some design options about how we would treat that intersection. I understand from council that on the other side of the road there is also potential commercial activity. We need to sit down with council. We cannot continue to allow uncontrolled access onto that section of road. We want to maintain it as an 80 kph section and the more accesses - depending on how you treat it we cannot consistently have traffic lights to control the intersections. We do not want traffic flowing there at 60 kph, our preference is for 80 kph. We need to work on some seagull intersection options and also using Pass Road and Tollard Drive. 'Seagull' is the name of it; it is not a widget. We are talking to the council about that. We have not made a final decision, although we have put forward options and we will be talking to the local community about how best to do that.

**Mr MULDER** - Could I see those options?

**Mr McILFATRICK** - When they are developed. I think the options will go forward to the council first and then to public works.

**Mr O'BYRNE** - We can brief you on that.

**Mr McILFATRICK** - This project is a bit of a challenge because of changing arrangements. We are working through the engineer at the moment to make sure we can deliver it, within or close to budget.

[12.30 p.m.]

**Mr MULDER** - In the long term, and I know it is not part of this project, the section from your new intersection right through to, say, the Police Academy roundabout, there are two proposals that have been kicking around for some time. One is the current road alignment, and the other one is the big S-bend that goes behind the Rokeby Village. Do we still have the alternative access as part of your future thinking? Is it still your intention to move down that path?

**Ms O'BYRNE** - No, I think we need to consider both options. Obviously, the current road alignment is one option. We have procured land to open up the other option but no decision has been taken yet. There needs to be a fair bit of work with the community and council on what is the best option.

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**Mr MULDER** - I think there is a fair amount of concern that the traffic movement bottleneck in that area is around the Rokeby Village. So the stretch from the creek through to the academy, I think, should never be taken off the options list because that is a long-term solution.

**Mr McILFATRICK** - I don't think it is off the options; I don't think we have settled on the final one.

**Mr MULDER** - I know it is far too early to do that but I was checking to see if that option of the alternative route was still available, and we hadn't closed it off yet.

One more in this line item is called Strategic Planning and Policy, and I presume it is not actually an infrastructure or capital investment program. As to the money, which is around \$2.6 million, rising to \$2.7 million and \$2.8 million - what is this buying? How many FTEs are involved and why aren't there any savings in this area?

**Mr McILFATRICK** - There is a mix of project work aligning with our national strategies in that area. There are certainly savings right across the organisation but the expenditure there would be project-based and would go up and down from year to year, depending on what projects we work on.

**Mr MULDER** - So we are buying people here - FTEs?

**Mr McILFATRICK** - In the infrastructure strategy area, our overall headcount ranges between 14 and 18 people working on everything from national infrastructure, integration and doing the nation-building bids, et cetera, through to things like the Midland Highway Partnership Agreement -

**Mr MULDER** - So it's the policy?

**Mr McILFATRICK** - It is policy and planning. It is a long-term strategic and policy area, so it involves looking at 25 years out, and supporting the infrastructure council - a range of activities. Out of my 600 people, there are about 14 to -

**Mr MULDER** - It is not a seagull treatment then?

**Mr McILFATRICK** - No, we have other seagulls that come in occasionally.

*Laughter.*

**Mr VALENTINE** - Regarding environmental management, one big complaint that we always get concerns the approaches to Hobart - the verges and all those sorts of things coming in from the north. I am not just talking about the Hobart City Council area but about area as a whole. What strategies are there around that and how do we maintain that into the future?

**Mr McILFATRICK** - Some years ago there was an allocation of funds to the Glenorchy Council for what was called beautification of the highway. I guess we would need to talk to the Glenorchy Council about how that was expended. It is a challenge to keep all the road verges and entries looking tidy. I agree that we need to focus continuously on how we can make that a better approach but we are working on a large network with limited funds.

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**Mr VALENTINE** - I must congratulate you on the poles because they are a fantastic improvement; rusty poles do not look good.

**Mr McILFATRICK** - I thought you meant the G10 and G4.

**Mr VALENTINE** - How many kilometres are left to be sealed on the Highland Lakes Road between Breona and Brandon Creek?

**Mr McILFATRICK** - About 18 kilometres, I think.

**Mr HALL** - I did say that.

**Mr O'BYRNE** - We did touch on it before.

**Mr VALENTINE** - I must not have been listening.

**Mr McILFATRICK** - Certainly, not in the forward program. Every time we have an opportunity to build a community road program and we take it to budget committee, we look at the list of priorities. That is always on there, but in terms of safety of drivers and improvement for the general community, there are other projects that are up above it.

**Mr VALENTINE** - That are a much higher priority.

**Mr McILFATRICK** - That is a fact. We were pretty lucky. Last time we submitted our five-year plan to the minister, we got 90 per cent of our priority projects up; in a tight budget year we were happy. The community roads projects were directly in line with the submission that I made to the minister.

**CHAIR** - Are we done? We are finished with this area, thanks, Minister. So we will have a changing of the guard for economic development.

**The committee suspended from 12.36 p.m. to 12.38 p.m.**

### **DIVISION 1**

**(Department of Economic Development, Tourism and the Arts)**

**Mr O'BYRNE** - Within my portfolio of economic development, I see the opportunity to support the many successes that are already occurred within Tasmania and to lessen the impacts of the economic downturn, which is being felt internationally. We are clearly market-exposed and we do face challenges. The high value of the Australian dollar is putting pressure on our export industries, with manufacturing and tourism particularly affected.

The demand for labour in resource-rich states is impacting on both availability and wage levels, while the structural changes affecting traditional manufacturing industries are also challenging. There is a clear change in international markets for forestry products, increased global uncertainty and the instability of the eurozone banking system. Within Australia, subdued retail sales, more use of online shopping and increased savings are resulting in the significant reduction in GST receipts flowing to us.



Many of the challenges we face are not unique. We must stand up to these challenges and our role is to provide the right conditions to encourage innovation, growth and private investment. But the advantages that we have are unique. We have huge potential in food production and we can realistically hope to see a doubling of our dairy production, a doubling of our aquaculture, and a quadrupling of our wine production with a decade. We can take full advantage of being the first state in Australia to complete the National Broadband Network.

We have the right balance between development of new industries and the preservation of Tasmania's natural and heritage assets. This has positioned us well for a rapidly growing segment of environmentally and experientially focused global travel.

The University of Tasmania is a world-class institution attracting and retaining internationally renowned scientists and teachers, positioning us competitively in a knowledge economy and with the potential to grow its international student base, hence increasing our economic development opportunities in the higher education sector. Our science and research sector is thriving. Our status as the Antarctic gateway is growing and globally renowned. Our leadership and expertise in renewable energy sectors opens up new opportunities as the broader economy moves to a clean energy future. Tasmania's liveability attributes attract people who want to live, work, study, invest and visit here.

Our economic development activities which support all of these significant economic drivers must be strategic and long-term in their impact. That is why we took on the task of developing and launching last year a whole-of-government economic development plan. Significant achievements flowing this plan are already evident. It spells out a clear direction for the state's priorities over the next decade in areas critical to the state's future prosperity. It is about making the most of Tasmania's advantage to increase growth and job sustainability. It is also about identifying competitive advantages in traditional and emerging industries, pursuing high-quality and speciality niche markets, and attracting premium price based on Tasmania's well-known brand attributes. Economic diversification, identifying the opportunities for growth and capitalising on Tasmania's natural advantages are the keys to our future in a globally competitive marketplace.

We are committed to supporting the growth of our own Tasmanian businesses. In regional economies like ours it is often the businesses grown locally that create the most jobs. We are also about actively attracting new investors to Tasmania through the work of the economic development plan, with our regional development plans, identifying key investment sectors, our small business initiatives, our infrastructure spending, our skills strategy, our planning reform and our freight strategy that will all provide us with a matrix of government policy levers to pull to position the state's economy moving forward.

Our challenge is to manage the transition, to diversify our economy, and grow those areas in which Tasmania has sustainable competitive advantages. That is what the economic development plan is about. With those opening statements we will move to overview.

## **Output group 1 Economic development**

**Ms FORREST** - Minister, it is the same question I asked at the outset of this group as well. We asked for the estimated outcomes and revised estimates for each line item under this portfolio,

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particularly as this is an area that has had to make ongoing savings. Are you able to provide those, now or shortly?

**Mr O'BYRNE** - How we are tracking year-on-year; that is the question against reported?

**Ms FORREST** - Yes. If you go the midyears, all we get in the information that we received is the global picture. We are asking for a breakdown for the output groups as to your estimated outcomes and your revised estimates of how you are going.

**Mr KELLEHER** - We are tracking to budget. There may be some minor movements between the four categories, if that is what you are requesting, but we are fully confident of achieving budget outcome.

**Ms FORREST** - Are you able to provide those figures to the committee?

**Mr KELLEHER** - Sure.

**Ms FORREST** - Are you going to now?

**Mr O'BYRNE** - I think with infrastructure we acknowledge that we are on track to probably come in under budget marginally. Economic development should be around the markets and it is probably appropriate that as we finalise towards the end of the financial year, we can inform the committee or members of our position at that time. The indications are that we are on track.

**Ms FORREST** - You understand what I am asking for, though? There was a communication from the committee prior to this so that we would have it in front of us for this discussion but it does not seem to have worked.

Minister, at page 2.16 in your detailed budget statements, footnote 6 to supplies and consumables notes reallocation of funding to employee super entitlements - a \$3 million difference there but that might not be to all of it - I am just wondering what that change is about? It could be outsourced staff - Joe's job being brought in-house - but why this reallocation?

[12.45 p.m.]

**Mr O'BYRNE** - I will ask Craig to answer that question.

**Mr WATSON** - As part of recasting the overall budget we reviewed all cost line items within it and realised that we had effectively understated the allocation for the salaries and superannuation item - employee entitlements and superannuation - and overstated the supplies and consumables item. So we simply corrected it and that was the transfer.

**Ms FORREST** - It is correcting a previous misallocation basically?

**Mr WATSON** - And reflecting the changes in the budget structure through the reshaping of the budget, particularly with the major changes within the tourism output and the economic development outputs, the economic development outputs essentially being rebuilt from the ground up as part of the economic development plan. We simply did a complete review of all the line items and lined them up with the new budget structures.

**Ms FORREST** - Has there been the same amount? The broad question perhaps is about the number of consultants and outside sources of support and information that the department uses. Can you provide us with an updated list of consultants and external advice that is sought, and even comparatively, is that reduced and have you brought more in-house?

**Mr O'BYRNE** - Consultants expenditure as of 30 April this year for economic development was \$152 873. At the same point last year, that expenditure on consultants was \$464 446 - a significant reduction in consultancy expenditure. The major payments for those consultancies were for the Macquarie Point railyards future development options, the wine industry development program, and the industrial land demand Tasmania - short, medium and long-term, and the second Bass Strait electricity interconnector feasibility study. So there has been a significant reduction in consultancies and the four key ones there are what we spent the majority of the money on.

**Ms FORREST** - As far as outputs from the department as such, the projects you have outlined there were important ones to undertake; are we seeing a reduction in the amount of work being done or is it being done more internally?

**Mr O'BYRNE** - Partly it is being done more internally, but what the economic development plan has done is given us more focus, so we are working to plan. In any organisation, if you don't necessarily have a plan or a focus, you will do a lot of work that may not necessarily move the state forward. All work is important, of course, but focus is on the resource groups and these are the four points. Those four consultancies are for key issues that have been identified within the economic development plan that we need to get underway.

**Ms FORREST** - As far as the employee costs overall, what are your numbers now compared to the last couple of years, particularly in the last 12 months when the budget cuts have had some impact, including the number of SES positions?

**Mr KELLEHER** - The overall department staff as at 30 April 2012 is 410 FTEs and the equivalent number last year was 474.

**Ms FORREST** - Are they SES positions?

**Mr KELLEHER** - That is the whole department.

**Ms FORREST** - That is Tourism and the Arts and everywhere, so do you have the breakdown for Economic Development?

**Mr O'BYRNE** - Yes, we do. As at 30 April 2012, the economic development portfolio comprises a total of 118 staff, equating to 113.2 paid full-time equivalents. The regional break-up is 13 staff in the northern region, 9 staff - that is the head count - employed in the north-west region and 96 staff employed in the southern region.

**Ms FORREST** - What are the staff in the north and the north-west; what are their roles? If you think about it, a lot of the economic development actually happens out in our regions, surprisingly, not much happens in Hobart.

**Mr O'BYRNE** - Jim? Do you want to have a go?

**Mr VALENTINE** - No, I will leave it up to you, minister.

*Laughter.*

**Mr WILKINSON** - It often happens, as you would realise.

**Mr O'BYRNE** - We won't stay there if that is the case.

**Mr WILKINSON** - That is right.

**Ms FORREST** - That is correct and I am happy to hear that, I am just interested in what the roles of the north and north-west staff are.

**Mr KELLEHER** - I certainly would agree that the regional offices are extremely important for being connected into what is happening in the business world. The roles there are principally two-fold now, under our new arrangements. Overseeing what has been a major piece of work for this year which was the development of three regional economic development plans.

Last year, as the minister has outlined, our overall state economic development plan was produced. That set the high-level vision and priorities and the sectoral opportunities for the state. The work over the last year in the communities in the regions has been to operationalise that, to really ground it in what those communities believe in their particular areas. That has been a significant amount of work and the regional staff are playing a lead role in that. For example, we have established three regional reference groups, one in each region. There have been 36 community sessions involving 700 people in regional communities, coming along and providing input and discussing their vision for their communities in those areas, and through that process distilling out what are really the priorities that they want to see.

The great thing about this process, as well as involving the people in the communities, is that for the very first time the process that is going to produce three regional plans - the same regional reference groups and regional plans are going to be used by federal, state and regional development organisations, so we have a meeting of the minds as to what is important for infrastructure and skills development. This is particularly important with the difficult state budget situation to maximise our access to federal funding, whether it be through specific RDA arrangements or through infrastructure. That has become the most important role for the regions.

In addition to that, their traditional role of working with individual enterprises in regions -

**Ms FORREST** - And prospective enterprises.

**Mr KELLEHER** - For start-ups, giving advice. How do I start up a business or I am at a growth point and I am having difficulty with that - that is the other role that is continuing. We have ensured as we have needed to manage the budget situation that we have not impacted the regional representation. Indeed, we are looking to take every opportunity to continue to increase the representation.

**Mr WILKINSON** - I understand to level out these numbers Jonathan Woods put his hand up to go up to the north-west, is that right, Mark?

**CHAIR** - You do not need to answer that, Mark.

**Mr KELLEHER** - They would need to want him, I suppose.

*Laughter*

**CHAIR** - He feels wanted.

**Mr O'BYRNE** - Talk about Cape Grim.

**Ms FORREST** - As far away as possible.

**Mr WILKINSON** - Sorry, he is in here, is he?

**Mr O'BYRNE** - It is only four to six with good behaviour though.

**Mr KELLEHER** - They are the roles in the regions. The work in the central part of the agency is around program design and policy formulation, and the rollout in the regions is really to be connected in with businesses that are operating.

**Mr O'BYRNE** - Our senior person on the north-west coast is Lara Hendriks. She is very well connected into the local business community and is really working well and feeding in industry feedback to the regional reference group and the overall statewide strategy. We have very good people out in the community, working very hard to pull together these strategies.

**Ms FORREST** - With the SES positions across the entire economic development department, how many do you have and how many did we have?

**Mr O'BYRNE** - We have a total of seven, and that is one less than last year.

**Mr KELLEHER** - That is for the economic development portfolio.

**Ms FORREST** - That is under the budget savings strategy approach?

**Mr KELLEHER** - Yes, and reflecting the adjustment of the organisation shape following the economic development plan.

**Ms FORREST** - What is the policy regarding providing support, grants or loans to industry or private enterprise? Do you have a well-defined policy on that, and what is it?

**Mr O'BYRNE** - That is the function of the Tasmanian Development Board. Propositions are put forward from departmental officials to make sure all the information is forthcoming from those proponents - individuals, companies or organisations. That is taken to the Tasmanian Development Board and it makes an assessment on each of those proposals. Risk mitigation, commercial and others, is very important. The board makes a recommendation to the shareholder ministers.

**Ms FORREST** - You are probably aware there is a question on the notice paper that has been there for a couple of weeks now about loans approved by government in the last 10 years. Maybe Treasury has it. I was interested in the names of, and the amounts advanced to, each

company. Hence I want to know a bit more about the policy around how that is determined and the outcomes of those loans?

**Mr O'BYRNE** - The Tasmanian Development Act establishes it is the duty of Tasmania Development and Resources to encourage and promote the balanced economic development of Tasmania, to ensure that its policies are directed to the greatest advantage to the people of Tasmania, and that its powers are exercised to best contribute to the stability of business undertaken in Tasmania, the maintenance of maximum employment in Tasmania, and the prosperity and welfare of the people of Tasmania.

Under the provisions of the Act, the TDR has the ability to consider the provision of certain forms of financial assistance including loans, grants, guarantees and acquisitions of business interests - so equity investments. The proposals for financial assistance are considered by the board using a rigorous due diligence and evaluation process including comprehensive assessment of the benefits and risks of a transaction, the detailed business financial analysis of applicants, and, in the case of loans, determinations of the ability of applicants to repay the loan and the level of security support to mitigate risk to the public purse. We have provided numerous Tasmanian businesses with financial assistance over many years to secure valuable economic outcomes for the state. I can give you some examples of some of the loans, if that is what you are asking for?

**Ms FORREST** - Some of the good ones and perhaps some of the bad ones. I bet you only have good ones on that list.

**Mr VALENTINE** - You are asking him to talk himself down.

*Laughter.*

**Mr O'BYRNE** - I cannot see any bad ones there, they are all fantastic for the state.

It is important that you look at, I suppose, the whole picture. We have had some issues with Tasair for example. We had to act there to ensure we maintained access to the islands and within that situation we are going through an accredited process and we are hopeful.

**Ms FORREST** - You are going to lose a lot of money there.

**Mr O'BYRNE** - Potentially, but we are not giving up. We are still working with the liquidators on how to get back as much as we can.

**Ms FORREST** - With all due respect, minister, Tasair has been a challenge for a long time. Treasury had been providing support to them for a number of years, even when the former Treasurer was in our chamber. I would have thought there was writing on the wall for a while and I am interested in the amount of oversight. Is it your responsibility to have the oversight or is the board's? Most of us could see this coming.

**Mr O'BYRNE** - Ultimately it is the board that has the oversight and the department officials work with Tasair. At the time we intervened and played a role to assist there was a real risk of King Island not having an air service because there was no other provider at that time. We moved in to first of all secure the air link to King Island and then over the next 18 months to two years continued to work with the company to trade out of its difficulties. We were very close - I think late last year or earlier this year, where an equity partner was identified and was going to be

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facilitated, which would have resulted in a fair proportion of our investment in that company being returned to the state. Unfortunately, that could not be completed. I think initially the reason why we got involved was to maintain the air link, and you would be the first to criticise the government for not stepping in if there was an air link that was cut to King Island.

[1.00 p.m.]

**Ms FORREST** - I would be criticising if I did not think you were out there looking for alternative providers.

**Mr O'BYRNE** - Now, absolutely. With current circumstances -

**Ms FORREST** - Before they went under they were in the market, and that was probably part of their demise in the end.

**Mr O'BYRNE** - Maybe if I can get you to expand on some of the work that you were doing with Tasair.

**Mr KELLEHER** - I would like the opportunity. The board is responsible for managing its overall line portfolio. Like any line portfolio, it has to take an overall portfolio risk position, particularly given the board's role is not to be in the space as the banks - there is no point basically having the same risk profile as banks. Indeed, if any people come along wanting loans, our first point is to ask whether they have spoken to their banks.

**Ms FORREST** - I asked some questions about that recently and some of them have been answered, but there are still more I am waiting on answers to.

**Mr KELLEHER** - So inevitably the board's role is to provide financial support, mainly these days in the form of loans in situations where the risk profile is beyond what the market will provide. It weighs up then whether it should do that on the basis of the broader economic benefits or community benefits to the state. That inevitably means that there will be some bad debts that fall out of that. In the case of Tasair, in particular, the board really did have its eyes fully open to the risk position for it, and clearly this was why the banks couldn't provide the support there. As the minister has indicated, there was no one in place at that stage that was able to step in and take up the service, so we were left in a very difficult situation. So the loan was provided and a very intensive process was then established to monitor each month with the company as to its financials, its business plan, and its opportunities to -

**Ms FORREST** - So the board undertook that role?

**Mr KELLEHER** - The board undertook that role. Now, as it turned out, during that process then the equity opportunity came along and we were supporting that process with the parties to try to get the outcome, as the minister has indicated. Amongst that, as it turns out, further financial support was being requested of the board but, in terms of the point you were making, at that point, given we could then see that there was an ability that there would be a continuation of service, there was no need to put taxpayers' funds at any further risk at that point. The difficulty with this situation has been that we believe it was definitely the right decision taken and hopefully we will recover some of the amount there. But we have, I think, minimised the financial cost for seeing continuity of service there.

**Ms FORREST** - And the other loans, minister, that you were talking about?

**Mr O'BYRNE** - Loans and grants, for example. We provided that \$12 million loan to JB Swift to assist in the maintenance of a King Island abattoir -

**CHAIR** - Minister, can I ask if that is a document you could table?

**Mr O'BYRNE** - We can provide you with information.

**CHAIR** - In terms of time efficiency, if you wouldn't mind?

**Ms FORREST** - I am happy to have the answer provided in that way.

**Mr O'BYRNE** - We could provide you some examples: we have assisted Huon Aquaculture, Cadbury Schweppes, Vodafone, the TCA, Southern Cross Care, and a whole range of developments across Tasmania. For example, we gave Cadbury Schweppes a grant of \$450 000 and that triggered a \$35.5 million capital expansion. So there are things that we invest in to trigger other payments and trigger more private sector investment in the state. As Mark said, it is an overall portfolio and you manage a risk, and you look at the opportunity and the potential for employment growth in Tasmania. The board was formerly chaired by Denis Rogers; it is now chaired by the highly respected Lyn Cox, with some key people on that from across Tasmania.

**Mr WILKINSON** - I was going to ask - and it might be easier to table it as well in relation to that same thing - is what have been the flagships? In other words, what businesses have come as a result of what the department has done and what businesses have remained here or alternatively -

**Mr O'BYRNE** - Incat is another example; we have assisted them.

**Mr WILKINSON** - Yes, that is what I would like, if we could have that information.

**Mr O'BYRNE** - We have assisted the salmon industry too. A really good and more recent example is our assistance to the MT Communications telecommunications group. They have had some operations in Tasmania for a little while. They employed, I think, between 70 and 90 people for a period. They had operations in south-east Asia, in Adelaide, and on the eastern seaboard of Australia. They came to us and said, 'We are not sure where we want to consolidate our operations; we have a choice between Adelaide or Hobart'. We sat down with them and provided \$500 000 to assist them in making that decision by way of payroll tax exemptions and some small grant assistance. Essentially, they now employ over 200 people in the centre of Hobart. So in a period from 12 to 18 months, they have gone from 70 to 90 people to over 200 people. The other part of the equation and the reason why they wanted to move to Tasmania is because of our people and the liveability advantages of Tasmania. Their turnover in their Tasmanian telecommunications efforts was significantly lower than any other operation in Australia or south-east Asia. That was a significant cost advantage for that company.

So, not only are we seen as an attractive place to visit but we are also an attractive place to do business because of our people and our liveability advantages. That small forgone revenue by way of payroll tax has meant an extra 100 Tasmanians have a job in the centre of Hobart, and they are good decent-paying jobs as well.



## UNCORRECTED PROOF ISSUE

**Mr WILKINSON** - That is the type of thing I was after. There might be a number of them; that is why I said -

**Mr O'BYRNE** - It is a good story to tell.

**Mr WILKINSON** - - We are often asked, 'What is happening? What is the development authority doing?'. Those stories are going to be helpful for us to report what they have done; so if we can get that it would be great.

**Mr VALENTINE** - Could you outline the small to medium business enterprises that you have helped as well?

**Mr O'BYRNE** - In terms of the Tasmanian Development Board, it usually does some of the larger businesses -

**Mr VALENTINE** - I appreciate that.

**Mr O'BYRNE** - and facilitating maintenance of jobs and also opening up opportunities. I am sure in the outputs we will get through a whole lot of the work that we are doing in the small business strategy. The Tasmanian Innovation Fund - that is part of the intergovernmental agreement on forestry -

**Mr VALENTINE** - That's cool.

**Mr O'BYRNE** - It has provided significant assistance to a whole range of businesses around Tasmania, creating jobs. That is on the back of the north-west innovation fund as well; so there is a whole range of programs there for business.

**CHAIR** -Minister, we will break for lunch and do our best to get started again at 2 o'clock. I know that is a bit shorter than the schedule but let us try to grab the time because we are running over. Thank you very much for the time being.

**The committee suspended from 1.08 p.m. to 2.00 p.m.**