**Wednesday 27 June 2018 - Estimates Committee A (Barnett)**

LEGISLATIVE COUNCIL

ESTIMATES COMMITTEE A

Wednesday 27 June 2018

MEMBERS

Mr Finch

Ms Forrest (Chair)

Mr Gaffney

Ms Lovell

Mr Valentine

Mr Willie

IN ATTENDANCE

**Hon. Guy Barnett MP,** Minister for Energy, Minister for Resources, Minister for Building and Construction, Minister for Veterans' Affairs

**Ministerial Office**

**Richard Wilson**, Chief of Staff

**Matthew Hochman**, Senior Adviser, Building and Construction, Worksafe and Consumer Affairs and Resources (Mining)

**Vanessa Pinto**, Senior Adviser, Energy

**Adrian Lacey**, Senior Adviser, Resources (Forestry and Mining)

**Hamish Bruce**, Adviser, Veterans Affairs

**JUSTICE**

**Building and Construction, Worksafe and Consumer Affairs**

**Kathrine Morgan-Wicks** - Secretary, Department of Justice

**Nick Evans** - Deputy Secretary, Department of Justice

**Kristy Bourne** - Deputy Secretary, Department of Justice

**Mark Cocker**, Chief Executive Officer, WorkSafe Tasmania, Department of Justice

**Dale Webster**, Director, Consumer Building and Occupational Services, Department of Justice

**Ross Thomas**, Deputy Registrar, Workers Rehabilitation and Compensation Tribunal, Department of Justice

**Gavin Wailes** - Director, Finance

**Jennifer Lee** - Director, Communication and Executive Support

**Julia Hickey** - Manager, Office of the Secretary

**STATE GROWTH**

**Energy**

**Kim Evans**, Secretary

**Gary Swain**, Deputy Secretary Transport Services

**Matt McGee**, Executive Director Energy Policy

**Sue Morrison**, Assistant Director Energy Policy

**Mineral Resources Tasmania**

**Kim Evans**, Secretary

**Bob Rutherford**, Deputy Secretary Industry and Business Development

**Jennifer Parnell**, Acting Director Mineral Resources Tasmania

**Brett Stewart**, Director of Mines

**Resources Policy**

**Kim Evans**, Secretary

**Bob Rutherford**, Deputy Secretary Industry and Business Development

**Alistair Morton**, Acting Director Forest Policy

**Penny Wells**, Chief Executive Officer Private Forests Tasmania

**Business Services**

**Amanda Russell**, Deputy Secretary, Business Services

**Glen Dean**, Director Finance

**Veterans' Affairs**

**Kate Kent**, Executive Director, Communities, Sport and Recreation

**Ginna Webster**, Secretary, Department of Communities Tasmania

**David Nicholson**, Deputy Secretary (Policy) DPAC

**Alex Schouten**, former Manager, Programs and Services Branch

**Mandy Clarke**, Director, Programs and Operations

**The committee met at 9 a.m.**

**CHAIR** (Ms Forrest) - Good morning, minister, thank you for attending our Estimates hearing. I ask you to introduce members of your team for the purpose of *Hansard* and then I invite you to make an opening statement.

**DIVISION 10**

Department of State Growth

**Mr BARNETT -** Madam Chair, as Minister for Energy my primary goal is to put Tasmania's interest first and foremost in all considerations. The energy industry certainly has faced major challenges nationally in recent years. The Tasmanian Government has taken the view we will not acquiesce to the external events but will take charge of our destiny. We will ensure the availably of secure, reliable and affordable energy for Tasmanian households and business, and in so doing will create and support Tasmanian jobs.

The Government, through our Energy Supply Plan, led Tasmania through the electricity security challenges of 2015-16 with no interruption to supply. The new Energy Security Risk Response Framework recommended by the Tasmanian Energy Security Taskforce and accepted by the Government has been implemented, with a key element of operation being the Tasmanian Economic Regulator's ongoing monitoring and assessment of energy storage levels. Last Monday the level was at over 39 per cent.

The robust level of energy security for this state was effectively managed during the recent Basslink outage with no risk at any time to Tasmania's energy security.

To ensure Tasmania comes first, the Government took policies to the election to deliver the lowest regulated electricity prices in the nation by 2022 and likewise a 100 per cent self‑sufficiency in renewable energy in the same time frame.

While electricity pricing is an issue for the Treasurer and is managed by the Department of Treasury and Finance, the situation where Tasmanian households and businesses are exposed to price shocks from high mainland prices will no longer be countenanced. As a central initiative of the Tasmania-First Energy Policy, the Government will move to delink Tasmanian electricity prices from the mainland to ensure Tasmanians pay Tasmanian prices for Tasmanian energy, not Victorian prices for Tasmanian energy.

In the meantime, we are capping regulated prices at CPI and welcome the Tasmanian Economic Regulator's announcement last week of regulated power prices capped at 2.05 per cent, confirming that Tasmania's power prices will remain among the lowest in the county. This is a direct result of the Government's intervention.

Tasmania First is about ambition and courage to make the most of our advantages. We are assessing the substantial expansion of hydro capacity through the Battery of the Nation project while simultaneously studying the feasibility for additional Bass Strait interconnection.

In the words of the federal minister, these are nation-building infrastructure projects. We have 14 high‑potential pumped energy storage sites that could deliver a capacity increase of 4800 megawatts. Hydro is now working to a short list, to an optimum set that delivers an additional 2500 megawatts or double our hydro capacity for the state. As the Premier stated, Tasmania's pumped hydro scheme has the potential to be this generation's version of the historic hydro-electric development.

Early modelling suggests that with $5 billion-worth of investment, 3000 jobs will be created in regional Tasmania over that 10- to 15-year period if it proceeds. Combined with additional interconnection, the Future State-Battery of the Nation report released by ARENA and Hydro last week confirms that Tasmania offers the most cost-competitive energy solution for the nation by 20 per cent.

This is not only great for Tasmania but for the nation as we work together to meet the challenges of providing reliable, low emission energy at affordable prices. Last week we also announced a joint Hydro and ARENA feasibility study into the redevelopment of Tarraleah. If redeveloped, the Tarraleah project could inject up to $500 million into the economy over three years, support hundreds of jobs across the Derwent Valley and southern Tasmania, and double the capacity, up to 220 megawatts, for Tarraleah.

Our renewable generation opportunities also include private sector developments such as the Cattle Hill and Granville Harbour wind farms, together contributing 260 megawatts of addition capacity. We will continue to encourage Tasmanians to invest in their own renewable generation and energy efficiency measures through the Tasmanian Energy Efficiency Loan Scheme - TEELS.

We are currently reviewing the solar feed-in tariff to sufficiently reward Tasmanian people investing in solar, with the outcome of the review due to be implemented by 1 January 2019. Gas supply is also secure, with the finalisation of the arbitration process instigated by Hydro Tasmania, with parties committed to the commercial term set down by the arbitrator.

Natural gas is flowing freely and at fair prices for industrial, commercial and residential customers in Tasmania. We have also established the Farm Energy Advocate service in Aurora and are delivering the other elements of the Energy on Farms policy. This covers the review of irrigation tariffs, the On-farm Energy and Irrigation Audit Program, to ensure our vital argribusiness sector has greater support for competitiveness from its energy use.

I acknowledge and appreciate the higher quality and professional support provided to me by the Department of State Growth through the Office of Energy Planning and Conservation and various officers at the table and elsewhere. I look forward to continuing to implement our package of energy policies that will grow our industries and provide competitive power prices over the coming years.

**CHAIR** - In your overview, you said some of the policy around dividends rests with the Treasurer, but I am seeking policy advice for energy. What is your view on the impact on Hydro Tasmania's capacity to fund all the necessary capex and maintenance, including the Battery of the Nation projects, with the return to 90 per cent dividend policy, so soon after a very challenging period? A policy decision was made by Treasury, but it affects Hydro Tasmania, which is clearly in your area.

**Mr BARNETT -** I understand your question and the motivation behind it. Yes, we are excited, and as Energy minister I am energised with the Battery of the Nation. It could deliver significant benefit for Tasmania, doubling our energy capacity, up to $5 billion in investment and 3000 jobs, particularly in rural and regional Tasmania.

To make it very clear in terms of funding, further work needs to be done; that is now underway with a feasibility study into the options to progress the economics and financial viability of such a project. From the study, its release and the learning from that, there will be a determination as to who, when and how it will be funded. They are very important and fair questions, but the report will need to be completed and released.

**CHAIR** - Who is doing the report?

**Mr BARNETT -** The report is by the Australian Renewable Energy Agency - ARENA - a federal government agency, and Hydro Tasmania. It is equally funded between ARENA and Hydro, with $2.5 million contributed by the federal and the Tasmanian governments. It is expected to take up to 18 months.

**CHAIR** - Even returning the 90 per cent dividend policy, the Battery of the Nation project is a capital intensive business, with many ageing assets. Are you concerned with the capacity of Hydro Tasmania to meet its obligations with maintenance and capex?

**Mr BARNETT -** You raised a good point in terms of capex. For example, Tarraleah would be a project with redevelopment of up to $500 million. Exactly how it is funded is a matter for Hydro and the Hydro Board. The study is underway and will take about 18 months to complete. This would augment the existing Hydro system. It happens on a yearly basis by Hydro, which is always maintaining and reinvesting in Hydro assets to maintain service ability to deliver the capacity for energy production in Tasmania of 2500 megawatts. It would double the capacity at Tarraleah from 104 megawatts to 220 megawatts.

**CHAIR** - The question is: does the dividend policy impact on its capacity to do these things? Unless Treasury decides to give them a holiday in a few years after the study is done, as we have done with TT-Line buying new boats. It was dropped right back, but it has now been re-increased up to 90.

**Mr BARNETT** - That is relevant to me and very relevant to the Treasurer. These matters are considered from time to time on a regular basis and on a yearly basis. It is very important. We have great confidence, as the Treasurer said publicly a few days ago. We are very pleased, first, with the sustainability of all our GBE businesses and, second, with the profitability of those businesses. The dividend is the right balance at the moment. It is in the Budget and the settings are quite clear. We are confident in sustainability and profitability of Hydro.

**CHAIR** - You are not concerned they will not be able to manage their maintenance or capital expenditure?

**Mr BARNETT** - No, not concerned.

**CHAIR** - We have talked about the so-called decoupling from the NEM. As I understand it, prices have been beneficial to Tasmania in past years. In the last few years, particularly with the closure of the Hazelwood Power Station, prices have become very volatile, and that, as I understand it, is part of the reason this is being considered. Without the intervention of a price cap, we may have seen significant cost increases to Tasmanian households. We all understand and accept that. I understand that prices have settled somewhat, and according to my investigations into the future projections on prices, the market is unlikely to return to the prices you claim you are trying to get to. Isn't it better to let the market work if that is happening?

**Mr BARNETT -** Thanks for the question. It is a two-part question: one part relates to the delinking and the second relates to volatility. Yes, South Australia, Victoria, NSW and other mainland states have had a history of volatility in recent years in particular. We have seen blackouts in South Australia and Victoria, and outages in NSW. There has been considerable volatility and there remains some volatility. The market goes up and down. The reason we intervened in the market with the CPI cap is to ensure that Tasmanians pay Tasmanian prices for their Tasmanian energy, not Victorian prices for Tasmanian energy.

We have an added and competitive advantage with world-class water and wind resources, and we want to build on that. With the prospects of pumped storage and pumped hydro, it requires a market and there is a great benefit to have further interconnection. It is really not going to receive its maximum value without that interconnection. Once you have the market, you can trade into that market and make money. You know it has occurred before - we have Basslink. Our target is to get to 100 per cent self-sufficiency by 2022 and then excess energy can be exported to the mainland and money made for Tasmania and Tasmanians.

We are in a position where we own our three GBEs; other states are in different positions. We see this as an advantage to us to benefit Tasmanians under our Tasmania First energy policy.

**CHAIR** - Continuing on this line of questioning, I understand Treasury appointed Energy Marketing Consulting associates - EMCa - in October 2017 to review the Tasmanian wholesale electricity market and the regulatory pricing framework. Did the consultants provide any advice before the Government entered the caretaker period or after the election?

**Mr BARNETT** **-** I am not aware of the timing, whether it was before or after. We have made our decision with the Tasmania First energy policy, which was launched at Lake Gordon. It was a terrific day. It was based on feedback from a range of stakeholders and community consultation, and the Government's strong view that Tasmanians should come first and that we should be paying Tasmanian prices for Tasmanian energy, not Victorian prices for Tasmanian energy. If we were paying Victorian prices for Tasmanian energy, you would have seen a 10 per cent increase in power prices for Tasmanians last week. As it was, it was 2.05 per cent. That would have been more than $150 extra for an average residential home in Tasmania or $160 extra for the average business.

**Mr EVANS -** The new regulatory framework being developed to delink Tasmania's wholesale electricity contract prices from Victoria and prices is being led by the Department of Treasury and Finance. It is a complex piece of work and it is anticipated it will not be completed until July 2021.

**CHAIR** - It is the Treasury. Legislation we passed last year was to provide 12 months to decide what to do, either capped prices to continue or whatever. Now there is a move to extend the period to give more time, so the review is ongoing. Minister, is the review now to look at how to do it, rather than whether to decouple?

**Mr BARNETT -** Yes.

**CHAIR** - The review undertaken must have indicated that should be the path taken. When was this completed?

**Mr BARNETT -** That is a Treasury document and I am not familiar with the date of the document and when it was received by the Treasurer or Treasury. The Treasurer would be in a better position to answer this question. It is a policy position of the Government, a fundamental principle we should be paying Tasmanian prices for Tasmanian energy.

**CHAIR** - I understand, but I am trying to understand when the decision was made to decouple.

**Mr BARNETT -** It is consistent with our policy position and has been announced during the election.

**CHAIR** - That is the question. Was the review undertaken following the legislation brought in last year in May completed before your election announcement?

**Mr BARNETT -** I do not know exactly. I cannot help you with the date. I am not the Treasurer or Treasury. We can try to find out if you would like to write to the Treasurer.

**CHAIR** - I think it is significant because is if you have decided to bring in a policy position without the findings of a review that made it clear it should be decoupled. We debated this last year and it was to take a year, which is until last May. I am not sure what date your policy came out, but I imagine it was in February or March. If a review was not ever completed, you went to the election with a decision to decouple without hearing what Treasury had to say.

**Mr BARNETT -** We believed in our policy and received feedback from a range of stakeholders and based on advice. It was not just from Treasury or one single report of which I do not know the date. This is a policy decision to delink. In advance of delinking introduced last year, we capped the CPI with the House legislation. I hope it will be supported across all parties. This is another continuation of the capping of CPI, which is already delivering benefits for Tasmanians and leading up to the delinking process. It is a very complex matter. I have been advised and know how complex it is. The fact is that is the position I can advise the committee about. I am not the Treasurer. I will see if the secretary can add anything to the answer.

**Mr EVANS** - No. I would need to check the status of the Treasury review. It was commenced in October 2017 and I do not understand whether it has been completed or not.

**CHAIR** - Could we put it on notice? It is relevant to this portfolio in terms of the impact it has. Minister, you mentioned you had consulted widely and taken advice from a range of people. Can you tell us which bodies or individuals you sought advice from?

**Mr BARNETT -** I can assure you I have had a very broad range of feedback -

**CHAIR** - That is a non-answer, minister.

**Mr BARNETT -** ... from important stakeholders in the mining sector, the energy sector, the business sector, the small business sector and the agricultural sector, and across the productive industries, certainly all of my portfolio areas. It was based on feedback and discussion within members of the Parliamentary Liberal Party. I won't go into meetings of the Parliamentary Liberal Party and what was discussed and said in those meetings, but it is a very important policy decision. We were very pleased with the announcement and we are very confident in this policy decision. The feedback we have already had from a range of stakeholders is that they like it. They like the fact that they are not paying high prices and that they are paying among the lowest prices in Australia. You have a government with the target to have the lowest prices in Australia by 2022. The feedback I am getting from all quarters is very positive.

**CHAIR** - I don't think anyone would argue that they want to pay lower prices for energy - that is not the question here. If you talk to the agricultural sector, it would be like talking to me about a really complex energy price-setting arrangement. I don't have the capacity to understand it and I would argue that most farmers don't either. I would argue some in the mining industry probably only have limited capacity to understand what decoupling would actually mean. If you tell them it means lower prices, of course they going to say yes - everyone would say yes.

I am not saying we need to go back. I am trying to understand where this policy decision has come from. Are we sure we are not going to be done over in the future? In the past, it has been to our benefit. We have had lower prices and then with the closure of the Hazelwood coal‑fired power station and other challenges in the Australian mainland market and generators there, we have seen this volatility. I understand that some of the price projections by some people much more knowledgeable in this than I am suggest that prices are coming back to where you are seeking to get them.

If we get to a position where we are setting the price ourselves and decoupling from that without a robust regulated market that can let the market influence, aren't we potentially setting ourselves up to end up with a potentially higher price if we don't let the market control it?

**Mr BARNETT** - No. To pick up on the part of your question that says, 'where you are seeking to get them', we want to get our prices to be the lowest in Australia by 2022. That is our target and a key plank of our Tasmania-First Energy Policy. To assist further, a report was released on Tasmania and our pumped hydro, funded by the federal and the Tasmanian governments through ARENA and Hydro Tasmania, which said that, combined with additional interconnection, the Future State-Battery of the Nation report confirmed Tasmania offers the most cost-competitive energy solution for the nation by 20 per cent.

If pumped hydro proceeds, and I hope it will because we can double our energy capacity, Tasmania will be producing energy at 20 per cent less than the mainland equivalent. If we can stay the lowest across the nation, people haven't really focused on the benefits yet, but the fact is the cost of doing business is critical to business. Energy is a key cost of doing business. If you have the lowest cost of energy and therefore have among the lowest cost of doing business in all of Australia, you will find investment will come here and development will come on board big time, and that will create jobs galore. It will be a huge boon for Tasmania, not just decades ahead but generations ahead.

**CHAIR** - The energy still has to be generated. Hydro Tasmania being our main generator - there will be others but Hydro Tasmania still has an interest in some of the wind farms - if the price is dragged down and down - I am not saying we shouldn't have low prices but if you continue this race to the bottom - how will Hydro continue to fund its capital expenditure and maintenance as well as invest in new energy generation?

**Mr BARNETT -** We are very confident of the sustainability and profitability of all our GBEs, including the Hydro. They are performing well.

**CHAIR** - I'm not arguing that they are not.

**Mr BARNETT -** My point is that they are already investing in maintenance and upgrading now. They have a plan to continue to do that. You have seen Tarraleah; they have other plans for upgrading other power stations around Tasmania.

**CHAIR** - Every time you cap the price, you reduce the revenues to Hydro, don't you? It is revenue foregone to Hydro. That is where the cost falls when you cap prices; Hydro.

**Mr BARNETT -** I am not sure if you are comparing apples and oranges. If you are comparing to the mainland, that is one way to do it. What we have to do is look at the state, how we are operating and how cost-efficient we are -

**CHAIR** - Which is what I am looking at.

**Mr BARNETT -** In operating and delivering our energy. Hydro is a key component of that. They are operating sustainably and profitably, with every prognosis of that continuing.

**CHAIR** - Every time you lower the price below the price of generation, does Hydro take the hit?

**Mr BARNETT -** You have made a comment I have to refute, that you are lowering the price below the cost of generation. Nobody is suggesting that would occur. That is the first time I have ever heard that statement.

**CHAIR** - Every time you reduce the price, it reduces revenue to Hydro. They are the ones who wear, through revenue foregone, the cost of these decisions. Is that right?

**Mr BARNETT -** It depends what the price is.

**CHAIR** - If the price is reduced below the regulated price or the Victorian price, what Hydro would receive if they sold it at that price - if you cap it and only allow them to sell it for less than that - does Hydro wear the cost?

**Mr BARNETT -** What makes up the cost of power? You have the retail part and that is a very small -

**CHAIR** - I am talking about the generation; I am not talking about the retail.

**Mr BARNETT -** You have to look at all parts of the cost of power. You have retail, which is a very small proportion, then you have the transmission and distribution.

**CHAIR** - Which is TasNetworks.

**Mr BARNETT -** Which is TasNetworks and that is a substantial part. Then you have to look at generation. Your question probably goes specifically to generation.

**CHAIR** - I was very clear, minister - it is about generating it.

**Mr BARNETT -** I am trying to paint the picture so everybody knows what we are talking about. Then you compare the cost of generation in Tasmania to the mainland. You have significant problems on the mainland, with coal coming off. You have Liddell coming back in 2022, where it is going to be offline as well. That is the plan at this stage. That will cause even more concern for power consumers and generators on the mainland. That is why the increase of the number of renewable energy options on the mainland will kick in.

**CHAIR** - Minister, can I stop you? I asked a question about when you cap the price below the regulated price, which is what we have done because we would have seen a 10 per cent increase: who wears that cost?

**Mr BARNETT -** It is not a relevant question.

**CHAIR** - It is a relevant question. The cost is borne by somebody, who is it?

**Mr BARNETT -** The point is the Tasmanian consumer is paying the price.

**CHAIR** - I understand they are paying less.

**Mr BARNETT -** They are paying a 2.05 per cent increase rather than a 10 per cent increase.

**CHAIR** - If you did not cap the price, how much would Hydro be able to charge for their power, and how much will the consumer pay?

**Mr BARNETT -** We would not countenance that, as a government. We are not into higher power prices, we are into low power prices.

**CHAIR** - The question is, minister, with the capping of the price there is less money made because the consumers are not paying as much as they would. Consumers are saving money and the consumers are happy. If energy costs a certain amount, whatever it is, to be produced and there is a gap, who wears that cost?

**Mr BARNETT -** We are focusing on the cost of the generation and we want to make it as cost-efficient as possible. That is our job. Likewise with TasNetworks, likewise with Aurora. That is our key objective and we are following through to deliver the lowest power prices possible.

**CHAIR** - I will hand over to Mr Willie, but I will come back to this because I think you are avoiding the question.

**Mr WILLIE** - Minister, you are here for scrutiny and what we are hearing is a lack of detail as to how this is going to work. Nobody is arguing against lower prices. We want to know it is going to be sustainable in the long term. In budget paper 1, this is named as a risk -

Government's election commitments that impact on the Government business sector may also impact upon the Budget through increased costs or reduced returns from the Government businesses. This includes...the energy related commitments, such as the delinking of Tasmanian wholesale electricity contract prices from mainland pricing ... The detailed outcomes of these initiatives will not be known until the associated processes have been completed and, therefore, it has not been possible to quantify their potential impact at this time.

Minister, you are saying we can do these things, we can delink, we can cap energy prices and it is not going to have an impact on the business, but Treasury is naming this as a risk. Who is right? Treasury or you?

**Mr BARNETT** - I will make two points. First, your Leader, on the day after we announced our policy of Tasmania First, supported the announcement. It was welcome.

**Mr WILLIE** - Yes, minister, and I said at the outset that nobody is arguing against lower prices. You are here for scrutiny and we are after the detail.

**Mr BARNETT** - The second part of your question relates to the risk. Of course it is in the Budget because it hasn't been completed. I make it very clear that delinking is not to occur until mid-2021. We are sitting here in mid-2018, so we have three years to work this through and to make sure we get the balance right and get through the figures. It is a very complex and important matter. We have every objective of doing this in a thorough way. We are pleased with where we are at at the moment, but there is a lot of work to do. Treasury has to do a lot of work. I am not the Treasurer, but I am aware there is a lot of work to do. It is complex, it is not easy, but with that policy objective we are certainly heading down that track. Of course it is appropriate to recognise that in the budget papers, as you have correctly outlined.

**Mr WILLIE** - There is a conflict in what you are saying and what Treasury is saying in the budget papers, isn't there? If you haven't done the work and you don't know how some of these policy decisions are going to impact on the business and also the broader budget through dividends policies, it is beyond me how you can say that the long-term sustainability is going to be okay. What are you basing that statement on?

**Mr BARNETT** - I don't think there is any inconsistency at all in what I have said. It is entirely consistent with the Budget and the views of the Treasurer. We are on the same page and we are in the same Government and we support the same policy. Another way to assist in answering your question and that of the Chair, is that if you allowed for super‑profits flowing through to Hydro Tasmania, I think the Tasmanian people would be concerned because they would then know they are not getting the lowest power prices possible. It is very important we manage the policy levers as best we can. We are going down the track to deliver the lowest power prices possible.

**CHAIR** - We did let Hydro make super‑profits during the carbon tax years. It did very nicely for the state. It put a lot of money into the state, but the prices didn't go up.

**Mr WILLIE** - Minister, can I get a commitment out of you then, in light of much of this work still needing to be done, that if some of this work comes back and demonstrates that there will be significant impacts on the business or the budget through the dividends policy, that the Government will be open and transparent about that and potentially change direction if it is going to impact on long-term sustainability?

**Mr BARNETT** - I can assure you we will do what is in the best interests of Tasmania.

**Mr WILLIE** - You are giving me a commitment that you will be open and transparent about any of that work?

**Mr BARNETT** - I am giving a commitment that we will continue with our policy direction. We are always open and transparent as a government in the way we operate. Likewise, as a minister I would like to share the outcomes of our learnings and highlight the important and complex matters. We hope to get a position where we can provide more information to the Legislative Council, the parliament and the public on where we are and how we are progressing. I would certainly be happy to provide update reports on how things are progressing in this important work and happily do so with the Legislative Council or others. The secretary has an additional comment.

**Mr EVANS** - I thought I might just add a bit of context, in that in budget paper 1, page 13, the Treasurer defined what a budget risk is -

... the impact of Budget risks and sensitivities that are unable to be effectively quantified at the present time.

The reason it is in there as a risk is because it cannot be quantified at this time. As the minister explained, it cannot be quantified because the work around the design of the new regulatory framework to delink has yet to be undertaken. It will take a couple of years to work through the complex issues in designing that regulatory framework and to give effect to the Government's policy position.

**Mr WILLIE** - That is exactly my point. In the last part of that statement it says that it is unable to be quantified at this time. The minister is giving us assurances that the long-term sustainability will not be at risk when there hasn't been a quantifying of the impact.

**CHAIR** - Minister, last year in Estimates hearings, the minister informed the committee that Hydro Tasmania was expecting to forgo revenue as a result of capping prices of regulated customers, which is who we are talking about, at a cost of approximately $70 million. He told us it was $70 million that Hydro -

**Mr BARNETT -** Where was this?

**CHAIR** - This was the former minister.

**Mr BARNETT -** The former minister?

**CHAIR** - Yes. In *Hansard*, in last years 'budget Estimates. I can read it from *Hansard* if you would prefer and don't want to take my word for it.

**Mr BARNETT -** No, I am listening. I am trying to -

**CHAIR** - He informed the committee the cost of capping it for regulated customers, which is what we are talking about here, was approximately $70 million. That was his expectation. I am asking you: what was last year's final figure of the impact of the price cap on Hydro, and what is the projected figure for this year, including any impact of the ongoing price cap?

**Mr BARNETT -** I would have to look at the context of that statement. I would have to read that because I am not sure I would want to respond to it if it is taken out of context.

**CHAIR** - That was giving you the context. I am asking: what was the final figure, this year we are in now, of that price cap on Hydro Tasmania's revenues; the forgone revenue? What is the projected figure for this year we are into or coming into? We are not quite there yet.

**Mr BARNETT** - I am not sure of the context of the question but, with respect to the first part of the question, that is relevant to Hydro Tasmania and budget Estimates for Hydro at the end of this year, November and December. With respect to this year, I have made it clear publicly and privately we are confident in the sustainability and profitability of Hydro Tasmania. They are performing well. They expect to continue to perform well.

**CHAIR** - The minister was able to tell us last year, to give us a figure. As the current minister, surely you can give us a figure on what the revenue forgone has been for Hydro thus far and what is projected to be this year coming?

**Mr BARNETT -** As I say, you have selected a sentence last year's *Hansard*. I would have to read and know the context of that quote.

**CHAIR** - We will put it on notice because you are clearly not going to answer the question after I have tried for 15 to 20 minutes to obtain a simple answer to a question. How much revenue forgone has this policy created by Hydro?

**Ms LOVELL** - Minister, what advice have you received or did you receive prior to announcing the decision to break the link with mainland energy prices under your energy policy?

**Mr BARNETT -** Thank you for the question. We have received feedback from a range of stakeholders and key people who have a view with respect to the benefit of the delinking policy. We have made that decision based on feedback, our own research and our own understanding. We have talked to people who know and understand the energy market. We have talked to people in the productive industries, as I indicated. It is an important policy. We have put a lot of thought into it. It is not something you dream up overnight, click your fingers and, 'bingo'. There was a huge amount of effort and consideration given to this. It is an important policy to deliver the lowest power prices in Australia by 2022. We are doing this now through the capping and delinking. That is very clear; it is on the public record. I have answered questions about that time and again. I am more than happy to continue to do so.

**Ms LOVELL** - What advice do you have on what the cost of this policy will be to Tasmania's energy businesses?

**Mr BARNETT** -As the secretary has made very clear, we are now in a position where between now and mid-July or mid-2021 we want to delinking to occur. It needs to be done and it will take a lot of time and effort because it is very complex. It is a Treasury matter; I am not the Treasurer but I can tell you and I am aware that it is a complex matter. It will take time, it is not easy. That is why in the meantime we have our CPI capping legislation to deliver the cap at 2.05 per cent for this financial year coming up.

**Ms LOVELL** - At this point in time, are you saying you don't have advice on what the cost will be?

**Mr BARNETT -** We can't determine exactly those figures you are asking for until the work is done. The study has to be undertaken; the research has to be done; complex work has to be undertaken over a long period. It is not going to be easy. That work needs to be before the delinking can occur.

**Ms LOVELL** - Yesterday, in the lower House Estimates committee with the Treasurer, my colleague Mr Bacon said to the Treasurer, 'You have enough information to put the figures in the Budget based on what you expect Hydro's outcomes to be over the next four years.'

**Mr BARNETT -** Who said that?

**Ms LOVELL** - My colleague Mr Bacon. He then asked, 'Does the Minister for Energy have that same information?' The Treasurer responded, 'I am provided with it and through the corporate planning process he would be made aware of it.' The Treasurer says that you do have advice on this but you are telling us now that you don't.

**Mr BARNETT -** No. You would have to look at the context of exactly what you are quoting there. You are quoting Scott Bacon and his interpretation of advice, and then you are quoting the Treasurer's response to Scott Bacon's question.

**Ms LOVELL** - The Treasurer is telling the committee that you had the same advice that he had about the impact on Hydro Tasmania over the next four years. You have just told us that you don't have that advice and you don't know what the impact will be.

**Mr BARNETT** - You are telling me what I have just told you. The answer is that I will not be verballed as a minister - it is not appropriate to be verballed by Ms Lovell.

**CHAIR** - Have you got the advice, minister?

**Mr BARNETT** - We receive a whole range of advice. We have corporate plans, strategic plans and that is all in place. We are aware of that.

**CHAIR** - Have you seen the corporate plan?

**Mr BARNETT -** Yes, of course.

**CHAIR** - You have seen it?

**Mr BARNETT** - Again, I will not be verballed. You cannot put words in my mouth as a minister. That is totally inappropriate.

**CHAIR** - Have you seen the corporate plan, minister?

**Mr BARNETT -** Of course I am aware of the corporate plan for our various government business enterprises. We work on them; I meet regularly with the board; I meet with the CEO, we have regular meetings. I am very confident of the sustainability and profitability, and that has not diminished.

**Ms LOVELL** - Let me ask you a very direct question about what the expectation is on the outcomes of Hydro Tasmania over the next four years: do you have access to the same information on that particular matter that the Treasurer and Treasury have access to?

**Mr BARNETT** - Based on Treasury advice, the revenue impact on Hydro Tasmania is expected to be around $40 million, which has been factored into the returns to government Estimates, based on the CPI cap.

**CHAIR** - On regulated customers?

**Mr BARNETT -** Yes.

**Mr WILLIE** - We will not know the delinking impact until 2021. That will be a further impact.

**Mr BARNETT -** It is a complex matter and it has not been designed yet, so you will not know until mid-2021 or until it's released.

**Ms LOVELL** - Minister, the $40 million, in what year?

**Mr BARNETT -** In 2018-19.

**Ms LOVELL** - Can you give us a breakdown for the full forward Estimates?

**Mr BARNETT -** No, I can't. It is a matter for the Treasurer.

**Ms LOVELL** - So, $40 million is in 2018-19, which is what I have asked for repeatedly and you were unable to provide, but you have now. What has been the revenue forgone since it was implemented in this current financial year we are about to complete?

**Mr BARNETT -** I can check on that. Let's see if we have that figure. We will have to take that on notice. It is a matter for Treasury. I don't have those figures with me.

**CHAIR** - We have one answer but not both. It is interesting, the minister said it was about $70 million last year. I know it was approximate but $40 million is not within rounding range. There is a fair gap between $40 and $70 million. I am not sure what he was basing his estimate on. We talked earlier about the consultation on this policy. You named a heaps of groups as opposed to individual organisations as to who you consulted with. Did the Government consult with any current or prospective market participants before announcing the policy?

**Mr BARNETT -** I can only speak for myself. You have the Premier, the Treasurer, all other Cabinet ministers and other members of the Parliamentary Liberal Party. I cannot speak for them today.

**CHAIR** - I am asking for what you did as the Minister for Energy.

**Mr BARNETT -** I am making it clear I cannot speak for all of them. I also urge caution. I cannot and will not reveal private meetings I have had with individuals, consultants, stakeholders, whomever. It would not be appropriate but I have given an outline of the range of stakeholders and feedback we have had from the productive industries, from those concerned or with an interest. It is broad-ranging and we acted on the best advice we had at the time and continue to receive. It has been well received.

**CHAIR** - The question is not specific, minister. I am not asking that, minister. Did you, as the Minister for Energy, consult with any current or prospective energy market participants before announcing the policy?

**Mr BARNETT -** I will not reveal private details of private meetings.

**CHAIR** - I am not asking you to. It is fair and reasonable for the people of the Tasmania to know who you consult with in making such a significant policy.

**Mr BARNETT -** I have given a thorough and comprehensive overview of the stakeholders, groups of people, the productive industries and the various energy-related entities with an interest in this. I will not reveal private meetings or discussions with -

**CHAIR** - Were any of them current or prospective energy market participants?

**Mr BARNETT -** It depends on your definition of energy market participants. I would want -

**CHAIR** - You are the Energy minister. You know what I am talking about.

**Mr BARNETT -** I am making it clear that I am not going to reveal private meetings in a public venue. I do not do those things.

**CHAIR** - I am not asking you to reveal private meetings. This is relevant, even to the legislation we will be dealing with, in the not-too-distant future. One of the key questions the Legislative Council is always are interested in is: who has been consulted around this legislation? The legislation we have is not to decouple - I accept that and understand it fully, but it is leading to the decoupling and the policy. It reflects the need to do work because of the Government's policy now. I will ask this again next week when dealing with the legislation. We need to have an understanding of who has been consulted. I would appreciate it if you would provide some more detail about who has been consulted.

**Mr BARNETT -** Can I make a suggestion? I can see where you are coming from. The objective behind the question is to be assured and to be confident it is the right policy for Tasmania.

**CHAIR** - How can we be sure if we do not even know who you have talked to?

**Mr BARNETT -** This is the thing. You keep referring to who have I talked to, who has the Government talked to, the Treasurer, the Premier. You need to be confident, and I want all Tasmanians to be confident, that we are going down the right track with the Tasmania-First Energy Policy and the decoupling. I want to take the people with us.

**CHAIR** - Minister, you have to be open and transparent to do that.

**Mr BARNETT -** You do and you need to be confident in the policy -

**CHAIR** - We can only do that if we know the appropriate people have been consulted with.

**Mr BARNETT** - You need to be confident in the policy and the arguments for and against, and you have to weigh them up as to what is in the best interest of Tasmanians. As the legislators, our objective is to advance Tasmania's interests.

**CHAIR** - How can we do that if you are only talking to the major industries in the state? How can we have any confidence, if you have not consulted broadly, particularly with those who have knowledge, experience and expertise in the energy market?

**Mr BARNETT -** I assure you we have consulted broadly in terms of people who have knowledge, experience and expertise, not only in the energy market, but in the productive industries and across Tasmania - the full gamut of both large and small businesses, farmers and mainland entities.

**CHAIR** - I will put on notice we are asking for a list of organisations - not individuals, not dates, meetings, personal conversations - but a list of the organisations and representative bodies you have consulted with, and it is up to you whether you provide that or not.

**Mr WILLIE** - Minister, you are being deliberately evasive by not providing the organisations you have consulted with. You know full well as legislators we are not experts across all portfolio areas and often consult with third parties. That is the policy direction you have chosen as a government.

**Mr BARNETT -** The delinking?

**Mr WILLIE** - Yes.

**Mr BARNETT -** Which you support?

**Mr WILLIE** - Yes.

**Mr BARNETT -** Good.

**Mr WILLIE** - We are talking about transparency and the advice you received as minister. Why will you not reveal those organisations so parliamentarians, the public and journalists can go and consult with these organisations on their views about the policy direction of the Government? You are avoiding scrutiny by not revealing them.

**Mr BARNETT -** I am not avoiding scrutiny. I am revealing a great deal to the committee today. I am trying to provide information that will give the best advice so you can be confident in this policy of the capping and delinking, because they feed into each other. All I can do is encourage you to meet with and talk to energy consultants, key productive industries and the peak bodies and get their feedback on the policy. Ask them what they think. How does it work and how will it benefit them? Those are the questions I would be asking, and they are good questions. I encourage that, but I would not direct or instruct you on how to do your job - you have to do that yourselves.

**Mr WILLIE** - We are not asking for private meeting details; we are asking for the organisations you have consulted with. That is what we are asking for and you are deliberately avoiding scrutiny by not revealing them.

**CHAIR** - It is on notice.

**Mr VALENTINE -** With respect to the level of expertise the people may have had, would it have been national and international expertise in the electricity markets?

**Mr BARNETT -** What I can say is we are very confident we have made the right call. We have given careful consideration to this as an election policy. The Premier and I were at Lake Gordon; we would not have been there making this decision. It was quite comprehensive when released. You would have seen the document. It is on the public record. It was quite comprehensive, not only on delinking. It contained a range of measures that delivered benefits for Tasmanians. It is based on the best available information and advice we could obtain over a long time when we were in government. I am a new minister in this area, since July a couple of years ago. I am pleased and proud of the policy. I will do everything I can to get openness and transparency, so people understand the benefits of the policy and how it can benefit Tasmania.

**Mr VALENTINE** - Quite clearly all of this is predicated on the fact that wet stuff falls from the sky. We have different weather patterns across the globe. We came out of a major drought, during which we had to import diesel generators and the like. If we are decoupled from the National Electricity Market - NEM - and we go through another experience like that, it might disadvantage us in how we bargain for assistance, which might be preferable to having to bring in diesel generators. Do you have any comment on that? On page 308 of budget paper 2, volume 1, the Energy Policy and Advice section talks about, 'advancing Tasmania's interests in National Energy Market policy reforms and developments'. What concerns me is that -

* we do not know the level of impact because Treasury has not finished its work, and
* we might be cruelling our pitch when it comes to having a say, which might have a benefit for us into the future in selling into that market, in having a say in what the national energy market policy reforms ought to be.

Can you speak to that and us going down this path? There is a risk in that we do not have enough say in that market in terms of policy reforms. If we don't have enough water coming out of the sky, what happens?

**Mr BARNETT -** It is a very fair and reasonable questions in light of 2015-16 and the energy challenges we had, but we did keep the lights on. Yes, it was difficult, the water levels were exceptionally low and it was problematic. It was managed well by the former minister; I give him great credit. First, our energy storage level as of Monday was 39.6 per cent. The prudent storage level for this time of year is 28.8 per cent, so we are well above the prudent water levels.

I mention the prudent water levels because this is all part of the Energy Security Taskforce Report and recommendations that flowed out of the energy challenges we had in 2015-16. That task force report made a lot of recommendations; we have accepted them as a government and have implemented them. I would like to ask Mr McGee, on my right, who is the Executive Director of Energy Policy, to speak to those task force report recommendations because I think that will help assure you.

**CHAIR** - There is a question the member has asked. Would you repose your question?

**Mr VALENTINE** - I am concerned we might not have enough influence in the national energy market policy if we decouple ourselves from it. That is my real concern. If we don't have enough rain, we may find ourselves in a compromised position.

**CHAIR** - Can I have a specific question, please?

**Mr VALENTINE** - There are two questions. First, the impact it is likely to have in us having input into national energy market policy reform, and the risk associated with us going into drought again. How might that compromise our capacity to negotiate a good deal coming back the other way?

**Mr BARNETT -** Thank you for the question; it was a good and fair question. As I said, in immediate response to your question, it is in two parts. Let me deal with both parts. Is that all right, Chair?

**CHAIR** - Yes. Please address the issues in the question.

**Mr BARNETT -** The first part relates to the NEM and having an opportunity to have a say. We are only delinking in terms of pricing, we are still part of the national energy market. I am still on the COAG Energy Council, for example - I had a meeting a few weeks ago. We have another meeting in August regarding the National Energy Guarantee, an important meeting. We are still part of the national energy market, with all those rules and regulations that apply to our state and every other state and territory.

As to the dams and water levels; flowing from the energy challenge in 2015-16 they set up a task force and made a report with recommendations, one of which was to raise the prudent water level. It is way above that at the moment, which is good. We are in a good position for Tasmania and Hydro. It is a fair comment about the water - that the rain may not rain. That is why we have increased the safety net, as it were. The security system has improved markedly. A whole range of recommendations have flowed through out of that. We have appointed a director of energy planning who oversees and monitors that. It is a very important role, a new position that has been taken on by the Government and that we are paying for as taxpayers, to ensure there is energy security. We do not ever want to be in a position where energy security is compromised.

**Mr VALENTINE** - Have you revisited what we might call the safe level as a result of making this decision to decouple?

**Mr BARNETT** - No. We've made that decision as a result of coming out of 2015‑16. It was one of the many task force recommendations. We have done it in advance of the decision regarding the Tasmania-First Energy Policy announced earlier this year, in January-February.

**Ms LOVELL** - Minister, I want to go back to the line of questioning we had before because I am still unclear. I am going to ask you a very straightforward question that requires a straightforward answer. What advice from either your department or Treasury did you receive on your delinking policy before the policy was announced?

**Mr BARNETT -** On the delinking policy, the Government received advice and feedback from a whole range of stakeholders and people. We do not specifically ask the department, nor would it be appropriate to quiz the department, on the merits of a government policy specifically that would then be released. Due process must take place in regard to elections. I am sure all major parties and other parties would be aware of that. That doesn't mean we were not cognisant of the current policy parameters that existed at the time which were implemented by the department and by the various GBEs in terms of operational matters from the energy GBEs.

**Mr WILLIE** - Minister, let us be really specific here: did you seek advice from your own department on delinking?

**Mr BARNETT -** I will answer that question again, as appropriate -

**Mr WILLIE** - Before the announcement?

**Mr BARNETT -** As appropriate, we sought advice from a whole range of stakeholders.

**Mr WILLIE** - I am specifically asking about your own department.

**Mr BARNETT** - Can I answer the question through you, Chair? Do I get the chance -

**CHAIR** - Yes, but the question is: did you get advice from your department?

**Mr BARNETT -** Do I get the chance to answer the question?

**CHAIR** - Yes, but please answer the question.

**Mr BARNETT -** Thank you. We have received advice from a whole range of people and stakeholders. I have outlined that in some detail earlier today. We have regular ongoing discussions with the department about a whole range of policy and operational matters on energy and my other portfolios. The discussions, consultation and liaison are ongoing. I have regular meetings, so of course we are informed and I am informed personally by those discussions, consultations and meetings. We take into account the feedback we get, but as a government and as a minister you wouldn't say, 'This is a government policy, what do you think about this if we released it in January or February?' We don't go down that track.

**Mr WILLIE** - My question was very specific, minister. It was: did you receive advice about delinking wholesale prices from your own department before the announcement? Not generally. We have general consultations. It is specifically about that policy announcement. Did you seek advice from your own department and did you receive advice?

**Mr BARNETT -** Mr Willie, I think you would be aware you can't answer the question for me. I have to answer the question. I have answered the question once and I will attempt to do it again. We receive a lot of information and advice. In terms of being cognisant and aware of operational matters and departmental views on a range of issues, we meet with them regularly. I appreciate their support and service. During January and February the Government was in caretaker mode, and we don't ask for advice from the department during caretaker mode.

**Mr WILLIE** - I am not suggesting you did ask for advice in caretaker mode. I am asking whether you requested and received advice on delinking wholesale energy prices, before the Government had announced it. That could have been prior to caretaker. Did you receive advice from your own department specifically on that policy announcement?

**Mr BARNETT -** I cannot advise the committee, other than we are cognisant of the views of the department with respect to energy policy and energy advice, and have regular meetings with respect to the capping of CPI. That has been in place for some time and extending -

**CHAIR** - We are not talking about that; we are talking about the delinking.

**Mr BARNETT -** Capping leads to delinking. There is a direct connection between delinking and capping. Of course, we have discussions relating to capping and the merits of delivering lower power prices for Tasmanians.

**Mr WILLIE** - My question was very specific, minister: did you receive advice on delinking wholesale energy prices from your department, prior to announcing it?

**CHAIR** - Before the minister answers this question. It is a very simple yes or no question, minister. I don't believe the member, and neither should he, asked: what was the advice? I expect he is not going to ask, because that is stepping over the line.

**Mr WILLIE** - I have not asked it.

**CHAIR** - The question is: did you get advice on this particular matter, not the broad matter of energy. We understand it is a very big area.

**Mr BARNETT -** In addition to what I have already said and answered, with respect to election policies, we do ask the department for advice.

**CHAIR** - So this was an election policy?

**Mr BARNETT -** It might have been announced in late January, early February, but it was during the course of the campaign.

**CHAIR** - I want to take us back to last year. As you rightly said, there is a link between capping and delinking. The capping started back in May last year and we passed the legislation in this parliament to start the process. That process included asking Treasury to do a body of work about the best way to progress, which could have included delinking. That was mentioned at the time. We did not want to be stuck with Victoria. It was obviously one of those things on the table. The question is - and I will reiterate it and will ask it myself: minister, prior to going into caretaker mode, did you as the Minister for Energy -

**Mr BARNETT -** It was July two years ago I became minister. I do not have the exact date.

**CHAIR** - During that period -

**Mr BARNETT -** Sorry, in Energy, it was July last year.

**CHAIR** - Right, so since July last year and the onset of the caretaker period, sometime at the end of January, did you seek and or receive advice regarding delinking as an option in your price capping policy from your department?

**Mr BARNETT -** The question would be directly relevant to the Treasurer.

**CHAIR** - No, it is relevant to you.

**Mr BARNETT -** I am saying it is directly relevant to the Treasurer. As Minister for Energy, I receive advice and feedback from the department on a whole range of issues from time to time. Capping was relevant last year and obviously very relevant this year and right through to mid‑2021. It is a policy decision for the Liberal Party in terms of the policy. I cannot add anything further to the answers I have already provided.

**CHAIR** - You can add to this, minister. The question is clear: did you, at any time between when you became minister in July and when you went into caretaker in January, ask for and/or receive advice regarding a potential delinking from your department? Not from Treasury, from your department.

**Mr BARNETT -** I have answered reasonably comprehensively but not to the satisfaction of Mr Willie or yourself, Chair. I receive advice and feedback from the department on a whole range of issues from time to time. I cannot add to that answer other than to say I became cognisant of the importance of low energy prices for Tasmanians in my role as Energy minister and as a member of parliament. I know it is an important objective for Tasmanians.

**CHAIR** - Can you not remember, minister?

**Mr BARNETT -** No, I can remember and I am outlining to the committee the advice and feedback I receive from time to time from the department and the GBEs. I have had regular meetings with them since I was appointed. I will tell you the appointment date. It was September last year, by the way, so it has not been that long. I have thoroughly enjoyed the role.

**CHAIR** - Your memory should be pretty good in that narrow space of time.

**Mr BARNETT -** Yes, and we have delivered an important policy, the Tasmania-First Energy Policy, which we are proud of.

**CHAIR** - Minister, I do not know why you cannot answer the question. It is a simple yes or no: did you take advice during the period, whenever it began and until caretaker mode, from your department on this particular policy?

**Mr BARNETT -** I have said what I have said. I am happy to confirm I receive advice and feedback on a range of energy-related matters from time to time from my department and from the energy businesses. I receive feedback from a range of stakeholders. As to the input to this policy, the delinking policy, an important part of our Tasmania-First Energy Policy and the capping of CPI, is all consistent in our efforts to lower power prices.

**CHAIR** - The minister has a real problem with saying yes or no. Minister, have you had any advice from your department since the election, or your reappointment as minister, on this area?

**Mr BARNETT -** As I said, I have regular meetings with the Department of State Growth, the Director of Energy Planning and my GBEs on a regular basis. It is important those entities and the department are aware of our policy. We consolidate all our policies. We make them available through the Department of Premier and Cabinet and then through all the various departments, including the Department of State Growth. That is their job, at least in part, to implement government policy. I have had a range of meetings and discussions with them from time to time with respect to government policy. With respect to the delinking, that is a matter specifically for Treasury and the Treasurer. That work has commenced; those instructions have been passed through to Treasury. My advice is that it has commenced and the plans for delinking by mid‑2021 are underway.

**Ms LOVELL** - Minister, there is very little detail in the budget papers around the delinking policy. Can you please explain the policy in detail to the committee?

**Mr BARNETT -** Thank you for the question. A new regulatory framework is being prepared with respect to delinking the Tasmanian wholesale contract price from mainland wholesale contract prices. That is expected to be in place by mid-2021. That was consistent with the policy announcement we made during the election. Those instructions have been given to the department and specifically to Treasury, which have now commenced the work on a very complex matter to make that happen. We are still part of the national energy market and we still play a role. I still meet with Josh Frydenberg, the federal minister and my former colleague, and the other state and territory energy ministers as well. I have a very good, cooperative and collaborative relationship with them. It has been acknowledged at the federal level that this is important to Tasmania and the work is now underway.

**Ms LOVELL** - How will it work in practice?

**Mr BARNETT -** The work is very complex. It is being undertaken by Treasury and Treasury officials. They are experts in this area and no doubt we'll seek advice and feedback on the best way this can be implemented for the advancement of Tasmania to deliver the lowest energy prices in Tasmania by 2022. That is our target and we have given them that as a policy.

**Ms LOVELL** - Minister, you have said a number of times that it is a complex policy. I understand it is a complex policy and I don't fully understand it myself. That is why I am asking you to explain, as Minister for Energy, the complexities. How will this practically work? What will the impact be on wholesale prices?

**Mr BARNETT** - The impact for regulated consumers in Tasmania, specifically residential customers and business customers, will be to deliver the lowest power prices in Australia by 2022. That is our target and that is our policy.

**Ms LOVELL** - How will the policy do that?

**Mr BARNETT -** As to the complexity of the arrangements and how that will be done, it is a very important body of work. Treasury is undertaking that work. I will see if the secretary can add anything to the answer.

**Mr EVANS** - Our job is not to make government policy. The Government makes the policy; we work out how to implement government policy. There is an arrangement being put in place to cap prices at CPI. While we work through the detail about how to delink from the mainland wholesale contract prices, that is the policy objective that we have been set. We will support work undertaken by Treasury over the next couple of years as the exact details about how we give effect to the policy outcome that the minister and the Government have set.

I can't give you any more detail on that until we work through the detail of this complex work. Our job is to work out how to deliver on the Government's election commitment. That is the case right across the board with all of the Government's election commitments. We don't make the commitments, we work out how to help the Government deliver them.

**Ms LOVELL** - Thank you. Minister, you have made an election commitment to deliver what you are saying you will deliver. The work has not yet been done on how that will actually happen and how you can deliver on that commitment. I am hearing that the department is undertaking that work now. How can you guarantee you will be able to deliver on this policy commitment if you can't explain to the committee today how you will deliver on that policy commitment? How can we trust that you will deliver?

**Mr BARNETT** - I note that Labor supports this policy initiative, which is appreciated. I have outlined the complexity of the measures required, and the need for Treasury officials to work on fulfilling the Government's policy commitment. We are very confident we can achieve our target of the lowest power prices in Australia by 2022. It is a very important initiative. To assist you with any further detail, Matt McGee, Executive Director Energy Policy might be able to add a little on the complexity.

**Mr McGEE** - I am not an expert in this field, Treasury is, but my understanding is the link with Victorian prices comes through the Wholesale Contract Regulatory Instrument. There needs to be an approach developed to changes the connection. I am not aware of any feedback or advice from Treasury that the process is not achievable. I expect over the next couple of years, we will be working with them to deliver the objectives the Government has announced.

**CHAIR** - A couple of questions on the delinking policy: will this new policy in your view impact on Hydro Tasmania's behaviour in the market if it is no longer constrained by the current regulatory environment?

**Mr BARNETT -** Sorry, I missed the first part of your question.

**CHAIR** - Will the new policy, the delinking and even the price capping, impact on Hydro Tasmania's behaviour in the market if it is no longer constrained by the previous regulatory framework?

**Mr BARNETT -** What I know is Hydro Tasmania has noted and accepted the Government's policy. It has been made clear to them from the earliest days of the Government after the election. We put together and consolidated all our election policies to make them available to Department of Premier and Cabinet. From DPAC to all the government departments, then to the agencies. Hydro Tasmania is well aware of this. Steve Davey, the CEO, has publicly stated his understanding, acceptance and support for it in the context of working with the Government to achieve the policy. It is pleasing to stand shoulder to shoulder with Hydro, TasNetworks and Aurora, who likewise acknowledge and support the implementation of government policy.

**CHAIR** - Do you think it will have any impact on Hydro's behaviour in the market?

**Mr BARNETT -** When you say 'behaviour', do you mean how they respond in the market?

**CHAIR** - How they operate.

**Mr BARNETT -** Hydro has advised it is satisfied implementing a government policy. It has advised me and others that it will act consistent with government policy.

**CHAIR** - To your knowledge has Treasury or the Tasmanian Economic Regulator provided any analysis or advice on the cost of Hydro generation to be required under the new pricing mechanism of this policy? I know you cannot predict the future capping policy.

**Mr BARNETT -** Hydro has a job to do and that is to generate power. For the committee's interest, the date of the Tasmania-First Energy Policy at Lake Gordon with the Premier and myself was 4 February 2018 regarding delinking a month before the election.

**CHAIR** - But in caretaker mode?

**Mr BARNETT -** Yes. Hydro is acting consistent with Government policy. That is very important and it has a job to do - to meet the terms of its objectives as a government business enterprise and to generate the power as efficiently and in a sustainable way.

**CHAIR** - We moved on from that question, minister - that was the previous one. I am talking about the cost of generation. Has any analysis been done to show if there is any impact on the cost of generation of this policy?

**Mr BARNETT -** I am not aware of any concerns been raised with me by Hydro Tasmania of the cost of generation. Hydro is aware and has given an undertaking it will continue to act consistent with government policy; it has and assured me it is sustainable and profitable and it expects to remain so.

**CHAIR** - I know this is looking into the future, the next election will be in 2022. I am thinking of when they are supposed to be finishing, 2021, which is in your current term of Government. Will the Government proceed with its policy if the market prices are below the perceived cost of Hydro generation in 2021, if you reach the point of decoupling, prices are set to that point and it is below the cost of generation? That is why I am trying to understand the cost of generation.

**Mr BARNETT -** That is a hypothetical question. In parliament it is a bit unusual to be answering hypothetical questions, but I will do the best I can to assure the committee the policy is well researched, well considered, and we are confident and hopeful of its implementation, which we know it will be by mid-2021. Our target is to deliver the lowest power prices by mid-2021 and it is on the basis that the benefits will flow through to business and residential customers. We are confident that can be achieved.

**CHAIR** - Minister, Hydro sells power below the cost of generation at times, are you aware of that?

**Mr BARNETT -** I am aware they operate on a sustainable basis and deliver profits to Tasmania.

**CHAIR** - That is true, but are you aware they sell power below the cost of generation?

**Mr BARNETT -** From time to time I am sure they do what is necessary to deliver a sustainable and profitable business.

**CHAIR** - I am talking about when the run-of-rivers systems are flowing and those sort of things, and it's not going to be used if it's not sold. When we reach 2021, you have claimed you are going to have the lowest prices in Tasmania, for the whole of Australia: if that price has to be below Hydro's generation costs, will you still proceed?

**Mr BARNETT -** Again, that is a hypothetical question relevant to 2021. I can assure the committee we are confident of our objective to deliver the lowest prices in Australia by mid‑2021 with the arrangements to delink. It is a complex matter and we are on track. In the meantime we are capping, saving Tasmanians significant funds in their power prices every year. By mid-2021 we want our government business enterprises, the energy businesses in particular, to be sustainable and profitable.

**CHAIR** - One final question and we will go to another area: have you or the Government received advice on the interaction of this policy with the National Energy Guarantee, particularly as the NEG is designed to avoid market upheaval resulting from sudden generation closures?

**Mr BARNETT -** The first part of your question -

**CHAIR** - Have you received advice regarding this policy about the interaction with the National Energy Guarantee?

**Mr BARNETT -** The NEG hasn't been finalised. There is a meeting on 10 August in Sydney regarding the National Energy Guarantee. It hasn't been finally designed. A well-designed NEG can benefit Tasmania. As to the delinking, that's not relevant to the NEG because the NEG hasn't been completed.

**CHAIR** - Who have you informed, in discussions on the finalisation of the NEG, of this policy?

**Mr BARNETT -** I can advise the committee I have informed the federal minister, Josh Frydenberg, and apprised him of our policy position. He has noted that and can see the benefits for Tasmania. He has commented on the public record. I am happy to draw attention to those public comments he has made. I don't have them in front of me. He has been a friend of Tasmania, through the support of ARENA, for the various reports and papers we are undertaking with the federal government. My thanks go to the federal government, and Josh Frydenberg for the wonderful support he has given Tasmania, and the positive messages he has made around the pumped hydro infrastructure being considered national infrastructure. That is really foundational; it is important. He can see the benefits for the Battery of the Nation. He can see the benefits for the mainland from Tasmania having further interconnection and pumped hydro storage. He can see the benefits because he knows the cost of production for pumped hydro is 20 per cent less than other states. Even if it is considered about the same, he can see the benefits of pumped hydro and further interconnection, because we have what the rest of the country want. That is, low-cost, nearly 100 per cent fully self-sufficient, renewable and reliable. What they call 'dispatchable energy, where you flick your fingers and you have power.

They do not have that particularly in South Australia and parts of Victoria and New South Wales. They have had serious concerns. I am happy to outline in further detail the Government's views around the National Energy Guarantee. A well-designed National Energy Guarantee can deliver significant benefits for Tasmania.

**CHAIR** - The member for Rumney has another question.

**Ms LOVELL** - While we are speaking about pumped hydro. Is there actual funding in the budgets, either state or the Commonwealth budget to build pumped hydro?

**Mr BARNETT -** It is on public record, funding is in Hydro Tasmania budget for the studies being undertaken with Arena. I was at Lake Cethana with the minister and the Premier a few weeks ago, where it was announced. We are delighted working shoulder to shoulder with the federal government and the work undertaken. A further body of work will be undertaken on the merits, design and feasibility of the pumped hydro storage on those 14 sites. This will be whittled down to maybe five, six or seven sites so we can get 2500 megawatts, double our energy capacity, over 10 to 15 years, with 3000 jobs estimated to be delivered over that time with a $5 billion‑investment.

**Ms LOVELL** - For the studies, but is there money to actually build?

**Mr BARNETT -** There is a body of work required on the feasibility, economic viability and financial arrangements regarding pumped storage. That work is currently being undertaken, funded by Hydro Tasmania and ARENA, federal and state working together. It is supported by Josh Frydenberg, supported by myself and the state Government. We are pleased and work is underway; we are also very energised about the prospects of the report and the recommendations when it is comes out, because the prognosis is encouraging.

**Ms LOVELL** - So no money to build?

**Mr BARNETT -** The study has to be undertaken before financial commitments can begin.

**Ms LOVELL** - When are you expecting the study to be finished? I apologise if I missed that earlier.

**Mr BARNETT -** In the next 18 months.

**Mr VALENTINE** - Given the ageing infrastructure, are you confident this policy is not going to impact on our business enterprises asset replacement program because of the lower revenue to be received?

**Mr BARNETT -** Hydro Tasmania plans to remain sustainable and profitable. This is very clear in their plans for the future. I am sure you will hear this again later this year when Steve Davy is here with the Estimates hearings in November-December.

**CHAIR** - We do not have them this year, it is not our turn.

**Mr BARNETT -** If you have the chance to speak with him, he would say that. The second part of your question, the delinking, Hydro have plans for consistent and regular upgrades -

**Mr VALENTINE** - I was not asking the question about what Hydro think. I was asking if you are confident this policy doesn't impact on its capacity to replace its assets in a timely manner.

**Mr BARNETT** -I am very confident that this policy has the balance right. I am very confident it will deliver the lowest power prices as targeted. I am also confident Hydro Tasmania will remain sustainable and profitable. I am also aware of Hydro's plans to upgrade its 30 power stations over time. I know we are not in a GBE scrutiny committee, but I can advise that Hydro has plans for $1 billion over the next 10 years or thereabouts to upgrade -

**Mr VALENTINE** - Does that include any dam works?

**Mr BARNETT -** Yes, it does. That is maintenance and upgrade, but a significant amount of that money is for upgrade and redevelopment.

**Mr VALENTINE** - Especially Scotts Peak Dam. Pumped hydro sounds like an exciting thing. I can understand spare electricity may as well be put into pumping water uphill so it can come back down again. That is it in simple terms. How is that going to impact on the second interconnector idea? With the policy you are putting forward now, is that going to change how you think about the interconnector and whether it is needed at all? If we are going to be 100 per cent self-sufficient, is that going to call into question the need for that second interconnector now? If we don't really need it to back us up, then in the event of something happening we have all this electricity. We don't need to be backed up from the mainland in case something goes wrong, so why put in a second interconnector?

**Mr BARNETT -** Good question. There is a direct link. With pumped hydro and to maximise the merits of pumped hydro, you really require further interconnection. You need to have a market. As you have indicated, you pump the water up and then you let it out. We want to get to 100 per cent self-sufficiency by 2022. We are on track with Cattle Hill and Granville Harbour to get to 100 per cent self-sufficiency by 2022. Then we can be in a position to export that excess energy to the mainland and make money. Put it this way, there will be very little pumped hydro unless we have further interconnection. We need that further interconnection to provide access to the Victorian market and to the mainland market. When prices are high, you sell your energy; when prices are low, you use the power to get it up to higher storage.

It really is directly relevant and that is why the Government supports further interconnection. It will deliver opportunity not only or pumped hydro but wind. You have heard of UPC Robbins Island and Jims Plain - they have plans for more than a billion dollars' worth of investment into wind energy in that area alone. That will not be optimised unless there is further interconnection. This was going to deliver further development growth and jobs big time.

**Mr VALENTINE** - I would have thought that spare wind was going to be used to pump the water uphill, rather than for export.

**Mr BARNETT -** If you are already at 100 per cent capacity, what are you going to do?

**Mr VALENTINE** - If we ever get to that point, it will be very interesting. I guess I am worried about -

**Mr BARNETT** - We are on track to get there by 2022.

**Mr VALENTINE** - I am worried about whether the decoupling with the national electricity market is going to interfere with what we might want to do with our power later on.

**CHAIR** - Not the market, the prices.

**Mr VALENTINE** - Okay, prices.

**Mr BARNETT -** That relates to the prices, that is right. There are a few balls in the air in the energy area with pumped hydro, you have mentioned interconnection and there is wind. The opportunities are significant and if Tasmania can grab them with both hands, we think we have the policy levers about right and we know we are heading in the right direction. There is much work to be done. We are in exciting times and I can tell you, talking to my colleagues on the mainland, they are under a lot of pressure with big challenges with coal coming out of the market and volatility in the market. There is huge opportunity as Liddell Power Station comes off in 2022, so there is space in the market on the mainland. You will feel the pull, and if we have that further interconnection, which will underpin pumped hydro and that wind energy development, it will be terrifically significant for Tasmania.

**CHAIR** - Minister, on the second interconnector and the one we have, which has broken again. We would not need another one if that was an efficient cable. You only send energy over when the prices are high and bring it back when the prices are low. Is the reliability and capacity of that cable driving the second interconnector a concern?

**Mr BARNETT -** Capacity, 500 megawatts, is the limit. It was built in 2006. We need further capacity to sell our excess energy into the mainland market. We need further interconnection to provide an opportunity for pumped hydro investment, wind energy development and a range of renewable energy development because we are a renewable energy state. We have world-class water and wind power. That is one of our competitive strengths and we need to make the most of it. We plan to do so.

**CHAIR** - How is the work on the business case going with that?

**Mr BARNETT -** It is going well, thank you for asking. We have put in $10 million through TasNetworks, the federal government has put in $10 million through ARENA. I appreciate their support. That was announced in November last year by Josh Frydenberg, the Premier and myself. It is progressing well.

They are looking at the feasibility and geography of where the cables are best located. They are making those studies. They were recently in Europe meeting with cable manufacturers. It is a big business in Europe and in parts of Asia. Interconnection is going full steam ahead across various parts of Europe. I have been briefed on it. They are obtaining the best advice and information possible and that will go into the report, which is due in November this year. There will be a further report after that as well.

**CHAIR** - Does the financial modelling include gas?

**Mr BARNETT -** My understanding is that it focuses on electricity.

**CHAIR** - The current one had a significant component of gas usage to make it financially viable.

**Mr BARNETT -** Gas usage is a separate pipeline. We have the Tasmanian Gas Pipeline company and we have had discussions with them. There was an arbitration arrangement with Hydro Tasmania.

**CHAIR** - I am not talking about the contract for supply or transport. I am talking about whether the feasibility study and the business case include gas generation as backup. That is what happened with the first one, to make it financially viable.

**Mr BARNETT -** They look at our power and energy needs in Tasmania, across the board. They are focused on the capacity and geography of the cable, the topography of Tasmania and how the transmission system as it is currently designed. South, north, north-west - there is a lot of infrastructure.

**CHAIR** - I am talking about the business case for the cable. What is being considered in that?

**Mr BARNETT -** I am trying to explain what they are looking at. You can't simply have a cable from Victoria to Tasmania. It has to connect somewhere. There has to be a market somewhere, so there has to be a transmission system.

**CHAIR** - Which we have, TasNetworks has a fairly schmick one.

**Mr BARNETT -** They do. They would advise better than me if they were here, but as to actual transmission system, where the main transmission lines are and where they connect to, it is important. It is no good simply having a line across Bass Strait. They have to connect where the transmission system is strong, otherwise they need further funding support in Tasmania and Victoria.

**CHAIR** - My question wasn't about that. It was about whether it is going to require a certain amount of gas usage to make it financially viable.

**Mr BARNETT -** The report is underway and we will have the first report around November this year.

**CHAIR** - Will that be made public?

**Mr BARNETT -** Yes, I expect it will be, at least a good part of it. That is a matter for them, but we will have some important information to release in and around November.

**Mr VALENTINE** - Does this policy decision constrain Treasury and indeed that business case? It possibly reduces their options in how they are looking at this whole situation with the second interconnector and other aspects of energy development in Tasmania. Isn't it a bit premature? I know we have gone into this a bit, but shouldn't we have waited for Treasury advice and the second interconnector advice before making the decision to decouple from the energy price?

**Mr BARNETT** - It is a fair question but the decision is made on the basis that we want to deliver the lowest power prices in Australia by 2022. It is a complex matter. Much work is to be done but it does fit. It is consistent with further interconnection. It is consistent with pumped hydro and further renewable energy development, but they can all go together. They will all go together if we can get the parameters right, subject to this further work on pumped hydro and on interconnection. We have to wait for those reports to come out to make the final decisions about interconnection and pumped hydro.

**Mr VALENTINE** - And possibly decoupling, really?

**Mr BARNETT -** No. The decision on delinking has been made and is on track, but they are very important questions in terms of financing those projects. I can't sit here and say they will be financed by this, that or other entity or government, but I can say that the federal government has been very positive in acknowledging that infrastructure as national infrastructure because it can see the benefits for the nation.

**Mr GAFFNEY** - There is a two-minute preamble so that you are not caught unawares. In 2014, there was a 12‑month moratorium on hydraulic fracturing to enable review. In 2015, the then minister for Primary Industries, Mr Rockliff, said there would be a five-year moratorium. A review into the practice of fracking will be done before the moratorium expires in March 2020.

I know, minister, this crosses a number of portfolios - Energy, Resources, and Primary Industries. My question is, and probably on notice: has there been a discussion regarding the review? I don't want to be here next year at this time asking when the review is taking place. It is supposed to be completed by March 2020, when the moratorium finishes. Accordingly, the Government's proposed review into fracking will be conducted before the moratorium expires. I know there is a bit of angst in that area. I think it needs to be a decision, through Cabinet or with your colleagues - but it also says 'via a process to be determined by the relevant minister at the time'.

I am not sure if you are the relevant minister at this time or if it is somebody else. I want some information or feedback. Have there been discussions about that review and whose responsibility will it be? Who will be the relevant minister at the time?

**Mr BARNETT -** It's a very fair question. I understand where you are coming from. Thanks for the preliminary observations you have shared. Can I provide a preliminary response and try to provide more information subsequently? Jeremy Rockliff, the deputy premier and minister for Primary Industries prior to the election - and I think it was during the campaign - made a policy announcement that the moratorium would be extended for five years, to 2025. That might satisfy your question, I am not sure.

It has been extended. The moratorium had been in place through to 2020 and there was to be a review. My understanding is there was to be some review in advance of that, but the Government has made the decision to extend that moratorium for a further five years to 2025.

**Mr GAFFNEY** - There will be a review undertaken before 2025?

**Mr BARNETT -** Yes.

**Mr GAFFNEY** - Thank you.

**Mr VALENTINE** - Minister, with respect to your lead-in statements, you talk about wanting to be self-sufficient by 2022. You made a specific point about saying 'and we own our utilities', which obviously is an important aspect of being self-sufficient, being able to control the environment you are working in. It is often suggested by others that we should sell our assets. You have espoused the benefit of the fact we own our utilities. Is this a firm future position?

**Mr BARNETT -** In terms of the energy GBEs?

**Mr VALENTINE** - Yes, keeping our facilities and not selling them.

**Mr BARNETT -** I make it very clear: they are not for sale.

**Mr VALENTINE** - Is that a long-term commitment you are making here?

**Mr BARNETT -** It is a strategic benefit for Tasmania at the moment, because the policy parameters are that as the Government, we own the energy GBEs and they perform an important service for Tasmania. They are owned by Tasmanians. I say the Government owns them, but they are owned by Tasmanian people. The Government's position with Hydro, TasNetworks and Aurora Energy, is that we will always do what is in the best interests of Tasmania.

**Mr VALENTINE** - I personally support the position.

**Mr WILLIE** - Minister, can you explain why the Government did not credit accounts with the Special Energy Bonus rather than sending a cheque?

**Mr BARNETT -** With the Special Energy Bonus of $125, a very important commitment the Government made to provide support for Tasmanians with energy prices, work was undertaken with Westpac Bank to achieve this as soon as possible. That was a decision for the Government, based on advice at the time. Questions occurred in the Aurora Energy GBE hearing in November-December last year at some length. I am happy to answer the question in the context of the openness and transparency of this committee in parliament. The answer is yes, it was to achieve the objectives the Government had to deliver those lower costs to Tasmanians as soon as possible.

**Mr WILLIE** **-** What were the reasons for not crediting accounts a saving on postage and other costs?

**Mr BARNETT** - These questions were asked at some length in Aurora Energy GBE hearings last year. In answer to that specific question, it was to be delivered as soon as possible to Tasmanians to keep their power prices down. If it was undertaken in the way you have advised, some people would have received it significantly later, and that is very important. The pay‑as‑you-go customers would have been not in the same boat as everybody else.

**Mr WILLIE** - You could have offered credits for pay-as-you-go customers, so that argument doesn't stack up, minister.

**Mr BARNETT -** This matter was discussed in great detail at the Aurora Energy hearing last year and was very clear. I will see if there is anything further I can add to my answer, if you bear with me. Yes, it was clearly based on Aurora Energy feedback and advice at the time. Their banking partner is Westpac Banking Corporation and the objective was to deliver cheques to eligible customers. Aurora Energy's existing contract with Westpac included the provision of this service and allowed for cheques to be sent directly to customers by Westpac together with Government correspondence. As a result, that did occur and we were very pleased we were in a position to deliver lower energy prices for Tasmanians.

**Mr WILLIE** - Did you receive advice that there would be potential issues on the distribution of the cheques because of a reliance on third parties?

**Mr BARNETT** - We are having questions regarding Aurora Energy. We have the 2018‑19 Budget before us.

**CHAIR** - It is energy policy, minister.

**Mr BARNETT -** Is it in the Budget?

**CHAIR** - Energy policy advice certainly is, on page 308. It was a policy decision as I understand it.

**Mr WILLIE** - My question, minister, is: did you receive advice there could be delays in distribution because of a reliance on third parties?

**Mr BARNETT -** We made a decision based on all the information available to us. The best information we had was to get the funds in the form of cheques to the eligible customers as soon as possible, based on advice. We acted on advice to deliver lower energy prices because that is a key policy - cost of living is a top priority issue for Tasmanians. Energy is a key part of delivering on those needs for Tasmanians.

**Mr WILLIE** - On 30 November, did you receive advice that reliance on third parties for the distribution could lead to delays?

**Mr BARNETT -** I am not in the Aurora Energy hearing at the moment, I am in a budget Estimates committee for the 2018‑19 Budget. I don't have those papers or that correspondence with me on what advice or feedback I had last year.

**Mr WILLIE** - Let me jog your memory, minister. On 30 November you received advice that -

It must be noted that there is a reliance on external parties - Centrelink and our banking partner Westpac - to ensure timely distribution of the bonus.

As such, we are unable to bind these parties to ensuring the payments will be made by December 20, 2017.

A right to information request of mine revealed this advice. That was on 30 November. Did you mislead people in your press release on 6 December with a title 'Special Energy Bonus mail‑out in time for Christmas'?

**Mr BARNETT -** What advice are you referring to in your 30 November advice?

**Mr WILLIE** - I am saying on 30 November you were advised -

**Mr BARNETT -** What's the advice? Who was it from? You can't just quote without providing authorisation.

**Mr WILLIE** - I am happy to provide more information. It is a letter from the Chair of Aurora Energy, Caryle Demarte, on 30 November to Peter Gutwein and you as Minister for Energy.

**Mr BARNETT -** Right, okay, I don't have that letter with me. You are referring to a letter of 30 November. The decision regarding all this occurred well in advance of 30 November, and I haven't the exact date with me.

**Mr WILLIE** - If you received that advice on 30 November, did you mislead people in your press release on 6 December, which followed that date, 'Special energy bonus mail-out in time for Christmas'?

**Mr BARNETT** - No.

**Mr WILLIE** - You don't believe that's a misleading statement, after receiving that advice?

**Mr BARNETT** - You are putting words in my mouth. You are asking was I misleading, I am saying, no, I wasn't.

**Mr WILLIE** - You received advice on 30 November saying there could be delays in the distribution.

**Mr BARNETT** - You are referring to my media release. Why don't you read it?

**Mr WILLIE** - I am reading the headline: 'Special Energy Bonus mail‑out in time for Christmas'.

**Mr BARNETT** - Why don't you read the whole thing?

**Mr WILLIE** - I am reading the headline of that statement.

**Mr BARNETT -** Why don't you read the whole statement, to put it in context?

**Mr WILLIE** - No, I am reading out the headline; that's a statement you have made.

**Mr BARNETT -** You are being selective and unfair. You are misrepresenting my position and I reject it.

**CHAIR** - We might have a break for morning tea, it being 11 o'clock. If you wish to make a further comment after the morning tea break in regard to what you did say, you are welcome to.

**The committee suspended from 10.59 a.m. to 11.21 a.m.**

[11.21 a.m.]

**CHAIR** - Welcome back. Before we go into questions, I give the minister an opportunity to respond to a comment made by the member for Elwick before morning tea.

**Mr BARNETT -** Thank you, Madam Chair, there are two points. The first relates to the timing of the Special Energy Bonus. I advise that the situation of Aurora Energy is that at the time of the direction, Aurora Energy's core billing system Oracle CC&B was undergoing significant changes in preparation for the implementation of the nationally mandated Power of Choice competition in metering changes. These changes prevented the system modifications required to deliver the bonus payments via customers' electricity bills, crediting customer accounts. That is Aurora Energy's advice on this matter. Aurora makes it clear that to deliver the Special Energy Bonus in the prescribed timeframes, the most viable alternative was to use Aurora Energy's banking partner Westpac to deliver the cheques to eligible customers.

To respond to and reject Mr Willie's accusations regarding myself, which could be viewed by some as an attack on my integrity, on 6 December, I said publicly, 'I'm pleased to be able to advise that next week cheques will begin to be sent out to eligible recipients of the Hodgman Liberal Government's Special Energy Bonus. The energy bonus is a one-off payment of $125 per household to Pensioner Concession Card and Commonwealth Seniors Health Card Holders to help cover their energy bills. It is part of the Hodgman Government's Tasmania-First Energy Policy.'

That policy was clear before that time and we put in place all the necessary measures to get the funds out as soon as possible. We acted on that advice and policy. We did everything we could. I would finally add Westpac apologised for the delays in many of the cheques not being there in the time frame they had hoped. The apology was accepted and they have covered all of the cost of the mail-outs.

**CHAIR** - Thank you, minister. I am going to talk about the energy rebates for business. I note in budget paper 2, volume 1, on page 105 under Finance-General that $15 million is allocated over two years for energy rebates for business. It is an energy policy and I am talking about the numbers. There is $15 million over two years noted in the Finance-General output area. It is noted in Treasury and Finance on page 332 that $10 million is allocated over two years. Could you clarify whether these are for the same thing? It refer to energy rebates for business. I want to clarify whether it is those coming out of contract, or do they pick up those already out of contract, receiving it? There is two different amounts and I am unsure as to who we are covering here.

**Mr EVANS -** It has two components, it has a pre-2 May rebate and a general rebate. Customers recontracted from 1 January 2017 to 2 May 2017 were eligible to receive both the pre-‑2 May rebate and the general rebate. Customers recontracted between the 2 May and 30 June this year are eligible for the general rebate only.

**CHAIR** - The $15 million is for one lot and $10 million for the other? Is that it?

**Mr EVANS** - There was $20 million last financial year, of which $15 million will be expended, $5 million rolls forward and there is $10 million in this next budget, in Finance‑General.

**CHAIR** - I couldn't understand what the different numbers related to. How many businesses were assisted through last year's rebate system came out of contract during that period, and what was the total cost of providing the rebate to Aurora and ERM?

**Mr EVANS** - In 2017-18, over 600 businesses accessed the rebate. I don't have the other detail.

**CHAIR** - You don't have the cost of it? As I understand, the rebate was provided to Aurora and ERM. They are the only two retailers.

**Mr EVANS** - They are provided under two different mechanisms. I haven't got the split between Aurora and ERM.

**CHAIR** - The total is fine, it doesn't need to be individual.

**Mr EVANS** - In the order of $15 million for this current financial year, of the $20 million, with $5 million rolling forward into next financial year. Aurora reimburses its customers on a quarterly basis. ERM has a different system, it provides monthly adjustments to customers' accounts.

**CHAIR** - This has an impact on Hydro Tasmania with the revenue forgone. I am referring to conversations we had with the minister last year, acknowledging it was a different minister. He suggested the revenue forgone to Hydro for this initiative was $10 million to $15 million, so what is the expected revenue forgone for the coming year for the extension of this policy?

**Mr EVANS** - I don't have that. In terms of the overall impact, I don't have that. It is accounted for in the forward Estimates for Hydro. In terms of dividends for tax equivalents, it's already taken into account.

**CHAIR** - I am sure it is but do we have the cost in revenue forgone? I am happy to put it on notice, as with the other one.

**Mr EVANS** - We can work it out -

**CHAIR** - I will put it on notice. Mr Willie has a question.

**Mr WILLIE** - I reference a recent press release attacking me in this hearing and there are other comments. I was clear from the outset that Labor did not oppose lower power prices and you have deliberately misled people again. I have already outlined that you have form for misleading people in press releases. The first line says, 'Why is Labor opposed to lower power prices?', when I specifically said in the committee we were not, and *Hansard* will reflect that. I would like to draw attention to the third line from the end of your press release. It says -

We will delink from the Victorian wholesale price setting mechanism by mid-2021 as we have discussed. A policy move which is estimated will cut power bills by 7 to 10 per cent.

What advice are you basing that seven to 10 per cent on? Clearly, you do have advice to make the statement.

**Mr BARNETT -** You have asked a number of questions there. Let me reject your comments with respect to my integrity. You referred to the Labor government position. Let us make it clear: the Labor-Green government in 2013 signed up to linking Tasmanian power prices to mainland power prices. That caused a significant impact on power prices on the back of a 65 per cent increase in power prices, under the Labor-Green and Labor governments.

You have made allegations with respect to me. I am responding to your question in the way I see fit. You have made those allegations, and I reject them because you have form in supporting high power prices. You have seven years of form of 65 per cent increases and you tied us to Victorian wholesale prices in 2013. You have now done a backflip, supported through your Leader, the day after we announced our Tasmania-First Energy Policy.

**Mr WILLIE** - Who has done a backflip, minister?

**Mr BARNETT -** Your Leader, Rebecca White, on behalf of the Labor Party.

**Mr WILLIE** - No. We are here to provide scrutiny on the minister and get the detail for the policy.

**CHAIR** - Order.

**Mr BARNETT -** You tied us to Victoria and now we are supporting the delinking. We are going against advice you put into place when in government. The member was not here in 2013 so I remind him that he is a member of a party with a record of 65 per cent increases in energy costs and tied us to the high power prices on the mainland. We are doing the opposite. We are delivering low power prices.

**Mr WILLIE** - Chair, I could ask the question again in a more succinct way?

**CHAIR** - Just ask one question at a time might be more helpful.

**Mr WILLIE** - What advice are you basing the statement on that a policy move such as delinking will cut power bills by seven to 10 per cent?

**Mr BARNETT -** Thank you for the question. It goes back to the Tasmania-First Energy Policy the Premier and I announced on 4 February 2018 at Lake Gordon.

The Tasmania-First Energy Policy was very comprehensive at the time. It made it clear delinking would provide benefits to Tasmania, delivering the lowest power prices by 2022. The estimate at the time was between seven and 10 per cent for the average Tasmanian, or $200 savings on their power bill.

We believe and are confident in the policy decision. It is now being implemented. Last week we made a decision to cap power prices at 2.05 per cent, delivering a benefit of $850 to residential customers and more than $160 benefits per year to businesses. We have every confidence and believe the policy can and will be implemented.

**CHAIR** - Any other questions?

**Mr WILLIE** - I will let it drop, but make my thoughts clearly stated on the record: the press release that has just gone out is misleading. From the outset, I said Labor is not opposed to lower power prices and the minister has deliberately made a statement to the contrary.

**CHAIR** - Thank you. We will move on.

**Ms LOVELL** - Minister, your policy includes a commitment to review the solar feed-in tariff and was part of the Liberal Party plan to Build Your Future. It was one of the commitments to begin the review in the first 100 days of a Liberal majority government. What is your understanding of when the 100 days ends or when the period ends, and what work has started on the review of the solar feed-in tariff?

**Mr BARNETT -** They are important questions regarding the solar feed-in tariff and to confirm we are within the 100 days as we speak. In the last seven days, I have put out a statement confirming the solar feed-in tariff review has commenced and those instructions have been presented. The Treasurer and I have both acted on it and it will be undertaken. Mr McGee, the Executive Director Energy Policy, on my right will lead that review, and I am happy for Mr McGee to respond. That review has already commenced. It is an important policy objective for those who have solar panels that they can be provided with incentives to continue and then to provide a reward for those looking to have solar panels. We want to see the big picture so that benefits can be derived. We have to try to get the balance right.

I refer to my media release of 21 June, six days ago

The Tasmanian Government is also committed to completing a review of the solar feed in tariff rate for Tasmanians investing in solar powered generation by December 2018.

This is because of the 1 January deadline. We promised to do a review in that first six months or so of this year. We have commenced that review, it is underway and Matt McGee will be leading that review working with Treasury.

**Ms LOVELL** - To clarify a couple of those dates, the commitment was within the first 100 days. What is your understanding of that 100 days?

**Mr BARNETT** -We are within the 100 days. We are within it, and I have already announced it.

**Ms LOVELL** - My question is: when does the 100 days end?

**Mr BARNETT -** I don't have the exact date in my head as we speak, but we are within the 100 days.

**Ms LOVELL** - Second, you just said that review would be completed by December. Is that correct?

**Mr BARNETT** - Yes. It is possible it could be before then because people will need some time to prepare and plan for 1 January because that is when the date kicks in for the solar feed‑in tariff to be applied.

**Ms LOVELL** - In your policy, you had committed to a review being conducted within the next six months. Was that the next six months from the date of election of the Government?

**Mr BARNETT -** Yes, once we have announced it. We have announced it; it is already underway; we acted on it swiftly because it is a policy decision, working with the Treasurer.

**Ms LOVELL** - Will that review be conducted within that six months or is it December, which is more like nine months?

**Mr BARNETT -** It will be conducted in the next six months.

**Ms LOVELL** - From now, not since the date of election?

**Mr BARNETT -** From when we commenced. I don't have the exact date when we instructed the director of energy policy. It is underway, there will be an opportunity for public input and we look forward to feedback to get the views of different stakeholders and people who might have a view - for example, the group that already has solar panels, and the group that might want to have solar panels.

**CHAIR** - There are two groups, Minister - there are those who are on the really good deal and those who aren't. There are two groups already.

**Mr BARNETT -** There are different groups. There is everyone else who doesn't have them at all. We are very supportive of solar as a government and that is why we have the Tasmanian Energy Efficiency Loan Scheme and thousands of Tasmanians are benefiting under that scheme and putting on solar panels. We have been very proactive in supporting solar and other renewable energy as part of our Tasmania First energy policy.

**Ms LOVELL** - I agree with you, it is a very important review and I know a number of Tasmanians are awaiting the outcome of that review because it will have a significant impact. I wanted to be clear that where you said in your policy the Government would conduct a review within the next six months, you meant it would be six months from when the review was commenced, not from when the Government was elected. Is that correct?

**Mr BARNETT -** We have responded immediately. I have acted on it as the minister, worked with the Treasurer and we have appointed Mr McGee to lead that. It is underway; it will take approximately six months, as we said in our policy document. We need to have the report and recommendations out of that, and the Government needs to consider it, respond to it and make that decision in advance of that 1 January deadline so that people can make decisions on what is in their best interests.

**CHAIR** - I had a couple of questions on that but Ms Lovell has covered most of them. When will the opportunity be for public input? There are many people who have an opinion on this - some you may agree with, some you probably won't.

**Mr BARNETT -** Yes, a fair question. That will be made public so people can have an input. In the coming weeks that will be announced so people can have input.

**CHAIR** - What form will that take?

**Mr BARNETT -** It will be in the form of an advertisement for the public to have direct input to the policy.

**CHAIR** - How?

**Mr BARNETT -** Written submissions, papers, letters, correspondence as appropriate.

**CHAIR** - I notice, in a different area, there is an interactive website giving people opportunity to provide input to State Growth on road infrastructure and the like. Is it going to be like that? Some people do not send handwritten letters any more.

**Mr BARNETT -** We will try to be open and supportive of feedback from across the community, and we will be looking at other models in other states. We want to try to ensure the best outcome for Tasmania. It is an important area. We have TEELS and there are other ways, using batteries, there are different options we can provide to support further renewable energy use in Tasmania.

**CHAIR** - When you put batteries in, the idea is not for the benefit of the feed-in tariff, it is to save you buying power and any excess goes in. Do you think it would be a reduction in the cost of batteries, with the greater likelihood of that being taken up as an option? It is the case with an integrated system, which I admit I have. We only receive the very low feed-in tariff. They forgot to credit it last time so we paid double. Minister, do you think that will have an impact on the decision on the feed-in tariff?

**Mr BARNETT -** It is part of the decision-making. The feed-in tariff is a key ingredient. Other factors can feed into that, as you have mentioned. The battery is one of those as to how that can benefit residential or small businesses. Batteries are more efficient and they are becoming more commonly used. There is still a fair way to go with the economics and maintaining them. There are a lot of factors.

Last week I was at the University of Tasmania with the Future Energy Research Group. We had a couple of dozen university experts in energy. It was a terrific day and I appreciated it. They gave us feedback on the feed-in tariff. The Future Energy Research Group at UTAS will be making a submission to government. I was impressed with that group and they seemed energised to have input and a role. We will take advice from as many quarters as possible to come out with the best decision to benefit Tasmania.

**CHAIR** - For those who may be going from the 28 cents to 7 cents on 1 January, are you committing to having a new arrangement, whatever that might be, before that happens? Some people would rely on that in calculating their living costs. I don't think it is very generous.

**Mr BARNETT -** The decision was made under the previous Labor-Green government to move away from the 28 cents and that is understandable. We will not know until later in the year but the date is 1 January and that is a fixed date. Everybody is locked into having new arrangements in place by 1 January.

**CHAIR** - There will be time for people -

**Mr BARNETT -** Yes, this is the point. We are moving on with the job so we can deliver a report and recommendations to government. Government can consider that, respond and give people enough time to prepare.

**Mr VALENTINE** - Does the special price of 28 cents run out at the end of August?

**Mr McGEE** - I think it is 31 December.

**Mr VALENTINE** - I thought it was only for five years from the date of connection that you received the special price.

**Mr McGEE -** It runs out on 31 December 2018.

**Mr VALENTINE** - Thank you; that is news to me. There is going to be that six-month hiatus. You might have people making their decisions to investing in batteries and the like before they know what the possible outcome is.

**Mr BARNETT -** Fair comment. We had an election on 3 March and then after 3 March we had that period - under the Hare-Clark system it takes a little while - I was appointed a few weeks after 3 March, like everybody else in Cabinet. Then you get moving as quickly as you can. I can assure you, we have worked very hard to get this underway and now it is underway. The public will have an opportunity for input. I appreciate your views on timing and I recognise that. It is a good point and we will do what we can in the time available.

**CHAIR** - Minister, in your overview you mentioned the gas contract. Last year the minister commented on the work being done seeking to put in place an arbitration mechanism through a change in the National Gas Rules. You said that had occurred. Can you give us a bit more information about the date that was renegotiated and agreed to, and what it means for Tasmanian gas users?

**Mr BARNETT -** It is a good question. That did go to arbitration. As the minister last year may have mentioned, this arbitration arrangement came about through COAG. That is because the Tasmanian Government put the proposal to allow for an arbitration arrangement that was agreed by COAG. Congratulations to the former minister for being proactive to help make that happen.

**CHAIR** - It would be a bit of a stalemate if it didn't happen.

**Mr BARNETT -** That is why it was good work by the former minister, Matthew Groom, who did a terrific job. The Government recognises the importance of gas for industrial and domestic users who are facing a number of challenges regarding gas prices for both the commodity and transportation. We are confident that a viable and competitive gas market can be maintained into the future. There was a renegotiation. It went into arbitration. Palisade Investment Partners, which owns Tasmanian Gas Pipeline, are the gas shippers. There was some uncertainty during that time with Hydro Tasmania. The arbitrator reached its final determination on 12 April 2018, and Hydro Tasmania accepted that on 26 April 2018. This agreement was publicly announced on 2 May 2018.

It is a positive outcome for Tasmania that secures access to gas for Hydro Tasmania's wholesale gas customers and for the Tamar Valley Power Station, providing certainty to Tasmanian gas consumers and helping to ensure the ongoing security of Tasmania's energy supply.

**CHAIR** - Are there take-or-pay aspects to the contract?

**Mr BARNETT -** There are different aspects of the contract, yes. There are different terms and conditions to that contract. That is directly relevant to Hydro Tasmania and I am pretty certain much of that would be confidential.

**Mr EVANS** - The arbitration results are confidential.

**Mr BARNETT -** Yes, the arbitration results are certainly confidential.

**CHAIR** - In terms of prices for gas users, residential as well as business, as you would be aware being Minister for Resources as well, Grange Resources are an enormous gas user.

**Mr BARNETT -** The arrangements put in place provided confidence and security for all the gas users, particularly the industrials - you mentioned Grange Resources as a major one. Prices, in the gas market are monitored by the ACCC, with reports released in December 2017 and April 2018 indicating an easing of earlier supply shortfall concerns and falling gas commodity prices from the very high prices of early 2017. While that is good news for gas consumers, there is more work to be done in achieving a well-functioning and competitive market. The Government is supportive of ongoing measures intended to ensure the security of gas supply to domestic customers at affordable prices. I will pass to Mr McGee to add to that.

**Mr McGEE** - The arbitration process was set up under a regime where it would come up with a result that would imitate a workably competitive market outcome. I think that is a good guide to how prices would have moved under the outcome.

**CHAIR** - Has the Tamar Valley Power Station been generating with gas? How much has it been? I assume it is still opening and functioning. We have not put it back into a care and maintenance phase, have we?

**Mr BARNETT -** No, to clarify, it is not for sale.

**CHAIR** - Not this year, no. It has been before.

**Mr BARNETT -** Second, it goes through routine maintenance. Routine maintenance will be done over the coming weeks. It is still operating and available. It provides part of our energy security. Mr Valentine asked earlier about energy security and dam levels. That is part of our energy security. The Tasmanian gas pipeline has delivered that gas to the Tamar Valley Power Station through Hydro Tasmania. That is part of providing that security. It is important that energy security is not compromised.

**CHAIR** - I am glad to hear that, minister, because I challenged a previous minister on whether it was necessary for energy security. A Liberal minister said it was not. That was why it was going to be sold, but we now know it is. How much gas has been used to generate energy in the last 12 months?

**Mr BARNETT -** From the Tasmanian -

**CHAIR** - From the Tamar Valley Power Station.

**Mr BARNETT -** That would be a question for Hydro Tasmania. I do not have that information with me. I will check if Mr McGee can assist the committee.

**Mr McGEE** - I have figures from December 2017 to April 2018. Tasmania's average generation was mostly supplied by Hydro - 590 gigawatt hours. Gas was 112 gigawatt hours; imports via Basslink were 11 gigawatt hours, and wind was 87 gigawatt hours over that four‑month period.

**CHAIR** - It is still being used?

**Mr McGEE** - Absolutely.

**CHAIR** - What costs, if any, are associated with the most recent Basslink failure? Do we have an update on what caused it, if we know? Are we are still having legal battles with Basslink? I am sure the answer to that would be yes. They seem to love a bit of legal work.

**Mr BARNETT -** Yes, Chair, I am happy to respond to that question. I will deal with the outage first. Basslink returned to service on 5 June 2018. It was taken out of service for maintenance on 24 March 2018. It was subsequently forced out of service after damage to equipment during routine maintenance. At all times, Tasmania's energy security was not and will not be compromised under our Government. Total energy in our hydro storage is 39.6 per cent as at last Monday. When Basslink returned to service, it was at 37.8 per cent on 4 June 2018. When the outage began, it was at 36.9 per cent on 26 March 2018. They were the water levels at the time.

Residential customers and small business have not paid an extra cent in their electricity bills because of the outage. That is because we have capped the power prices. The Energy Security Risk Response Framework has been put in place. I talked about the task force report and recommendations, and we have delivered on those. They have been implemented and energy security hasn't been compromised.

The other part of your question was -

**CHAIR** - What was the cost to Hydro? I assume the outage was less than 60 days this time. I expect there wouldn't be, in this case?

**Mr BARNETT -** Yes. It is probably not appropriate for me to provide any sort of running commentary on contractual arrangements Hydro has with Basslink because that is a matter -

**CHAIR** - These are public. This is their service level agreement.

**Mr BARNETT -** Hydro Tasmania has a commercial‑in‑confidence agreement with Basslink, and there are terms and conditions under that agreement.

**CHAIR** - They are public.

**Mr BARNETT** - The agreement is definitely commercial-in-confidence between Hydro.

**CHAIR** - How many days can the Basslink service be unavailable before there is a financial impost on Basslink?

**Mr BARNETT -** You are getting into the contractual terms between Hydro and Basslink. There is a facility fee that applies, but under the terms of conditions I can't go into. In some cases and under certain terms and conditions, the facility fee is not paid.

**CHAIR** - You don't believe that is publicly available information?

**Mr BARNETT -** It's not for me to release commercial-in-confidence information between Hydro and Basslink; it's not appropriate.

**MR EVANS** - It is worth adding that Hydro and the state appointed an investigator to look into the reasons behind the dispute.

**CHAIR** - The dispute?

**Mr BARNETT -** The outage.

**Mr EVANS** - The investigators are currently preparing a report summarising the findings and any recommendations, in respect of Basslink Proprietary Limited operations. The recommendations must also be considered in faith by BPL, under the agreement.

**CHAIR** - Who is undertaking the inquiry?

**Mr BARNETT -** The Government has appointed an investigator and Hydro Tasmania has employed an investigator into the outage and the reason.

**CHAIR** - Two different investigators?

**Mr BARNETT -** One investigator, but there are two people, both from the Hydro, jointly appointed by the state. We are acting on this because it's in Tasmania's and Hydro's interest. Bob Rutherford, behind me, knows this inside out, and I recognise and thank him for his terrific support. The investigation is looking into the reason for the outage, why and how it occurred. Recommendations in the report that comes to the Government and Hydro will be considered very carefully.

**CHAIR** - So it is done by people out of Hydro, no aspersion on their capacity or otherwise. The secretary said there was an agreement that Basslink would take the recommendations on in good faith, and those were the words he used. Given that Hydro and Basslink are not the best of friends at times, has Basslink actually agreed to that? I can imagine some recommendations coming from Hydro may be seen to favour the Hydro position - this could be disputed by Basslink and we are back in court again.

**Mr EVANS** - These are the arrangements under the Basslink Services Agreement and Basslink Operations Agreement.

**CHAIR -** Was the same thing done in the previous major outage? What is the cost of that? Do we know the cost of the investigation? I assume Hydro pays it?

**Mr BARNETT -** I am not aware of the cost, but it would be a matter for Hydro.

**CHAIR** - So Hydro pays for the cost, or is it the state?

**Mr EVANS**- I am not aware of the cost of the investigation before us at the moment. As the secretary said, it is consistent with the Basslink Operations Agreement and the Basslink Service Agreement.

**Mr BARNETT -** I am happy to call Bob Rutherford to table. He might be able to assist us further, if you are interested.

**CHAIR** - It is a great interest of mine.

**Mr BARNETT -** Bob Rutherford is source of all knowledge and understanding, and I thank him for his support. He many want to add to the answer.

**Mr RUTHERFORD** - Hydro has acted as the state's agent under the Basslink Operating Agreement, as well as in its own right under the Basslink Services Agreement. Both make provision for investigation of these sorts of disputes of these events. These events are always technically demanding. The undersea event required highly specialised advice that was actually quite difficult to source internationally because we had to have someone go out on the ship and investigate live as it were, as things were being done. Whereas the situation with the land-based outage, which is the most recent, we had adequate expertise in Hydro Tasmania to perform the investigation.

Because they are contractual and significant sums of money are involved, I can assure you that every step taken by the investigators in both cases is subject to the legal advice on both sides as to what can and cannot happen. There are significant differences in view over the interpretation of both agreements with Basslink Proprietary Limited - BPL. It is a difficult situation and, in a way, it is embedded in that the consequences are significant for both sides. The bigger event was the first one. My understanding is that the most recent outage, while it was a cause for concern, did not in any way affect our energy security and did not have a significant effect on Hydro's trading position because of the time when it occurred.

Since its return to service, Hydro has been able to use the facility in a timely manner. I don't think the second outage was of anything like as much concern as the first one, although I am aware that the same significant legal issues which are at the heart of the present legal dispute for the first outage -

**CHAIR** - That one is still ongoing.

**Mr RUTHERFORD -** That will be ongoing for some time. It could take up to two years. In these disputes, as you would appreciate, a very large amount of money is involved. Not only are dollars involved, but also the future pattern of operation and recovery of the asset. To the question you asked earlier about when a fee is payable when return to service has not occurred, everything about that is disputable legally, and is being disputed. We can expect that is -

**CHAIR** - They are fighting on everything?

**Mr RUTHERFORD** - Presumably they have legal advice which suggests they have grounds to do so. We are in a very difficult process, but one which has gone to arbitration and where we have the former chief justice as the chosen arbitrator. Obviously it involves a lot of specialists.

**CHAIR** - That is for the previous one?

**Mr RUTHERFORD -** Yes for the previous one. Because we still await the investigators' report and where BPL will go in terms of that report, and as the secretary said, looking in good faith at what is put forward from that, that is still to be determined.

**CHAIR** - Minister, do you have confidence in the cable?

**Mr BARNETT -** I have confidence it is being managed well by Hydro and the state Government.

**CHAIR** - Hydro doesn't manage the cable, does it?

**Mr BARNETT -** We have a Basslink operations agreement.

**CHAIR** - Basslink looks after it, doesn't it?

**Mr BARNETT -** We have an agreement with Basslink, Basslink has an agreement with Hydro Tasmania and we own Hydro Tasmania. I have every confidence it is being managed professionally and appropriately.

**CHAIR** - I am talking about the integrity of the cable. We have seen one major outage; it was difficult to determine the cause, and the claim was a force majeure. That is part of the legal case. The most recent is more difficult to claim because it is above the sea. Again, there was an unexpected link outage; it was down for regular maintenance, the problem has occurred and it was out much longer than expected. It is an ageing cable in many respects. This is separate to the second interconnector. Are you confident this one is reliable? It is said to be designed for 40 years and we are not far into the 40 years. Do you have confidence it will maintain its integrity for that period? We are paying a lot of money to be hooked into it.

**Mr BARNETT -** You have raised a few important and understandable questions. The first is that I am confident it is being managed professionally and appropriately under the circumstances. Our energy security has not and will not be compromised under our Government.

Based on advice I have received from a range of quarters, including from TasNetworks, capability, capacity and the technical operation of further interconnection has improved greatly in past years, including since 2006. That is important to note in investigating the merit of further interconnection for Tasmania.

**CHAIR** - I am not talking about further interconnection. If we did not have a second interconnector, do you have confidence this cable, for which we pay for the privilege of plugging in at our end, can work as designed? Are you confident it will last the 40 years?

**Mr BARNETT -** I have commitments from Hydro and Basslink that they will do what they said they would in their contracts. As minister, I am confident they will do what they say they are committed to, and are legally obliged, to do in their commitment to Tasmania. I am committed to bring further interconnection to Tasmania because of the benefits that will flow through for pumped hydro, renewable energy projects and in unlocking jobs development across Tasmania.

**Mr VALENTINE -** Minister, on the statement you just made. One would expect it is going to be a benefit to us until other states find a solution to their issues and demand might go down. Have we factored that in?

**Mr BARNETT -** You talk about demand going down. The demand is not going down on the mainland; you see that coal -

**Mr VALENTINE** - I realise that. South Australia has made some moves; I know it is not base load power, but who knows what the future will bring. Something like an interconnector is a significant investment. You would have to be confident there weren't going to be new things coming about, such as geothermal, that reduce that demand.

**Mr BARNETT -** To help answer that question and give you confidence, we are moving into a world more reliant on renewable energy. Tasmania has it in spades. We already have nearly 100 per cent. We are heading that way by 2022 and we will get there.

**Mr VALENTINE** - That is good.

**Mr BARNETT** - I am delighted we have this great asset and this competitive advantage, but other states don't. You would be aware that under the National Energy Guarantee there is that target. We only have that target through to 2030 and most other states have a higher target. There are much higher targets in Victoria and New South Wales, and then you have this debate at the national level on a higher target than 26 per cent. We are heading that way and this will only benefit Tasmania. We are already moving to the National Energy Guarantee. If that is a well‑designed guarantee, it will deliver benefits for Tasmania.

We have to be in a great position because we have low-cost power, fully renewable self‑sufficient energy and then reliable dispatchable energy with hydro and wind. It is a beautiful combination. As soon as we can work together as a community to argue the benefits of that to our mainland and colleagues and get their support for funding of this national infrastructure, and if we can all get on this train and support that effort, it is in Tasmania's best interest not just for the next few years but for generations to come. I am very excited about the prospects.

**CHAIR** - Minister, you mentioned the new opportunities in wind generation at Granville Harbour, Jims Plains and Cattle Hill.

**Mr BARNETT** - Happy to oblige. I am very pleased with their progress. We are on track for a target to 100 per cent by 2022. We have a combination at the moment of hydro and wind. The two wind farm projects total over 250 megawatts, nearly $600 million-worth of investment to be developed in the near future.

The Cattle Hill project is $300 million, 144 megawatts and 49 turbines, which will produce enough power to supply 60 000 homes; it will provide 150 jobs during construction and 10 ongoing jobs. The benefits to the Central Highlands - Bothwell and other places - will be very significant. We have talked to the developers and they accept our views on Tasmanian jobs wherever possible and local jobs wherever possible. We have had ongoing discussions with Goldwind and we commend them on it.

The Granville Harbour project is a $280 million project, 112 megawatts and 31 wind turbines, which will produce enough power to supply 46 000 homes; it will provide an estimated 200 jobs during construction and 10 ongoing jobs. If that comes to fruition, that will deliver very close to 100 per cent renewable energy by 2022.

I haven't mentioned UPC; it has just received a further injection of equity, a significant funding boost for it. It is the developer of the Robbins Island Wind Farm and the Jims Plains Wind Farm on the north‑west coast. I visited Robbins Island some months ago with all those Wagyu beef cattle and the Hammond family, who were wonderful and hospitable hosts on the day. You'd probably know, through your contacts, Chair, they have plans for more than $1 billion-worth of development on Robbins Island and then Jims Plains. That is subject to and conditional upon further interconnection for their grand plan, but they can still proceed with what they are doing to a certain level. Further interconnection will boost their prospects very significantly.

**CHAIR** - Minister, on page 308, which is where the output group is, on the performance indicators: last year I gave Mr Groom the prize for the most unhelpful and meaningless performance information. It has become worse this year. You definitely win the prize this year, with a gold star. There were four performance indicators last year, this year there are only two; both new and equally meaningless as to outcomes. How do we, as consumers and readers of the budget papers, have any confidence in the policy advice when the performance information tells us nothing about the outcomes of advice?

**Mr BARNETT -** Are you referring to page 308, Output group 3, Energy Policy and Advice?

**CHAIR** - Correct.

**Mr BARNETT -** Is there any particular aspect of that?

**CHAIR** - The performance information.

**Mr BARNETT -** Table 11.5, Performance Information.

**CHAIR** - That's it. It means nothing.

**Mr BARNETT -** A lot of that relates to the various energy government business enterprises. I would like the secretary to respond to that question.

**Mr EVANS** - You probably won't entirely like the answer I am going to give.

**CHAIR** - I am sure I won't. Last year it wasn't very satisfactory either, so don't feel too concerned.

**Mr EVANS** - Following last year, our agency had a comprehensive review of our performance indicators. If you look more broadly across the Budget you will see a few changes, including some specific new targets around things such as number of skilled migrants, investment facilitated by the Office of the Coordinator General; there are hard numbers. When we looked at Output group 3, Energy Policy and Advice, it was difficult for us to form more outcomes-focused performance indicators. We have a narrow role in providing policy advice, with specific regulatory roles around the Office of the Energy Planning and Conservation.

We can't create measures around the performance of the businesses, for example, because we have no control over those. We provide policy advice and look after security and emergency planning, often in the national context. The performance measures we have settled on are with regard to the level of satisfaction of the receiver of policy advice via the policy advisory function undertaken by this group. That's consistent pretty much across other policy areas. Our involvement in security meetings and emergency management exercises is meant to be a measure of our emergency preparedness.

**CHAIR** - I understand some of that. I understand it is not easy. Health struggles with outcomes even though it should be all about outcomes in Health, for example.

**Mr EVANS** - We can provide advice but we can't control the outcomes because we are not the businesses.

**CHAIR** - It would be interesting to know how many pieces of advice were completely ignored, for example. I don't think that's likely to be reported.

**Mr EVANS -** That's why we've moved to a satisfaction measure.

**CHAIR** - As to the first performance information measure, as you mentioned, secretary - to attend emergency security meetings and participate in emergency exercises at a state and national level. It says the target for this year was two. I assume that may be the number? How many have you attended this year?

**Mr EVANS** - Probably four.

**CHAIR** - The result is probably four, but if 20 were held, that is not a good number. It is meaningless in that it doesn't tell us anything. You were aiming to go to two, you went to four, that's great; it is a 100 per cent improvement if you want to measure it that way. It doesn't help when it is completely out of context.

**Mr EVANS -** Point taken. You would like some context around emergency preparedness -

**CHAIR** - It is an important area. Energy security is an important matter for our state. As we have seen in the not-too-distant past. I know this is about energy policy advice regulation, but if there is no measure to shows us the advice is having a positive impact, then we are just taking it on trust.

**Mr BARNETT -** There has been a lot of work that has delivered outcomes. The Tasmanian Energy Security Taskforce report delivered 36 recommendations and we have acted on those.

**CHAIR** - All 36?

**Mr BARNETT -** Yes, all 36. We have acted on all. Thirty-three have been completed or are on track for scheduled completion, and three are yet to progress. There is still more work to do but we have acted on it. One of the key things the director of energy policy is undertaking is the energy security coordinator role, recommended by the taskforce. That is important for providing energy security.

Mr Valentine talked about the rain not raining.

**CHAIR** - I do not think you can control that.

**Mr BARNETT -** I know, but we need to be prepared and we are prepared. Our energy security will not be compromised and that is because we have responded to those challenges, the report and recommendations, and we have outcomes. I understand where you are coming from. It is a good point and we need to provide more context.

**CHAIR** - I have made it consistently for about 10 years now and am glad the secretary said he has been working on it.

**Mr BARNETT -** There are good points and we can build the context more, so you understand it. We have been working behind the scenes and acting on these reports. We are getting things done to deliver important energy security.

**CHAIR** - This is why Estimates is important: to ask some of those questions to understand. To rely on one page out of 650 pages of budget papers to understand what is happening, you can understand why it is important we have questions answered here.

**Mr BARNETT -** Yes. Happy to oblige.

**Mr VALENTINE** - The annual electricity concession. On the website, it talks about a concession being set by 1 July 2018. Is it the old heating allowance? Are you able to reveal what the circumstances are going to be with regard to that now rather than having to wait until 1 July 2018?

**Mr BARNETT -** You have highlighted an important point. Of all the Australian states, we are one of the most generous with concessions. I am pleased with that record.

**Mr VALENTINE** - The concessions guide comes up with a '502 bad gateway'. You cannot download it, so you might want to check your website.

**Mr BARNETT -** Thank you for the feedback; we will have a look.

Aurora Energy administers the retailer concessions. The annual electricity concession is the one you are talking about.

**Mr VALENTINE** - That is exactly right.

**Mr BARNETT -** There are three of them: the annual electricity concession, the medical heating and cooling concession, and the life support concession. On the annual electricity concession, eligible customers with a Health Care Card, a Pensioner Concession Card, ImmiCard or a Tasmanian Concession Card are currently eligible for a discount of just over 135 cents per day. In terms of July and beyond, I will have to take advice.

We do not have that advice. It is administered by Treasury. I am more than happy to get back to you. Of course July is not far away, but we can let you know. It has been 135 cents a day.

**Mr VALENTINE** - I will not burden you and have you come back, seeing as it is only a few days away.

Is there any policy with respect to farmers' power poles? There was concern about this; what is current situation?

**Mr BARNETT -** Yes.

**Mr VALENTINE** - Where are we with that?

**Mr BARNETT -** That is in TasNetworks' area and the TFGA is the key stakeholder representing the farmers' groups. That is an important issue. They have been working through it and are doing a review. They have looked at the past legal basis for the policy. That work has confirmed the long-held arrangements that electricity infrastructure considered to be private is indeed privately owned by the owner of the land on which it is situated and not by TasNetworks.

It is recognised there will be unique cases to be assessed on a case-by-case basis in clarifying ownership of that infrastructure. A dispute process has been developed by Consumer Building and Occupational Services to resolve any issues in this small percentages of cases. They will be here this afternoon, under Building and Construction, and you can ask them as well. TasNetworks are engaging with the key stakeholder, TFGA, to ensure clarity is provided to all private electricity asset owners and ensure any doubt is removed.

Where previous governments failed, we are acting. There are approximately 46 000 private electricity poles with related infrastructure; wires. The TFGA has raised those concerns with the government and specifically with TasNetworks. TasNetworks and the TFGA are having ongoing discussions and that is where we are at the moment.

**Mr VALENTINE** - It has always bemused me. If Telstra were delivering a telephone service, they would maintain the line, underground or otherwise. If it is water, they might not pay the installation cost but they would maintain it once it is there. Is the Government of a mind to look at this policy, regardless of what the outcome might be between TFGA and TasNetworks?

**Mr BARNETT -** You have asked a good question but the policy has not changed for more than 60 years.

**Mr VALENTINE** - It does not stop the opportunity from occurring, does it?

**Mr BARNETT -** Any significant change would have considerable legal and financial consequences for a range of entities, including the Government. That policy has been in place for over 60 years. There has been a legal basis for that and the Solicitor-General has been involved as well. They are looking at it and trying to work through it.

**CHAIR -** Minister, you would be aware I have written to you about this matter because it is not only a matter affecting farmers. There are a number of other property owners who have private poles and the TFGA doesn't speak for all farmers. A lot of farmers have power poles on their land, the majority probably would. My concern was that there seemed to be a lack of public consultation or public information sessions. I suggested it would be helpful if TasNetworks, as the key player in this, could have more direct engagement in communities such as Zeehan, where I have had a number of representations, and in the rural community more broadly. Zeehan is a challenge because Zeehan used to be a big town and it is no longer.

**Mr BARNETT -** I am hoping it will become bigger.

**CHAIR** - I don't think we are going to see 10 000 people living there.

**Mr BARNETT -** I am hoping it will become bigger with the mining developments in and around that area in due course.

**CHAIR** - We can talk about that later. There are a lot of areas that were streets that no longer appear as streets because every house has been removed. It is difficult to tell when I look on Google Maps, for example, or drive down those streets. It appears the lines are on old streets that no longer appear as streets. How are we going to engage with some of these people? The TFGA does not speak for these people, has no idea about their challenges and I would say the TFGA wouldn't have a member living in Zeehan.

**Mr BARNETT** -Thank you for the feedback. It is always important. I try to respond to members like you and others who correspond with me and get feedback from my government business enterprises in the energy sector. TasNetworks, I must say, has always been very professional and timely in its responses, but there is always more work to do, particularly in education and awareness about important issues such as power poles. I can raise that matter again with it. This is on the public record so I will raise those concerns with it. Of course it is not just -

**CHAIR** - Is there any reason why TasNetworks hasn't done it previously? This has been going on for a while. They have had a number of representations over many months now. Is there any reason you are aware of that they would not have gone out doing some public consultation and public information sessions?

**Mr BARNETT -** I am not arguing for or against from a public policy perspective, other than that this policy has been in place for 60-odd years. The Government supports that, but as to TasNetworks and the way they have responded to those concerns or queries by you or others in the community, I am aware they are cognisant of the concerns. If they can play a more public role or get out more to promote education and awareness, they would say the policy position has been the same for 60 years, what is the change? There are queries about it, and I am more than happy to raise it with TasNetworks.

**CHAIR** - You haven't had any discussions with TasNetworks about public consultation and information sessions?

**Mr BARNETT -** No. I have had consultations with TasNetworks on a range of things, particularly about private power poles.

**CHAIR** - Was one of the topics discussed TasNetworks going out more broadly, not just to individual customers because often it is much broader than individuals in these communities.

**Mr BARNETT -** They have interfaced. You might have seen them up at Agfest; they had a big tent there and they were meeting people, all their customers and others. They are very outward-focused and proactive, but if they can be more proactive, I will raise it with them. I don't have any issues with that.

**CHAIR** - You haven't discussed it with them in the past then?

**Mr BARNETT** -I discuss with them having a public presence for education and awareness, not just on this issue, but also about being careful around electricity - safety issues. There are many issues we discuss on an ongoing basis. On the whole, they do a terrific job.

**CHAIR** - You haven't encouraged them to go out and do public consultation on a broader front?

**Mr BARNETT -** I haven't given them a direction. Governments and ministers can give them a direction via the Treasurer or the Minister for Energy. We haven't given them a direction, but you have raised some important issues. We have these discussions.

**CHAIR** - Have you given them direction not to or written to them saying not to?

**Mr BARNETT -** No. This is a matter for TasNetworks, but clearly there is a public interest here. I have discussions with them, and will continue to do so, about getting the best outcomes for Tasmania. They want good outcomes. There are issues all the time. Concerns and outages come up every day. That is why we have a general service agreement on compensation for those affected when there is an outage and things like that through Aurora or through TasNetworks. They are cognisant of their responsibility to the public; on the whole, they do a good job.

**Mr VALENTINE** - How many ministerial directions are there?

**Mr BARNETT -** Mr Valentine, can I interrupt and give you the answer to your question regarding the concession?

**Mr VALENTINE** - Yes.

**Mr BARNETT -** The annual electricity concession for 2018-19 is $137.98 a day.

**Mr VALENTINE** - Thank you for that.

**Mr BARNETT -** It is a pleasure.

**Mr VALENTINE** - With regard to ministerial directions, how many ministerial directions are there and what sort of subject areas do they cover presently?

**Mr BARNETT -** They are not common. I can check with the secretary, but certainly if there is an important government policy initiative, the GBEs might require a direction - for example, on capping. That is an important initiative. It requires legislation. We need to get the economic regulator who sets the power price needs to be aware of that and it applies. I will take advice from my secretary on whether any further and better particulars can be provided regarding directions, so just bear with me.

There are two examples I can share with you. Can I make it clear: direction in law has a specific meaning and there is also instruction provided and policy initiatives that can be laid out to say we can respond.

The two initiatives include the Tasmania Energy Efficiency Loans Scheme. We now have an agreement with Westpac, Aurora Energy and the state Government of $20 million for a further 12 months or until expended.

**Mr VALENTINE** - Is that where you are paying the interest for loans associated with people putting in infrastructure?

**Mr BARNETT -** We have a very good arrangement for the taxpayer where Westpac actually covers the interest over the three years. The state Government has negotiated a good outcome for the Tasmanian people. This is an extension of the past year.

The other initiative is Momentum Energy, part of Hydro Tasmania, based in Victoria. They have a call centre there. When I became minister, I thought it very strange they were not in Tasmania. A government election commitment is that the call centre jobs should come back to Tasmania. The policy position is that in the first 12 months of this Government, Hydro will identify the location for those call centre jobs to come back to Tasmania - to Cambridge, Launceston or somewhere else. In the course of this four-year term of the Government, those jobs will come home to Tasmania. This is under instruction.

**CHAIR** - Momentum Energy can't operate in Tasmania as a retailer, under the National Competition Policy. There is an issue that when people ring up for advice on health matters and the person they are talking to doesn't know the area, we could end up sending the ambulance to the wrong place. It is great to have jobs in Tasmania; these jobs require a knowledge of the geographical area of the Momentum customers who are not in Tasmania. Is this an issue could that present some challenges?

**Mr BARNETT -** In any initiative there will be some challenges, but this is a government policy position and we are delivering on creating and sustaining jobs. Take, for example, Qantas. With their call centre, they service all Australia, probably the world, and they don't need people all over the globe. They are happy to have people in call centres here in Tasmania. With the call centre for Momentum Energy, it would operate in Tasmania. We are proud to the decision and back it 100 per cent. There may be some challenges for Hydro Tasmania doing the job, but it is to the benefit of the Tasmanian economy and people of Tasmania.

**Mr VALENTINE** - On the question of the ministerial directive, are you engaged with the departments encouraging or giving them a direction to install electric vehicle charging points not only as part of a climate change initiative, but also to promote electricity as a means of energy and getting away from fossil fuels? Is this an opportunity taken by the minister to encourage them?

**Mr BARNETT -** I am proud as Energy minister of a renewable energy state.

**CHAIR** - The problem is the member can't plug his car in at Parliament House.

**Mr VALENTINE** - That is exactly right. There is opportunity for this island to become much more engaged with electric vehicles and you are the Energy minister -

**Mr BARNETT -** I will let you into a little secret, when I drove down on Monday, I drove down in electric vehicle, and when I go back to Launceston, I will be driving an electric vehicle.

**CHAIR** - But you can't charge it at Parliament House, can you?

**Mr BARNETT** - No, I can't charge here at Parliament House but it is being charged, and it will be charged when I return. I am thankful for the owner of that electric vehicle for allowing me the opportunity to drive it. I really enjoyed it and can see the great benefits of it. I can relate to where you are coming from.

**Mr VALENTINE** - I appreciate that. I have a hybrid.

**Mr BARNETT** -The Minister for Environment is very focused in this area as well. You mentioned the climate change policy and electric vehicle charging stations. To give a quick update on the electric vehicle sales, there has been a 67 per cent increase across the country in the last 12 months, but it is still very low though - it is only 0.2 per cent of the Australian market. Part of your question was about electric vehicle uptake in the Tasmanian government fleet. It maintains a flexible whole-of-government vehicle contract which allows contracted manufacturers to submit models for consideration at any time. Historically, the Tasmanian government has been open to inclusion of electric vehicles on a whole-of-government common use contract. There is a list of those there.

There are currently 51 hybrid electric vehicles in the Tasmanian government fleet, 50 hybrid Camrys and one hybrid Corolla. These vehicles use a battery‑powered electric motor that supplements an internal combustion engine. The electric motor charges as the vehicle drives and cannot be charged from an external electricity source. There are four plug-in hybrid electric vehicles in the Tasmanian government fleet, all Mitsubishi Outlanders.

**Mr VALENTINE** - I have one of those.

**Mr BARNETT** - On the charging infrastructure, I am trying to be as brief as possible if I can help add to this. There are 783 dedicated electric vehicle charging stations in Australia, of which there are 21 located in Tasmania.

**Mr VALENTINE** - Yes, but they are in motels and things. I am not sure if they are available to the public.

**Mr BARNETT -** There are currently no direct-current electric vehicle fast-charging stations available in Tasmania. Of course the electric vehicle I drove can be charged with the simple 240V plug from home.

**Mr VALENTINE** - Same here; was that a Volt? Nevertheless, the point I am trying to make, minister, is that there is an opportunity to push this with the government departments.

**Mr BARNETT -** Yes there is. I note in the budget papers on page 296 there is a commitment of $250 000 to support the progressive rollout of the statewide electric vehicle charging network.

**Mr VALENTINE** - But that is not within government. That is to third parties outside of government. I am talking about the Energy minister pushing the envelope of government departments to install more charging points - not just at Parliament House to satisfy me - to get more electric vehicles into their fleet.

**Mr BARNETT** - Yes, I will just add to that. We are delivering a $50 000 ChargeSmart grants program to support electric vehicle workplace charging. It is a one‑off funding of $5000 to workplaces to install electric vehicle charging stations. That is encouraging electric vehicles across the board. The Government has committed $200 000 over two years to support the rollout of a statewide electric vehicle charging network. Funding support there is quite considerable. I take your point: we always have to take into account getting good returns on funds invested by the taxpayer. That is important and that is why we try to keep of costs of power low.

**Mr VALENTINE** - Is any aspect of your thinking as minister running to fuel excise and the reduced amount of money that might come into the coffers of government as a result of the move to electric vehicles? That is going to occur - the more electric vehicles on the road, the less fuel excise, the less money flows back to governments of one sort or another.

**Mr BARNETT -** It is a fair question. It is probably more directly relevant to the Treasurer in terms of revenues for the Government. I have referred to expenditure opportunities and initiatives by the Government to provide support for electric vehicles and reducing Tasmania's emissions. I can't add to that; I think the Treasurer might have to comment on that question.

**Mr VALENTINE** - I think I have given you something to think about, Minister, and that is 0:2 at the moment for the Ninja.

**Mr GAFFNEY** - I would like to reinforce that situation. I think it needs to be the thinking now for any buildings the Government is involved in that they should be seriously considering. I have just returned from Santa Monica and my friend who lives there has a fully electric car. His power bill for the car for the last two years has been $30 each year because of the way it is structured over there. They give advantages to people who have fully electric cars. They have right of way in road lanes in LA and that sort of thing. It was amazing.

We think of it as a touchy-feely thing but it is happening over there. They have motorised scooters which they leave on the street with apps, and people turn on the app, take the scooter and they leave the scooter when they are done. It is the same with bikes and so on. We need to further investigate how we can support those vehicles, especially if we are going to go down this pumped hydro electricity path. I was amazed because I was always sceptical. My friend drives to the supermarket, parks the car and there is an electric charger. He throws it on.

**CHAIR** - They are the fast chargers?

**Mr GAFFNEY** - Fast chargers, yes. They are everywhere there and we don't even have one in this building, which is state of the art.

**Mr VALENTINE** - Not yet. I think they are going to put them in next.

**Mr GAFFNEY** - I have thought about this for a while. I have listened to the member, thinking, 'What is he on about?', but when you see it first-hand, it is so efficient. They are such a good resource, I would consider going to an electric car if we had the infrastructure to support it.

**Mr BARNETT -** I take that on board and appreciate your feedback. These vehicles have come a long way. You know the cost of electric cars - I am sure Mr Valentine would. In the past they were expensive but I think they are coming down in operating costs. You mentioned $30 for a year?

**Mr GAFFNEY** - A year, yes, and there is a 280-mile range for the car. It is not 30 kilometres any more.

**Mr BARNETT -** That is amazing. There are a lot of issues - range, cost and energy efficiency. We are the renewable energy state so we should be thinking about these things. I take it on board. You mentioned bikes. I want to support the Diabetes Tasmania’s PolliePedal. I love bike riding. In the last five or 10 years we have seen batteries on bikes, to help people if they don't want to ride the whole time. They can use their battery to go where they need to. Batteries on bikes is another one that should be encouraged.

**Mr VALENTINE** - One other policy initiative that could come out of your office is what they do in Victoria. Companies selling electricity will charge a vehicle regardless of the capacity of the charge. Victoria has dedicated charge points at $2 maximum a day. You are filling your car with power to go 460 kilometres for $2. Is that something the minister might consider in issuing a directive to power companies?

**Mr BARNETT -** The minister is interested in all of this and I welcome it, now and any time. Please let me know your thoughts on any of these initiatives. We want to build on our strengths. We have renewable energy in Tassie. We are killing the rest of the country in being ahead of the game.

**Mr VALENTINE** - It could be the 'electric isle'.

**Mr BARNETT -** There you go.

**Mr VALENTINE** - Not the Apple Isle.

**Mr BARNETT -** Rather than the Apple Isle.

**CHAIR** - It doesn't make much sense to start with Resources unless you wish to, minister, for 10 minutes?

**Mr BARNETT -** I do not mind. I am flexible.

**CHAIR -** We might suspend now and come back at 1.50 p.m.

**The committee suspended from 12.50 p.m. until 1.50 p.m.**

**Output Group 4**

**Resources Policy and Regulatory Service**

**4.1 Forestry Policy and Reform**

**4.2 Mineral Resources**

**CHAIR** - We are going to the output group relating to Resources now, so I invite you to make an opening statement. I don't know whether you want to do forestry first and minerals later, or do them both at the start. It is up to you.

**Mr BARNETT** - I'm happy to do them together or whichever way you prefer.

**CHAIR** - All your people for minerals resources are here as well, I believe, so do them both.

**Mr BARNETT -** If we do mining, I have the Mineral Resources Tasmania director here, and otherwise we will try to be flexible.

Certainly there is no greater supporter of Tasmania's resources sector than the Hodgman Liberal Government. For good reason: forestry and mining are worth over $2 billion a year to Tasmania. The sector supports more than 10 000 jobs across the state. These jobs are particularly focused in regional areas, they are backbone of our regional communities. The sector is vital for our economy, creating opportunity and jobs, and it will continue to do so in the future. We have backed this sector as a government and we continue to back it, and that is delivering results.

Forestry is more than trees and wood; it is about people and communities. The success of our plan to stabilise and rebuildthe forest industry is highlighted by the fact that production has more than doubled from the depths of the 2013 slump. Forestry and the forest product sector is a key economic and jobs driver, especially in our regions. Our long-term plan is to double the value of that industry. Our plan will deliver a renewable, sustainable and viable forestry sector in Tasmania while preserving this natural asset for the future. The Budget provides further funding to support the industry growth strategy, as noted. It also provides funding to support the continued multiple model for use of the Permanent Timber Production Zone and $13 million in funding and training support for the $190 million Hermal project in Burnie to deliver hundreds of jobs in the industry of the future.

Mining and mineral processing is a key economic pillar of our economy in Tasmania and is responsible for more than 50 per cent of our exports. I am pleased to report there has been a surge of good news in this sector in recent times, and I look forward to answering questions about that. In April 2018, the value of mining-related exports grew by over $2 billion, a 40 per cent increase compared to previous year. It is a terrific boost in exports. That is on the back of income from mining royalties, up about 160 per cent compared to just two years ago with almost $37 million collected in the year to date.

Across the state, activity is accruing on significant projects, including at Grange Resources' Savage River operation, approvals for a $100 million iron ore mine at Rogetta near Burnie, and works to bring forward the potential restart of the iconic Mt Lyell CMT mine at Queenstown.

I'm particularly pleased to advise that the 2018-19 Budget includes $2 million for the exploration drilling grant initiative to expand the mining industry in Tasmania.

According to the Australian Bureau of Statistics, mineral exploration spending for the March 2018 quarter increased by 76 per cent in trend terms compared to March 2017. The Government's investment will help grow this figure, helping to identify new ore deposits that will underpin the future of the industry.

Funding is also continuing for other programs, including our four‑year $1.4 million geoscience initiative, $1 million for our four-year Mining Sector Innovation Initiative, and the Mineral Exploration Investment Attraction Plan which promotes mining and exploration in Tasmania to the rest of the country and internationally.

The move of Mineral Resources Tasmania to Burnie is also nearing completion with 10 positions already located in Burnie and up to five positions moving there over the next 12 months. By ensuring a strong and growing mining sector, we are boosting jobs, supporting families and driving economic activity in regional areas.

In conclusion, we support the resources sector, with mining and forestry being particularly important to Tasmanians. It's all about creating jobs and growing our economy. Both are on the up; we need them to have every chance to continue to succeed.

**4.1 Forestry Policy and Reform**

**Mr FINCH** - On page 309 of the budget paper, in a few words about forestry policy and reform, which is a line item on page 319, it says that the output provides high-level support on forest resource policy and management issues, which facilitates a number of interagency committees relating to forestry policy and programs. Can you elucidate that for me? What sort of committees do you have there to give you guidance and advice to expend your money on?

**Mr BARNETT** -It is an important part of the state Government. There are a number of entities, including Private Forests Tasmania, which represents the private forestry sector across the state. Penny Wells is here as the CEO of that entity. The Forest Practices Authority is headed by a board for Private Forests Tasmania and a board for the Forest Practices Authority. It is the independent entity that manages our forests in Tasmania and ensures that the rules and regulations around the practice of harvesting and forest management are adhered to. There is a range of other entities as well. I will pass to Penny Wells to add to that answer.

**MS WELLS** - Probably at an interagency level, one of the main committees we facilitate is the Regional Forest Agreement Implementation Group Committee, which brings together all the forestry entities attached to government and central agencies to progress the implementation of the RFA and to undertake work such as when we went through the process of extending the RFA, where the interagency committee provided input from across government into that process. That is a key one.

We have a number of other functional committees such as an interagency committee including land management organisations and our own agency relating to implementing the relatively new Special Species Management Plan, which includes the Crown Land Services, the Parks and Wildlife Service, functions within DPIPWE, the Forest Practices Authority and the Department of State Growth, and will work on matters insuring consistency with respect to implementation of the Special Species Management Plan across different land tenures. We also provide input and have a government observer from the resources policy area on the new industry hub, the National Institute for Forest Products Innovation - NIFPI. This is a new national institute largely driven by industry but funded by the state Government and the Commonwealth Government. The Resources Policy Group has a representative on that committee. We provide input into the Forest Practices Advisory Council which represents stakeholders input into the forest practices system. They are some of the key ones.

**Mr FINCH** - Plenty of good advice and thinking going on behind the scenes. Is Private Forests Tasmania an agency for the Government or a private company?

**Mr BARNETT -** No, it is an agency of the state Government.

**Mr FINCH** - I wanted to clarify because I was not sure whether Penny was here because of her huge experience or whether Private Forests Tasmania was in fact a private company.

**Mr EVANS** -It is actually an independent statutory authority attached to the department with its own legislation, board and CEO. Unfortunately for me, she got the job as the CEO and left us as director of forest policy. She has been in the role for a month or so now and doing a great job.

**Mr FINCH** - On page 319 in the Output Group 4, in the allocation appropriation by output, there is a diminution in 2021- 22 of about half a million dollars. Can I get some explanation as to why it is reasonably steady up until that time and then it drops away in the forward Estimates?

**Mr BARNETT -** I will pass to the secretary to respond.

**Mr EVANS -** The remaining TFIGA funds from the Commonwealth agreement sat with Treasury and the residual funds were transferred to us. This is why the funds drop in future years.

**Mr FINCH** - The total of those funds disappearing from an allocation to the department?

**Mr EVANS -** To the department from the Commonwealth via Treasury.

**Mr FINCH** - Just remind me, TFGIA?

**Mr EVANS -** The Tasmanian Forestry Intergovernmental Agreement.

**Mr GAFFNEY -** There is $500 000-worth of work taken out because the funds are not there. What work changes? Is there no need for the Government to put $500 000 in because the work did not get completed, or is it a money transfer?

**Mr EVANS -** Those funds were project-specific allocated out of the TFIGA's remaining funding. Penny can take you through the individual pieces of work.

**Mr GAFFNEY** - I would be interested to hear Penny.

**Ms WELLS -** Some years ago, during the process of the Tasmanian Forest Agreements process, as part of that process -

**CHAIR** - We try to forget about it.

**Mr VALENTINE** - It is a long process.

**Ms WELLS** - As part of that process, the Commonwealth Government and the state Government entered into a joint funding agreement. It was not the TFA, it is the Tasmanian Forests Intergovernmental Agreement - TFIGA - which provided a substantial amount of funding to the process and a number of programs that resulted from that process. Most of that money has been spent. It did not all come to the Department of State Growth, some went to Treasury and to DPIPWE and to a number of other entities and projects. You may have seen a line item in Treasury's Finance-General for TFIGA. Over the last few years that line item has been diminishing as the projects have played themselves out.

Many of the remaining projects are being delivered by the Department of State Growth. For example, you might recall some of the sawmiller programs, contractor hardship programs, the development of the Special Species Management Plan, and the servicing of the Ministerial Advisory Council. Those projects were being administered by our department. In December last year, Treasury, which held all the residual funds, transferred the remainder, around $6.5 million, to the department to finish rolling out those projects over the next two or three years. That funding has been spread across our line item and we expect those projects to be fully completed by that third year. You will not see any of that $6.5 million in our line item in 2021-22. It drops back to the sort of average we have been receiving over the last decade or so.

**Mr GAFFNEY** - Perhaps it would be worthwhile to add a footnote?

**Ms WELLS** - There is a footnote in one of them explaining that.

**Mr GAFFNEY** - It is worth identifying that funding has come out of TFIGA.

**Mr EVANS** - Footnote 12 on page 303 acknowledges the transfer of funds for the Tasmanian Forestry Agreement from Finance-General.

**Ms WELLS** - On page 302 you see the same thing happening under line item 4.1, Forestry -

**Mr GAFFNEY** - Okay.

**Ms WELLS** - You see the increase and it is dropping back. It is explained in item 12.

**CHAIR** - As to the residual funding, is 2021-22 when it is all to be expended or is there some to flow beyond that?

**Ms WELLS** - It is our expectation it will all have been expended by that period.

**CHAIR** - What projects are being funded this coming year and the next three years for which funding is allocated?

**Ms WELLS** - We have some funding going toward the continual administration and monitoring and auditing of those various exit and assistance packages for the sawmillers and contractors. That is one aspect of it. There is still some funding in the Special Species Management Plan; some implementation activities in relation to that plan. We expect it will be contributing to our work program this year. Funding has also been allocated to some projects announced in last year's budget - strategic marketing for the industry, contribution towards the National Institute for Forest Products Innovation, the Wood and Fibre Processing Innovation Program, community awareness activities and a socio-economic survey for the industry.

**CHAIR** - The money being provided to Hermal does not come out of this at all?

**Mr EVANS -** No. The money provided to Hermal sits in Finance-General.

**Mr FINCH** - Also, minister, on page 323 there is a $12 million allocation to Sustainable Timber Tasmania for non-commercial and roads. That is the CSOs, a constant $12 million through the forward Estimates. First, could I get an explanation about non-commercial - what does that refer to? I can understand roads but I am wondering what non-commercial stands for, what is done under that banner.

**Mr BARNETT** - It includes funding for a range of non-commercial things: the roads for tourism and community benefit and funding for land management and road costs that do not support commercial activity. It is an important figure. You are talking about the $12 million?

**Mr FINCH** - Yes.

**Mr BARNETT -** It covers what you call a community service obligation - CSO - to provide that for the community because it is going through Sustainable Timber Tasmania, formerly Forestry Tasmania.

They are doing the work and it should be acknowledged as such. We are trying to be transparent and open in saying there is $12 million there - they use that funding for roads purposes as a community service obligation. It is to help with accessing space, whether it be for bushfire management, for tourism purposes or for recreational activities for Tasmanians to use those roads to get where they need to go.

It is something we looked at in the transition from Forestry Tasmania to Sustainable Timber Tasmania. It is an important point. It is open and transparent. The $12 million figure has been allocated for that community service obligation.

**Mr FINCH** - If somebody said that it reads like a subsidy, you would dispute that?

**Mr BARNETT -** I would absolutely dispute it. It is a community service obligation. Tourism is important to Tasmania; bushfire management is important to Tasmania, as are recreational activities. Those roads are important and need to be managed and upgraded as appropriate.

**Mr FINCH** - Does Sustainable Timber Tasmania's own workforce maintains the roads or do you contract that work out?

**Mr BARNETT** - They do a lot of the work, but from time to time I understand they contract out some of that roadwork. That is an operational matter for Sustainable Timber Tasmania but they oversee that funding. I have mentioned fire management. There is a further $2 million for fire management purposes and that is in Finance-General in the Budget.

**CHAIR** - There is a descriptive note on page 324 on this, where it says that it is for the maintenance of the forestry road networks to allow for continued community, tourism and firefighting access; management of public recreations sites; provision of forest education activities; special species timber management; and ongoing facilitation of forestry research.

Could we have a breakdown of how much is allocated from that $12 million to each of those?

**Mr BARNETT** - I will check with the secretary. Thank you for pointing out that particular paragraph on page 324, for all members of the committee. I will check if it can be broken down.

**Mr EVANS** - No, it can't be broken down. The use of that CSO is implemented through CSO direction issued to the corporation by the ministers. You could inquire about how that CSO is applied through GBE scrutiny but we don't hold that level of detail. That level of detail is an operational matter held by STT. I am sure that they would be able to provide that detail in the GBE scrutiny committee, but we don't have access to it.

**CHAIR** - We might write to you about that. Sustainable Timber Tasmania would have it. In addition to that, this includes a component of firefighting but there is also the $2 million in Finance-General. I have asked questions of the Treasurer on how much was expended of that CSO, and whether extra was needed. I believe we had a RAF during the year to assist, so he will answer that. I am interested in how much in this CSO was spent on firefighting. It seems there is a crossover.

**Ms WELLS** - This $12 million does not include firefighting. It is to maintain road access -

**CHAIR** - Oh, firefighting road access. Right.

**Mr EVANS** - Firefighting and other uses. These lands are used for multiple purposes. If it were solely up to STT operating their commercial business, they would manage the land for commercial purposes, whereas the community has an interest in those lands for other purposes.

**Mr VALENTINE** - It is a CSO payment for that, isn't it?

**Mr EVANS** - That's what it is. This is a CSO payment and, as Ms Wells has reminded me, it equates to about $15 per hectare in management fees.

**Mr FINCH** - With the firefighting, what extra provisions might have been made for the coming fire season? Does it come back to Sustainable Timber Tasmania to have that sort of detail?

**Mr BARNETT -** We have funding in the Budget for firefighting in the 2018-19 year - $2 million under Finance-General. That is there for firefighting purposes, in addition to this CSO payment for roads and a road network.

**Mr FINCH** - Is that $2 million managed and apportioned by Sustainable Timber Tasmania?

**Mr BARNETT -** It allocated to Sustainable Timber Tasmania for firefighting purposes. Exactly how they use that money is an operational matter for STT. I will see if the secretary has anything to add?

**Mr EVANS -** It is about ensuring STT invests in firefighting capability. It's a direct allocation to STT for firefighting on an ongoing basis to ensure they have the capability if we have fires. It is not necessarily a commercial activity that -

**Mr VALENTINE** - It is not regeneration burns?

**Mr BARNETT -** No.

**CHAIR** - That's the State Fire Commission.

**Mr FINCH** - It would come back to equipment, is that what you're suggesting?

**Mr EVANS** - It is to ensure the organisation continues to invest in firefighting capability and capacity for non-commercial purposes, bearing in mind they are a large public land manager.

**Mr FINCH** - Is this $2 million a new allocation?

**Mr EVANS** - It is $2 million in 2017-18 and is rolled out over the forward Estimates.

**Mr FINCH** - How is that money expended and on what equipment? How is it being utilised?

**Mr EVANS** - That is an operational matter for the organisation, and this is a question the Treasurer took on notice yesterday.

**CHAIR** - I have that question on notice. The Treasurer is dealing with that one; we asked how much has been expended and how much extra was needed.

**Mr EVANS** - That is in Finance-General, not in our budget, and will be allocated to STT directly through Treasury.

**Mr FINCH** - In next year's budget, I will probably ask the same question about how that was used by Sustainable Timber Tasmania.

**CHAIR** - Ask the Treasurer that one.

**Mr VALENTINE** - I presume it is for picnic spots and all sorts of things within STT's area of operations where the public might go to have a relaxing day - day-use areas and those sorts of things. That would be part of the CSO, wouldn't it? I am assuming that, unless I hear otherwise. How do you work through that with Sustainable Timber Tasmania? Which areas get attention? Do you liaise with community groups or beekeepers on the access they need? Can you give me a bit of a rundown on how that is achieved, or is it the squeakiest wheel?

**Mr BARNETT** - While the Government doesn't provide funding to support Sustainable Timber Tasmania's commercial operations, there is a cost to ensure that Permanent Timber Production Zone land not utilised for commercial harvest continues to be managed, accessible and available for multiple uses. Hence, we have talked about the $12 million. A new CSO direction was issued to Sustainable Timber Tasmania in July 2017 to implement these new state budget arrangements and replace the previous CSO direction. That direction has been given on support through the $12 million; it is in place and was issued July last year.

**Mr VALENTINE** - How do you work out which areas get attention with regard to that CSO allocation?

**Mr EVANS** - That is an operational matter that the corporation would decide in accordance with the direction. It is a bit like -

**Mr VALENTINE** - Then they say to you, 'It is going to cost us $2 million to do this - are you willing to pay?', or do you say there is a certain quantum. How you work out the $2 million?

**Mr EVANS -** The $2 million for firefighting?

**Mr VALENTINE** - Sorry, not firefighting, the CSO component.

**Mr EVANS -** The $12 million for the CSO is roughly worked out on a basis of $15 per hectare. I don't know whether it is commensurate with or less than the money that Parks would spend, for example. I think it is a lot less than the funding Parks would spend on public land management.

**Mr VALENTINE** - You don't liaise with the likes of the National Parks Association and beekeepers in the community to find out which areas need attention and give directives to STT?

**Mr EVANS -** We wouldn't, no. Hopefully STT would.

**Mr VALENTINE** - STT do?

**Mr EVANS -** And they could -

**CHAIR** - I reckon the beekeepers go to STT pretty freely.

**Mr BARNETT** - They do.

**Mr VALENTINE** - They would certainly bother them.

**Mr BARNETT** - I will check if Penny Wells wanted to add anything to that answer to help.

**Ms WELLS** - I think the secretary pretty much covered this.

**Mr FINCH** - Are all these roads done for the community service obligation accessible to the general public?

**Mr BARNETT** - Not all forestry roads are accessible. Some are and some aren't. It depends on the circumstances, but in terms of that funding, that CSO is paid to ensure that important tourism assets can be visited and to ensure firefighting activities can take place. For example, they might open the road for certain firefighting activities, but otherwise it would be closed to the public. It might be open for specific purposes from time to time as appropriate. That is very much an operational matter for STT. They could explain it in far better detail than I can as minister; that is getting down to the nitty-gritty.

**Mr VALENTINE** - You can get permission to access certain areas. They give you a key or whatever, that sort of thing?

**Mr BARNETT** - You mentioned the beekeepers. They can use those roads from time to time when agreed and as appropriate. We get feedback from them about access to certain areas and we try to -

**Mr VALENTINE** - This bridge being out and that bridge being out?

**Mr BARNETT** - If a certain bridge is not in a good state of repair, we pass that on and Sustainable Timber Tasmania tries to help wherever possible, absolutely.

**Mr FINCH** - Do we know the quantum of roads involved?

**Mr BARNETT -** We do in terms of the kilometres of roads. Do you have the information? We can obtain the kilometres of roads covered. It is certainly more than 10 000 kilometres. It is a huge distance.

**Mr FINCH** - Yes. A question I might ask in the future might be: what is allocated for maintenance of roads and whether new roads are being built from the fund? Would this would be STT's obligation to build new roads?

**Mr BARNETT -** Yes. It is their obligation for new roads, particularly production forest land. Permanent Timber Production Zone Land is Sustainable Timber Tasmania responsibility.

**CHAIR** - I am aware when Forestry Tasmania was in charge of this area, they charged other users to use roads, like the mining industry when it was operating the Corinna, Blackwater and other mines. Does STT similarly charge other users to offset the cost of the maintenance of and upgrades to these roads?

**Ms WELLS** - They have a legal ability to do so under their legislation, but as to whether they implement that at this point and to whom, I do not know.

**CHAIR** - It is a revenue stream for them much to the chagrin of the mining companies.

**Mr BARNETT -** Yes, it depends on the circumstances. Brett Stewart might be able to add to on the mining perspective.

**Mr STEWART** - The types of agreements I am aware of are where forestry roads are used for mining operations. The carriage of heavy trucks and so forth create a significant additional maintenance burden on the road and the revenue is essentially related to a cost recovery scheme. There may be some argument over the mechanism or the quantum, but that is the principle.

**CHAIR** - Are we aware of the amount of revenue raised from this source? It is a legitimate claim. It is not that they are doing something they should not. I am interested in how much it raises for them.

**Mr BARNETT -** Yes. I do not have the information with me. Sustainable Timber Tasmania would have the information and we can make inquiries. It is an operational matter for Sustainable Timber Tasmania. I can clarify and give you an update on the length of roads. It is more than 10 000. It is taking in about 14 000 kilometres.

**CHAIR** - I am asking this because these roads are sometimes maintained for the purpose of a mining operation continuing in those areas. How much of this is offset by revenue STT can raise itself?

**Mr BARNETT -** That is a fair question. I do not know the answer. Sustainable Timber Tasmania should be able to assist. Some of these tourism assets or icons are roads such as the Tarkine Forest Drive, the Walls of Jerusalem, Forestry Road, the Big Tree Reserve in the Styx Valley, the road to Cockle Creek - there are quite a few. It also includes maintaining significant local access routes such as the Plenty Link Road between the Derwent and Huon Valley. It is a very important road. It has a few dips and bumps here and there. You need a four-wheel drive probably -

**Mr FINCH** - We will get some more maintenance put into it.

**Mr VALENTINE** - The road to the Gordon up the Florentine Valley.

**Mr BARNETT -** Probably. I am not sure if that is a forestry road.

**Mr FINCH** - Minister, we used to hear a lot about the Forest Stewardship Council Certification for Forestry Tasmania, now called Sustainable Timber Tasmania, but the issue seems to have gone strangely quiet. When will the native forest products be marketed with FSC certification?

**Mr BARNETT -** Forest stewardship certification is an objection of Sustainable Timber Tasmania and it has had that objective for some time. It is a complex matter. It takes a good deal of time and they have done much work on it already. That process is ongoing. They already have PEFC certification and other forms of certification. FSC certification is a form of certification that is a desired outcome for Sustainable Timber Tasmania. The Government supports their objective and that is ongoing. They obtained FSC certification for their controlled woods, their plantation estate, sometime ago.

You are talking about the native forest estate. To summarise in terms of the certification process, in comparison to full FSC Forest Management certification that requires assessment against more than 2000 detailed economic, environmental and social indicators, FSC Controlled Wood certification provides assurance to customers that the wood covered by this certification is not illegally harvested, harvested in violation of traditional and civil rights, from forests where high conservation values are threatened, from forests being converted to plantations or non-forest use, or from forests in which genetically modified trees are planted. They have had audits with respect to the process in December 2014 and December 2015; they are working on the transition process and it is ongoing.

**Mr FINCH** - As you say, it is a long process. You could go to Bunnings and buy hardwood chairs made in Vietnam with a brass FSC certification. Does that mean that a place such as Vietnam is ahead of Tasmania in forest management?

**Mr BARNETT -** Did you say it had certification?

**Mr FINCH** - It does have certification. Yes, at Bunnings - brass.

**Mr BARNETT -** I have seen timber at Bunnings that does not have certification - I have seen a lot of that.

**Mr FINCH** - You wouldn't buy it.

**Mr BARNETT -** I have seen a lot of timber from overseas, sadly, in Bunnings that does not have that certification. That is an issue for Bunnings.

There are different types of certification and we should be cognisant of that. They are operating in a professional way; they have various forms of certification and Forest Stewardship Council certification is only one of those forms.

**CHAIR** - It is one of the certifications being demanded by the market more often. I don't think we can deny that. When do you foresee STT being successful and gaining FSC certification for the native forest sector?

**Mr BARNETT -** I apologise, Chair, the last part of your question?

**CHAIR** - When do you foresee it is likely they will have to give up or will receive certification for their native forest operations?

**Mr BARNETT -** It is a good question for Sustainable Timber Tasmania. I have briefings on this - they give me updates and they assure me they are continuing their work across the 200 criteria they have to satisfy. They have to do the research, the homework.

**CHAIR** - This has been going on for a while. I am asking when you think it is likely: are we close to it or is it all too hard?

**Mr BARNETT -** They advise me it is progressing. In the audit of March 2016, they were in conformance with more than 90 per cent of the indicators required for certification. That is a 90 per cent tick rate.

**CHAIR** - It is often the final 10 per cent that is the hardest to finish.

**Mr BARNETT -** Yes, I know. Some non-conformances were identified in the FSC Forest Management audit report and they are focusing on those.

**Mr VALENTINE** - Do we know what they are?

**Mr BARNETT -** Yes. The audit has identified nine major non-conformance areas where further action is required before certification can be granted. These issues relate to four key areas of improvement where Sustainable Timber Tasmania must develop and utilise alternatives to clear-fell harvesting and coupes containing mapped old growth forest; refine how it identifies and manages threatened species and their habitat, particularly for swift parrots and masked owls; revise its high conservation values management plan; and develop and implement procedures for monitoring the effectiveness of its measures for maintaining or enhancing high conservation values. Consistent with its commitment to continuous improvement, Sustainable Timber Tasmania has already taken action in each of those areas, and I can outline more on that. They have done a lot of work in addressing those non-conformances.

FSC, as an independent entity, has also changed some of its internal processes. I will not say the goalposts have totally changed since a few years ago but there has been some movement. They have to do extra work or do further studies to address the goalposts where they are now, rather than where they were a few years ago.

**CHAIR** - The certifications are reviewed and renewed; they would have to do that anyway.

**Mr BARNETT -** Exactly, a good point. This is the important point about our landscape, it changes. Trees grow, are harvested and are replanted. Our landscape changes, so we need to think about how we manage that. You cannot click your fingers and suddenly change the whole system, but landscape management of Tasmania is something I am interested in.

**Mr VALENTINE** - Would FSC be changing requirements according to public demand?

**CHAIR** - Or science.

**Mr VALENTINE** - Or science, yes.

**Mr BARNETT -** It may be based on a range of issues. They are influenced by a range of relevant stakeholders who express a view and they respond to those. Certification is important to Sustainable Timber Tasmania. They already have PEFC and other forms of certification. They are a responsible steward of our Tasmanian production forests and our forests.

**CHAIR** - When is the next assessment due?

**Mr BARNETT -** I understand Ms Wells has more information on that. Thank you for the question. There is an Australian standard relevant for FSC and that is being developed by the independent entity behind forest stewardship certification. I will pass to Ms Wells, who can add to what I am saying.

**Ms WELLS** - It is my understanding that FSC has country-specific standards. It develops a standard relevant to the context of that country. For Australia, there has only been a draft or an interim standard; the process through which Sustainable Timber Tasmania has -

**CHAIR** - Is that for the native forests? We already have plantation certified, haven't we?

**Ms WELLS** - As far as I understand, the FSC has only had a draft standard for Australia. People have been certified against that draft or interim standard to date. Companies that have FSC certification for plantation in Australia have been against the interim or draft standard. Part of the issue for Sustainable Timber Tasmania over the last 18 months has been tying in their next audit process to when the final Australian Standard has been signed off. I am not exactly sure when it is due or if it actually happened in the last month or so.

That has certainly been part of the equation for Sustainable Timber Tasmania: rather than spending quite a bit of money on the audit process under a standard changing in its finalisation process, they were waiting for the Australian Standard to be finalised so they could have their final audit on the next audit under that process.

**CHAIR** - Is there a time frame? Do you have any idea when they will finalise?

**Mr BARNETT -** I don't have the current information, but within the next 12 months as far as the standard is concerned. It may be sooner.

**Ms WELLS** - Six months ago, it was going to be finalised early in this calendar year.

**CHAIR** - Not quite half way through yet.

**Mr BARNETT -** That is out of our hands and an entity we can't control.

**CHAIR** - I understand, it's hard for STT to know exactly what they have to achieve if the standard is not fixed.

**Mr BARNETT -** It is very challenging and not easy.

**Mr FINCH** - Are unprocessed native forest logs being exported by Sustainable Timber Tasmania?

**Mr BARNETT -** Native forest logs unprocessed, so the logs themselves.

**Mr EVANS** - We do not have any of the operational detail for STT with us today. I don't know if the minister can access that, but it is normally a question for STT during their scrutiny.

**Mr FINCH** - Am I misreading this?

**Mr BARNETT -**They export chips and logs from time to time depending on the market

**Mr FINCH** - You hope they would process that in Tasmania.

**Mr BARNETT -** In an ideal world, we would have value-adding and downstream processing - we obviously would like more jobs in Tasmania and that is why we are so pleased we are able to back with funding Hermal's $190 million investment at the back of Burnie. The north-west coast area is as excited about that as we are, from the feedback I have had.

**CHAIR** - That is only plantation; Mr Finch was talking about native forest.

**Mr BARNETT -** No, I was making a point there is some positive feedback with respect to the Hermal Group's investment.

**Mr FINCH** - Forest Industries Association of Tasmania chief executive Terry Edwards said his organisation had started discussions with the re-elected Liberal state Government on the industry policy positions and he would continue to engage with state Labor. He said he wanted to ensure Tasmanians ended up with the best forest policy for the entire industry in Tasmania and that hopefully that policy could be supported in a bipartisan way by the major parties. Could you comment on that?

**Mr BARNETT -** First, Terry Edwards is finishing up with FIAT around mid-year. I acknowledge his service to the industry over decades in Tasmania. We have productive and ongoing discussions with FIAT from time to time, as appropriate, talking about our growth strategy. Of course, FIAT was a key member of our growth strategy ministerial advisory council and it plays an important role in having input into our forest policy, as do a whole range of other timber sector entities. We take advice and feedback from a whole range of stakeholders in the industry and FIAT is a very important one of those. We have a plan for growth under our Government. That is continuing and we are funding it in the Budget. We made a $4 million commitment in the budget last year towards our strategic growth plan, which is to double the value by 2035. We are proud of our industry and stand by it, and we are backing it with funding support.

**Mr FINCH** - Do you think he is being optimistic and maybe trying to steer the Liberal Government to the Labor Party to try to get a bipartisan approach on the forestry industry?

**Mr BARNETT** - He knows our Government's position very well. We have just been to an election. We won the election based on our policies, which is to grow the forest industry. We are very pleased and proud of that. In the previous election in 2014 it was a high‑profile issue, with the lockups and the proposed lockups, and the community sent the message. We have our policies on the table and he knows that. We look forward to working with him, engaging with him and other entities in the sector, to promote growth in the forest sector and produce jobs and development opportunities, particularly in our regional communities.

When Mr Edwards made that statement, he may not have been aware that the Greens would release an alternative budget that included the abolition of native forest harvesting across Tasmania and the abolition of Sustainable Timber Tasmania. That would put thousands of Tasmanians out of work and would impact their families.

**Mr FINCH** - His comment was not steering towards the Greens, though. His was more with a Labor circumstance.

**Mr BARNETT** - I don't represent Labor Party and that would be a good question for the Labor Party.

**Mr FINCH** - What would you suggest is the value of Tasmania's forest estate? Is there anywhere in your figures or in your discussions you could put a figure on that?

**Mr BARNETT** -That is a very valuable asset for Tasmania. The strategic growth plan outlines it, and this is all on the public record. We are very pleased with the ministerial advisory council. We have 3.4 million hectares of Tasmania covered in forests; we have set aside about 800 000 hectares of public land as Permanent Timber Production Zone land and nearly 1 million hectares of forest on private land. The private sector is a real growth area for Tasmania in terms of timber. I am very excited about that prospect. Of the total forest estate, over 90 per cent is native forest, with the balance being plantation.

The growth objective is to double the industry value-adding to $1.2 billion by 2036. It's worth about $600 million at the moment. We want to double that.

**CHAIR** - When you say 'it's worth', what are you saying?

**Mr BARNETT** - The value of the forest industry.

**Mr FINCH** - I was thinking more of the estate rather than the industry itself.

**Mr BARNETT -** When you say the estate, a huge proportion of Tasmania is covered in forest, so which part of the estate? It is hard to define.

**Mr FINCH** - In your discussions, you talked about the value of what the forest estate might be.

**Mr VALENTINE** - Standing timber.

**Mr FINCH** - Yes.

**Mr BARNETT -** We are talking about doubling the value of what we have, which is $600 million, up to $1.2 billion by 2036. My view is we can achieve that easily. We will achieve it in advance of 2036. This has come from all the experts and stakeholders round the table coming together, putting forward this strategic growth plan. We have backed it with funding support of $4 million in the Budget. We are totally supportive of all the different aspects of the forest industry, including the special species sector the Greens want to abolish.

**Mr FINCH** - Talking about positives.

**Mr BARNETT -** We are sitting at a table made of this beautiful Tasmanian Huon Pine, a special species timber, which would be abolished under a Greens policy. You would not see this anymore.

**Mr FINCH** - You were talking about new opportunities and initiatives. I recently had a tour of Neville Smith Forest Products at Mowbray. A wonderful innovation.

**Mr BARNETT -** That is right. The pellet plants at Mowbray. Five thousand tonnes of wood pellets per year. Very successful, supported through the Tasmanian Government Wood and Fibre Processing Innovation Program. He is very thankful for that. His initiative - Neville Smith put forward the proposal and they have added to that. Value-adding and creating more jobs at Mowbray. I have visited there many times. We signed the Tasmanian Regional Forest Agreement on that site, with the Prime Minister, the Premier, myself and Senator Anne Rushton, who is responsible for forestry for the federal government.

**Mr FINCH** - The value of the forest estate is interesting. One commentator puts it at more like $101 million, but you are suggesting you would refute that?

**Mr BARNETT -** I am not sure what the commentator is referring to.

**Mr VALENTINE** - Standing timber?

**Mr BARNETT -** There is production timber and timber in different parts of Tasmania, and they all have a different value. The private forestry estate it is very significant. I will check whether Penny can add to anything I have said.

**Ms WELLS** - The only figure I have is the same one as you, which is the industry value add, so it depends on the nature of your question in detail. Sustainable Timber Tasmania annual reports would have accounts that would probably include valuation of their assets.

**CHAIR** - We look at the balance sheet in budget paper 1, page 161, of the Total State Sector. We have a value of the biological assets of trees, because it is trees that belong to the state. In 2018, there is $201.1 million-worth of biological asset and the estimated outcome is $93.4. The value of these trees go up and down depending on a range of things like how big they are, how many have been cut down and how many could potentially have been burnt.

There is a significant downward revision of the value of the biological asset, during this year, from the budget to the estimated outcome - a reduction in value of $108 million. Did you see the trees? Is that why the value went down? The value stays down in the out-years, well below the $201.1 million that was the budget for this year. Why has the value dropped? This is the question the member was asking about the biological asset and its value. So what happened?

**Mr BARNETT -** I can advise what is on the public record, regarding the sale of the plantation. It was a $60.7 million figure for the 29 000 hectares of the plantation asset sold. A very significant sum. We were very pleased -

**CHAIR** - That is not yet $108 million.

**Mr BARNETT -** On the actual accounting side in the budget papers, let us just check with the secretary, if he can add anything and explain the budget papers for you.

**Mr VALENTINE** - Did Forico buy it?

**Mr BARNETT -** No, Global Forest Partners bought it and it is now operated owned and managed by one of their entities. It is called Reliance Forest Fibre, based in the north.

**Mr EVANS** - I cannot add a lot of detail. I need to understand how Treasury defines biological assets and what is included to have a better understand of why that might have moved so much. I imagine, as the minister said, that a significant part of that could be accounted for through the sale of the plantation forests, but I cannot account for the rest.

**CHAIR** - I do not think you are right on that, minister, with all due respect. Weren't the trees sold last year?

**Mr BARNETT -** It was late last year, September or October.

**CHAIR** - That was in the 2017-18 financial year. You knew what money was coming for it.

**Mr BARNETT -** I do not think that is fair to say. A $60.7 million outcome for the state was well received.

**CHAIR** - I am not suggesting it was not. Another $40 million is unaccounted for.

**Mr EVANS -** We had best take this question on notice because we are simply guessing.

**CHAIR** - STT now accounts for the trees in the ground as a biological asset. I am not aware of anything else on the State Sector balance sheet that is recorded as a biological asset.

**Mr BARNETT -** We can check that for you, not a problem.

**CHAIR** - I will put that on notice then.

**Mr BARNETT -** I can tell you what happened to the plantation sale. As I have outlined -

**CHAIR** - I will come back to that in a minute; I have some other questions on that. In addition, this may need to be taken on notice too: can you provide the committee with a breakdown of the $93.4 million-worth of trees on the state's balance sheet at year's end, which was the estimated outcome in 2018, the breakdown between plantation and native forest?

**Mr EVANS -**We absolutely need to take that on notice.

**CHAIR** - I believe 30 000 hectares were sold?

**Mr BARNETT -** It was 29 000 hectares.

**CHAIR** - I was rounding up.

**Mr BARNETT -** I mentioned 29 000, yes.

**CHAIR** - I understand that involved the sale of a forestry right?

**Mr BARNETT -** Yes, 99 years.

**CHAIR** - Who were the parties to the sale agreement? Presumably STT was one party. Was the Crown a party as well?

**Mr BARNETT -** Global Forest Partners is the purchasing entity. An entity of Global Forest Partners now owns and operates it; that is called Reliance Forest Fibre.

**CHAIR** - Was the Crown a party as well or only STT?

**Mr BARNETT -** Sustainable Timber Tasmania.

**CHAIR** - The Crown was not a party? If you had only sold the trees and not the forestry right, would that have made a significant difference to the price you received?

**Mr BARNETT -** When you say the trees, you mean the land and the trees?

**CHAIR** - Yes. You sold the forestry right; it is not -

**Mr BARNETT -** It is a 99-year forestry right.

**Mr VALENTINE** - They can plant further cycles?

**Mr BARNETT -** That is right.

**Mr VALENTINE** - They might have three cycles.

**CHAIR** - If you sold the trees and not the right, and kept the right for STT to replant and re‑use that land, would you have thought it would have been a much lesser price?

**Mr BARNETT -** I am not quite following you.

**Mr VALENTINE** - Only selling the asset but not the land underneath it.

**CHAIR** - They didn't sell the land underneath it, they sold the forestry right to it. The land is still the Crown's, isn't it?

**Mr BARNETT -** Yes, that is right.

**CHAIR** - I am interested in what the right was worth and what the trees were worth.

**Mr BARNETT -** It not unusual to sell a forestry right. This happens regularly interstate and overseas. It is a forestry right for 99 years and, as Mr Valentine said, they can purchase that right. They have done so for $60.7 million and they now have that right to harvest those trees, the right to replant and then to re-harvest over that time.

**CHAIR** - I understand the forestry right over the land was land owned by the Crown, not Sustainable Timber Tasmania. Is that right?

**Mr BARNETT -** That is my understanding**.**

**CHAIR -** The special dividend of $15 million supposed to be paid last year has been deferred to this year. Could you provide more context around that? To me, the dividend is almost the general government's share of the sale price relating to the land component for the 99-year forestry right.

**Mr BARNETT -** To recap, 29 000 hectares of hardwood plantation was offered for sale on the open market, nationally and internationally. It is a 99-year forestry right. They went through due process and received a total sum of $60.7 million. Global Forest Partners was the purchaser and they hold approximately 150 000 hectares around Australia. It is their first investment in Tasmania and it sends a sign of confidence in the investment in Tasmania.

Reliance Forest Fibre is established as a locally based management team. They are now based in Tasmania and are using Tasmanian contractors to maintain and manage the trees and the 29 000 hectares of land. They have assumed full management control of the land via the forestry right. The forestry right includes obligations that all harvested coupes must be reforested.

It was raised yesterday that the Forest Practices Authority operates under the Forest Practices Act, as do all those people involved in forest management in Tasmania. That act requires reforestation when there has been re-harvesting, whether that be with plantation timber or some other form of reforestation that is part of the Forest Practices Plan. It is an important process we have in the way we manage our forests in Tasmania.

**Mr VALENTINE** - They couldn't plant industrial hemp.

**Mr BARNETT -** That would be a big surprise.

**CHAIR** - Doesn't it say they have to plant trees? Isn't that what you just said?

**Mr BARNETT -** Yes, reforested. I think hemp would be outside the scope.

**Mr VALENTINE** - That's all right, but it has a greater fibre content.

**Mr BARNETT -** Sustainable Timber Tasmania has retained an extensive estate of around 20 000 hectares of hardwood plantation management for sawlog production. The 29 000 is designated and was always used for pulpwood production. The forestry right has been sold for pulpwood purposes. Do you want me to address the $15 million?

**CHAIR** - Yes.

**Mr BARNETT -** The $60.7 million was always designated to pay down the debt and transition Sustainable Timber Tasmania to a sustainable footing. That is the objective of the Government. The Treasurer and I agreed on behalf of the Government and with the Government's support that the $15 million should be returned to consolidated revenue. It was desired to bring that into this current financial year. The Treasurer has made a decision that it can occur in the next financial year; that is, after1 July this year.

**CHAIR** - Why?

**Mr BARNETT -** That is a decision for the Treasurer. He made that decision based on his management of the Budget. We have record funding in the Budget for infrastructure, health, education and supporting the vulnerable. That was a decision he made and it is fully supported.

**CHAIR** - Of the forest estate the Crown and/or STT have responsibility for in the Permanent Timber Production Zone - PTPZ - what is the breakup of plantation and native trees on the estate under the control of STT?

**Mr BARNETT -** We are getting into operational matters regarding Sustainable Timber Tasmania. There is a 20,000 hectare estate managed plantation for sawlog production. In terms of exact hectares, there are over 800,000 in total. Regarding the breakdown, I would have to take that on notice and provide some information back to the committee. It is more Sustainable Timber Tasmania, but I am more than happy to assist.

**CHAIR** - The plantation sold was predominately as only suitable for pulp.

**Mr BARNETT -** That is correct.

**CHAIR** - The 20,000 hectare of sawlog, what is left? Is that still only pulpwood? That is why I am asking for the breakdown.

**Mr BARNETT -** Can we take that on notice? For clarification purposes, the 20,000 hectares, is pruned and thinned for sawlog production. I mentioned it was pruned and thinned, that is so it is ready for sawlog production at the appropriate time.

**CHAIR** - How old is that?

**Mr BARNETT -** It is at different ages over time because contracts are in place through to 2027. Sustainable Timber has those contracts in place, so they are required to meet those contractual agreements.

**CHAIR** - The funding for Hermal Group is a loan facility and grant. Are there any conditions I would be happy to hear about?

**Mr BARNETT -**The Hermal Group's $190 million investment is based on feedback from the Tasmanian Development Board and its report and recommendations. This is an independent board, which operates for and on behalf of the Government, as it has in different forms for past governments.

We are very pleased Hermal Group is keen to see Tasmania is open for business. They had challenges in Victoria, with a lack of resource under the Labor government over there, supported by the Greens. Tasmania is open for business, and there is a $190 million-cross laminated timber mill, the first of its kind in Australia.

The Government has agreed to provide $13 million in grant funding, including training support for their employees and a loan of up to $30 million, to support the investment.

**CHAIR** - What are the conditions on how the money has to be spent? What are the expected employment numbers? Are there any expectations with the grant? It is a decent amount of money; it's not something we just hand over. What are the expectations from Government in handing over that much money?

**Mr BARNETT -**Yes,It was based on Tasmanian Development Board's report and recommendations. Those terms and conditions are obviously commercial and in confidence. The Government's interest is to protect the interests of the taxpayer. Certain milestones are required for the Hermal Group to meet as appropriate on how the funds are expended.

**CHAIR** - It is not in one lump sum up-front?

**Mr BARNETT -** It is not in one lump sum up-front, but I can't divulge commercial‑in‑confidence terms and conditions regarding a commercial agreement. It is based on certain milestones the company can achieve. For example, it has stated construction of the facility will start either late this year or early next and will be completed in a 12- to 18-month period.

**CHAIR** - Subject to planning approval from the Burnie City Council and the neighbours?

**Mr BARNETT -** Yes, that is right. The secretary may be able to add to that answer.

**Mr EVANS** - As the minister said, we cannot divulge the precise terms and conditions. What typically happens when something like this comes before the board, is that the board would make a decision to recommend to the Government a funding assistance package with the indicative terms and conditions. Then, as in this case, when the Government has approved the board's recommendation, we go into a detailed negotiation with the company around a grant agreement and the loan documentation. They would typically be within in those specific terms and conditions, including milestones on when payments would be made. That is the process we go through, whether for Hermal or any business receiving assistance.

**CHAIR** - Are there penalties if they do not meet the milestones?

**Mr EVANS** - I cannot say in this instance, but with other grants we have included payback clauses if they do not meet certain milestones. For example, we would require a payback of grant funds if a call centre falls below or does not reach certain employment thresholds. Without understanding the precise terms and conditions for Hermal as we sit here now, I cannot say precisely. It would not be unusual for that to be the case.

**CHAIR** - Minister, how many jobs are expected to be created during the construction and operation of the plan? I am sure they would have had that discussion with you.

**Mr BARNETT -** Yes, we have had that discussion. They advise that during operation more than 200 jobs and an estimated 160 jobs during construction will be created. They have a MOU with Forico with an objective of using up to 300 000 cubic metres of plantation *Eucalyptus nitens* timber.

**CHAIR** - Predominantly from the north-west?

**Mr BARNETT -** I can be confident it is predominantly from the north-west. They may take some timber from the north or north-east. That is a matter for Forico and the Hermal Group.

**CHAIR** - Will they require sawlog quality or is pulp quality adequate for them?

**Mr BARNETT -** The current Forico plantation *Eucalyptus nitens* timber is chipped and exported to Asia.

**CHAIR** - I understand that.

**Mr BARNETT -** This is value-adding, downstream processing and job creation.

**CHAIR** - Is the timber currently used for chips suitable for them? Do they need a higher quality plantation product?

**Mr BARNETT -** No, they advised me that timber they are seeking to source will be adequate for cross-laminated timber. This is a first of its type in Australia. It is the largest cross-laminated timber advanced manufacturing facility in Australia, and it will be based at the back of Burnie.

**Mr FINCH** - You might guide me here, if it is in the correct area. The present situation with unfunded superannuation liabilities for past Forestry Tasmania employees -

**CHAIR** - That is in Finance-General now. There is none left with STT. They took all of it over, as they could take over the housing debt. That is the Treasurer's issue, not for this minister.

**Mr BARNETT -** I thank Penny Wells and the officers in the forestry area.

**4.2 Mineral Resources** -

**CHAIR** - Minister, you made your opening comments. I assume you are happy for us to go straight into questions?

**Mr BARNETT -** Yes.

**CHAIR** - While we are on the topic grants, we will go to the grant paid to Copper Mines of Tasmania - CMT. It is detailed in some measure on page 105 in Finance-General, which is where the grant sits. The grant is $9.5 million, with $3.5 million this financial year. I am not asking for a drill-down deal here, but what conditions were placed on this grant? It is dragging out. I know there were a number of challenges down there. I meet regularly with the mine manager, too. There is concern it will go on and on, and that this money will be tipped into a big dark hole and it will not start up again. I have been assured fairly recently by the mine manager that is not his intention. I am sure it is not Vedanta's overall intention.

**Mr BARNETT -** To respond to that question and provide a bit of an overview for CMT. We are backing it. The budget papers make clear that we have a $25 million assistance package in payroll tax and royalty relief. It is on the condition the mine restarts. That revenue will not be forgone unless the mine restarts. That will be a great boost and support to -

**CHAIR** - That is no big loss, minister, because if they don't begin, they wouldn't make any money. We would not have received anything. It is the grant I am interested in.

**Mr BARNETT -** I am trying to help. That is the $25 million.

**CHAIR** - I assume that is over a period of as long as it takes to accumulate $25 million-worth of revenue forgone to the state, then payroll tax and royalties will kick in. It is a cumulative total of the payroll tax relief and the royalty relief.

**Mr BARNETT -** Yes. Thank you.

The $9.5 million assistance package is on the public record. We announced that in Queenstown with Peter Walker and the company, and with Deshnee Naidoo and others on behalf of Vedanta. That gives the mine the best possible chance to restart. The breakdown of the $9.5 million is an initial $4.5 million for the refurbishment and preparation of the decline, the main tunnel used to access the mine and bring ore up to the surface. I am not sure if you have been down -

**CHAIR** - Yes, I have. I have been underground in all the mines.

**Mr BARNETT -** Same. It is an investment of $1.5 million for the rehabilitation and repair of the North Lyell tunnel, which is required to manage water flows in the mine and is critical to the operational environmental outcomes; $2 million to replace the 100-year-old west Queen River water supply pipeline that supplies water to the site; and $1.5 million, previously approved for necessary infrastructure works in the upgrade of the crushing mill, has now been allocated to various restart pre-engineering studies CMT advises as being of great priority in assisting the future restart.

We have a good working relationship with CMT. We have regular involvement. CMT is already, has been and continues to invest heavily in the future of the mine. They have spent more than $100 million keeping the mine in care and maintenance, and are looking to commit a further $80 million to $100 million in new works to facilitate the potential restart. This is an important project for the Tasmanian mining sector and we are backing it to the hilt. We are working in close consultation with Vedanta, CMT and Peter Walker and his team, and we commend them on their work. We remain hopeful of a restart decision in the not-too-distant future.

**CHAIR** - Minister, I understand some of the grant money was for the new decline. They are closing the shaft, which is probably a good thing for people in the community in light of what happened there. That work was supposed to have been subsidised through this grant. Can you inform the committee how many people were employed onsite for work that was basically subsidised by the grant?

**Mr BARNETT** - Between 50 and 60 additional jobs have been generated during the period of the critical works as described. As I also indicated, CMT has made significant progress on those projects; they have completed two of the four key projects I have outlined. CMT advised me that the current workforce is in the order of 25 full-time staff as well as contractors, so that is not including the contractors. In addition, contractors are working on specific projects. That is a reduction from the 320-odd people who were working there when the mine was fully operational.

**CHAIR** - Assuming it gets going again, what is the expected employment number onsite? Will it be different?

**Mr BARNETT -** Going forward?

**CHAIR** - Yes.

**Mr BARNETT -** That is an excellent question. That is obviously a matter for CMT, but based on the feedback we have had from CMT and based on their understanding of their proposed method of mining - they are looking at making one of the oldest mines in Australia one of the newest mines in Australia in the way they operate and mine the ore. That is a significant project for them and the decision regarding the restart is a matter for them. We remain hopeful of that decision.

**CHAIR** - What is the expected employment number when they reopen?

**Mr BARNETT -** The feedback we have is that it will be in the order of 300.

**CHAIR** - Which is similar to what was onsite before.

**Mr BARNETT -** That is direct.

**CHAIR** - Yes, I'm talking about direct.

**Mr BARNETT -** Yes, that is direct, but of course they will be very significant. If you talk about direct and indirect, there is an estimate of some 700, and you have contractors on top of that, so it is very hard to estimate.

**CHAIR** - Aren't contractors direct employment?

**Mr BARNETT -** No, contractors are additional to the full-time workers on the team.

**CHAIR** - I assume they will get contractors to do the underground work, but maybe they won't, maybe they'll use their own.

**Mr BARNETT -** This is a matter for CMT. It is best for them to answer questions on exactly how they operate their business in terms of contracting out and using certain employees to do the work. They are looking at mining in a totally different way to the way they have done in the past.

**CHAIR** - Which is not done in many other places.

**Mr BARNETT -** That is not done in many other places, so they are doing a lot of research on this. The research and inquiries they are undertaking are happening all around, not just at Queenstown but around Australia and around the world. We are excited about the prospects. We remain positive and hopeful, but at the end of the day it is a matter for CMT. As a government we are doing everything we can and turning over every stone to ensure that every bit of effort that can be made will be made and is being made to support the restart as soon as possible.

**CHAIR** - I am sure you keep an eye on the mineral prices, being the Minister for Resources. What has the copper price been doing lately?

**Mr BARNETT -** At the moment I am not sure exactly, but it is in a very good position to encourage the reopening and the restart of the mine at CMT. A couple of years ago it was closer to $US5000 per tonne. It has increased to $US6000 and the latest price I have for 21 May 2018 is $US6861.

**CHAIR** - I understand that $US6000 is the level to operate sustainably.

**Mr BARNETT -** Again, that is a matter for CMT. They have to make these decisions. They are not an entity of government, but it is really encouraging and they are doing a terrific job. They have invested hugely in care and maintenance - why would they make that investment if they then did not continue with the operation? We are fighting hard.

**CHAIR** - No-one is suggesting that is the case.

**Mr BARNETT -** No. It is not an easy time, I understand that, particularly for those in Queenstown and on the west coast. We want to make sure there is the message we are supporting that decision to restart.

**CHAIR** - Minister, you talked earlier about the royalties. This is not only for Copper Mines of Tasmania, but across the board. You said there had been a 40 per cent increase in exports and I assume that comment relates to the mining sector

**Mr BARNETT -** Mining and mineral processing.

**CHAIR** - Yes, and you said there had been an increase in royalties as a result. On page 322, there is a significant decrease from last year's budget. In the 2017- 18 Budget it was $41 million, but the forecast in last years budget for 2018- 19, this year we are going into, was $38 824 000. This is $4 million less, down to $34 100 000. If exports are increasing and mineral prices are holding up, why are we expecting less royalty? CMT does not come into this, because they are not paying any at the moment. If they do start, it will not be for a period of time, so why is it falling away if exports are increasing?

**Mr BARNETT -** Yes, we had this question yesterday, and Brett Stewart answered it quite well yesterday.

**CHAIR** - Maybe you would like to try it again. Sorry, we do not listen to what happens downstairs, minister. We do not have time. We spend nine hours locked up in a room with another minister.

**Mr BARNETT -** Fair enough.

**Mr STEWART** - The business of estimating royalties is difficult. We have a profits-based royalty system for our major contributors, which are our major metallic lines. Elements to profit are wide, varied and pretty much beyond our control, with global commodity prices and exchange rates being the main factors.

The approach we take in conjunction with Treasury is to estimate royalties in the out-years on a very conservative basis. We take into account estimates from the companies themselves and we understand they take a conservative approach.

**CHAIR** - They would like it to be in terms of how much they pay, but they would like the prices to be high.

**Mr STEWART** - High prices mean they pay more royalties so they probably would prefer to pay more in a perverse way. What is clear to us is our estimates over the last few years have been increasing in a measured way, but we have actually had a couple of significant increases.

**CHAIR** - So why is it decreasing since last year's budget in your projections?

**Mr STEWART** - Last year's projection has been redone based on the actual take for this years.

**CHAIR** - So you are saying it was more bullish last year?

**Mr STEWART -** Possibly. Commodity prices are expected to ease in some areas. We are basing it on estimates across the world of where commodity prices will go, and again we take a very conservative approach because our preference is to underestimate and over-deliver rather than the opposite.

**CHAIR** - I am not sure you can reveal this or not. What would be the usual royalty take a year for a mine like CMT, assuming they were in full production and the copper price where it is now? I am not asking for an exact figure, rather a ballpark figure.

**Mr STEWART** - Yes. We have placed it on the public record - a mine like CMT is in the order of $10 million a year on average, given historic production rates over the last 10 to 20 years while they were operating. This is not counting for the current care and maintenance period, which would be around about what we would expect.

**CHAIR** - I am trying to get an indication. Their payroll tax for the 300-odd employees they had would be?

**Mr STEWART** - I would not have that figure.

**CHAIR** - You cannot predict the future; I am interested in how long. Because of the dropping away of the figures, it appears there is no expectation CMT is going to get going in the next couple of years. If they do, we are going to see an uplift here. Not immediately, but it will probably only take a couple of years for them to reach their $25 million holiday and then be back paying payroll tax and royalties.

**Mr BARNETT -** We should note regarding CMT, that it may take some time to implement and institute their new mining regime, and they are making process.

**CHAIR** - Once they start.

**Mr BARNETT -** It may take some time to get it going again, but no doubt they will put in a huge effort to make that happen because they want a return on their investment.

**CHAIR** - They want to make some money. That could change again. If they were back in production by the end of the year or even early next year, you would expect that in this forward Estimates period they would start paying royalties, would you not?

**Mr BARNETT** - Yes. There are a fair few question that need to be answered on CMT before we can speculate too much further on it. The message of 'undersell and over-deliver' is probably acting in a cautious or conservative way, and that is reflected in the budget papers.

**Mr VALENTINE** - Copper Mines of Tasmania has some - not waiver - but if they close the site, the remediation comes back to the Government. Is that right?

**Mr BARNETT -** Yes, that is set out in law. Legislation went through the parliament many years ago. I would say up-front that the best environmental outcome for a mine is to be a working mine.

**Mr VALENTINE** - I appreciate that. Mines start to fill up with water, which then starts to leach into groundwater and all sort of things like that happen. Looking into the future, at some time that mine will run out. What is being done by the Government to prepare for that day? It might be many years in the future, but rather than leaving it until then, are there any strategies to set up a fund that might be gradually built up to cope with that? It is past 1996, I think; anything prior to 1996 is not. From 1996 or 1998, is it not the responsibility of the owner?

**Mr BARNETT -** I will pass to Brett Stewart to answer that part of the question. Some of the funding in the $9.5 million assistance package would have been required anyway for rehabilitation work.

**Mr VALENTINE** - It would probably be a lot more than that.

**Mr BARNETT -** It would be indeed, significantly more. Already there is thinking through exactly where you are coming from and some of those funds have advanced the cause of rehabilitation. I will pass to Brett Stewart.

**Mr STEWART** - An act of parliament was passed that gave dispensation to Copper Mines of Tasmania for historic liability pre-1995. Post that, there is a requirement under the Mineral Resources Development Act for the company to take responsibility for the liability over and above what existed then. That is covered by a security deposit in the normal fashion. Whatever they have done since they took over, they are responsible for. There is some complexity in trying to divide that out because it is over the same site and things like acid mine drainage are issues that are difficult to apportion.

**Mr VALENTINE** - The leachate pond or whatever you call it.

**Mr STEWART** - That work has been done and has been apportioned. That act is managed by DPIPWE. The current situation is, as the minister pointed out, that it is far better to have somebody operating the mine not only to deal with their own environmental issues but also to continue to address and manage legacy issues. A good example of that is the Savage River mine, where we have a similar situation in place.

We are very hopeful and expect that when the mine reopens those issues can continue to be managed in conjunction with the Government.

**Mr VALENTINE** - Is there a long-term vision to provide for some level of remediation in, say, 30 or 50 years?

**Mr BARNETT -** We are addressing that in our Budget. Last year's budget, which continues for four years for the forward Estimates, includes the mining sector innovation grant, including funding for rehabilitation, one of the key parts of that.

**Mr VALENTINE** - Is that a Commonwealth grant you are talking about?

**Mr BARNETT -** No, it's a state grant.

**Mr VALENTINE** - It's a state grant going out, nothing coming in to us?

**Mr BARNETT -** We are working with the University of Tasmania, the Tasmanian Minerals and Energy Council and the ARC Centre of Excellence in Ore Deposits at the University of Tasmania. We are working in collaboration with them in conducting research, field trials and projects toward remediation work. Mr Stewart can add to that. We have security deposits for rehabilitation purposes as part of our law, our mining regulations, to ensure rehabilitation does occur. Do you want to add anything, Mr Stewart?

**Mr STEWART** - The only thing I can add, minister, is that the mining sector innovation initiative includes a project already underway at Mt Lyell to look at innovative ways to remediate sites, particularly in relation to acid mine drainage legacy issues. That's a four-year program. We expect there would be other relevant projects to try to assist with future solutions for the site.

**Mr VALENTINE** - Recently in Hobart there was a huge inundation of water into our city, floods. I believe the whole state had a fair drenching. Was there any significant inundation on that site and has that caused issues for the mine?

**Mr BARNETT -** I don't know the answer to that question regarding CMT other than that water has been an issue for them in past years. I have talked to the company about that and they have had pumps in place to deal with that. I'm sure that matter is ongoing because it can be very wet in Queenstown in the winter. You mention Hobart, one of the wettest days in history, and half-a-dozen municipalities were directly affected. The National Disaster Relief and Recovery mechanism kicked in. I have particular interest in and support for the Derwent Valley.

**Mr VALENTINE** - Nothing happened to Queenstown to necessitate tapping into those funds?

**Mr BARNETT -** No, they are outside the municipalities that were directly affected. Most of that water inundation was Hobart and the south; it came up the east coast and I am sure the west coast, too. They see a fair bit of water over there.

**Mr VALENTINE** - I have a question with respect to Campbell Town, the bauxite mine, has that been asked? What is the status there with regard to that site and that company's activities? It might be looking elsewhere.

**Mr BARNETT -** We can pass to Mr Stewart to start the response.

**Mr STEWART** - Thanks, minister. We are remaining on care and maintenance. The company is continuing on with some R&D to look at alternative products, including value adding in Tasmania. The last couple of months they have been exporting a couple of different types of products, non-metallurgical grade but other grade bauxite products. They are also working on a longer term solution -

**Mr VALENTINE** - Fertilisers and that sort of thing?

**Mr STEWART** - Yes, fertiliser grading, cement grade. They are also looking at longer term solutions to produce a higher grade product in Tasmania or at an alternative site in Queensland.

**Mr VALENTINE** - At the moment, it's care and maintenance?

**Mr STEWART** - Yes, in terms of mining. There are stockpiles and other activities going on but they're on care and maintenance in terms of extraction.

**Mr VALENTINE** - At this point, no understanding when they might restart?

**Mr STEWART** - It depends on the results of their development work.

**CHAIR** - Minister, you mentioned the move of MRT from Rosny to Burnie in your overview. We were told after your Government won election four-and-a-half years ago that the move was on; it going to happen and be done and dusted by now. I remember Mr Brooks making a solid commitment on that. However, a number of staff still are in Rosny, outside of the Core Library, according to what you said in the opening statement. Why the delay?

**Mr BARNETT -** Thanks for the opportunity to respond on the MRT move to the north-west coast, which was strongly opposed by the Labor Party until yesterday. We have a plan in place and have been implementing it for the MRT. I will ask Mr Stewart to speak to that. Yes, you mentioned the library and those working in the Core Library. That was never part of the move.

**CHAIR** - I know, that is why I excluded that.

**Mr BARNETT -** That remains the position. In terms of the 10 positions in Burnie, there are 10 positions, along with the Office of the Director of Mines. I was there a week or so ago; I went through the offices and met with the people of the MRT workforce. It was a good opportunity to catch up and everybody was positive. There is an anticipated plan for up to five further positions to be located in Burnie over the next 12 months, in line with business requirements, with further positions moving as required. Of the remaining staff, nine positions are statewide in their role and the remainder are associated with the Core Library.

**CHAIR** - How many remain in Hobart, aside from the Core Library?

**Mr BARNETT -** I will pass to Mr Stewart to add to that because this is all part of stage 4 for the relocation to Burnie.

**Mr STEWART** - Stage 4 is consolidating the functions left in Hobart that work at the Core Library. There are currently approximately 20 staff at Rosny and we are in the process of relocating them to the Core Library at Mornington and then we will be fully moved out of Rosny. We will not have any staff in Rosny. That process is taking a little time. We have to improve the Core Library and create some space, but we own that asset so we will be saving rent at Rosny in the order of half-a-million dollars a year. All those staff have functions related to the Core Library, mainly on the geoscience side of the business. We have already moved all the other functions that don't have anything to do with the Core Library to Burnie. We have completed all of that and as staff either retire or leave, we will have the opportunity to look at that function and move additional staff to Burnie. As we are not forcing anyone to move and we are not moving the Core Library, we have completed all those stages to that point.

**CHAIR** - If the staff staying here are all needed in the Core Library, why would there be any more to go to Burnie?

**Mr STEWART** - We have a couple of vacancies at the moment, for instance, which we are looking at filling. Those vacancies historically had some function at the Core Library that we may be able to change so they can be placed in Burnie. There are opportunities for us to optimise some of those roles; the roles change and the nature of geoscience changes as well. For instance, we have a couple of geologists in Burnie who don't need to be at the Core Library because their work is mainly electronic. They are working on mapping projects in the north-west of the state. There are opportunities like that.

**CHAIR** - While we are talking about the geologists, because they are the people you need when you are assessing what comes out of the hole, the $2 million mining exploration grants are capped at $200 000 each; therefore 10 grants. What is the average cost of a drill hole?

**Mr BARNETT -** That can vary.

**CHAIR** - I accept that it varies, it depends on the conditions and how deep you are going.

**Mr STEWART -** We would expect to see between 10 and 20 holes drilled for $2 million, and this is on a 50 per cent basis of direct funding costs for drilling. That gives you an average of around about $200 000 to $400 000 a hole, if my maths are right, given we are funding 50 per cent.

**CHAIR** - Half the cost is funded through this grant program and it is up to the company to pay at least the equivalent, if not more, to put the hole in.

**Mr STEWART -** The Government would only pay 50 per cent of direct drilling costs. The only caveat is we have included the costs of helicopter.

**CHAIR** - As additional?

**Mr STEWART -** No, as part of our grant because we recognise in Tasmania we are trying to stimulate greenfield exploration.

**CHAIR** - Bear in mind that you do not have to cut a swathe through the forest to get out.

**Mr STEWART -** It can be lower impact. There is a cost which we have decided we would include, subject to the minister's approval, once we provide him with the guidelines. We would include helicopter costs as part of the costs we would contribute to.

**CHAIR** - That is to chopper the rig in and out. If it is focused on new deposits, we are not talking about underground drill holes in existing mines? Unless they have gone looking for another ore body. Is it really restricted to new sites?

**Mr STEWART -** It is evident at the moment that we have a strong uplift in what we call 'brownfield exploration', in and around existing mines. The idea with this initiative is to stimulate greenfield exploration so there will be a strong preference for new areas.

**CHAIR** - Will the grants be spread around to different companies or could one company apply for and get all?

**Mr BARNETT -** The answer is the Budget has just come out. Brett Stuart and MRT together with their department are drafting the criteria and the application process concurrently. They have not been finalised, but we certainly want that to be done as soon as possible and the information to be made available as soon as possible.

**CHAIR** - Would your preference be for it to be spread across rather than have one company come in with all these potential drill holes, which they could do, but to have it broader than that?

**Mr BARNETT -** Yes, that is a fair assessment.

**CHAIR** - Is there a time frame for undertaking this drilling?

**Mr BARNETT -** Yes. Certain criteria are being prepared.

**Mr STEWART -** As you can see in the budget paper, we front-loaded this quite strongly; we want to get the money out there quickly. Exploration in Tasmania is quite seasonal. We are going to be releasing the first expression of interest for the first round prior to this exploration season in the Government's 365-day plan. We would do that in the third quarter of the plan, which is between October and the end of December.

**CHAIR** - I have been to some very muddy drill sites at that time of year.

**Mr STEWART -** That is correct, it is not easy even in summer. We hope, with that goal, that we will have those programs underway during the last quarter, which is December to March.

**CHAIR** - Are there any other questions on mineral resources? We will close the line item off and we will have a 10 minute break before we do Building and Construction and then Veteran's Affairs.

**The committee suspended from 3.50 p.m. until 4 p.m.**

**DIVISION 5**

Department of Justice

**Overview** -

**Mr BARNETT -** I will make a brief statement. Building construction is going well and the industry is growing. From May this year, 23 200 Tasmanians were working in the industry; in year-average terms, that is an increase of 5.5 per cent. The Budget includes $2.6 billion in infrastructure as well as $125 million to build 1500 new homes under stage 2 of the Affordable Housing Strategy. As at April this year, there was a 28 per cent increase in dwelling approvals and the value of all building work in Tasmania has increased by 25 per cent. You can see significant growth.

In government initiatives, you have the $20 000 First Home Owner Grant and Builder Boost for 12 months to 30 June next year; a 50 per cent concession on stamp duty for first homebuyers up to $400 000; and a three-year land tax holiday for new build housing for long-term rental. All those initiatives have been welcomed by the building and construction industry, and I appreciate the opportunity to work with them to help grow the industry.

I want thank those in WorkSafe Tasmania for what they do. The financial and human costs of workplace injury can be heavy, and making our workplaces safer ensures our communities and economies are better for workers and for our economy. There is some good news. It is encouraging there has been a reduction from 2008-09 to 2016-17 of some 26 per cent. When injured, the return to work rate in Tasmania is 92 per cent; it is above the national average of 87 per cent. It is an indication of the quality of injury management care provided locally. It is encouraging, but there is still a lot more to do and we remain active and committed to doing that.

On consumer affairs, we are pleased to have been active in this space in the last 12 months. We have had the Code of Practice for Fuel Price Boards, working with the ACCC on recall process for Takata airbags; the largest recall in Australian consumer history. Tasmania is the current chair of the Legislative and Governance Forum for Consumer Affairs, and that meeting will hosted here in Hobart in a month or two.

Finally, a recent survey of the Australian Consumer Law found its implementation had led to a 15 per cent drop in the number of consumers experiencing problems and a $3.5 million decrease in business compliance costs. We are making headway, working with our colleagues interstate and I appreciate the opportunity to work with them through the Building Ministers Forum, the CAF and other forums. I also appreciate the work and service of those in Consumer Affairs and the building and construction component of the Department of Justice.

**Output Group 1**

**Administration of Justice**

**1.0 Workers Rehabilitation and Compensation Tribunal -**

**CHAIR** - I will hand the Workers Rehabilitation and Compensation Tribunal to Ms Lovell.

**Ms LOVELL** - Minister, I preface this by saying some of the items I will ask you about were discussed yesterday. Some of my questions will be led by those discussions and some are clarifications. I have checked *Hansard* and it is not yet published. I intend to look at that myself but I wanted to be clear so you know where I am coming from.

The review legislated for in parliament last year looked into presumptive workers compensation for PTSD for first responders. I understand that review is underway and the people conducting the review are undertaking some targeted consultation and that, given the short time frame, there is no time for public consultation. Who is involved in that consultation?

**Mr BARNETT -** The chair of the WorkCover Tasmania Board is also the secretary of the department, who is not sitting here today. The deputy secretary is with me today. The job has been passed to the WorkCover Tasmania Board. I appreciate their diligence because they have a time frame to table this in both Houses of parliament by 1 October.

Yes, consultation is taking place. I'll check if the deputy secretary would like to add anything further to that; nothing further at this stage. To assist you further, the secretary mentioned yesterday - it will be in the *Hansard* -and she was comprehensive in her responses to questions around the PTSD review, that it would be tabled and there would be consultation. It is a targeted consultation process and the secretary made that clear, which will be in *Hansard*, but I am happy to assist if you have further questions.

**Ms LOVELL** - Thank you. I will wait and look at *Hansard* to see if there is more detail.

The term given in the legislation is that the review is into 'relevant workers'. There is a fairly broad description -

… the nature of whose occupation as such workers places them at significant risk of contracting, in the course of their employment, the relevant disease.

I believe there was discussion around this yesterday. In response to the question of who would be considered the relevant workers, the answer was first responders. Is there any more information you can provide? 'First responders' is still a very broad term. I assume that includes paramedics, police and firefighters. What about child protection workers, animal welfare officers, WorkSafe inspectors? Is that part of the review itself - will the scope of who should or might be entitled to this be part of that review?

**Mr COCKER** - The terms of reference insofar as the PTSD review is concerned include any worker who would otherwise be captured by the Workers Rehabilitation and Compensation Act, so it is broader than first responders per se.

**Ms LOVELL** - Okay.

**Mr COCKER** - It is insofar as the definition of a worker under the Workers Rehabilitation and Compensation Act.

**Ms LOVELL** - Those workers would be covered or are included in this review?

**Mr COCKER** - They will be captured by the review in terms of the scope of the review.

**Ms LOVELL** - Excellent, thank you, Mark.

We touched on the time frame. I understand the review needs to be tabled before parliament by 1 October. When are you expecting to see the review yourself, minister? Do you know when it will be completed?

**Mr BARNETT -** That is an excellent question. The WorkCover board has an important job to do. It has to undertake that consultation process and the time frame is tight, but it is set by legislation so 1 August is locked in. I will see if Mark Cocker would like to add anything to that. As I have said, 1 October is when the review report will be tabled in both Houses of parliament.

**Ms LOVELL** - 1 August is not in -

**Mr BARNETT -** I meant 1 October 2018 - my apologies.

**Mr COCKER** - The WorkCover Tasmania Board is coordinating the review. It has engaged two independent people to undertake the review. The reviewers have been tasked with providing a copy of the report to the board by mid-August, so the board can take time to consider the review's recommendations and then pass the board's view and the recommendation report to the minister.

**Ms LOVELL** - When would you expect that to come back to the minister? Do you have a timeline around that?

**Mr COCKER** - It is due to be tabled in parliament by 1 October so I would imagine it would be prior to 1 October.

**Ms LOVELL** - Minister, again I know this was touched on yesterday. The police minister has introduced a policy to basically eliminate the step-down provisions for police employees or police officers while on workers compensation. That is limited to police department employees, is that correct?

**Mr BARNETT -** That is a matter for the Police minister.

**Ms LOVELL** - Are you aware of that being extended to any other portfolio areas or any other departments?

**Mr BARNETT -** I am aware of what is in my portfolio area. I am aware of the PTSD review being undertaken by the WorkCover Board and the consultation that has been taking place and what is under the legislation for which I am responsible. That will be tabled by 1 October.

**Ms LOVELL** - Do you have a view on whether that should be extended to workers other than police?

**Mr BARNETT -** I don't have any further comment in addition to what I have already answered.

**Mr VALENTINE -** Minister, there don't appear to be any performance indicators in the budget papers for the Workers Rehabilitation and Compensation Tribunal, unless you can point me to them.

**Mr BARNETT -** What page are you looking at, Rob?

**Mr VALENTINE** - I have been through the budget papers and I can't see where they are.

**Mr BARNETT -** If you want me to outline the performance of the tribunal, I am happy to.

**Mr VALENTINE** - I was going to ask a question and you can tell me whether your performance measures encompass these. How about I do that? I was particularly interested in workers compensation entitlements, MAIB compensation, asbestos compensation, antidiscrimination disputes not resolved by the board and health practitioners, and the time it has taken for those to be resolved - three, six, 12 months or longer.

I have other questions on workers compensation in regard to section 87 disputes. The first question on performance relates to the number of disputes currently before the board.

**CHAIR** - Workers compensation disputes?

**Mr VALENTINE** - Yes.

**Mr BARNETT -** I will pass that to the deputy secretary; however, I note what you have indicated in terms of the Workers Rehabilitation and Compensation Tribunal.

**Mr VALENTINE** - I am happy to get them later if you do not have them in the format.

**Mr BARNETT -** It currently hosts the Asbestos Compensation Tribunal Anti-Discrimination Tribunal, and the Motor Accidents Compensation Tribunal and Health Practitioners Tribunal. I will see if the Deputy Secretary would like to add to that.

**Mr VALENTINE** - And workers compensation.

**Ms BOURNE** - We probably need to take some of those specific questions on notice. The Anti-Discrimination Tribunal technically falls under the Attorney-General's portfolio.

**Mr VALENTINE** - They are not resolved by the board?

**Ms BOURNE** - The individual tribunals sit under the umbrella of the Workers Compensation Tribunal, overseen by the chief commissioner and commissioner. Some are through various service level agreements, and the ADT was transferred from the Magistrates Court a couple of years ago.

**Mr VALENTINE** - MAIB and asbestos are the same?

**Ms BOURNE** - They sit under this output, but in terms of the number of matters they have cleared, we could certainly take those on notice, should the minister be minded to.

**Mr BARNETT -** The deputy secretary is indicating it is more of a Department of Justice matter. We are still happy to take questions on notice, if you would like us to.

**Mr VALENTINE** - Well, if it is possible. I will read it, so you have it clearly in the *Hansard*  - provide performance information for the operation of the tribunal, including the number of disputes currently before it in relation to workers compensation entitlements, MAIB compensation, asbestos compensation and health practitioners.

In giving me information on the length of time it has taken to resolve them - so three, six, 12 months or longer. I understand antidiscrimination is not something directly handled.

**CHAIR** - Minister, we will put this in writing to you.

**Mr BARNETT -** Yes, if you put it in writing, I am sure we can help. MAIB is not in my portfolio either. We have a few in and a few that are out. We will try to help get some answers for you.

**Mr VALENTINE** - That would be good; I appreciate that. I will give that to Stuart. The second question is relates to workers compensation: Can the minister provide information relating to both general and section 87 disputes under the Workers Rehabilitation and Compensation Act 1988 -

**Mr BARNETT -** That might be something we can take on notice.

**Mr VALENTINE** - … including the level of entitlement provided in each case, relative to the entitlements generally provided under the act? That is for the section 87 and general ones. Thanks, I appreciate that.

**Output group 4**

**Regulatory and Other Services**

**4.1 WorkSafe Tasmania -**

**Ms LOVELL** - Since the change of WorkSafe to more of a generalist model with inspectors filling a general role, what regular training is provided to those inspectors?

**Mr COCKER** - A broad range of training initiatives are employed across all our resources within WorkSafe Tasmania, in particular within our inspectorate, including investigative practices, investigation techniques, workplace inspection, asbestos safety and awareness, working at heights, scaffolding and a broad range of initiatives. That has been the case over the past three years. With respect to the question concerning a generalised nature of inspector activities, that has been the case within WorkSafe Tasmania for more than five years.

**Ms LOVELL** - I understand that. I know some information was given yesterday around your FTE and head counts for numbers of inspectors. Do you have any data on the number of workplaces and workers that fall under regions the inspectors are responsible for inspecting?

**Mr BARNETT -** Very similar to yesterday.

**CHAIR** - As I said, we do not listen to yesterday's hearings and there is no *Hansard* yet.

**Ms LOVELL** - We don't have time and the *Hansard* is not published yet, so I haven't been able to go back and look at what was said.

**Mr BARNETT -** Of course, your Labor colleague may not have been able to write down all the answers and pass them on to you. I will see if Mark Cocker is able to assist.

**Mr COCKER** - Insofar as workforce demographics within the three jurisdictional regions of Tasmania, within our north-west region, there are 47 338 workers; within our northern region, there are 39 384; and within our southern region, there is a total of 146 270 workers.

**Ms LOVELL** - Do you have any data on how many workplaces those workers are spread across?

**Mr COCKER** - Insofar as the north-west, 4590 employers; the north, 3150 employers; and the southern region, 7938 employers.

**Ms LOVELL** - Thank you. On page 170, table 6.6 lists performance data for WorkSafe Tasmania 2017-18 targets. Do you have the year-to-date figures for those targets?

**Mr BARNETT -** Are you talking about WorkSafe Tasmania in the middle column - safety of workers, rates of serious injuries, return to work?

**Ms LOVELL** - That's right. Rate of serious injury, return to work and workers compensation premium as a percentage of wages. We have targets for 2017-18. Do you have the year-to-date actual numbers?

**Mr BARNETT -** No. I will note that question and check with the chief executive. The data are not available at this point in time.

**Ms LOVELL** - When would you expect that data to be available?

**Mr COCKER** - At the end of the financial year.

**Mr BARNETT -** We are still in 2017-18. Let us make it clear that you would need to do that assessment and get it together. The end of the financial year is 30 June.

**Ms LOVELL** - What is the latest data you have? When is that up to? Is it done quarterly?

**Mr BARNETT -** That is something the chief executive may be able to assist with.

**Mr COCKER** - For incident rates concerning serious injury - I note that is in the table in the budget papers - the figures are available as of 30 March at least at this stage. The 2017-18 actual figure is sitting at 10.3 - that is, 10.3 injuries per 1000 workers.

**Ms LOVELL** - Do you have the other figures there as well, for return to work and the workers compensation premium?

**Mr COCKER** - No.

**CHAIR** - While we are on this area of workplace injury, minister, you commented in your overview about the decline in workplace injury. I assume that includes lost-time injuries. Are you able to provide a summary? I have often asked for this with a breakdown of the industries and the rates within those industries up to the most current one you have.

**Mr BARNETT -** I don't have that detailed information with me. I will check with the chief executive, otherwise I'm happy to take it on notice if you want a breakdown of the figures you are after.

**CHAIR** - I am not asking for end-of-year figures because we haven't got there yet.

**Mr BARNETT -** I will just check whether the Chief Executive has those details or if we can take it on notice.

**Mr COCKER** - We can take it on notice.

**Mr BARNETT -** We will take it on notice.

**Output group 4**

**Regulatory and Other Services**

**4.4 Consumer, Building and Occupational Services**

**Mr WILLIE** - I know a lot of the answers to these questions but Shelter Tasmania has provided some questions on the Rental Deposit Authority. If you do not mind, minister, can we work through those one by one? The first one is: how much money is currently held by the Rental Deposit Authority?

**Mr BARNETT -** I will check with Mr Webster. Of course, if you already have the answers, maybe you do not need to ask these questions.

**Mr WILLIE** - It is good to put it on the public record for interested stakeholders.

**Mr WEBSTER -** The current total is $44.5 million.

**Mr WILLIE** - What is the variation of income over the last two financial years?

**Mr WEBSTER** - This financial year the increase is $2 715 000, and in the previous financial year the increase was about $805 000.

**Mr WILLIE** - What is the income from the bonds held by the RDA?

**Mr WEBSTER** - In 2017- 18 - I pause to say 'year-to-date' - the interest has been $436 000 with some dollars and cents on the end of that.

**Mr WILLIE** - Where is the bond money held? What is the interest rate on the bonds? What has this been for the past two financial years?

**Mr WEBSTER** - The bond money is held in trust by the Department of Treasury and Finance. The interest rate from January to June 2017 was 0.78 per cent for that six months. From July to December, it was 0.70 per cent, and from January to June 2018, we received 0.77 per cent. I emphasise there is an interest payment due tomorrow, so I do not have that amount yet.

**Mr WILLIE** - This one will provide some clarity, no doubt - what is the cost of running the authority each year?

**Mr WEBSTER** - I do not have a breakdown of the cost of running the Rental Deposit Authority. We run the Rental Deposit Authority alongside the Residential Tenancy Commissioner's Office as a combined effort. The cost of running the rental services within the Department of Justice in 2015- 16 was $1.274 million; in 2016- 17, it was $1.4 million; and in 2017- 18, it will be $1.16 million.

**Mr WILLIE** - What are the projected costs and time frames for the new RDA data system?

**Mr WEBSTER** - With the new data system, we are expecting to have a capital cost of $869 000 and to be live on 1 May 2019.

**Mr WILLIE** - Are these costs in this year's Budget and forward Estimates?

**Mr WEBSTER** - They do not appear in the consolidated, because the Rental Deposit Authority and Residential Tenancy Commissioner are run from the accumulated interest, therefore they are trust-funded. Yes, the cost is in the budget, but it is the trust rather than in the consolidated.

**Mr WILLIE** - How many rental bonds are held in total by the RDA?

**Mr WEBSTER** - Forty-four thousand, five hundred.

**CHAIR** - He has all the answers, this man.

**Mr WILLIE** - I know he does. How many bonds are from tenants renting from Community Housing providers, and what is the total amount from Community Housing tenants? Do you make that distinction?

**Mr WEBSTER -** Yes, from the data we have - this is an approximate data because we do not collect this data directly - we currently have around 3 000 from Community Housing tenants but we are unable to extract an amount attached to that.

**Mr WILLIE** - How many bonds are from tenants in private rental arrangements and what is the total amount from private rental tenants?

**Mr WEBSTER -** Approximately 41 500 are private rentals, and we cannot split the amount from the Community Housing.

**Mr WILLIE** - Of the bonds in private rental arrangements, what percentage are agent‑managed properties and what percentage is directly managed by private owners?

**Mr WEBSTER -** Eighty-one per cent are managed by property managers and 19 per cent are privately managed.

**Mr WILLIE** - Thank you. We have worked through those. I have a couple of other questions. In the performance information for rental bond claims paid within 30 days, there was a drop in 2016-17. What is that attributable to? It went from 90 per cent to 81 per cent and back to 90 per cent for this year, for the target.

**Mr WEBSTER -** Yes, that is attributable to inexperience in the office. That was a period when we had a high turnover of staff due to maternity leave and we were training new staff. We had a drop in our statistics and we have picked it up again.

**Mr WILLIE** - Do you keep a statistic on the average time it takes to return a bond?

**Mr WEBSTER -** We do not keep that statistic. This is one of the problems with our current system; we are unable to obtain a lot of data out of it. That is part of changing our system - we will be able to extract better data about what we are doing.

**Mr WILLIE** - You don't have data on the longest time it has taken to return a bond?

**Mr WEBSTER -** No, I don't have the exact figure. I have the approximate.

**Mr WILLIE** - If I could clarify one other area, on page 179, footnote 2 after the outputs says -

The decreases in Magisterial Court Services, Elections and Referendums, and WorkSafe Tasmania, and the increase in Consumer, Building and Occupational Services in 2018-19, reflects a reallocation of overheads across outputs within the Department.

Could we have an explanation on decreases across those areas and how that reallocation is working?

**Mr WEBSTER -** The way an output budget works is that the core areas of the department are not funded as individual outputs. They are seen as overheads. There are reviews of where that overhead is drawn from across the outputs. Consumer building and occupational services was a new output in the state budget last year. This reflects that money needs to come from that output as a total of the appropriation rather than the other outputs. There is no reduction in each of the outputs that results in an increase to consumers; it is simply where it is drawn from in the outputs to fund the central agency.

**CHAIR -** Minister, are you aware a number of building surveyors believe the Building Act, building regulations and directors determinations are complex, dysfunctional, poorly drafted, inconsistent and manifestly unworkable?

**Mr BARNETT -** I am aware of a range of views held by building surveyors and others with respect to our nation-leading building reforms, yes.

**CHAIR** - Do you share any of these concerns?

**Mr BARNETT -** I have consistent approach to working cooperatively and collaboratively with the building and construction sector and the peak bodies - those who have described our efforts as nation-leading, such as the Master Builders or HIA. I have kept up with an ongoing effort to liaise, cooperate and consult with a full range of stakeholders and those acting in the industry. I am aware of the strong positive feedback in the industry, as outlined in my opening remarks. I'm also aware of some criticisms from certain people.

**CHAIR** - You have a range of people who have expressed this view, and in my view it is a significant number, saying the building regulations, construction standards and consumer protection on the health and safety of occupants have been set back 30 years with the introduction of the new Building Act. They also say the director's determinations pose an unacceptable level of risk to the community and users of buildings, with the potential of increased injuries and/or death from defective design and construction. How do you respond to that?

**Mr BARNETT -** You may be reflecting a particular view of a particular person. I won't name that person. That's absolutely fair and understandable from some respects, from your point of view. I work and consult with the peak bodies and a range of stakeholders in the industry. I have never known the level of positivity to be so positive and terrific. We have worked hard to deliver the reforms implemented from 1 January last year. They were described as nation-leading reforms. I can assure you my colleagues interstate are also reflecting on the reforms we have undertaken in Tasmania and can see the merit of it. That's why they ask me about those reforms.

In any implementation of any reform, particularly substantial reform, there are always matters that need to be bedded down. That has taken some time. There has been a lot of consultation. Dale Webster, for example, on behalf of the government and consumer business services, has done a lot of work to consult with local government, the building surveyors and the building construction industry. I've been to workshops, forums and meetings around the state in the last two years in my role as the minister for building and construction. It is something I have enjoyed. Much hard work is involved and you receive a range of feedback.

**CHAIR** - Is there any intention to undertake a review of the implementation? You said it was introduced on 1 January 2017. It has been in place 18 months and there was a need for change. It was all identified. In terms of a review, as opposed to ongoing tinkering in trying to fix these problems -

**Mr BARNETT -** I can assure you that we have worked hard in the last 18 months and will continue to do so. We put in place regular consultation and feedback mechanisms from the industry across the state. Mr Webster can indicate the amount of consultation and effort we've undertaken in CPD - highlighting the importance of standards, ensuring safety in the workplace, and taking that information and that training availability to those in the building construction industry, particularly in terms of electricians, plumbers and the like. Changes have taken place. We have tried to respond and we have done well. There are always improvements to be made and more work to do. I will pass to Mr Webster to outline to the committee the amount of work that has been and continues to be undertaken.

**CHAIR** - While Mr Webster is responding, one of the criticisms, perceived or real, is the increase in red tape.

**Mr BARNETT -** That is something we like to cut wherever possible and streamline the process. It's a very important objective of any Liberal government, especially the Hodgman Liberal Government. Maybe Mr Webster could add to that.

**Mr WEBSTER -** When the building reforms were developed, we put in place four consultative or reference groups. One was from local government; one comprised technical people, including a number of building surveyors; one was a consumer group, including a number of lawyers, including some from community legal centres; and the last one comprised industry associations. We worked with them continually throughout the reforms and we have kept those groups going beyond the start of the reforms.

You talked about tinkering, but as part of that, the legislation requires me to consult if I make any changes to the reforms. We have issued additional determinations around protection works, around temporary occupancy and all sorts of issues to ensure we are adding to the picture. The main point of consultation is that because we have moved to a risk-based approach, we have a series of buildings that are low risk and don't go through an approval process, but some of them are required to be notified to council. We have a second group where the building surveyors become the regulator, in a sense, or the statutory control, in that they are certifying compliance with both the Building Act and the National Construction Code. Then the remaining or high-risk buildings go through a process very similar to that which has existed in Tasmania since 1804, which is that you have a building surveyor or technical person look at it, and then you have council permits.

The assertion that we have exposed consumers to additional risk astounds me in that it is the building surveyors who are assessing the risk. If a building surveyor says a building is substandard, the building surveyor has control mechanisms under the legislation to direct the builder to rectify those defects. The controls are there.

**CHAIR** - Minister, do you have any evidence or feedback which suggests that these controls aren't working in terms of the building surveyors saying to a builder, 'This doesn't comply or meet the standard; you have to fix it and you can fix it by doing x, y or z', and that is creating a problem?

**Mr BARNETT -** There is a two-part answer and I will ask Dale Webster to add to that. The first part is: as part of our reforms, a national review has been undertaken by Peter Shergold and Bronwyn Weir. These are independent assessors of Australia's current building regulations and framework, with recommendations for reform. They have delivered that report and recommendations to the Building Ministers Forum and, guess what, Tasmania is shining brightly, based on the work we have already undertaken. I am just giving you that as context.

**CHAIR** - When was that report or review done?

**Mr BARNETT -** On 27 April this year.

**CHAIR** - That was reviewing current framework?

**Mr BARNETT -** In Australia, across the country. They went to every state and territory; they interviewed me and Dale and different industry stakeholders. You know Peter Shergold's credibility.

**CHAIR** - I am not casting any aspersions on him.

**Mr BARNETT -** You know his credibility as former secretary of the Department of Premier and Cabinet and other very important roles. We have come up with a system we believe is national best practice. There is always room for improvement, I accept that. Dale, you might want to add to that answer

**CHAIR** - Just before that, minister, is that review available publicly?

**Mr BARNETT -** Yes, please feel free to -

**CHAIR** - Maybe you could find a copy of it or provide a link to it to the committee, if you wouldn't mind.

**Mr BARNETT -** Yes, I would be happy to.

**Mr WEBSTER -** To add to that, on whether that process is working, we are aware it is working. We work with building surveyors and provide advice to building surveyors. Those powers are also available to my office and we have used them. As a result of our ongoing audit program as the legislation provides the director of building control with the right to audit, there is a building surveyor audit looking at performance of building surveyors over the next six months. In addition, Tasmania now has a code of practice for building surveyors that goes to how they do their role. This was issued in March this year, so the audit will look at other building surveyors meeting the code of practice we have published.

**Mr BARNETT -** Last night after a long day in Estimates, I attended the pitt&sherry's drinks to celebrate the national awards for the Young Building Surveyor of the Year. Ashley Birdwood received the award and I congratulated him last night. These are national awards and likewise pitt&sherry received the Institute of Building Surveyors national award. I was able to congratulate them, say well done and that we are proud of their work. They are representing Tassie and have won on the national stage, so I thought I would mention that to the committee.

**CHAIR** - You are aware of these criticisms, what communication have you had with the people who raised these concerns? Concerns raised legitimately should always be taken seriously. Have you had some communications with these concerned people?

**Mr BARNETT -** Yes, I have had a good deal of communication with a range of people who have expressed concern, as has Dale Webster; we have provided feedback and continue to do so.

**CHAIR** - In your view are there areas that may need further attention to deal with some of these legitimate challenges in among all their concerns?

**Mr BARNETT -** There is still more work to do. At a high level, we want to ensure a streamlined and consistent process. We have 29 councils and we want an understanding within each council of exactly what the laws and regulations are and how they apply to their municipalities. We would certainly like more consistency across those municipalities.

**CHAIR** - Do you believe that is part of the problem, an uneven understanding across all 29 councils?

**Mr BARNETT -** It has been, but Mr Webster has had ongoing consultation, communication, and meetings with them - one-on-one or direct meetings with the relevant councils and relevant people. I will let Mr Webster add to the answer.

**Mr WEBSTER** - Through the Premier's Housing Summit earlier this year one of the outcomes was a review by the Director of Building Control on councils being consistent. We have now had staff visit every council in the state.

**CHAIR** - In regard to the Building Act?

**Mr WEBSTER** - Yes, the Building Act. We have gone through and said, 'How are you doing it and how does it compare to the Building Act?' We have also talked them through how the act works. One of my powers is audit, which extends to local government. Having gone through a round of, 'This is how it works, this is the education', the audit program has been visiting councils. Members may be aware when we did our last series of audits of councils prior to the enactment of the new legislation, this gave us good evidence about why we needed to change certain things within the legislation. We will continue to do this.

**Mr BARNETT -** To recap, the objectives of our building reforms are to make it fairer, faster, simpler and cheaper to build. I think we are delivering.

**CHAIR** - Surely you want it to be safe too, don't you minister?

**Mr BARNETT -** Of course, safety is a top priority. Dale has outlined it is a risk-based approach and that is why we have our licensing system. I talked about the continuing professional development earlier. All of those things are very important. We are trying to build best practice and I think we have the model about right. There is still more work in implementing those measures to deliver a streamlined approach, which is supporting Tasmanians.

**CHAIR** - Are occupational licensing arrangements creating challenges in all this?

**Mr WEBSTER** - There has been little change in the actual outcome of occupational licensing. Licensing is now online; we have sped up the process of practitioners getting their licences. The Government has also extended licensing so that now it is not yearly but it is up to three years - so you can renew for a three-year period, which means that people are not having to come back to us constantly. There are a number of reforms in speeding up the process of getting a licence.

**CHAIR** - They can have their licence taken off them, though, in that period.

**Mr WEBSTER** - That's right. The occupational licensing process has a number of steps around rectification orders and disciplinary processes to withdraw licences and things like that.

**CHAIR** - Have any occupational licences been withdrawn in the last 12 months?

**Mr WEBSTER** - No, we haven't withdrawn any in the last 12 months.

**CHAIR** - Thank you, minister. We will move to the Minister for Veterans' Affairs. You may wish to change your team, with all due respect to those who are at the table.

**DIVISION 1**

Department of Communities Tasmania

**Output Group 6**

**Disability Services and Community Development**

**Overview**

**6.6 Veterans' Affairs**

**Mr BARNETT** - Alex Schouten is a former Director of Veterans' Affairs in the Department of Premier and Cabinet and has just moved to a new role. I want to put on the record my sincere thanks for her most valuable contribution over a long period.

**CHAIR** - Thank you, minister. Do you need to make any opening comments or can we go straight to questions?

**Mr BARNETT** - I will recap because the Budget is full of wonderful initiative for Veterans' Affairs. It is a record funding commitment of support for ex-service personnel and their families.

We have peak body status for the RSL Tasmania, which will see an increase in core annual funding of $110 000 to provide assistance and advocacy. Indexation is at 2.25 per cent.

There is a provision of $50 000 per year for three years to RSL to undertake projects to improve service delivery to ex-service men and women.

There is $50 000 to RSL Tasmania to deliver events celebrating the 2018 Armistice Centenary, which also marks the end of the Anzac Centenary.

We have the Teddy Sheean grants, which I am a big fan of, of $100 000 a year for three years for repairs and maintenance for RSL clubs and other veterans' organisations as well as war memorial construction and repairs.

There is a $225 000 partnership with the Parks and Wildlife Service to enable participation in an active recreation and adventure program for veterans in Tasmania's national parks.

Alongside these commitments, the Government has provided support to a number of RSLs and ex-serviceperson organisations across the state to assist in the delivery of services and support. I believe it to be a real honour to have the role of Minister for Veterans' Affairs. It is a new portfolio and this is one way to honour those who have served and sacrificed their all for us and our sake.

**Mr VALENTINE** - On this line item we have an 82.5 per cent decrease in the Budget. Most would relate to the bridge across the highway from the Cenotaph leading to Soldiers Memorial Avenue. Is there any other particular aspect not being funded?

**Mr BARNETT -** Which page are you on.

**Mr VALENTINE** - Page 52, table 2.13.

**Mr BARNETT -** Yes, we had this question yesterday. Thank you for the pick-up. Mandy Clarke, Director of Programs and Operations, Community Sport and Recreation, Department of Premier and Cabinet, can perhaps add to that.

**Mr VALENTINE** - I guess my question is -

**Mr BARNETT -** Are you specifically interested in the bridge?

**Mr VALENTINE** - I would like to know more detail about the bridge. How you are going to manage to deliver all of these things if you have had an 82.5 per cent reduction?

**Mr BARNETT -** Yes, it depends how you read the Budget, because some of the funding is in the previous year's budget. If I can pass to Mandy Clarke to assist.

**Ms CLARKE** - We have some funding from previous years. In the Supporting our Veterans, to explain the funding for you, there are some new commitments worth $750 000. In addition, the bridge payment, which is the remaining outstanding payment in this financial year, obviously comes out. That is a substantial amount.

**Mr VALENTINE** - How many million is that?

**Ms CLARKE** - $1.8 million.

**Mr VALENTINE** - But you have had three prior, haven't you?

**Ms CLARKE** - The $1.8 million is the third and final instalment.

**Mr VALENTINE** - Is that right? So it reaches $7 million to $8 million?

**Ms CLARKE** - It is $8 million. The other continued funding is the Frank MacDonald study tour, which is $135 000. The Government acknowledged the RSL's peak body status, so it has had some increase in funding and its operational funding of $100 000 per annum continues. There is the preservation Headstone Project.

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

**Ms CLARKE** -There is an amount of $40 000. Over all there has not been a decrease and there has not been a decrease in the operational requirements of the team that support the minister in the Veterans' portfolio.

**Mr VALENTINE** - Thank you. Could you explain for *Hansard* what the Headstone Project is so that everybody is aware of it?

**Ms CLARKE** - It is about a group of local people who work tirelessly installing plaques on the graves of World War I soldiers.

**Mr VALENTINE** - They have passed away obviously since the war, not necessarily during war, but possibly as a result of injury. Indeed it may have been they simply passed away but did not have a headstone. That is correct, isn't it?

**Mr BARNETT -** That is right.

**Mr VALENTINE** - It is a very good initiative, and Andrea Gerrard is the absolute -

**Mr WILLIE** - And her husband.

**Mr VALENTINE** - Yes, let us not forget her husband.

**Mr BARNETT -** We should at this point recognise Andrea Gerrard for her Queen's Birthday Honours award. It was in the media down here in the south. Due recognition to Andrea and congratulations to her.

**Mr VALENTINE** - Yes, and a number of others on that committee.

Can you describe the Teddy Sheean Memorial Grants Program? How that is applied and how many have been granted amounts. It is $100 000 for each grant?

**Mr BARNETT -** Yes, $100 000 per year for the next three years. It is based on the past three years. It is something my colleague and friend Adam Brooks initiated with the support of the Government some years ago, but if you want to summarise, Mandy.

**Ms CLARKE** - The purpose of the grant is for small infrastructure and repairs and maintenance. That grant, the first round, will open in August-September this year. The grants can also be used for equipment purchases for the RSL throughout Tasmania.

**Mr BARNETT -** We are breaking the grants into two, twice a year rather than one hit per year, to make it easier for RSLs and ex-service organisations. That first round will be advertised in August this year.

**Mr VALENTINE** - I know that RSL organisations are finding it a bit tough in some places because of membership et cetera. Are any of those grants to help them move into a different business model or community involvement setting?

**Mr BARNETT -** It is more for hardware, repairs and maintenance to the actual infrastructure, but we do have funding for the RSL Tasmania peak body, and we have $50 000 per year for special projects. As we referred to earlier, there are certain terms and conditions and milestones to be achieved. As you have indicated, some RSLs perhaps are not performing as well as they would like and as well as we would like, so they may need some assistance from their peak body. We have some funding there to help them with that.

**Mr VALENTINE** - In your role as minister responsible for this, do you ever have meetings and discussions with RSL clubs on how they might go forward in the future and helping them in that regard?

**Mr BARNETT -** Yes, I do. I meet with different RSLs and different veteran groups from time to time. Certainly some of the RSLs are struggling. They are trying to remain relevant to their community and their members. That is not easy, so they are looking for ways to do that. One of the initiatives we had through the department - and I wonder if Alex might want to make a contribution here - was departmental officers working with the RSLs to help them be more relevant and to maintain sustainability of their branch. For RSL sub-branches, it is not that easy, but those discussions take place.

**Ms SCHOUTEN** - Through departmental officers, we work with the state branch quite a lot on issues like its governance as a state branch. We will be doing that as they are funded as a peak body from 2018‑19. The state branch is aware of some of the struggles of the sub-branches with their reduced membership, mostly through age, and what they need to do to remain sustainable. It is complex because they are losing membership, and the younger ex-service personnel who are coming into the fold, if you like, are looking for other things. The RSL is very aware of that and they talk about it quite a lot and are looking for different initiatives to bring younger ex-service personnel into their membership and to respond to their needs a lot more.

**Mr VALENTINE** - Thanks for that. Many are fond of the Frank MacDonald Memorial Prize. I know a number of members of parliament have been on those trips. How is that going to be funded into the future? What fund to you actually dip into to do that? Is that just part of the general appropriation or is there another federal grant?

**Mr BARNETT -** No, there is no federal funding, it is specifically state government funding, and Mandy Clarke can respond to that.

**Ms CLARKE** - The Frank MacDonald Prize allocation is for $135 000 per annum and we fund that through our divisional operating budget every year.

**Mr VALENTINE** - It seems to be operating very well, unless you can give me a different story. Are there complications or issues with it that you know of?

**Mr BARNETT -** It is certainly well appreciated. It is open to grade 9 students across the state, from government, non-government and home schools. It is quite popular in terms of the number of applications. We can give you details on the numbers. It is part of the education and awareness of the importance of the service and sacrifice of our forebears.

There has been a move from Gallipoli through to the Western Front, as you are probably aware. That remains the position, including France and Belgium.

**Ms CLARKE** - Each year, the department, at the conclusion of every study tour, undertakes quite a rigorous assessment of the previous tour. Leading up to and during the tour there is always a very thorough risk assessment process that is ongoing, of taking younger people or a group of individuals overseas. That is a very robust process.

**Mr VALENTINE** - I think the member for Murchison has been on one of those. There aren't any performance criteria for this line item. Is there a reason for that?

**Ms SCHOUTEN** - Because the Veterans' Affairs portfolio in Tasmania is not about service delivery, it is hard to count things. We include the performance of Veterans' Affairs in with the policy performance measure for our division. Our performance in policy development and program implementation is surveyed along with the other areas of the division. It wrapped into that performance measure and stakeholder surveys, but I don't have it in front of me.

**Mr BARNETT -** I could add to that, your colleague Ivan Dean went on the tour in April. He and I are hosting a lunch with the other members of that group in the next couple of weeks and we are looking forward to that.

**CHAIR** - I note, minister, you talked about the role of this output group in advocacy, and supporting our veterans' policy was mentioned. Can you outline for the committee what work you have done in the role of advocacy and supporting our veterans? What kind of support do you provide and what is your advocacy role? I wrote to you recently so I am sure you are aware of a particular veteran who has been unable to access services. I was told to write to the federal member and that was already underway. I accept you are not a service provider, but in your role as an advocate for veterans, surely that role would include you also writing on behalf of a Tasmanian veteran who feels - and I would agree on face value - he is not being treated equitably.

**Mr BARNETT -** Advocacy is an important part of my role as the Minister for Veterans' Affairs as it is for any minister for veterans' affairs. It is clear that service delivery is through the federal government. I have ongoing consultation with federal minister Darren Chester; he is doing a terrific job. I can give you a heads up that we are planning a roundtable in Hobart later this year, where we can get feedback from members of the ex-service fraternity and the veterans. I am looking forward to doing that.

I am an advocate for Teddy Sheean being adequately recognised with the Victoria Cross, an appropriate award. I likewise advocate for other individuals from time to time, depending on the circumstances. This year is a special year because the centenaries of Anzac and the Armistice are coming up on 11 November.

There are opportunities to do that. A veterans' reference group is soon to be established, where we can get feedback from veterans and their concerns can be represented, then we can advocate for those views and concerns that are voiced.

**CHAIR** - How does an individual veteran engage in that process?

**Mr BARNETT -** They would normally write to or communicate with their federal member of parliament because they know service delivery goes through the Department of Veterans' Affairs. They do a terrific job and they provide grants and support for various veterans' organisations. They can write or communicate with the federal minister or their state member of parliament.

Everyone around this table can represent their local veterans in a way. We have funding in the Budget, which is record funding with a whole range of initiatives, that will help build capability for the RSL clubs to also be advocates. They are already an advocate for their members, but we are trying build capacity and trying to build their capabilities so they can do their job more efficiently, particularly for newly returned veterans - it is important for the men and women. They are coming back home from Iraq, Afghanistan and the Middle East and settling in.

That is why we have a specific initiative in our Budget to provide work and opportunity for them to use one of our natural assets, our Parks and Wildlife Service and our national parks, to get out and about and to provide an opportunity for them to reconnect with their local communities.

**CHAIR** - Is there a way individual veterans can engage in the roundtable discussion?

**Mr BARNETT -** I would be more than happy to take feedback from them if they have a concern they would like to represent. In terms of the roundtable, that hasn't been finalised. I am open to ideas and people you would like to be involved with the federal minister, Darren Chester, who will be here later in the year.

**CHAIR** - It is important all the RSLs are made aware so they can make their members aware. I am not sure how active this gentleman is in the local RSL, but he is fairly incapacitated. His family is advocating on his behalf. I have done what I can as the local member.

**Mr BARNETT -** I will see if Ms Schouten would like to add anything.

**Ms SCHOUTEN -** The local office of the DVA would be concerned if this gentleman was not receiving support from an advocate in an RSL sub-branch or from another ex-service organisation. There are advocates who work in those sub-branches and whose role it is to support an individual to make or appeal their claim if they are not receiving what they want from DVA. If it were to come to me, I would suggest they contact DVA directly through their local RSL or the state office. The state office in New Town has a paid advocate who provides support to individuals to make their claims.

**Mr WILLIE** - The Frank MacDonald trip is an excellent trip. In opposition, my chances of going on one are slim.

**Mr VALENTINE** - It does a rotation.

**CHAIR** - It is not a rotation; it is a pick of the Premier.

**Mr BARNETT -** I think Craig Farrell went a few years ago.

**Mr VALENTINE** - Yes, he did.

**Mr WILLIE** - Good to know. I would be interested in future. Those kids who return are impressive kids. I assume the trip is merit-based and the kids go through an application process. Are opportunities extended to young people who might be living with a disability, might be particularly vulnerable or come from a low socio-economic family or area?

**Mr BARNETT -** I will see if Ms Schouten might be able to outline the criteria and the application process.

**Ms SCHOUTEN -** Every child in year 9 is able to apply. Each school is limited to three applications to ensure one school is not dominating the essay competition submissions. There are no specific criteria to say a child from a low socio-economic background or a child with a disability is particularly invited to apply, but last year a child with physical disability went. A few years ago a child with significant autism went and their teacher, who also happened to apply, was successful in being one of the teachers to go. It is a good example of a program in which students with additional needs are not facing any barriers to attending. We have never stopped a child whose essay is selected through the process from attending.

The Tasmanian History Teachers' Association culls the applications and they don't know the students. They cull them and the short-listed group is interviewed and assessed. Any disability is not a barrier or a cost to them. The child does not face any costs to attend.

**Mr BARNETT -** Can I check the date of the application because it will encourage members around the table to encourage students in their electorates or divisions?

**Ms SCHOUTEN** - They are open now and they close on 28 August.

**Mr BARNETT -** So there is time to encourage grade 9 students to make an application.

**Mr VALENTINE -** Does that go out to every school?

**Ms SCHOUTEN** - Every school - every government and non-government school and children who are home-schooled.

**Mr VALENTINE** - So private schools.

**Mr WILLIE** - I will certainly do that at every opportunity in my area. Being a former teacher, I am interested in the Headstone Project. I have been to some of the commemorations. I can see enormous opportunity with the project to expand its scope and work with schools. I am sure it already does in many instances in the storytelling and other areas. How was the $40 000 determined? Was it just purely on headstone restoration? Was there any intention from the Headstone Project to expand the program and make more links to school? I could see, as a teacher, attending those commemorations that there is a huge number of links to the Australian Curriculum and opportunity.

**Mr BARNETT -** Thanks for the question. Much appreciated. I can say that headstones have been placed on over 200 unmarked graves to date, which is terrific, and, of course, most of those are in the south, in and around Hobart, but also at New Norfolk. The Headstone Project is now moving elsewhere. It is moving north. I have already interacted with Andrea and the committee about the process of moving to Launceston. Launceston City Council has certain fees relevant to a cemetery in Kings Meadows, so we are trying to assist in that regard. It is based on feedback and advice prior to the election, and based on their vision for the future to assist them. It is over a four-year period, but the funding will paid in this coming financial year. It is subject to terms and conditions of a normal funding grant. In terms of getting value for money, it is a terrific bang for your buck as a government.

**Mr VALENTINE** - How much was that?

**Mr BARNETT -** It was $40 000, and that is to continue the project. It is noted schools are often involved in the research undertaken to find these unmarked graves and then have an appropriate headstone appointed. Talking to Andrea about how we can better involve schools, I am happy to talk further about the merit of spreading the word among schools, but they are involved in the research.

**Mr VALENTINE** - Claremont College has done a lot of work.

**Mr BARNETT -** Alex, do you want to add anything about the Headstone Project?

**Ms SCHOUTEN** - It is a terrific program and it not uncommon for school students of particular years to have connected with Andrea. They research the soldiers whose graves are being marked with a headstone. You will often see kids or cadets. That is the other group that is often involved.

**Mr WILLIE** - Before I finish, minister, you would be pleased to know that they are telling Teddy Sheean's story on tours at the Australian War Museum. Last year my wife and I were there and did a tour, and they told Teddy's story and they said 'Does anybody know about Teddy?' I said, 'Yes, I do - there is a politician in Tasmania who talks about him quite regularly.'

**Mr BARNETT -** Yes, did you see his portrait when you were there?

**Mr WILLIE** - Yes.

**Mr BARNETT -** It is pretty good, isn't it? It is a very moving and emotionally inspiring portrait in the War Memorial. I was there about four months ago. I visited the War Memorial again and had a tour as well. It is a wonderful place to visit.

**Mr VALENTINE** - Getting back to the performance criteria, it might be advantageous to have some level of performance criteria to be able to demonstrate the value of this particular budget. It might help to point out the good work it does. Is that something the minister might consider?

**Mr BARNETT -** Yes, thanks for the question and the observation. It is definitely something we can take on board and we will think about how that can be better represented and relayed through the budget process and elsewhere. Thanks for that.

**CHAIR -** Any other questions?

**Mr VALENTINE** - I was going to ask about the Anzac Day Trust. Can you explain that?

**Mr BARNETT -** Yes, I can. The Anzac Day Trust was established in 1970 under the provisions of the Anzac Day Observance Act. It was designed to assist ex-service personnel and their dependants through the provision of grants to ex-service organisations. The trust meets once a year. It distributes funds to organisations to provide welfare support to serving and ex‑service members of the Defence Force and their dependants. Under the act, the Treasurer determines the amount allocated to the trust for distribution. On December 2015 the Premier, Will Hodgman, wrote to the trust confirming continuation of the practice that the Government would provide funds indexed to the annual average national CPI. In 2017, the trust disbursed $24 000 to Hobart Legacy.

**Mr VALENTINE** - Does it link with Legacy?

**Mr BARNETT -** Yes, Hobart Legacy. As you probably know, Mr Valentine, my grandfather was a president of Legacy and I have a special affection for Hobart Legacy. I put that on the table in case anybody thinks I am biased; I am a little bit. Half the funds are to be provided to Launceston Legacy. They receive the funds and they share it with Launceston. The Trust members, for your interest, are the chair, Ricky Bott, and Paul Crew, Warwick Luttrell and Janet Munday, based on my last piece of information.

**Mr VALENTINE** - Who appoints them?

**Mr BARNETT -** They are appointed by the Governor on the recommendation of the minister. They are still doing that job. They meet once a year and there is no reason to change that in the foreseeable future, as far as I am aware. Let me take further advice. Yes, that is an accurate comment.

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

**CHAIR** - We are finished for today, thanks for your time and thanks to your staff and all those who have assisted you today.

**Mr BARNETT -** I put on the record my thanks to the departmental officers who have assisted me today, those at and those behind the table. Getting ready for Estimates is a big job and I appreciate it very much. Thank you.

**The committee adjourned at 5.22 p.m.**