

**CHAIR** - Order. The time being 2.30 p.m., we will resume proceedings. Mr Booth, I will give you the call.

**Mr BOOTH** - Thank you. Minister, I would like to go back to something in the overview in regard to dam approvals processes where you did not really properly answer Mr McKim's question about whether it was a fact that the dam approvals process has become constipated within water resources because of the number of staff now employed on the pulp mill approvals permits, and that farmers are unable to get permits. Can you confirm that that is the case?

**Mr LLEWELLYN** - No. I can confirm that that is not the case.

**Mr BOOTH** - Can you provide details, then, because word around the contractors is that they are getting no work, and the reason is that farmers are not able to get dam permits because everybody in DPIW has been pulled off approvals on to pulp mill permits.

**Mr LLEWELLYN** - No. I think I said earlier that there is a bit of pressure temporarily on other matters, and one is associated with looking at permit questions with regard to the proposed pulp mill. That does not mean we do not have the capacity to deal with day-to-day issues. The capacity is restricted somewhat, that is all.

**Mr BOOTH** - Have any permits been issued in the last fortnight or so, or month, for dam approvals?

**Mr LLEWELLYN** - I will ask Dr Harradine to answer that.

**Dr HARRADINE** - Yes. The Assessment Committee for Dam Construction met either last Friday or the Friday before. I think we approved something like five permits that were put up to us at that stage, and considered a number of other permits for issue of notices. There are still permits going through the system.

**Mr BOOTH** - How could you cope with that additional workload, given the sheer quantum of permits that are required to be granted in regard to the pulp mill? How could you have sufficient redundancy within your department to be able to cope with that additional priority workload, which is now a priority? The implication therefrom, if that is the case, is that the people in DPIW do nothing in the rest of the time, if they can suddenly take on this huge amount of work and successfully undertake it as well as continue their daily work, is it not?

**Mr LLEWELLYN** - No. I think you are gilding the lily a little.

**Mr BOOTH** - I am asking the question: where is the capacity of redundancy?

**Mr LLEWELLYN** - There is and has been a need to reassess the capacity with regard to resources necessary within the water division, and resource management and conservation to look at the question of trying to speed up the process of dam approvals into the future. That is why we have money in the Budget, and if you would be so kind as to facilitate the passage of this Budget we will be able to get on with the job of employing a few more people.

**Mr BOOTH** - I am sure, Minister, there is no risk of the Greens blocking this Budget. You would obviously recognise that we do not have the numbers in Parliament even if we were inclined to do so. But the point from your answer is that your department is stretched as a result of the pulp mill approval process. What is the total number of employees? I have three questions which are standard, Minister, that I could put on notice for you, if you like, which are to do with the number of employees in your department, what resources in both time and money have been allocated to the work, what is the total budget for any work being done in relation to the pulp mill, and what is the time frame for the work to be completed. I will hand them in, if you would prefer.

**Mr LLEWELLYN** - We do have, I think, some answers to those, the numbers of employees.

**Mr BOOTH** - Working on the 200 or so permits for the pulp mill.

**Mr LLEWELLYN** - On 14 May - this is a brief to the Minister for Planning, so it is really not my affair. In regard to the number of people who are working from DPIW, they total 7.66 full-time equivalents.

**Mr EVANS** - Which is out of over 1 000 FTEs.

**Mr BOOTH** - So you are chewing up 7.6 full-time equivalents out of 1 000 full-time employees, but how many of those employees, the 7.6 full-timers, were ones who would ordinarily have been doing other permit work and have now simply been moved into doing this permit work? You have not indicated that 1 000 of those people -

**Mr LLEWELLYN** - They are mostly project officers or technical officers by the looks of things.

**Mr BOOTH** - The 7.6 you mean?

**Mr LLEWELLYN** - Yes.

**Mr BOOTH** - They would be key people in the organisation?

**Mr LLEWELLYN** - Yes, and there is some effort of course at the senior executive staff level as well to oversee that.

**Mr EVANS** - Our Director of Major Projects, Tony Dell, is spending a significant part of his time - 0.8 of his time - on the pulp mill. There are little bits and pieces of general managers and myself.

**Mr BOOTH** - How much of your time has been going?

**Mr EVANS** - A couple of per cent.

**Mr BOOTH** - Only a couple of per cent?

**Mr EVANS** - There are bits and pieces of a range of other staff across the organisation. I think the point is that the pulp mill assessment is just one project and obviously it is a priority project for us but our business is assessing projects, so it is core business for us to be assessing this project.

**Mr BOOTH** - That is the point I am making because it is in fact taking resources away from your core business.

**Mr EVANS** - No, it is core business.

**Mr BOOTH** - Yes, but it is not prioritised, with respect. This is something that has been imposed on DPIW outside of the normal planning process. Normally you would have the luxury of time to be able to do this in an orderly way and engage an appropriate level of employees. This is something where you have been given a time line to produce 200 permits as a result of a project that has jumped the queue, so to speak.

**Mr EVANS** - We were putting significant resources to the pulp mill prior to this legislation; it is just a different assessment process. It does not mean that we suddenly have to find new and additional resources to do the assessments. We are working through a different process and, sure, because of the time frames there is a concerted effort at this moment in doing the pulp mill assessment but that happens with all projects that we assess as an organisation.

**Mr BOOTH** - So regarding the significant resources that you put into the pulp mill prior to this, what level of FTEs would have been involved in the pulp mill prior to this?

**Mr EVANS** - I do not have those figures.

**Mr BOOTH** - But you just indicated in your answer that there has been no change effectively because you had significant resources directed to the pulp mill assessment prior to this permit stage.

**Mr EVANS** - Can I rephrase that and say there are not new people who are suddenly working on the pulp mill that were not working on it prior to the new assessment process. In some cases some of those officers would be putting more effort in now because of the time frame but without the new assessment process it would have been spread over a greater time period. I would not say that as a consequence of the new assessment process we are needing to put in total more resources into the pulp mill.

**Mr BOOTH** - The point I am making of course is that -

**CHAIR** - Order. This line of questioning has been going for 10 minutes and you will get plenty of opportunity during the afternoon. I will go to Mrs Butler, then Mrs Napier and then back to you, Mr Booth.

**Mrs BUTLER** - On a different matter, could the minister provide an update on the continuing progress being made to phase out the use of 1080 poisoning for the control of native browsing animals?

**Mr LLEWELLYN** - The Government recognises both the needs of landowners to minimise the impact of browsing animals on new forest plantings and agricultural crops and pastures as well as the community's concern about the use of 1080 poison.

We are working towards a phase-out of 1080 poison for native browsing animals control by 2015, which again is another one of those Tasmania Together benchmarks. Prior to that time,

1080 will be used only as a tool of last resort. The government initiatives to reduce the amount of 1080 used for browsing animals control are proving to be extremely successful. This can be seen from the fact that there has been a 68 per cent reduction in the amount used in Tasmania during the six years to 2006. 1080 use has declined from the Tasmania Together benchmark figure of 15.2 kilograms in 1999-2000 to 4.9 kilograms in 2005-06 and this decline in 1080 use has continued into the current year with use to the end of May 2007 totalling only 1.2 kilograms which is a 71 per cent decrease in use from the same time last year. While some of this reduction in 1080 use since 2000 is attributed to the Government's ban on the use of 1080 in State forest - although we did make the announcement about the use of 1080 for fox poisoning specifically - private use by private forestry and the farming sector has also declined. This is due in large part to a range of government initiatives.

The Government has appointed additional field officers to the wildlife management branch in the Department of Primary Industries and Water and their job is to provide advice to landowners on methods of browsing animal controls that do not require 1080 poison and actively promote property-based game management plans that specify alternative control for browsing animals. To date, over 600 properties, and you would be pleased to hear this I am sure, are covered by these plans. The Government has also revised the 1080 code of practice to tighten restrictions on the use of 1080. The requirements of the revised code have been implemented by the department over the past year.

Revisions include the use of accredited persons who are contracted by landowners to inspect properties and assess browsing damage and lodge applications on the landowners' behalf. Under this system a departmental officer assesses all the applications for use of 1080. A minimum of 10 per cent are subject to on-site audit by the department and any accredited person who knowingly falsifies the results or assessments and so on is subject to prosecution and having their accreditation withdrawn. Inspection protocols for forestry and agriculture have recently been finalised following consultation with industry representatives. Courses have recently been completed also to train accredited persons in inspection protocols. Twenty accredited persons are now providing a 1080 inspection service to forestry and agriculture industries.

I also note that the Tasmanian Government is working with the Australian Government which is contributing \$4 million through the Tasmanian Community Forest Agreement towards a joint program to accelerate research into alternative strategies for controlling browsing animal damage on private forest and agricultural land. The objective of this program is to develop and encourage adoption of alternatives to 1080 that private land managers can use to protect pastures, crops, plantations, and regrowth areas from browsing damage. Following a fairly extensive consultation process with stakeholders and experts in this area, the Commonwealth minister and I signed off on a strategic plan -

**Mrs NAPIER** - You are good at plans, Minister; you have plans for everything.

**Mr LLEWELLYN** - that is Senator Abetz; this is his plan as well as mine - for this program at the end of last October, and it has an action plan associated with it too. The strategic plan supported investigations of a wide range of possible alternatives to 1080. It reflects that different control options will be needed by landowners if we are to continue to reduce the usage of 1080 without crippling our vitally important agriculture and forestry industries and the communities they support. Two million dollars of this program has been allocated towards research grants with the first round of funding offers announced on 14 February.

The first round of offers totals \$1.4 million supporting 12 applications over a broad range of research areas. The remaining \$2 million is being used to run a complementary demonstration and research program within the Department of Primary Industries and Water. This will tie together both the research that is being carried out under the grants program and new trials into fencing and trapping and shooting to improve their effectiveness as browsing control tools. The first round of grant deeds should start producing outputs in the second half of 2007. The project officers have already commenced several trials into trapping as an alternative to 1080 and through these initiatives of both governments I believe that we are in a strong position to continue reducing the usage of 1080 for browsing animal control in the State.

[2.45 p.m.]

**Mrs NAPIER** - Minister, in relation to another issue - and thank you for that five-minute answer - coming back to the issue of farm dams, there have been a number of discussions about this but is it not a fact that there are about 160 applications for dam processing that are awaiting and is it not a fact that people have been told that staff are not available to prepare the dam assessments for any other dams at this stage?

**Mr LLEWELLYN** - It is true that there are quite a few dam applications waiting, and I will ask Dr Harradine to outline the numbers in a moment, and it is also true that there is some pressure which we were discussing with the member for Bass, Mr Booth. Thank you for reminding me, I certainly mentioned it in the upper House Estimates hearing yesterday. A lot of the pressure that is on in regard to these issues has been brought about because of the recent very dry conditions which you would be only too well aware. Dr Harradine is going to answer with the number.

**Mrs NAPIER** - If you have the number that would be appreciated.

**Dr HARRADINE** - There is interest in farm dams at various stages of the process but the first step in dealing with a dam application is that the proponent needs a field visit from either our staff or a private consultant to start the process of filling in the relevant forms with information. Over the summer period just gone our staff who normally provide that service have been 100 per cent occupied on other activities during the dry conditions in terms of water regulation, et cetera, so they have not been able to service those inquiries.

Historically, about 50 per cent of those visits are paid by consultants anyway. People use consultants for a variety of reasons, so a decision has recently been taken that for the people who are on our waiting list, which I think is in the vicinity of about 150 or so, who have registered an interest in talking to one of our people, we would draw a line in the sand and give them a time when we hopefully will be able to service their needs within the next 12 months in terms of priorities, or they could go to a consultant to prepare that initial report. But from the date we drew the line in the sand, we made a decision that we just would not be able to service any further initial field visits by our officers. This was mostly because other priorities will continue to be more important, such as straight water management activities, but also because now the consultants have developed their capacity to make field visits and do that initial work we were effectively competing with them for the work. If we were providing a free service it was obviously a conflict of interest not only in our providing a free service in competition but also in terms of being the regulator of that process, we should not also be involved in the groundwork when there is no market frailty, as there no longer is.

Now people who contact us to arrange a field visit for a dam inspection are advised to contact a consultant, as I said, and over the next 12 months we will be working to reduce or get rid of a backlog of those who have expressed interest previously.

**CHAIR** - Order. Just before the member proceeds with the questioning, I just remind members that we are still on a very broad overview but you are drifting in and out of output groups so you may care to be mindful of that. The minister does not seem to mind answering questions.

**Mrs NAPIER** - We have been on this topic.

**CHAIR** - Yes, but I am just making the point.

**Mr LLEWELLYN** - It could be on something under output group 4, though.

**CHAIR** - Yes, that is the point I am making to the honourable member. If you could just keep your questions to a very broad overview and then move into the output groups.

**Mrs NAPIER** - Minister, following that response, do you not agree that given the very dramatic and negative impact that the drought has had on farmers and the fact that there are predictions of an El Nino coming in, and that farmers themselves know that they need to maximise on-farm water storages, in effect delaying the approval process for new dams to be established means that they are unable to get the work done in the next drier season so that it is ready for the winter thereafter? Does this not indicate, Minister, that the inability of your department to direct the kind of resources that are needed for dams approval is in fact just another impediment to your achieving the doubling of megalitres of water that is required to be able to meet the 2001 objectives?

**Mr LLEWELLYN** - In answer to that, having come back to this portfolio again just a bit over a year ago, there were some issues that were of concern in regard to being able to facilitate or develop further some of the projects and plans that we had in mind. That was really the purpose when I went through a period of discussion with various stakeholders, and so on. As a result of that, I put in place eventually - and it takes a little while to do that - the dam approval amendments that we discussed in the Parliament; the one-stop shop, and all the other aspects associated with it.

**Mrs NAPIER** - So why is it that your projections for the average time for processing applications for dam works permits approvals, why does it project that you are going to increase the number of days for processing applications? In 2004-05, it said 55 days; 2005-06, it said 56 days; the target for this year just past said 70, so provided the actual days were for approval, that would be appreciated, and your target for 2007-08 is 70 days - actually longer than was achieved in 2004-05, before you were the minister again.

**Mr LLEWELLYN** - There are some different elements and applications. For dams that are under 1 megalitre you do not need an approval; for dams that are between 1 and 100 megalitres, they are somewhat routine. Large dams, and a lot of the applications are now for dams that are over 100 megalitres, many of those are easy access storage arrangements which I have spoken about before that has enabled the actual volume of water to increase by 50 per cent from the start of the program, were achieved with smaller dams.

The larger dams take a little more assessment, and that is one reason there has been a prediction that it is going to extend the time a little bit. There are some statutory requirements associated with that legislation that everyone would be aware of, about advertising and consultation and those sorts of things that are necessary. You cannot reduce the actual time down to nothing; it is a matter of dealing with the applications, advertisements and all the rest of the stuff as you go along and through the program.

The purpose of the one-stop shop I think will in fact streamline things, it certainly will -

**Mrs NAPIER** - There will be no-one in the shop; they will all be off doing other things, according to your officer.

**Mr LLEWELLYN** - You can make funny comments like that, and -

**Mrs NAPIER** - There is nothing funny about drought, Minister.

**Mr LLEWELLYN** - No, no. I will continue to try to answer to the best of my ability and ignore those sorts of comments.

**CHAIR** - Order, order. Mr Booth.

**Mrs NAPIER** - With respect, Mr Chairman, for 15 minutes I did not have a question. I have now had some 10 minutes.

**CHAIR** - I take note of your comments and you will be guaranteed adequate time to ask your questions. Mr Booth.

**Mrs NAPIER** - I would like an answer to one of my questions which I did not get.

**Mr BOOTH** - Minister, getting back to this self-regulation of animal poisoning that you seem to have moved towards, doesn't the use of accredited browsing assessors simply enable a forestry company to have an employee accredited an assessor and then self-assess the requirement for poisoning and grant their own permit. Effectively that removes all third-party controls and ability to authenticate the requirements and so forth and the transparency that is needed when you are allowing the use of these inhumane poisoning activities to occur around the State.

**Mr LLEWELLYN** - We have a process of accreditation now in place. I think I answered that question pretty fully when it was asked by Mrs Butler a moment ago. I could go through some of that response if you wish me to.

**Mr BOOTH** - No, if you can address your mind specifically to the question that I asked, which was does this not now open up a smorgasbord of animals poisonings by animal poisoners who have simply no verification of their assessment of the need for poisoning? It is self-service poisoning, is it not?

**Mr LLEWELLYN** - No, it is not. One could be extravagant in the use of words -

**Mr BOOTH** - Well, how is it not?

**CHAIR** - Order. I ask the member to ask a question and give the minister a chance to respond.

**Mr LLEWELLYN** - The program certainly has a process in it that -

**Mr BOOTH** - You could, perhaps, assist by explaining whether in fact the same tests still apply. Prior to getting a 1080 permit approved by the relevant officer through Parks and Wildlife, I think it was, you had to have met some test, which was alternative methods of browsing control, that you had not poisoned in a period prior to that, and fencing.

**Mr LLEWELLYN** - But I went through that with Mrs Butler. I went through it really fully.

**Mr BOOTH** - No, with respect, you did not. I am asking whether, in fact, there is now a requirement for self-assessment.

**Mr LLEWELLYN** - Well, let me do it again.

**Mrs BUTLER** - He went through in huge detail.

**Mr BOOTH** - Yes, but I am specifically asking whether the self-assessment requires those three tests or not. Is it the case that you can self-assess and simply say we need to poison, or do they have to go through the same tests?

**Mr LLEWELLYN** - No, they have to go through a variety of tests. In fact, the department finally approves the issuing of the 1080 permit arrangement, even though the accreditation for it now is achieved through that private process. I remind you what I said before about the fact that, if accredited persons who knowingly falsify the results of browsing damage assessment, they are subject to prosecution and having their accreditation withdrawn.

**Mr BOOTH** - But do they have the same tests? Do they have to trial alternative methods and they have not poisoned previously?

**Mr LLEWELLYN** - I am not sure it is exactly the same but Dr Whittington can indicate to you whether or not those three factors that you were talking about remain. I think substantially they do.

**Dr WHITTINGTON** - As the minister was saying, as part of this process the Government actually revised the practice so it is now tougher to receive a permit. The process requires an assessment of browsing damage to be undertaken and the assessment to be supplied to the authorising officer who is still a member of the Department of Primary Industries and Water, as was the case previously.

Previously the damage assessment was undertaken by a Parks and Wildlife Service officer. Now it is undertaken by a trained, accredited person. That accredited person has to provide an assessment to the authorising officer in the department. We audit those assessments. The protocols for assessment have been, as I said - the code has been tightened and the assessment procedures have been codified, which was not the case previously. So all in all, the process is more highly regulated and it is, I guess, a more transparent process for the issuing of permits.

I think the proof is in the pudding, in the fact that 1080 use to this year, as the minister explained previously, is considerably lower. So we are 1 per cent lower than for the same period last year.

**Mr BOOTH** - But the assessor could be, nonetheless, an employee of the company that wished to -

**Dr WHITTINGTON** - The assessor has to be an accredited person under the act.

**Mr BOOTH** - But that is not the question I asked. We know that. The question I asked was whether, in fact, the assessor could be an employee of the company that wished to get rid of the wildlife. That is the question. It is a simple question.

**Mr LLEWELLYN** - Even if the person is, they are subject to audit.

**Mr BOOTH** - Yes, I understand that. I just asked whether, in fact, they could be. And you have said they can. So, thank you.

[3.00 p.m.]

**Mrs NAPIER** - Following up on that issue, it used to be that the funding brought in from the fees for using 1080 which used to fund the game management unit is there still a direct hypothecation arrangement and is it likely to result in four people being employed in the game management field? If not, are you going to supplement it from the rest of your budget to ensure we maintain four game management officers?

**Mr LLEWELLYN** - The game management unit has been maintained - in fact substantially improved - over a period of time and I cannot see any change in it.

**Mrs NAPIER** - Minister, you indicated that there is likely to be a blow-out in the delay of the average sample processing applications for dam works. You have indicated that, beyond the Meander dam, we have some sketches about what other major dams there might be but there is nothing in the books and there is certainly nothing in this Budget, in forward Estimates to the year 2009-10, and your performance information also -

**Mr LLEWELLYN** - I did try to explain that.

**Mrs NAPIER** - indicates that you expect that there will be a decrease in the number of new dam works permits approved. In fact, your figure is 80, down from 180 in 2004-05. Do you therefore agree that the requests from farmers in the TFGA for better support for those who are drought-impacted do need to be seriously addressed? They in particular asked for transport of fodder, access to crown land for stock, research into drought tolerant grasses. Do you also agree that with that combination of figures there is a very strong argument for putting more resources into this dam approval process so we can get those dams on the way?

**Mr LLEWELLYN** - To answer the last part of the question first - this is the third time I have answered this particular part of the question and I am not sure what it takes to get the matter through - we are providing more resources in this Budget for that very purpose. It is \$380 000 that has been provided within the Budget for -

**Mrs NAPIER** - It would not even hire a front-end loader for enough time to be able to get a dam built.

**Mr LLEWELLYN** - That is for employing people and I am sure that they would appreciate your response about their potential salaries. That is what it is going to be employed for: providing additional people to support that area. In respect to the first part of the comments that you made, there are certain things in the Budget that are on-line items and there are other things that are contained within the Budget for the year that are as yet not predictable to the extent of being able to be put down as a line item. The one I referred to - and I referred to it early - is the resources that we can achieve through the sale of the three GBEs that we mentioned in this Budget would be offered for sale during this period which will substantially provide an infrastructure fund. If you read the budget speech carefully, money has been allocated for a transport hub and for -

**Mrs NAPIER** - Fifty million?

**Mr LLEWELLYN** - and for water development within the State. I am talking about water irrigation development within this State. So there is potential for a substantial amount of money to be found for water development. It is contained within the Budget albeit not in a line item of the Budget.

**Mrs NAPIER** - So there is a promise that some of those projects might well receive some additional funding. Minister, let us now turn to the major projects. What assistance are you going to provide to those major projects to help them get approvals that do not require government funds to be able to build. I take for example the Waterhouse development through the Rabobank and others. There is plenty of private sector interest in being able to fund that dam if it can get through the approval process. I will use my photo again; the one on which considerable research has been done. This was provided to me for the poor farmers who have for years been trying to get through this approval process, trying to get the Long Marsh Dam. You have it upside down, you are right.

*Laughter.*

**CHAIR** - Order.

**Mrs NAPIER** - Look, it is almost as high as a milk bottle; that is even worse.

**CHAIR** - Order. I just remind the honourable member that this committee is a form of the House and it is not appropriate -

**Mrs NAPIER** - I will use the little one, then.

**CHAIR** - Order. I cautioned the honourable member. There was an incident last year and for the sake of consistency, I ask the honourable member to refrain from that sort of behaviour at the committee.

**Mrs NAPIER** - So, Minister, I do not need to use it again because I think that facts speak for themselves.

**Mr LLEWELLYN** - In response, I guarantee that all the papers that have been assembled in that pile for the purpose of taking that photograph are not associated with the Long Marsh Dam. That is a challenge.

**Mrs NAPIER** - They are associated with regional water. The Long Marsh Dam is one of the long-running ones. Minister, can you assure the proponents of major projects such as the Long March Dam and the Waterhouse Dam - I use those two as examples - if you have a project that does not require government funds to help build it and you have private sector funds willing to invest in it, what effort would you put into those projects to get them moving sooner rather than later?

**Mr LLEWELLYN** - Well, we are and I am. You mentioned the Waterhouse Dam. There are environmental issues with it which at the moment are awaiting the proclamation of the new amendments to the Water Act which I think will enable us to revisit that issue. There was the Chimney Hill situation, the Meadstone dam that currently is approaching finalisation as far as initial assessment is concerned and it looks as though that might be one that we can move on. There is the water from the pipeline at Poatina, 5 per cent of water from the pipeline that will return to the area some 50 000 megalitres of water and open up a region of some 40 000 hectares. That will require substantial support because of the costs associated with the pipeline. So that is not one that would be able to be covered by farmers.

**Mrs NAPIER** - The Shannon is going to need some money.

**Mr LLEWELLYN** - Yes, and there is a proposal at the moment. We certainly have support from the Hydro and we are doing work with regard to trying to relieve the pressure on the Clyde River by looking at diverting some winter flow water from the Shannon River into off-stream catchments that would then enable a further easing of the water going into the Clyde River. Apparently there is some environmental pressure on Lake Crescent and Lake Sorell and therefore they are looking at alternatives. There is some work to be developed on the Ouse River as well. I have been talking to the Hydro in recent times and I think that they may be trying to access National Water Initiative money in order to develop that as well. Of course, there is the one that you mentioned initially, the Long Marsh or Macquarie River catchment that requires further work. I think I have been to the Long Marsh site on three or four occasions. There has been a full study of that situation. There are geotechnical issues associated with the development of that.

**Mrs NAPIER** - Do you believe that those technical issues can be overcome, though?

**Mr LLEWELLYN** - At the site there are some fairly substantial heritage issues.

**Mrs NAPIER** - The Federal minister said that should not be a problem.

**Mr LLEWELLYN** - Well, there are the two heritage acts, the Tasmanian one and the national one.

**Mrs NAPIER** - There is nothing in the national act which is going to stop it. Will the Tasmanian act?

**Mr LLEWELLYN** - There are number of sections in the act, particularly the national act, and I will remind you that in making an assessment about heritage matters you need to be able to say that there are no feasible or prudent alternatives to the work that you are doing.

**Mrs NAPIER** - You would flood good fertile land on Macquarie Plains rather than putting it in Long Marsh Dam which 100 years ago was identified as a good dam site.

**Mr LLEWELLYN** - There are a number of other alternatives on Macquarie River, there is one on Maloneys Hill and there is another one at Junction Hill. We have assessed the issue of Vineys Hill, and there are some issues there about land ownership and private ownership, and so on, but there has been no assessment.

**Mrs NAPIER** - There certainly are. It is not going to go anywhere.

**Mr LLEWELLYN** - That is not -

**Mrs NAPIER** - You are not into compulsory acquisition, are you?

**Mr LLEWELLYN** - It is very difficult to answer the question when you keep getting interjected.

**CHAIR** - I would ask the honourable member just to ask a question and allow the minister to respond without interjecting.

**Mr LLEWELLYN** - You can ask subsequent questions instead of interrupting. Just let me answer then ask a subsequent question and I will answer that in order instead of being disorderly. I know that is what the Chairman is talking about.

**Mrs NAPIER** - Better than a four-page briefing, Minister.

**CHAIR** - Order, order.

**Mr LLEWELLYN** - Mr Chairman, Junction Hill, however, has not been assessed in any substantial way, and in order to prove that there are no other feasible or prudent alternatives we have to assess all prudent and feasible alternatives that might be there, or potential alternatives, before you were, if this is to be the case, to go back to the Long Marsh site. From a geotechnical point of view there are some problems with the Long Marsh site. I do not think they are insurmountable. Heritage issues probably are more substantial, but again they are issues that we look at. There are also threatened species issues in the empanelment area of Long Marsh dam.

**Mrs NAPIER** - On that issue, Minister, might I draw to your attention the irony of the fact that 100 years ago the Long Marsh dam site was identified as a place where a dam for water could be developed. No-one touched the area for 100 years, knowing that that was the area that had been identified as a potential dam site. Now there is a question about whether the dam ought to be built because there are some species that have grown in that area that people are saying are endangered that might well not have been there in the first place. Is there not a certain irony about that?

**Mr LLEWELLYN** - They probably were not endangered then because there were lots more of them about. But they are now.

**Mrs NAPIER** - Minister, on another aspect of achieving your water development strategy - we will call it that - there are -

**CHAIR** - Are we still calling this overview, Mrs Napier?

**Mrs NAPIER** - Yes. There are a number of other targets that one would have hoped could have been achieved, and we started looking at the Hewitt survey of employees and the fact that one of the causes of frustration for the staff may well be that if you do establish targets, quite often you do not get to meet them and therefore you get very little reward for the fact that you cannot meet targets. Would you tell me what the status of the catchment modelling project for the Ringarooma catchment is, looking at the issue of plantation water inception? My understanding is that that was supposed to have been done by 2006.

**Mr LLEWELLYN** - I can ask Dr Harradine to respond to that, he certainly would have more detail about that than I have.

**Dr HARRADINE** - Yes. One of the key issues for the Ringarooma catchment was the impact of land use change, primarily plantation forestry, on water availability. While that had also been an issue in other catchments where we had done water management plans, the local community in Ringarooma were very keen that that was addressed as part of the plan. We acceded to that request, and hence delayed further work on the plan until we had some way of addressing that issue. Through the SMART Farming initiative, we currently have work in progress being undertaken by Hydro Consulting as a commercial contract to develop a model for how forestry plantation may impact on water availability.

While there are other models around, including the TasLUCAS Model that CSIRO have developed, the existing models have a limitation in that they are based on an annual basis of water, and that does not particularly help on a day-to-day management of water during summer periods and allocation of water on a defined period. Basically, this work will allow us to get a much better idea of the impact of existing plantation forestry and also future forest plantation scenarios on water availability to irrigators and towns and others on a catchment and subcatchment basis. That initial work is expected to be completed within the next couple of months and then we will present that to the Ringarooma Catchment Management Group. The work involved actually using the Ringarooma as a pilot study for that so it has some very good information on the Ringarooma catchment itself and that will allow us to progress that plan. I should also point out that that work is basically leading the nation. No other State has work developed to that level advanced that our work is. So basically we are well ahead of the pack in terms of modelling that data's impact.

[3.15 p.m.]

**Mrs NAPIER** - Thank you for the answer. Minister, do you agree though that based on the TFGA submission to the biannual national water implementation review, one of the issues that they said needed to be dealt with quickly was to develop this catchment management tool to deal with plantation water intercept issues and what is the date that you are expecting that model to be up and applicable. We have a situation where I think we have established that there is an absolute delay in getting dams approved, we have farmers on their knees with drought let alone the fact that they are being hit with rate increases et cetera. There has been a massive impact on their bottom line of budget and it just seems that no matter which way the farmers look, they run into a brick wall. They are the ones who are trying to be the productive element of this community and they are reliant on, in this case, departments hitting deadlines. Well, we cannot hit deadlines as far as dams are concerned, small or large, so what is our new deadline for doing this plantation catchment model?

**Dr HARRADINE** - The National Water Initiative addresses this issue basically in recognition that this is a matter that you cannot proceed on until you have very sound information. The National Water Initiative actually allows to 2010 for jurisdiction to develop responses to major changes and their impact on water. So basically there is another three years or two-and-a-half years under the National Water Initiative, before those measures need to be in place. So as I said, we are ahead of the rest of Australia and basically we expect to be able to achieve the target ahead of the national water initiative requirements.

**Mr BOOTH** - Minister, you would be aware that some of Tasmania's most respected and well-established farming families in Tasmania are deeply concerned about the proposed pulp mill and particularly the risk to their chemical-free status which is so sought after by the Japanese clients in particular. The question is, given that the integrated chlorine dioxide plant technology that Gunns is experimenting with at Long Reach has never been used in a pulp mill anywhere in the world and has been categorically refuted as accepted modern technology by global experts, Becker Omac. What risk assessment or due diligence have you carried out on this highly risky technology and the damage to the Tamar Valley primary producers and the wider Tasmania brand in particular should a catastrophic chemical contamination incident occur?

**Mr LLEWELLYN** - I think your words there are emotional and very subjective and without substantiation.

**Mr BOOTH** - What, brand protection?

**Mr LLEWELLYN** - Not only that, it is a matter that you really should ask the Minister for Planning about because he has carriage of this particular matter.

**Mr BOOTH** - Yes, but what I am asking is in relation to the Tasmania Brand and the primary producers who rely on that with the potential for chemical contamination from that as a source for example, the effect that that might have in regard to the value of Tasmania's primary industries sector, particularly those people who rely on Japanese markets who require chemical-free status. So the question is, what risk assessment have you done in regard to the potential damage to brand?

**Mr LLEWELLYN** - There has been some three years of risk assessment in establishing the guidelines that are substantial within the requirements for the Government to meet should a pulp mill application be proceeded with or be made. We have one, we have those guidelines, and we have independent assessment as to whether or not the pulp mill, as proposed, will meet those guidelines. If it meets the guidelines then your question is not relevant because we have already established that those guidelines will achieve those positive outcomes and will not inhibit the good name of Tasmania.

**Mr BOOTH** - But your assessment does not require it to meet the guidelines. Your new fast track is -

**Mr LLEWELLYN** - It is going to be assessed against those guidelines.

**Mr BOOTH** - That is different to meeting them, though and the question is still in regard to a risk assessment. Will you be able to table the work that you have done on risk assessment then?

I do not believe that the generic guidelines for a pulp mill anywhere in Tasmania include a risk assessment for Brand Tasmania, for example. Where can you point me to that?

**Mr LLEWELLYN** - What I am saying is that, in the establishment of the guidelines, all these matters were taken into account in establishing the world's best practice for developing pulp mills in Tasmania. That is what the independent consultants are assessing the current application against.

**Mr BOOTH** - Can you table -

**CHAIR** - Order.

**Mr LLEWELLYN** - If it meets that requirement then your question is of no relevance because the guidelines will have been met and the good name and safety and natural advantage, clean, green quality brand name of Tasmania will be maintained.

**Mr BOOTH** - But are you able to table that risk assessment because that is what I am asking about? A risk assessment or due diligence.

**Mr LLEWELLYN** - I did, there are almost three years of it and it is on the web site and everything else.

**Mr BOOTH** - I put it to you, there has not been a risk assessment in regard to the damage to Tasmania's brand. There has been some form of assessment in regard to the potential for the pulp mill to operate or not operate, or exceed or not exceed the limits. But we are talking about an industry relying on a chemical-free status, requiring some sort of certainty, I suppose, like other industries and they want to know what risk assessment or due diligence you have carried out. What you have pointed to, I do not believe, answers the question but I am asking if you can table -

**Mr LLEWELLYN** - I believe that it does answer it and you can do assessment on assessment ad infinitum and that would suit you because we would never do anything.

**Mr BOOTH** - That is an absurd answer. The Greens have long been on the record for promoting our GE-free status, organic agriculture and all sorts of other things that have brought a lot of wealth to Tasmania. But I will move on from that. Obviously, I think the answer is clear. You have not done the risk assessment. You are not intending to and I cannot respond to those constituents in any other way.

**Mrs NAPIER** - Minister, I want to raise the issue that is probably best illustrated in the Clyde River area in relation to farmers and irrigators, and that is about the recognition of the economic impact of having to give up their own dam water to be able to provide town water supplies without reasonable and timely compensation for replacement of that water.

You would recall that, I think it was Mr Edgell and previously other farmers had provided the bulk of the contents of their dams to be able to provide town water supply. That meant they had to give up valuable poppy crops. You have the Tasmanian Agricultural Productivity Group, which has identified that statewide we lost \$56 million of production in one year because of drought alone, let alone up to \$50 million of out-of-pocket expenses the farmers incur trying to stay alive.

It had a big impact. Even for farmers who invested in \$3 000 per hectare irrigation systems plus putting in their own dams as part of a water catchment management plan, ended up having to give up that water to the town. What is your view about what the equity of that is for the farmer? Also, what is your view about what the timeliness of the compensation ought to be for the water that has been given up? Finally, what is your view about what that says to investors and their bankers about whether they should be given a loan to be able to build that dam in the first place if they have no reliability about being able to use the water?

**Mr LLEWELLYN** - In answer to that, there are a lot of competing issues that relate particularly to water in the Clyde system. That came to a head earlier this year, just after Christmas, when the allocation awarded to the farmers in that area had been consumed as far as irrigation was concerned, either taken into their offspring dams or whatever. There was some threat to the lakes and their eco systems of the lakes, the threatened species in lakes Sorell and Crescent. In January this year I requested the release of additional water from Lake Crescent to meet an impending water supply crisis for the town of Bothwell and the riparian landowners on the River Clyde.

I recall ringing the Leader of the Opposition and also Ms Putt to indicate to them that I seemed to have limited powers within the act on this particular matter and that I had checked my role in regard to this with the Solicitor-General and there was some degree of concern about the legality of the issue. But everyone realised that we needed to provide water supply for the town of Bothwell. So I went on ahead and released that water and subsequently we have moved an amendment to the act to clarify the issue around that. That will come into effect very shortly. The management -

**Mr BOOTH** - In retrospect to get you off the hook, you mean.

**Mr LLEWELLYN** - of the release of water from the lake is normally determined by the Lake Sorell -

**Mr BOOTH** - Retrospective so it will get you out of jail, you mean.

**Mr LLEWELLYN** - No. I also spoke to your leader, Ms Putt, about the issue - or Mr McKim; I cannot remember which.

**Mr BOOTH** - Did they oppose?

**Mr LLEWELLYN** - Pardon?

**Mr BOOTH** - Did they oppose?

**Mr LLEWELLYN** - No, well, in the Parliament but not against the action that I took at the time. They told me that, given the circumstances, they did not believe there was any other course of action to take.

**Mr BOOTH** - I mean, you need to make sure that *Hansard* reflects properly what you actually did. You did something that, at that point of time, was unlawful and then sought retrospective validation.

**Mr LLEWELLYN** - No, no. It is not being tested as to whether it was unlawful or not.

**Mr BOOTH** - Nobody has bothered to take you to court.

*Laughter.*

**Mr BOOTH** - That is quite right and you have covered yourself. If it were not illegal you would not have known to bring back the retrospect legislation, would you?

**Mr LLEWELLYN** - The management of release of water for the lake is normally done by lakes Sorell and Crescent water management plans which came into effect in November 2005 following two-and-a-half years of consultant and stakeholder involvement; independent review from the Resource Planning and Development Commission; attempts to strike a balance between the need of down-stream water users and releases for irrigation, stock, domestic and town water supplies on the one hand, and the need to protect the important natural values and water property in the lakes on the other. More than ten person-years of specific scientific research and hydrological modelling went into the development of the plan so it is safe to say that its water management prescriptions are based on strong scientific evidence. The plan sets a critical minimum water level for each of the lakes based largely on the requirements for winter spawning, habitat for threatened fish species, the Golden Galaxia -

**Mrs NAPIER** - And overlooks the fact that it was built for irrigation and town supply, in the first place.

**Mr LLEWELLYN** - That being beside the point, there are -

**Mrs NAPIER** - Competing interests.

**Mr LLEWELLYN** - now threatened species that live in the water as it exists at the moment; there are macro-invertebrates that live other water columns that are now artificial because we have reduced dams and so on.

**Mrs NAPIER** - And your farmers are paying for it, Minister.

**Mr LLEWELLYN** - We have to take those into account.

**Mrs NAPIER** - Compensate them.

**Mr LLEWELLYN** - The plan also sets a methodology for determining the quality of water to be released over the summer period for irrigation and other downstream users, based on predicted inflow, rainfall, and evaporation. Last November the available quantity of water for the 2006-07 season was set at 5 000 megalitres which is a 50 per cent reduction in the water expected to be available in the normal year. That is why we are looking at this coming year, of course, because of the drought and lower water intakes. There is going to be additional pressure and it is doubtful whether very much water will be available for irrigation at all -

**Mrs NAPIER** - Exactly.

**Mr LLEWELLYN** - given those circumstances.

**Mrs NAPIER** - So how do you pay back those farmers for the water they gave up?

**Mr LLEWELLYN** - That is why we are putting a lot of effort and time into trying to help provide an alternative water source out of a weir on the Shannon River or similar, and providing water back down into the Clyde through that method.

[3.30 p.m.]

**Mrs NAPIER** - Minister, do you compensate them for the next couple of years when they cannot grow crops because they gave up the water from their dams to provide a town water supply because one of the management plans that you had introduced as a matter of public policy prevented the water level rising as high in those lakes as it would otherwise have done to build up a reserve as was historically intended? Does that not sound to you as if there is an argument for some kind of compensation for the loss of agricultural production that they will now incur because of a new management policy?

**Mr LLEWELLYN** - They were part of the development of the policy that is in place at the moment.

**Mrs NAPIER** - I can assure you they were not happy about it.

**Mr LLEWELLYN** - There were a number of people who sought to be involved in trying to resolve issues of conflict there with regard to some of the water users, including a select committee of the Legislative Council during that process. I am trying to achieve an outcome that will be beneficial for the farmers up there, I understand the difficulty, but that also will be beneficial for the natural resources or natural fauna that are a threatened species in the lake system.

**Mrs NAPIER** - What would you do if you had a 100-hectare hobby crop and suddenly you had to give your water away and you had to let your crop die? What are you going to say to your bankers about that? 'Sorry, the minister wanted the water'?

**Mr LLEWELLYN** - Dr Harradine wants to say something. I can see him looking edgy there.

**Mrs NAPIER** - I do not know if it was 100 hectares; I do not know exactly how many. He had poppies in.

**Dr HARRADINE** - Under the water management plan, the irrigators knew well in advance by studying their crops what their likely water allocation would be, because every month from, I think, September onwards there were predictions given for what the allocation might be based on a model that is in the use part of the water management plan. Given that farmers knew the water level was well down, they should have - and most of them did, in my understanding - worked out their cropping areas and their cropping contracts accordingly.

The final allocation was 5 000 megalitres from the lakes, which included 1 500 megalitres for town and stock and domestic water, and the commission that operates the scheme cooperated or worked with farmers to basically take some of that water into their dams because it is more efficient to let larger flows go out of Lake Crescent and take it into dams and then let it go as you need it further down, than to let small amounts go out of Lake Crescent all at once. So the water that was taken from farm dams for town water was not the farmers' water per se, it was water they had agreed with the commission to take and reserve for that purpose.

When Bothwell ran out of water, the only water that was provided for the town was from the lake through additional releases from the lake; it was not taken from farm dams per se. My understanding is no farmer lost water because they had to release water for the town.

**Mrs NAPIER** - You are saying they did not lose water entitlements and there was no expectation that they would be repaid that water?

**Mr LLEWELLYN** - Not in this last season.

**Mrs NAPIER** - No, this occurred in the season before as well, and he still has not been paid back. Another gentleman.

**Dr HARRADINE** - I am not sure of the specific circumstances, but the commission certainly did some wheeling and dealing with farmers that was mutually beneficial for everyone in that people ended up with a better outcome than they would have had had the water been let out of the lakes over the full period.

**Mrs NAPIER** - Gradually over time.

**Mr LLEWELLYN** - I think there was one case where one person did not take up the offer at the time, and then time passed and he missed his opportunity to take that. He was given the opportunity but he did not take it at the time. The other thing of course to be said about the whole business is that last year we were in a drought situation, and we still are.

**Mrs NAPIER** - One would not think so, Minister, given the delays that there appear to be in future dam approvals.

**Mr LLEWELLYN** - Thereby hangs the tale of why we do not have any water in Lake Crescent and Lake Sorell. You cannot get blood out of a stone, or water out of a lake if it is not there.

**Mrs NAPIER** - We have noticed that in this Estimate, and it is true.

**Mr BOOTH** - Minister, you could have perhaps had a look at a strategic approach to catchment management, which you have not done, and water interceptions and so on.

**Mr LLEWELLYN** - It would not have ever happened if the Greens had been dealing with it, no.

**Mr BOOTH** - It would not have happened under the Greens, you are correct. That is one of the few correct things you have said today, Minister. My question goes to the duty of care again and due diligence in regard to the protection of Tasmania's recreational and wild fisheries in Bass Strait and of course the risk to the Bass Strait fishery in totality -

**Mr LLEWELLYN** - It is another pulp mill question.

**Mr BOOTH** - if the clean, green brand is damaged as a result of a dioxin contamination from the pulp mill. Your department will be part of that permit-granting process. I just draw your attention to Professor Andrew Wadsley's evidence that he has provided to the Government. There

appears to be no process of actually getting them through to the assessment but that is another matter. But just in regard to the evidence you have now that Toxicos underestimated the health risk assessment on dioxin by a factor of something like 1 390 times, what sort of due diligence or risk assessment have you undertaken or will you undertake to quantify the potential impact on the recreational and wild fisheries of Bass Strait as well as obviously the scallop and other industries with regards to Wadsley's evidence?

**Mr LLEWELLYN** - Again, I preface my remarks by saying that I do not accept that your statements quoting experts are accurate.

**Mr BOOTH** - Have you had work peer-reviewed?

**Mr LLEWELLYN** - No. But having said that, I do not want it construed that just because you put something on the record it is fact.

**Mr BOOTH** - He is a professor and he has provided the evidence.

**Mr LLEWELLYN** - I do not believe that that is the case.

**Mr BOOTH** - What, that he is a professor? Go and look up Curtin University's staff line.

**Mr LLEWELLYN** - There is no doubt he is a mathematics professor, I think, and you mentioned that he was.

**Mr BOOTH** - But will you peer-review his work then?

**Mr LLEWELLYN** - However, I refer you to the answer that I gave in regard to the question previously when you talked about the clean, green and quality and brand image of Tasmania, and I answered in respect to the establishment of guidelines which if met I will agree will obviate any necessity to worry about any of these issues. So that is the answer that I am giving you again.

**Mr BOOTH** - Thank you. Could you also add to that answer by telling me how Professor Wadsley's evidence will form part of that assessment given that there is no process that I can see for it to form part of it?

**Mr LLEWELLYN** - If you wish to ask the Minister for Planning that question, I am sure that he will answer it.

**Mr BOOTH** - But I am responding because you just assured this committee that these matters would be assessed so I am asking you now.

**Mr LLEWELLYN** - When did I do that?

**Mr BOOTH** - Just then in your response. You said that these matters would be assessed as part of the process.

**Mr LLEWELLYN** - We have two independent processes, one from the State Government point of view which you, even though you did not agree with it, have had input in this Parliament in establishing, and we have another process running parallel that is oversighted by the Minister for Environment at the Federal level through the Environmental Protection (Biodiversity

Conservation) Act. Both those processes are there to ensure that the very best outcomes are achieved from any project and that there will not be any harm attributed to or effected on any marine area or air quality or whatever.

**Mr BOOTH** - So you are not going to carry out any risk assessment - that is what you are trying to say?

**Mr LLEWELLYN** - If you wait until you hear the outcomes of those independent assessments then ultimately we will have a recommendation back to Parliament either to agree or not to agree with the construction of a pulp mill based on those assessments. All of this other stuff that tries to muddy the water and tries to assess the assessment on the assessment is just delaying and trying to achieve outcomes which you have come to without having to take into account the expert advice on the issue.

**Mr BOOTH** - That is precisely what I am asking - whether you will take this expert advice. I think the record will show that in fact you have not had a risk assessment of the effect on the brand of Tasmania, and in fact you are not going to make sure that the serious dioxin level omission or mistake by Toxicos is part of that assessment. Anyway you are not going to answer, Minister, and that will stand on the record for the future.

The question I do have for you with regard to GE-free status -

**DEPUTY CHAIR** - Mr Hodgman has the call.

**Mr LLEWELLYN** - You have finished again.

**Mr WILL HODGMAN** - Thank you, Madam Deputy Chair. I would like to ask, what is the state of play with the Government's review of water licence tenure issues, and whether or not the granting of perpetual licences is something the Government will take up, given that my understanding is that not doing so contravenes the National Water Initiative?

**Mr LLEWELLYN** - Not doing so?

**Mr WILL HODGMAN** - Yes. It certainly met with disapproval by the TFGA and also the Australian Bankers Association. I have comment from both organisations about their views on this. I wonder, what is the Government's attitude in relation to this issue in light of the review?

**Mr LLEWELLYN** - We certainly recognise the fundamental need to clearly define and secure water access entitlements to underpin investment in Tasmania's water industry. Banks require that sort of thing, as you mentioned. This is an objective of the National Water Initiative, as you said. As a signatory to the National Water Initiative Agreement, the Government will ensure that Tasmania's water users and their financial backers can have full confidence in the security of their entitlements. Tasmania's water access entitlements are defined under the Water Management Act 1999, and provide water users with clear and secure access to water.

You have only to drive around rural areas to see clearly that irrigators, Tasmania's major group of water users, have demonstrated a willingness to invest strongly in water-dependent development. You see those irrigators at every turn, and if you cannot see them in the daytime you can see them at night because their lights flash at you, sometimes blue, sometimes green, sometimes red. There are new dams and centre-pivot irrigation systems going on farms all over

the State. Not only are the irrigators confident in their development plans, but their financial institutions that underpin this investment have also shown confidence in Tasmania's system of water entitlements.

The National Water Commission has formally confirmed that Tasmania's statutory water licensing and allocation systems meet the requirement of the National Water Initiative, so I am not sure where the comment you made came from. Tasmania's water access entitlements are not perpetual in the strict sense, but they are widely recognised as ongoing as defined in the initiative. Water licences and allocations are granted for a specified period of time, they are automatically renewable on application if the licence holder has complied with all the conditions of his or her licence. The system allows for a periodic review of licence holders' compliance which would not be readily available if the licence was perpetual.

This system provides two important benefits. Firstly, it serves as a timely reminder to licence holders that they must meet licence conditions to protect the environment and other water users. Secondly, it is fitting that there is a system of periodic auditing of compliance with the licence conditions, as these licences provide licensees with exclusive and tradeable access to Tasmania's most important communally-owned resource, our fresh water. The current licence renewal period for most individual water users is ten years, and that is the subject of some concern to some people.

This period was originally set in consultation with key stakeholders, including the Australian Bankers Association when the new water legislation was implemented in 2000. The period was accepted by all parties as the appropriate balance between the need for a secure investment planning time frame on the one hand, and the need for formal auditing of licence compliance on the other. I should point out that the current system is in stark contrast to the system that was in place prior to the introduction of the new water legislation by the Government. The previous system provided water access entitlements for only two years with no guarantee of renewal and no appeal system against any decision by the relevant government agency not to renew.

[3.45 p.m.]

Nevertheless, given the interest on this issue, the department is currently undertaking work in consultation with water users and financial institutions, including an independent audit which determines if the current arrangements are providing the optimum regime of water investment and water trading while adequately protecting our water resources. Should evidence emerge of existing or potential barriers to investment in the water industry, we will take the appropriate action.

**Mr WILL HODGMAN** - So you are not ruling out. The TFGA in its submission to the NWI assessment says, and I quote: 'The 10-year approach fundamentally creates uncertainty and risk for water users and other stakeholders with an interest in the water market as it infers the minister could simply revoke licences' et cetera. Bankers are now saying that it does create uncertainty. There is a threat of revocation.

**Mr LLEWELLYN** - Only if they do not comply.

**Mr WILL HODGMAN** - Yes, but you say you are open to considering a perpetual system.

**Mr LLEWELLYN** - I told the TFGA that we will look at it and we have that inquiry going at the moment.

**Mr BOOTH** - Minister -

**Mr LLEWELLYN** - I will have a pulp mill question if -

**Mr BOOTH** - I could ask you another pulp mill question if you like, but I might stick to GE in this instance.

In the latter part of the last century, crop trials for genetically-engineered canola, I believe, were carried out by Monsanto for Monsanto Australia and Bayer CropScience in various parts around Tasmania. In 2004, there were 10 priority class 2 sites still contaminated with wildings, 24 in 2005, which is an alarming increase from the 10 in 2004 and may indicate a lack of control. Can you inform us of the trend in the contamination of these sites and what the status is of those contaminated sites around Tasmania? Also what threat that currently poses to our GE-free status and how we will finally eradicate those sites? I will also point out that you have been a strong minister in regard to GE-free Tasmania and I congratulate you for that.

**Mr LLEWELLYN** - I am not sure we have a briefing on those numbers. I can talk to you about the general issue with regard to GMO. It is on the website, so you can see the answers on the website.

You are quite right. There are still quite a number of properties where some new canola that grows as a result of the previous trials. They are getting fewer and fewer.

**Mr BOOTH** - How many priority class 2 sites are there at the moment?

**Mr LLEWELLYN** - Priority class 2 sites? I would have to ask Alex. He might be able to tell us off the top of his head.

**Mr SCHAAP** - Alex Schaap, General Manager of Biosecurity and Product Integrity. No, I cannot say off the top of my head. We publish the audit results twice a year on the web site so you will see the figures there in terms of the categorisation of the sites. We have recently signed off some sites completely. That is a new development that is essentially saying that we regard the risk of any further recurrence of GM seed at that site to be negligible so can sign them off from the formal management arrangements.

**Mr BOOTH** - Are you still doing spot checks and so forth on the other sites for wildings, or do you notify before in each case?

**Mr SCHAAP** - We have a survey protocol that we adopt for an audit of all the sites including the sites where we have grown Grace canola, a canola variety that was contaminated unintentionally. We have staff who are serious in the identification of volunteers because these things are quite difficult to distinguish from some native species. Hence we need quite skilled staff to undertake the audits.

**Mr BOOTH** - At this point in time, can you assure the committee that the eradication is on track? Let us separate the original contaminated sites from the Grace ones which was a reasonably recent thing and obviously there will be a longer period of surveillance on them. With the original contaminator there were 57 or so contaminated sites a few years back.

**Mr SCHAAP** - Most of those sites should be signed off in the next few years. There are some sites where we have had disturbing amounts of recurrence of volunteers and some sites that have not been subject to as much cultivation over recent years as we would like. Hence we still suspect there is quite a seed bank in those sites, so in signing off all sites we will still have quite some time I think. It is difficult to predict quite how long.

**Mr BOOTH** - So, without putting a time on it, it could be a decade, it would not be unreasonable to expect?

**Mr SCHAAP** - It is possible

**Mr BOOTH** - Is it still a priority of your department to eradicate those, Minister?

**Mr LLEWELLYN** - Yes, we are continually and assiduously and diligently working towards that end.

**Mrs NAPIER** - Minister, further to the earlier question I asked in relation to drought and why the State Government was slow to move to get a submission to the Federal Government in relation to EC status and you had not provided assistance for fodder transport and access to crown land for stock agistment, there is also the issue of what assistance and advice you might provide for farmers in relation to weeds and the problem that they always pose because they grow quicker than grass with these welcome rains that have occurred. Minister, are you aware of the alarm that is being expressed by the TFGA in relation to the emergence of the white snails that would appear to have come in with grain imports, we think from South Australia, which is part of the concern that has been expressed about the kind of weeds and, in this case, snails that are getting through grain imports and it would now appear that they have been confirmed as having been on 10 properties on areas as far as Breona, Bothwell, Melton Mowbray to Colebrook and Sorell. My understanding is that they can be devastating to cereal crops. Minister, have you yet found out how this has happened, and what are you going to do about trying to stop the emergence of a new pest in Tasmania?

**Mr LLEWELLYN** - Well, the Government is working to maintain and extend the advantage of Tasmania's relative pest-free and disease-free status for our primary producers and exporters - I have mentioned that several times. A consignment of feed barley from South Australia, which was accompanied by the prescribed quarantine certification was found to be contaminated with *Ceruella virgata (da Costa)*, the common white snail. Let us call them the common white snail. When the consignment arrived in the State, the accompanying quarantine certification was found to be correct, a surveillance sample was drawn and forwarded to the Mt Pleasant Laboratory for examination and no contaminants were found. The consignment was then released for delivery. When one of the containers from the consignment was being tipped by a farmer or landowner, he noticed what appeared to be some empty snail shells in amongst the barley. This very responsible farmer contacted Quarantine as a precautionary measure. Quarantine arranged for a sample of the shell to be forwarded to the laboratory for identification, and the examination revealed that not only were the snails prohibited, as defined under the State's Quarantine Act, but they were actually alive. As a result of this, a quarantine restriction was placed on the balance of the consignment awaiting delivery, and a follow-up was conducted on all the properties that had received barley from the consignment.

In consultation with the property owners and TFGA it was decided to implement an eradication program in the areas where the grain had been fed out to stock. The owners of 10

properties who had received barley have worked very closely with Quarantine with regard to the identification of the feed lines. They have also provided assistance with the eradication and baiting program. The eradication program involved spreading baits 20 metres either side of the feed line - the bait used is of low toxicity and is commonly used for the control of snails in pasture. The baiting program is expected to be completed on 15 June, so it has been completed by the looks of things, then a surveillance follow-up will be undertaken of all the baited areas and additional treatment carried out if necessary. All silos that have stored the barley will be thoroughly inspected, all quarantine and treatments applied if necessary. All areas where the grain has been stored or fed out will be subject to ongoing surveillance survey programs by Quarantine for a 12 month-period and then it will be reviewed.

Quarantine are currently undertaking trace backs of all barley imported into the State since January 2007, that is barley imported from areas other than South Australia. This is a precautionary measure. If any new end users are identified follow-up property visits will be undertaken and corrective action taken if necessary. The balance of the contaminated consignment which was placed under quarantine at the East Devonport container terminal has now been reshipped back to South Australia via Victoria.

**Mrs NAPIER** - Minister, earlier we have had some concerns about the incidence of checking of containers of grain, partly exacerbated by the drought conditions that have forced an increased rate of grain to come in. As I understood it there has been a significant increase in the rate of checking of certified grain in order to prevent the weeds from coming in. How is it then that this would have occurred? What is our current rate of check on certified grain?

**Mr LLEWELLYN** - We do check on certified grain. If you have the actual label of quarantine grain coming from other States and it is labelled certified and all the paperwork that is associated with it is correct, then obviously there are some deficiencies in the area where these originated. As a result of all of these incidents there is a root cause analysis I guess, for want of a better name, done and assessment of what needs to be followed up and if it is necessary to contact. I am sure Mr Schaap will be able to tell you whether or not he has contacted South Australia and what action might have been or might not have been taken in that regard.

**Mr SCHAAP** - This is a particularly difficult one because we were caught somewhat by surprise. We had only declared this thing to be a pest the week before we got the incursion. We are going through the process now quite regularly of reviewing our pest lists to determine whether we ought to be adding any further species to those lists as potential quarantine threats to Tasmania.

In previous reviews this particular species had not been identified as a pest but its behaviour in terms of being a potential contaminant of barley had identified itself as being a real concern on mainland Australia. So for that reason we added it to our list of pests here in Tasmania. We did not then and we do not now yet have a specific import requirement that importers must satisfy in relation to this brand-new pest for Tasmania. What we rely upon I guess is the import requirements that relate to grains generally and they include requirements about weeds, about GMC, about various other pests such as nematodes and the like. We undertake sampling for those other pests.

**Mrs NAPIER** - One in 10 or what?

**Mr SCHAAP** - We sample one in 10 of the containers that are destined for high-risk users. If an importer claims that a container is grade 1 grain and so can be fed out in a paddock then that is one of those containers that might be subject to that one-in-10 sampling regime. We have been undertaking sampling of that sort of frequency. Of course that sampling regime is not designed to find common white snails because it was not one of the pests that we designed that sampling regime for. Indeed the difficulty with this pest is that, like some others, it is very difficult to come up with a practical sampling regime that will allow you to discover it in containers. It does not distribute itself through the grain in the same way as a weed seed does, for example. It can gather in a particular part of the container and hence avoid a random sampling strategy. We are now having a look at whether it is possible to manage some sort of pre-export certification process whereby exporters can determine absence of these snails from their shipments but experience on the mainland to date suggests that is quite difficult as well and that the snail has dispersed quite rapidly as a result of shipments of grain and particularly grain during feed shortages where people are looking progressively for the last dregs of the grain that is available around the countryside. So this is a very difficult quarantine picture and for the longer-term resolution of it there is still a bit of work to do.

Our focus at the moment, of course, is on the eradication attempt and I am glad to say that we have had very good cooperation from land-holders to date in terms of assisting us with that eradication operation and unless we find there have been prior incursions we are very hopeful that we will succeed in that eradication on this event.

**CHAIR** - On that note, we will have a break for approximately five minutes.

**The committee suspended from 4.01 p.m. to 4.06 p.m.**

**Mrs NAPIER** - Following on from the issue of the snails, what attempts are you making to ensure that your interstate counterparts not only do not let snails through into their certified grain process but I hear we have a problem with yellow crazy ants. There is a big Federal Government program trying to stop them spreading but if they got into Tasmania we would have a major problem. We have the issue of -

**Mr LLEWELLYN** - Red fire ants.

**Mrs NAPIER** - No, the issue of the bee mite and the impact that that can have on our honey industry let alone the rest of the industry and of course the issue of the introduction of weeds that Tasmania does not want to have. What work are you doing to prevent those coming in in the containers in the first place and to put the pressure on our interstate counterparts to make sure that if they say it is certified then it really is properly certified?

**Mr LLEWELLYN** - We are taking additional action and we require some recompense for inspection in the future as well. Just recently we had the example of the Queensland fruit fly which again was something that was followed up very quickly and it went back to New South Wales because that is where it came through. Anyway, Mr Schaap will provide some details for you.

**Mr SCHAAP** - There is a range of pest species out there that represent real risk to Tasmania. Some of those also represent risk to other States, and hence are the subject of national endeavours

to adopt relatively uniform provisions for inspection of container cargo in particular. Some of those species, however, are really much more of a threat to Tasmania than other jurisdictions, either because they are not a risk climatically to other jurisdictions, or because the other jurisdictions already have those pests. They are the ones that we are compelled to deal with somewhat differently from the rest of the country. That is one of the reasons that we have escalated our inspection of general container cargo.

We talked earlier about our inspection regime for grain in containers. That is one risk area. Another risk area that we have recently lifted our inspection regime on is the general cargo category which includes things like household items compliances, and all sorts of general cargo destined for retail and manufacturing. While most of that cargo is relatively low risk, it does carry with it a number of potential risk areas, in particular where things like timber dunnage is used. Hence you made a call to try to intercept 15 per cent of that general container cargo for internal examination to determine whether there was any need for further quarantine action on that general cargo.

That is particularly relevant to things like wood-boring insects which have proven to be a quarantine risk for other Australian jurisdictions. For example, we are currently making a fairly substantial annual contribution to eradication of European house borer in Western Australia, along with other jurisdictions, to seek to reduce that as a risk to domestic quarantine arrangements in Australia. So depending on the particular pest species involved, we have a range of different responses for the pests that are out there.

You made one remark asking what we are doing effectively to keep other quarantine jurisdictions honest in terms of their certification of exports to Tasmania. We have these surveillance regimes in place which involve not just examination of general cargo, but also certified cargo such as fruit or the grain we were talking about earlier. That provides us with a feedback loop to those jurisdictions as to whether there are any problems with their certification.

The fruit fly example that was mentioned earlier is an example of the sort of problem we can run into, and I think we have learned quite a lot about that in relation to the way in which containers and consignments are identified so that we will not again have the same problem here where we had two consignments essentially being mixed up and a fumigated consignment going to one part of the country where fumigation is not necessary, and the unfumigated consignment going to Tasmania which is the State that required the fumigation. By learning from each of these events and our surveillance operations, and communicating with our interstate colleagues, we manage to address these risks as they arise and hopefully anticipate the majority of them.

**Mrs NAPIER** - On this side of the border, are you seriously looking at, for example, the use of the bait hives that are being proposed to deal with the bee mites that attack the hive and/or the bee itself?

**Mr SCHAAP** - We have a number of operations of that ilk in terms of seeking to use both baits and sentinel stations to attract pests. We have that both for the purpose of consideration of eradication around the localised import area, and also the surveillance -

**Mrs NAPIER** - We do not have them yet.

**Mr SCHAAP** - Not for that particular pest, but we do for a range of other pests.

**Mrs NAPIER** - It sounds pretty sensible to me to do it.

**Mr SCHAAP** - In each of those cases, it is a matter of simply prioritising the range of pests we face. If we look at the pest list, it is already quite a lengthy list, and every time we review it we feel compelled to add additional pests to the list. What I guess is a challenging task then is allocating our quarantine resources to those pests where the consequences of introduction are most significant and where our resources can make a significant difference in terms of reducing the risk. It is quite a different balance -

**CHAIR** - Order. If you could just finish that line of questioning, I will give the call to Mr Booth.

[4.15 p.m.]

**Mrs NAPIER** - Through you, Minister, and following on from the issue associated with the bee and the honey industry - do you agree that there is a real risk to the honey industry if we do not provide better ways of preventing the mites and other impediments to bees from getting into this State and that a program of bait hives seems to be a really good way to protect a major industry? Let alone the fact that bees fertilise other plants.

**Mr LLEWELLYN** - I certainly agree that bees are an important insect for primary industry production as well as obviously for the honey that they produce and the apiary industry that comes from them. With all of the other issues here in this State -

**CHAIR** - Order. I will just ask that everyone turns their mobiles off. It is interfering with Hansard taking a recording of proceedings. Has everyone got his or her phone off? If not, we will have to go and search around the place to see what the interference is. Thank you for your cooperation.

**Mr LLEWELLYN** - You are amazing, Mr Chairman.

**CHAIR** - Thank you and now for the Lotto numbers.

*Laughter.*

**Mr LLEWELLYN** - It is a concern but so are a lot of other industries and other pests that might come in so we provide a very comprehensive biosecurity quarantine surveillance arrangement in the State. I asked someone the other day how many quarantine officers there are in Victoria and on the basis of the answer in order to meet the requirements or the level of surveillance we have in Tasmania they would have to have 800 quarantine officers in Victoria. So on a population basis the number of officers in Tasmania is substantial and by a big quantum more than it is in any other State. And quite rightly because we are an island state and we have that island advantage so we must protect it all costs.

**Mr BOOTH** - Minister, can you advise the committee of the value of the pollination services, have you quantified that in terms of primary industry?

**Mr LLEWELLYN** - We do not have the answer to that but we can provide an answer to you, if you wish.

**Mr BOOTH** - Yes, please. So the value of the pollination services and also the value of the honey industry would be interesting , given they are both that areas.

**CHAIR** - So that is a question on notice. We will get that in writing, thank you.

**Mr BOOTH** - The question now is in regard to whether you can quantify the number of hectares and the titles that have been taken out of food production and transferred into fibre, wood production or plantations on categories 1, 2 and 3 agricultural land.

**Mr LLEWELLYN** - I think we could probably answer that question in regard to the number of hectares that might have been converted, give you an estimate on that. But in regard to the title issues, it would be an extremely difficult process to extract all that.

**Mr BOOTH** - You do not have some tracking method there?

**Mr LLEWELLYN** - No not really. Most of the land that you are talking about is private land.

**Mr BOOTH** - That is correct.

**Mr LLEWELLYN** - What a private landowner does with their land we do not register. I am being given some information by the former chair of Forest Practices Authority that the Minister for Resources, the Premier, might be able to provide some information as to the area that has been set aside for forest purposes because if a farmer wants to put in a tree farm they have to register that aspect with the Minister for Resources.

**Mr BOOTH** - That is a private timber reserve, I guess.

**Mr LLEWELLYN** - Yes, that is right.

**Mr BOOTH** - You may be able to answer this in terms of the effect on the potential for a primary production in food production, beef production, lamb production and so forth. First of all, one fact is that by about 2000 10 per cent of all sale of farm titles, not area, were transferred into forestry operations - private timber reserves and so forth. In terms of the gross land area it would be interesting if you could provide that to the committee of particularly categories 1, 2 and 3. What I am hearing anecdotally - and I am not saying that this is actually the amount, I am asking for a response - but between 7 000 and 10 000 hectares of good farm land, of categories 1, 2 and 3, has been converted from food production, beef, dairy, cropping or whatever in the north-east in the last three years alone. Obviously that is going to impact on all sorts of other capacities within a rural and regional area to sustain its community. Also in terms of the prioritisation of government, where you have a stated growth plan, you have water development plans and all sorts of stuff based around supporting rural industries, if you lose the land, you would have to agree that is a serious issue.

**Mr LLEWELLYN** - I do agree that it is a serious issue. It is an issue that I have discussed with my colleague, the Minister for Planning, in recent times informally and I know that he is currently involved in developing an adaptation to the prime agricultural land policy. He is waiting for a response to that at the moment and ultimately there will be a new policy there with regard to PAL and I think it is certainly his intention to consider the issue of categories 1, 2 and 3 prime agricultural land in that process. But that is for him to decide as it is not my area of

responsibility. That is what is happening at the moment. There is a review of the PAL policy that the Attorney-General is undertaking and I do not think I should go any further than that at this stage.

**CHAIR** - Order. Mrs Butler, I will give you the call.

**Mr BOOTH** - But at an informal level you have expressed some concern in regard to categories 1, 2 and 3 land.

**Mr LLEWELLYN** - Yes, I did.

**Mrs BUTLER** - On another matter - and it is certainly important to my constituents - given the increasing importance of ground water use in this State could the minister please tell us what his department is doing to ensure its sustainable and equitable use?

**Mr LLEWELLYN** - As a matter of fact, I can. Mr Chairman, ground water is an important water resource in Tasmania that in many areas is largely untapped.

**Mr BOOTH** - With respect, Minister, is that not the same resource as river water - river and ground water are the same thing?

**Mr LLEWELLYN** - Not necessarily no, we are talking about two aspects, surface water and ground water - surface water is above the ground and ground water is under the ground.

**Mr BOOTH** - Yes, but they come from the same pot, do they not?

**Mr LLEWELLYN** - Well, they come from the sky. Our experts tell us that ground water use is well below the sustainable yield in most parts of the State but this should not cause us to be complacent in regard to ground water management. We expect that ground water will be relied upon more and more in the future as an important source of water for stock, domestic drinking water and irrigation supplies. For this reason the Government has provided an additional \$900 000 over four years to the 2009-10 financial year for ground water management through the SMART Farming initiative. The investment has also been successfully used to leverage additional funds from the Australian Government Water Fund through the National Water Initiative arrangements.

The SMART Farming water initiative has significantly increased farmers' capacity to carry out its ground water assessment and management functions under the Water Management Act. The department is developing a regulatory framework for ground water management to ensure that the State's ground water resources are developed and used in an orderly, equitable and sustainable manner. A system of licence and management of ground water use is being developed and will be implemented progressively across the State in high priority areas. A system to license the State's drillers -

**Mrs NAPIER** - You do not have them on Hobart houses let alone putting them on the ground water.

**Mr LLEWELLYN** - A system to license the State's drillers is also being developed based on the system successfully used in other States. These systems will incorporate standards for locating and drilling new bores, they will help improve investor confidence and they will improve

the security access to this valuable resource. Other significant projects are in progress to gather information on Tasmania's ground water resources. Together these will provide us with a much better picture to ensure we can gain the greatest benefit from our estimated 2 million megalitres per annum of sustainable ground water supplies which is a considerable amount. The State's ground water monitoring bore network is being upgraded and expanded to double the number of existing monitoring bores to 60. A one and a half million dollar ground water assessment project jointly funded by the Tasmanian and the Australian governments is just commencing and will run over the next 18 months. The project will significantly improve our technical understanding of the State's ground water resources and we will generate computer based models for 21 key ground water areas of the State and these models will be used as a platform from which to develop our ground water management and development strategies.

Two additional ground water projects with a total value of \$1 million are also being jointly funded by the Tasmanian and Australian governments. The first is to establish appropriate measures to provide easy access to the available information to improve the effectiveness of our ground water assessment and management activities. The second, which will not commence until 2008, is to look at the interactions of ground water with surface water in more detail in a number of catchments. To date three additional full-time ground water management staff have been employed under the SMART Farming ground water initiative and further new staff will be involved in the ground water information projects.

I am also pleased to note that shortly ground water monitoring information will be made publicly available on the State's Water Information System of Tasmania - WIST - Internet site. Ground water is an important resource in Tasmania and there is no doubt that in coming years we will see both its increase in use and a greater control and monitoring of that use to ensure ongoing resource sustainability. The Government is pleased to initiate these major activities in ground water management through the SMART Farming program.

**Mrs NAPIER** - Can you provide us with a copy of the 21 ground water areas you referred to just now?

**Mr LLEWELLYN** - Possibly.

**Mrs NAPIER** - Thank you. Minister, I have some quick questions on your department. How many employees are in the department by FTE and head count and across the output areas and separately for corporate services and could we compare 2005-06 to 2006-07?

**Mr LLEWELLYN** - I think we have that information.

**Mr EVANS** - We have that information by output but it incorporates the corporate service staff as overheads so if you wanted those separated out we would have to provide that separately.

**Mrs NAPIER** - It is one of the issues we are interested in; certainly we would like that information but we basically want to know how many chiefs and how many Indians you have. In other words, how many people are in senior positions and how many people are in delivery service positions?

**Mr LLEWELLYN** - I will ask Mr Evans to outline as much as he possibly can in that regard.

**Mr EVANS** - I can say that in terms of the total number of FTEs in April 2007 we had 1 014.46. That included a number of staff who were on leave without pay or on secondment - about 38. We had at the same date 18 people in receipt of salaries classified at the senior executive level or higher so 18 of the 1 014.

[4.30 p.m.]

**Mrs NAPIER** - Could you give us an indication of what the salary packages are? I was going to ask for the top 10 but if you have 18 could you provide the top 18?

**Mr EVANS** - The salary packages are standard for the SES but we could provide you with those details.

**Mrs NAPIER** - And if I put in a request across outputs you could provide that information to the committee? Thank you for that.

**CHAIR** - That is a question on notice we are getting, thanks.

**Mrs NAPIER** - Yes.

**CHAIR** - Just before you move on, Mrs Napier, we just need to clarify another question on notice you have just asked - for record keeping.

**Mrs NAPIER** - Provide a copy of the 21 ground water areas referred to by the minister.

**CHAIR** - Thanks.

**Mrs NAPIER** - How many employees have left the department in the past 12 months? We are interested in those who have resigned and any voluntary redundancies. Have there been any terminated and what is the cost of any redundancy or payout?

**Mr EVANS** - The answer to that question in relation to redundancies is zero and regarding resignations, I will have to take that on notice.

**Mrs NAPIER** - How many are on workers compensation leave and/or stress leave and what is the total cost of workers compensation payouts thus far if stress is separate from that? And obviously what are the stress payouts?

**Mr EVANS** - Thirty-six new workers compensation claims were lodged for the financial year 2006-07. At the same time last year there were 36 claims as well.

**Mrs NAPIER** - The same number?

**Mr EVANS** - Yes, exactly the same number. Of those muscle strains accounted for 38 per cent of all new claims, an additional 22 per cent related to trips and slips and 14 per cent related to superficial injuries. There were four stress claims lodged during the period, four of 38, representing 11 per cent of new claims.

**Mrs NAPIER** - How does that compare to the previous year?

**Mr EVANS** - I do not have those figures here but my recollection from last year was that it was only a very small number as well.

**Mrs NAPIER** - What is the average number of sick days per employee and how does that compare with the previous year?

**Mr EVANS** - Again, I think we will have to take that question on notice.

**Mrs NAPIER** - How much accumulated recreation leave per employee and how does this compare with previous financial years and what are your provisions for ensuring that staff take leave?

**Mr EVANS** - I would have to take on notice the question about the accumulated leave but we do have a policy of carefully monitoring annual leave balances and of course with long service leave we require all staff to keep their balances below the statutory limit. Staff are required to take long service leave if they exceed that balance and in fact we have a system where we provide warnings to the general managers of staff who are approaching those balances so that we can actively assist general managers to manage long service leave balances.

**Mrs NAPIER** - And you could provide us with how many in excess of that statutory limit there were in 2005-07 and 2006-07?

**Mr EVANS** - Yes.

**Mrs NAPIER** - What is the amount of overtime paid in this current year to date compared to last year?

**Mr EVANS** - Again, we would have to take that on notice. It would be a difficult calculation to arrive at across the organisation given the diversity of businesses that we operate.

**Mrs NAPIER** - You might provide it by output.

**Mr EVANS** - We can have a go at that.

**Mrs NAPIER** - What is the budget for travel, accommodation and attendance at seminars and conferences for the 2006-07 to date compared to the 2005-06?

**Mr EVANS** - We can provide that in relation to overseas trips but not other aspects of travel to conferences and - .

**Mrs NAPIER** - In terms of overseas?

**Mr EVANS** - As at 10 May a total of 22 staff travelled overseas. Countries visited include the United States, New Zealand - a significant number of staff travel to New Zealand accompanying ministers to ministerial council meetings and the like - Thailand, China, South Africa, Mexico and the UK. A lot of that work is related to quarantine clearance and would be covered by AQIS expenditure. The average cost of overseas travel is approximately \$5 000 per trip. In 2006-07 year-to-date, the total cost of overseas travel is \$103 216.

**Mrs NAPIER** - Can you provide us with a list of all consultancies in the current financial year, including the name of the consultant, work undertaken or being undertaken and the cost of consultancy and whether this work has been completed or is ongoing?

**Mr EVANS** - Year-to-date as at 30 April, \$616 030 was spent on consultants.

**Mrs NAPIER** - Is that unusual compared to previous years?

**Mr EVANS** - I think that is probably less than previous years but we can provide that by comparison. We can provide you with who the consultants were, a description of the consultancy and the aggregate total for each consultancy.

**Mrs NAPIER** - Then I had a series of different questions in relation to budgets.

**Mr BOOTH** - Adding onto that there was a question that intrigues me in regard to the use of credit cards in your department, Minister. Where people in your department use credit cards what form of authentication do you have in regard to the appropriateness of expenditure on those cards to assure you that it is legitimate?

**Mr EVANS** - We have 426 staff members issued with credit cards. We have a policy on the use of credit cards which is kept up-to-date and available on the departments intranet and a copy of that policy is provided to staff when new cards are issued or as part of their induction into the organisation.

**Mr BOOTH** - On your intranet; are you talking about the Internet or just internally?

**Mr EVANS** - Intranet.

**Mr BOOTH** - Can you provide a copy of the policy?

**Mr EVANS** - Yes. All staff who undertake financial transactions must comply with the conditions of use. Cards cannot be used for a range of purposes including the purchase of alcohol, fuel, hospitality, and mobile phones.

**Mr BOOTH** - That is all be part of the policy and conditions?

**Mr EVANS** - All transactions are authorised by an officer with the appropriate financial delegation and procedures exist for dealing with inappropriate use.

**Mr BOOTH** - So senior staff such as yourself, with no implication of anything there, but senior staff would have some auditing of their credit card?

**Mr EVANS** - It is audited in two ways. The Auditor-General, as you would be aware, recently tabled his report and we also have an internal audit committee. We have done an internal audit of our credit card use.

**Mr BOOTH** - I think that if I just get that policy that will be adequate for that line of questioning, thanks.

**CHAIR** - That is a question on notice, Mr Booth?

**Mr BOOTH** - Yes.

**Mr EVANS** - I need to add one thing, the staff sign a condition of use which outlines the use of the card.

**Mr BOOTH** - Thank you. Minister, in 2005 the Premier, if you recall, with a great blaze of publicity rode off into the sunset on a tractor to Canberra and promised the farmers \$4 million for a marketing campaign which appears to have languished since that promise. That media opportunity became available, but has languished up until 12 June, only last week. You have been active on this and announced a \$1.9 million marketing campaign which would be launched nationally but that is two years on from the original promise and it leaves \$2.1 million unexpended. Why has this campaign, which was specifically for marketing Tasmanian vegetables on the mainland, taken so long to draw up and what has happened to the other \$2.1 million?

**Mr LLEWELLYN** - This is a question that has been asked before. The Government have been working very closely with the Tasmanian Farmers and Graziers Association on this particular matter and one of the reasons for the delay is that the Tasmanian Farmers and Graziers Association Vegetable Council were and are anxious to develop their own vegetable industry strategy and strategic plan of operation before we allocated the money for this particular enterprise which the Premier announced, as you say, some time ago. That occurred in November of last year with the strategic plan funded by the Tasmanian Farmers and Graziers Vegetable Council and the Department of Economic Development. It was completed and launched in November 2006.

The key strategies within the plan are currently being implemented and will continue to occur throughout 2007-08. A number of the strategies are consistent with the Government SMART Farming initiative and are being progressed with funding made available as part of that initiative. The preparation of the Tasmanian vegetable industry marketing plan commenced following this strategy in early May by David McKinna et al Propriety Limited - the successful tenderer. It is expected the marketing plan will be completed by 31 July 2007. Up to \$350 000 has been committed from the \$4 million vegetable marketing grant to complete the plan and the associated marketing research and \$850 000 for implementation of the recommendations in its strategies.

The market research component of the project is seen as the key in determining the vegetable buying patterns of households and the characteristics that trigger these purchases. Similarly the industry needs to be aware of the needs of buyers who act on behalf of supermarkets and quick service restaurants; the market research will help establish that. It is expected that evaluation of the power and place for Tasmanian brand values and recognition will feature as an aspect of that market research. A further allocation has been made from the \$4 million marketing grant to undertake vegetable promotional activities in the key markets of Sydney, Melbourne and Brisbane; that is \$2 million.

The Tasmania vegetable communication campaign will be delivered by Clemenger Tasmania which has extensive experience in delivering large-scale communications campaigns, both locally and interstate. The Tasmania vegetable communication campaign will run throughout this year and next year concentrating the period of fresh Tasmanian vegetable availability and also featuring frozen vegetables from Tasmania. While it is taking a while I do not really apologise for the length of time because I think we have had to get everything in line in order to get the best value from that program. It is not much good wasting money on these sort of things; you have to

do things properly. It was not only the Government that reached that conclusion; it was farmers and graziers. We worked with them to develop this.

**Mr BOOTH** - How many titles have you sold in the Meander dam in the meantime?

**Mr LLEWELLYN** - Titles?

**Mr BOOTH** - Yes. Stratum titles or units in the dam.

**Mr LLEWELLYN** - I do not think we are operating on that sort of basis. Again, if we went into outputs we would be to answer these questions in sequence.

**Mr BOOTH** - I know you do not want to answer this question -

**CHAIR** - Order. I would just remind the honourable member that -

**Mr BOOTH** - I am interested in that and have been trying to get there for quite some time.

**CHAIR** - Order, Mr Booth. The resolution of the House is quite clear.

**Mr BOOTH** - Yes, we know that.

[4.45 p.m.]

**CHAIR** - Order, Mr Booth. It is generally accepted that there will be a broad overview and then some questions on broad overview. There has been a fair degree of latitude displayed this afternoon in relation to jumping in and out of output groups. I remind the member that the resolution is quite clear, that the scrutiny process should be output group by output group. It is making it very, very difficult to have orderly conduct of the scrutiny process.

It is probably advisable, given the minister's comments too, that we wrap up the general overview and think about moving into the output groups.

**Mr LLEWELLYN** - I am pleased to say that the interest in purchasing irrigation rights has increased significantly over recent weeks as the current drought brings home to irrigators the need for the higher reliability on water entitlements, to underpin the farm businesses. It is expected that over 10 000 megalitres of irrigation rights will be sold by the start of the dam's operation in 2007 with additional water provided on a demand basis at a higher price.

The Meander dam is the largest irrigation project in Tasmania's history. With the new streamlined dam assessment projects I am putting in place, I expect that further large-scale water development projects will follow.

**Mr BOOTH** - That is based on megalitres, is it, 10 000 megalitres of water rights?

**Mr LLEWELLYN** - Yes.

**Mr BOOTH** - How will the Crown sell their water rights in competition with private investors?

**Mr LLEWELLYN** - It is an issue with the Rivers and Water Supply Commission but we will be selling water rights to the point of total resumption of all the rights of the water on the Meander dam that is available. We hope that farmers would participate in this and actually take over the rights. We do not really want to see investment companies coming in and taking advantage because, if that is the case and we have to sell to those sort of parties then the outcome of that is that farmers, when it is passed on to them, will have to pay more for their water. So they need to get off their bottoms and get investing.

**Mr BOOTH** - You have sold 10 out of 24 available, is that correct?

**Mr LLEWELLYN** - That is 10 at the moment out of the 24.

**Mr BOOTH** - With the balance of 14, if a farmer who does not have a right, he has not purchased, wants to purchase so many megalitres of water or whatever, what process do you have in order to work out what the Crown is going to charge for the units that the Crown owns and how will you reconcile that with National Competition Policy and ACCC obligations in regard to price fixing or collusion and so forth?

**Mr LLEWELLYN** - There are no issues there with respect to the National Water Initiative or the commission. The Commonwealth Government has contributed some money to this program, just as the State Government have. The Rivers and Water Supply Commission are managing the allocation of water rights. I think there is a deadline on 31 July and the value of water is about \$1 000 per megalitre but after that there is going to be an incremental increase in the value. But I will just ask Dr Harradine who might have some more detail.

**Dr HARRADINE** - Yes, the Rivers and Water Supply Commission has set a full pricing schedule, including escalation of the capital cost of rights after the 30 June, I think, maybe the end of July but there has always been a period to encourage early adoption. But, as of the 30 June, I think they go up by \$100, so get in quickly and save \$100. There are also various other pricing mechanisms in place, including spot pricing for water, so farmers know in advance that they have the chance of buying the rights up front. They will be able to get any remaining part of the unsold rights on the spot market and the prices there will vary depending at what time of the season you actually take the spot price. So you take a bit of a risk if you leave it to the last minute.

Obviously, as the rights are sold permanently as rights, the amount of spot market water available from the commission will become less and less and, eventually, the aim would be that the full water market would be within the farmers in the district trading their various rights temporarily.

**Mr BOOTH** - Yes. The question of concern I have, and I am trying to get some clarity out of it, is that at the moment the commission or the Crown is effectively a monopoly holder in that they will have 14 000 megalitres as opposed to 10 that has been bought by private investors. Given that the Crown is not a user like the farmers might be themselves, the only course for the Crown to dispose of its water is to either let it run down the river or sell it to someone. How are you going to be able to fairly compete with private farmers who have invested in the scheme and are paying upfront both the cash fee and the service charge for every litre whether they use it or not? The Crown apparently has 14 000 out of 24 000 megalitres that they can put on the market and sell for two dollars a megalitre if it wants to, so how are you going to set your pricing?

**Mr HARRADINE** - The commission has made it clear that it will not be doing that. As I said, it has established its pricing and it has basically agreed to stick with its prices so people know. If they can go to another farmer and buy rights for less than \$1 000 then they should do it. It is an open market and the commission has established its price so people know what the commission's prices are. It is not a matter of competing.

**CHAIR** - Order, Mrs Napier has the call.

**Mr BOOTH** - Just this final question.

**CHAIR** - Mr Booth, you have really stretched the boundaries. The questions go on infinitum. Mrs Napier has the call on general overview and may I suggest that you contemplate going into the output groups.

**Mr BOOTH** - I can only take it from that that you are trying to protect the minister from a legitimate question.

**CHAIR** - Order, Mr Booth, I make the point again. You either choose to disregard or do not understand the output groups. I have given you a fair go this afternoon so I give Mrs Napier the call.

**Mrs NAPIER** - Minister, I want to turn our attention to table 11.1, which is the summary of revenue, income and expenses. When I look at the 2005-06 department annual report and look at annual appropriation it says 82.5, then I look at last year's budget papers that were approved by this House that said that figure should be 87.949 but in this budget it says no, it is 85.559. Can you indicate what your estimate is as to what the annual appropriation will be for the 2006-07 Budget we are currently doing so that we can get a bit of consistency about these figures that seem to vary depending upon which document you look at.

**Mr LLEWELLYN** - I am not sure what you are asking. In the table it shows the total projected income for the agency as a budget for 2006-07, which is what you are talking about, of \$168.509 million -

**Mrs NAPIER** - And in effect it was \$171 million.

**Mr LLEWELLYN** - Where is \$171 million?

**Mrs NAPIER** - Sorry, the original budget document that was passed by this Parliament said it was going to be \$170.9 million not \$168 million. That is why I am asking the question.

**Mr LLEWELLYN** - It may have been adjustment across agencies or whatever. You are looking at last year's budget papers as well as this year's?

**Mrs NAPIER** - Minister, as a new shadow would do, I went back to the 2005-06 department annual report. I had a look at what the annual appropriation was and what the total income was. That was in fact different to what was projected in the 2006-07 Budget. Then when I looked at the new budget documentation it gave me a totally different figure, neither of which matched with the figure that was passed by this Parliament nor that which relates to the previous financial year.

Can I put it on notice? Can I ask for a reconciliation between the 2006-07 Budget that was passed last year and what you are using as the 2006-07 Budget on which presumably you will make an annual report? I will certainly put that on notice.

In looking at that, Minister, the other point on that table I would refer you to is in relation to the figure for gain (loss) on sale of non-financial assets. Given that in your annual report 2005-06 that particular figure the gain (loss) on sale of non-financial asset was only \$5.8 million, not the \$35 million that you say you budgeted for here, what makes you think that you will achieve \$38 million in the year 2007-08? That is just going by your annual report. You are only out by about \$30 million.

**Mr LLEWELLYN** - I will ask the department to give you a response to that.

**Mr COCKERELL** - I have been advised that it is an adjustment advised by Treasury for the CLAF, Crown Lands Administration Fund.

**Mrs NAPIER** - And, Minister, would it then appear that the only way that you can get from \$5.8 million to the \$35 million you say that you have budgeted for is because of the sale of assets and the sale of fees, licences and so on? It seems to me that you have changed the definition of gain (losses) and sale of non-financial asset, if you follow your annual reports.

**Mr LLEWELLYN** - I think the explanation that was given with regard to the CLAC is understandable in the sense that we are just concluding on a region-by-region basis the actual determination of where crown land assets should lie and there may well have been a projection of a certain value last year. But this year the actual value of assets that are available for the sale and the number of assets that have transferred over to local government and also to Forestry Tasmania and to the Parks and Wildlife Service from the crown land that has been assessed through that process is to be dealt with, so it is fairly substantial. I am not sure if that is the full answer.

**Mrs NAPIER** - Where I am heading, Minister, is that it does appear that your recurrent services budget predominantly relies upon not only fees and licences but also on the sale of capital assets including crown land. I spent a fair bit of time together with people who know budgets better than I and it would appear that here we have a major government department predominantly running recurrent services off a capital sell-off budget. Where I come from from that is that if you look at 2005-06 there was \$8 million worth of, and I thought this was quaint, but it was crown land discovered through further research.

So presumably some crown land had been found that you did not know you had so you sold it off and you got \$8.6 million to help prop up your budget, whether that was Fisheries or Land and Information Services. You also have a figure which actually represents land sales. It was \$9 million less the written-down value of disposed assets which gave you \$18.25 million of land sales and that was actually put into your 2005-06 Budget to run your recurrent services. You are only spending a very small amount on capital investment but you have \$643 000 on capital investments. Special capital investment funds, \$1.15 previously committed funds, the rest of it is for recurrent services. Are you not running a big slice of your Budget on the basis of the State Government selling off crown lands and when does it stop?

**Mr LLEWELLYN** - I do not think that the answer with regard to that equation is the full answer. There needs to be some further explanation associated with it. I do not know whether we have that or not.

**Mr COCKERELL** - The Crown Lands Administration Fund is a fund that the department administers. All the sale of crown lands goes through that account. When they are sold the receipts go into that account and then the expenditure in that account goes into - and this is in the Treasury domain - Finance-General. The department does not benefit directly from the sale of assets.

**Mrs NAPIER** - It is still selling off assets though, is it not? You might not do it; someone else does it but it still is the sale of crown land.

**Mr LLEWELLYN** - It is a counter entry really in that sense.

**Mr EVANS** - It is not just crown land, it is major buildings; we sold Henty House, for example, recently.

**Mrs NAPIER** - And it is going in to run your budget.

[5.00 p.m.]

**Mr LLEWELLYN** - No.

**Mr EVANS** - No. The fund sits within our budget and we administer the fund as part of our responsibilities under the Crown Lands Act, but we -

**Mr LLEWELLYN** - It is effectively a contra-entry in the books.

**Mrs NAPIER** - It is still crown land, according to your books, and the value of - it says 'crown land' -

**Mr LLEWELLYN** - Yes, I know, and I am the minister that has to -

**Mrs NAPIER** - It says 'crown land discovered through further research, \$8 million'. \$18.25 million of land sales is what your annual report actually says.

**Mr LLEWELLYN** - I am the minister that has to certify under the Crown Lands Act the sale of those products and that is why it appears in here, but in point of fact it goes back to consolidated revenue.

**Mrs NAPIER** - Let us take another aspect of this overview. Under grants and subsidies, presumably you have fees and charges associated with licences that are charged. How much money do you get in from the recreational fishing licences area?

**Mr LLEWELLYN** - Well, there is a considerable amount when we plough that back into that area. I can get to the particular output and again I will just make mention of the fact that -

**Mrs NAPIER** - It is under grants and subsidies.

**Mr LLEWELLYN** - It may well be, but the answer would probably be better arrived at if you wait until we get to the output associated with fisheries.

**Mrs NAPIER** - Well, answer this one and I will not ask more difficult questions about where you are getting your funding from out of the sale of crown land.

**Mr EVANS** - We are not getting any money out of the sale of crown land.

**Mrs NAPIER** - According to your budget you are. Obviously I am leading towards being interested in the Fishwise Grants issue.

**Mr LLEWELLYN** - Recreational sea fishing using rod and line is unrestricted, however for our high-value and high-risk fisheries licences are required in order to participate. Licences are available for several fishes. They include abalone, rock lobster pot, rock lobster ring, rock lobster dive, scallop dive, yawl net, mullet net and beach zone. In the current licensing year commencing 1 November 2006, 58 966 licences were issued to 21 380 individuals. This is an increase of 5 per cent over the previous year. It continues the trend for increasing participation in our recreational fisheries. In each year \$255 000 collected from the sale of recreational sea fishing licences was retained in the consolidated revenue fund. The surplus is retained in a special deposits and trust fund, Fishwise Fund. The Fishwise Fund is aimed at providing programs that improve the management of our recreational fisheries and public education. The basis for the funding arrangement and the objective of the fund were established by the minister in 1996. For this licensing year \$1.06 million has been collected with \$806 368 retained in the Fishwise Fund.

The Fishwise Fund provides for several ongoing programs and a grants program. The programs are Licensing, which covers the costs of the licensing system, \$140 000; Communication provides information, services and material for recreational fishers, \$125 685; Community Partnership funds for fish care volunteers program that assists the recreational fishing community with access to a grants program of \$160 000; resource management funds that meet costs of a committee made up of key stakeholders; the Recreational Fisheries Advisory Committee that advises me on resource management policy and grants program. The program also provides the department with funds to commission essential projects, \$110 000; Peak Body Grant, a grant to enable Tasmanian associations for recreational fishing, TARFish, to assist with consultation on resource management matters, \$60 000, and Fishwise Community Grants. The surplus of the funds along with a carryover of funds committed in previous years is to provide a grant scheme of around \$350 000 per annum. I can provide a list of the projects funded from the Fishwise Community Grants Fund in 2006-07.

**Mrs NAPIER** - If you provide us with a list of those that will be great.

**CHAIR** - Could you provide the question on notice?

**Mr LLEWELLYN** - The projects funded from the Resource Management Fund in 2006-07 are also listed. It is estimated that approximately \$1.14 million will be collected in the 2007-08 licensing year and around \$885 000 is to be retained in the Fishwise Fund. This estimate is calculated based on a 5 per cent increase in licences and a CPI of 2.5 per cent.

**Mrs NAPIER** - Thank you for that breakdown. Are you aware of the concern that the fees paid for the licences by those, as you described, in the high-value area, which is basically those people who dive for crayfish and abalone but not those involved in the sea fishing area, are actually used for the general benefit of recreational fishers, let alone the value that it provides to the general community in terms of returns? Are you aware of that concern and what steps are you

going to take to make sure that there is more of a user-pays relationship between those licences and the people who pay for them?

**Mr LLEWELLYN** - This whole business was subject to some history and the history related back to one of your previous premiers -

**Mrs NAPIER** - Most of this current set-up was set up under Mr Green.

**Mr LLEWELLYN** - Yes, but I am talking about something that you might not want to hear. I will say it in any event because my memory goes back a fair way on this particular matter. The whole issue of licensing of recreational fishers goes back to Premier Gray when he was actually Minister for Primary Industry and Fisheries.

**Mrs NAPIER** - Did he intend to use it as a taxation method? Do you think it is right?

**CHAIR** - Order.

**Mr LLEWELLYN** - He promised recreational fishers a share of the licence fees that he would collect if they agreed that there be licences in particular categories. Having agreed to that and having legislated for it, he then failed to return the percentage to recreational fishers and it was not until a later time that people with memories, particularly in the recreational fisheries areas, provided the wherewithal to actually honour that commitment.

**Mrs NAPIER** - The issue has been raised with me. I did not know about it before. Do you agree that it is appropriate to use this taxation and general revenue measure or do you believe -

**Mr LLEWELLYN** - What is this taxation?

**Mrs NAPIER** - Well, is it not a fact from what you read out there that the licence that is paid by those particular specialist users is much greater than the money that is required to deal with that part of the recreational fishing industry, leaving aside the rod and pole fisherman?

**Mr LLEWELLYN** - The original agreement for the raising of fees for licences for the recreational fishing area was done on the basis that money would contribute to consolidated revenue for the common use - it is a common resource and so on and it takes some management - but that a share of it would be returned to recreational fishers.

**Mrs NAPIER** - Minister, you are on the record -

**CHAIR** - Order. Mrs Napier, you have had a fair go. We are on output group 2 and you are going across all output groups. I will give Mr McKim the call but in doing so I just say again very quickly -

**Mr McKIM** - No, I agree.

**CHAIR** - It is difficult to facilitate proceedings where you are going between all the six output groups.

**Mr McKIM** - I agree, Mr Chairman, and I move that the committee resolve to cease the overview here. Mrs Napier is clearly in output group 2. Let us go into the output groups. This committee has three hours approximately left to go.

**Mrs NAPIER** - Are you going to try to shut me down?

**Mr McKIM** - I am not trying to shut you down at all, Mrs Napier.

**CHAIR** - Order, order.

**Mrs NAPIER** - You are going to shut me down on recreational fishing, are you?

**Mr McKIM** - Don't shout at me, Mrs Napier.

**CHAIR** - Order.

**Mrs NAPIER** - Is that what you are going to do?

**CHAIR** - Order, order.

**Mrs NAPIER** - Well, you are just calling the gag on me.

**CHAIR** - Order, Mrs Napier. Order.

**Mr McKIM** - Settle down, Sue!

**CHAIR** - Order! I do not want to have to name the member but I will. Mrs Napier, we have been on overview now for four hours and 10 minutes. You have been across, with your parliamentary colleagues -

*Interjecting.*

**CHAIR** - Order, Mr McKim. You have been across all six output groups.

*Interjecting.*

**CHAIR** - Order. Mrs Napier, order!

**Mrs NAPIER** - What about you raising your voice?

**CHAIR** - Order!

**Mrs NAPIER** - Get a sense of humour.

**CHAIR** - I am warning the member to desist from talking while I am trying to explain what is going on.

We have been across all six output groups throughout the afternoon. It is very difficult to have some sort of orderly structured proceedings. We will go to output group 1 now and move through the output groups but I do make the point that, as Leader for Opposition Business, you

had negotiated that at six o'clock we would move to Energy so, effectively, we have 45 minutes left.

### **Output group 1 - Information and land services**

**Mr McKIM** - That is right, thank you. I was going to say to Mrs Napier, even though she is going to try to talk over the top of me as she always does but I always do my best to ensure that she can certainly ask those very legitimate questions she was raising.

**Mrs NAPIER** - After you gagged the fishing industry.

**Mr McKIM** - I have not.

**Mrs NAPIER** - Of course you did.

**Mr McKIM** - Go and ask the fishing industry what they think about your position on the pulp mill, Mrs Napier, and when you have an answer, come and see me.

**CHAIR** - Order, Mr McKim, output group 1.

**Mr McKIM** - Mr Sturges, thank you very much. Mrs Napier, you will get your chance in output group 2. It is just that you waste so much time, that is the problem.

**Mrs NAPIER** - I waste time?

**Mr McKIM** - Mr Llewellyn -

**Mr LLEWELLYN** - Here we are again.

**CHAIR** - Order!

**Mr McKIM** - We should be issued with earplugs in this committee, I tell you.

I want to ask some questions in output group 1 relating to the CLAC process and, perhaps if I could ask you - no, that would be dangerous. Perhaps if I could ask specific questions. How much land has been sold under the CLAC process and how much land has been recommended for sale under the CLAC process?

**Mr LLEWELLYN** - Crown Land Assessment Classification is actually under output group 1.4.

**Mr McKIM** - We are in output group 1 generally. I am not aware that this committee had resolved to go through each sub-output.

**CHAIR** - Order. For your information, the committee did not resolve to go that way; the House of Assembly resolved to go that way. That is really what should happen but, again, there has been a fair degree of goodwill and latitude extended today. If the minister is happy to go across output group 1, then that is fine by me.

**Mr LLEWELLYN** - My department is currently implementing the recommendations of the Crown Land Assessment and Classification Project, which last year completed work to assess and classify all unclassified crown land.

**Mr McKIM** - Yes, Minister, I know what it does.

**Mr LLEWELLYN** - Well, I am telling you.

**Mr McKIM** - Well, I know what it does -

**CHAIR** - Order.

**Mr McKIM** - because you read this briefing note out last year. Please, Minister, we have 45 minutes. There are a number of really important issues. I am only asking how much land has been sold and how much land has been recommended for sale.

**Mr LLEWELLYN** - Property worth approximately \$3.5 million has already been sold or is now ready for sale. Right, just that distinction.

**Mr McKIM** - Thank you.

**Mr LLEWELLYN** - Proceeds are placed in the Crown Lands Administration Fund as properties are sold. So far deeds for transfer of property to local councils have been forwarded to over half the municipalities in the State. The remainder will be forwarded in the next couple of months. Unless councils wish to purchase property, properties are transferred to them for no consideration but with arrangements to ensure that they are not sold or their use changed without the approval of the minister of the day. So there is a caveat on the property.

I do not have the actual size but we need to get that.

**Mr McKIM** - Minister, perhaps I could put that question on notice.

**Mr LLEWELLYN** - Yes.

**Mr McKIM** - Minister, if possible, I might put that question on notice if you think it would be possible for your department to provide the area of land that has been sold. If it is impossible to provide, I will not put it on notice. I think you have indicated that should be possible. I will place that in writing, Mr Chairman.

[5.15 p.m.]

**CHAIR** - We will take that as a question on notice.

**Mr McKIM** - Minister, firstly in response to the information that you have just given the committee, has any land been sold under the CLAC process to anyone other than to councils?

**Mr LLEWELLYN** - Yes, money has been optioned, obviously with the proper value being placed on that land by the Valuer-General and it being offered for sale. There are some cases where there is land associated with existing private land that is first offered to existing landowners with reserved roads and so on that are adhered. With that exception it is being offered in the appropriate places.

**Mr McKIM** - Thank you. Could you inform the committee whether any reserved land has been recommended for sale? By that I am not talking about road reserves, I am talking about, for example, if any CAR reserve land is being sold.

**Mr LLEWELLYN** - Not to my knowledge. In fact, quite the opposite. There would be crown land that is perhaps being identified for reserve status.

**Mr McKIM** - So there would be a net increase to the CAR system as a result of the CLAC process.

**Mr LLEWELLYN** - Yes.

**Mr McKIM** - Minister, I will pose a hypothetical to you if I might. You can respond in whatever way you choose as you have consistently throughout the day. Minister, if a situation arose in which CAR reserve land was recommended for sale, do you think that the impact of that sale on the representativeness of the CAR system should be considered prior to the sale of that land?

**Mr LLEWELLYN** - Well, it is a hypothetical question because I do not think there has been any CAR land or land that is classified under the CAR principles that has been offered for sale. Unless you know of some. If you do, tell me please.

**Mr McKIM** - No, under the CLAC system I certainly do not, although your Government does come into the House regularly and chip bits off various land. Would you disagree with the statement that if a CAR-reserve piece of land was to be sold, the impact of that sale on the representativeness of the CAR system should be considered prior to sale?

**Mr LLEWELLYN** - Now you are not trying to get to this equation about Ralphs Bay through a devious means, are you?

**Mr McKIM** - Sometimes the quality of your advisers never ceases to amaze me.

*Laughter.*

**Mr LLEWELLYN** - We have already had that debate.

**Mr McKIM** - Too good.

Thank you. This is my final question on output group 1 and then Mrs Napier will be able to carry on with her line of questioning on output group 2.

**CHAIR** - Then Mrs Butler will be able to. She has a question.

**Mr McKIM** - Yes indeed.

I just raise an issue that has been raised with me regarding a mapping component list on the Land Information System Tasmania web site. I am informed that it only supports Internet Explorer and Firefox as browsers and that if you have any other browser you cannot access the mapping component of the list web site. Minister, given that Internet Explorer fails to meet a

number of internationally accepted web protocols and standards, and secondly that Macs - and I can see a Mac being used on the media table right now - Minister, given that they come with Safari as their default browser, do you think that it is acceptable that people who do not have access to Microsoft Explorer or Firefox are unable to access the mapping component list and, if not, will you see if there is anything that can be done about it?

**Mr LLEWELLYN** - There are always limitations and technology grows exponentially, as you know. The LIST system has been based and developed in a particular way. I do not know whether this is a Greens conspiracy because most Greens use Apples or something while the majority -

**Mr McKIM** - It is a fantastic system, Minister.

**Mr LLEWELLYN** - use a Microsoft.

**Mr McKIM** - Yes, I do. I have a Mac at home. I should declare that so that I am not accused of being self-serving.

**Mr LLEWELLYN** - Self-serving, that is a good way of putting it.

**Mr McKIM** - The point is, Minister, that it is a fantastic system and I would like to see it available and accessible to more people. In fact, one of your key performance indicators in table 11.4 in the Budget is the level of government industry and public use of the LIST and you have targeted a significant increase in the budget papers. I am trying to help you meet those targets.

**Mr LLEWELLYN** - We agree with you and we are trying to do some things to augment the LIST in this next year.

**Mr McKIM** - Would you have a look at that?

**Mr LLEWELLYN** - For instance, there is a significant growth in demand for information held by the LIST.

**Mr McKIM** - I know.

**Mr LLEWELLYN** - On average every month over 20 000 individuals access LIST.

**Mr McKIM** - I know. Imagine how many more could access it if it supported their browsers. Will you have a look at it, Minister, and see if there is anything that can be done?

**Mr LLEWELLYN** - Since you have asked so nicely, we will.

**Mr McKIM** - Thank you very much.

Mr Chairman, I can indicate that I have no further questions on output group 1.

**Mrs BUTLER** - Would the minister advise the level of mapping and geospatial support provided by your department to emergency service organisations?

**Mr LLEWELLYN** - Yes, in fact, I can. The department supports the emergency service organisations on a daily basis through the provision of mapping and geospatial data. The data provides location information that underpins the dispatch operations of police, ambulance, fire and State Emergency Service personnel to emergency situations. The data is collected and maintained using LIST - albeit restricted by the browsers that can use it, by the sound of things - and infrastructure of established data-share agreements with data custodians at a State and local level.

In addition to the very valuable provision of spatial data my department has established an emergency service GIS response unit which is responsible for maintaining additional spatial data sets that are specifically captured to support emergency service organisations. The unit has established a database of utility, infrastructure and hazard data sets that can be utilised in the event of an emergency. The data is used in planning, response and recovery phases of all emergencies including man-made and naturally occurring events. The emergency service GIS response unit can provide 24-hour, 7-day-a-week on-site mapping and spatial analysis support services to emergency service organisations for incident management and planning exercises.

For example, the DPIW staff, in collaboration with Geoscience Australia, have recently undertaken hazard modelling for both tsunami and extreme wind hazard events for Tasmania using geospatial data stored in the database. In addition during the recent bush fire season the emergency services' GIS response unit was deployed to the Meehan Range, Elderslie, Kellevie, St Marys, Scamander, Falmouth and Elephant Pass wildfires and produced in excess of 400 maps in support of fire fighting efforts. The maps produced included current fire boundaries, vegetation type and terrain, properties, critical infrastructure and services potentially at risk and key operational elements such as water collection points and non-defendable property. The maps together with information obtained from the LIST were also used to contact and notify property and key infrastructure owners of impending danger. The maps assisted operational managers to allocate resources to critical areas and to enable assessments to commence for loss and damage as a result of fires.

The working model established between DPIW and the State Emergency Service organisations is at the forefront of national developments in this area. So we are very pleased with that capacity.

**Mrs NAPIER** - Can we have a list of all properties sold by region and value during the CLAC process? Could you also provide a list of all properties designated for sale under the CLAC process?

**Mr LLEWELLYN** - We have undertaken to provide that already.

**Mrs NAPIER** - I was not sure if they had put that in or not. Could you provide a copy of accumulated maintenance and identified projects and requests for capital works for crown-owned buildings - for example, Salamanca, Tas Dance, West Coast Pioneers at Zeehan, and I presume there are some others? If you cannot provide it now, could you please provide it later - for each property?

**Mr LLEWELLYN** - We can provide some information about that. The Government's commitment to the maintenance of crown-owned buildings has been strongly supported with funding for an ongoing program of maintenance and upgrade. An allocation of \$1.8 million has been made for building maintenance works over the 2006-09 triennium as well as total CIP

funding for three years. There is also ongoing CIP funding of \$556 000 per year. This major investment in the State's buildings and infrastructure is a key component of the Government's fiscal strategy to maintain public assets and will assist the refurbishment of the Crown's historic buildings throughout Tasmania. Following the successful demolition of the former ANM wharf project undertaken by DPIW in 2006, funding has been provided to upgrade Narryna Heritage Museum in Battery Point, the Silverdome - which the member would know all about - and the Tas Dance building in Launceston, the Beaconsfield Museum and the Oatlands Gaoler's Residence.

Funding has also been provided to the Marine Structures Assessment Project, which is currently assessing the structural soundness of marine structures in Tasmania. In addition, a number of identified derelict structures will be removed during 2007-08. Work has also been completed to restore and preserve the historic gunpowder jetty located on the Queens Domain in Hobart and to refurbish the stonework on the Royal Engineers Building in Hobart. Funding is being used to address the environmental and public safety issues, as identified in building audits. Compliance with the requirements of the Building Act 2000 has also resulted in specific projects to address building safety and access issues. The Salamanca Arts Centre disability access project has commenced, with government funding of \$600 000 for the installation of the long-awaited lift to provide people with disabilities with access to the Long Gallery and upper floors of this popular public building.

**Mrs NAPIER** - Minister, where is the funding under output 1 to pay for it?

**Mr LLEWELLYN** - It is under output 1.4.

**Mrs NAPIER** - Is that a capital works component?

**Mr LLEWELLYN** - Yes, CIP.

**Mrs NAPIER** - Thank you. I did not understand that; I have not done this one before. Minister, there was something I meant to ask you before in relation to CLAC; is there any area of land that has been identified as potentially needing to be sold either privately or through local government that is part of the Low Head precinct?

**Mr LLEWELLYN** - Not that I can recall. There is a data disk on each of the local government areas and there is a full list of properties in hard form. I would have to go back and have a look at that.

**Mrs NAPIER** - Does your department have any role in relation to the awarding of the successful tenderer to take on the running of the Low Head precinct as a private proposition?

**Mr LLEWELLYN** - Which precinct are you talking about?

**Mrs NAPIER** - The Low Head pilot station. Apparently the tender says it is not just the pilot station but is also going to include the area leading up to the lighthouse.

**Mr LLEWELLYN** - I do not know. Stephen might be able to add to that.

[5.30 p.m.]

**Mr GODFREY** - Through you, Minister - part of the land is currently under the Nature Conservation Act, which the Parks and Wildlife Service manages, and parts of it are crown land.

Jointly we have gone out to tender for a provider to look after that area. It has been extended to include the lighthouse.

**Mrs NAPIER** - So you are running it?

**Mr GODFREY** - No, Parks is running that and we are also in discussions with Parks to transfer that land to them so they can manage the administration.

**Mrs NAPIER** - To Parks but not to sell off any component of that land?

**Mr GODFREY** - It does not form part of the CLAC process.

**Mrs NAPIER** - I think that is particularly important.

There are a number of questions I could ask but I want to ask a question in relation to the Nomenclature Board which falls under the Land Titles Office, as I understand it. Minister, there has recently been some public uproar over the disruption, if you like, to traditional names -

**Mr LLEWELLYN** - You are not talking about Latrobe, are you, by any means?

**Mrs NAPIER** - One of them obviously is Bells Parade, given that there are two Bells parades. Minister, do you realise how many Alexander streets, David streets, Henry streets - you name it - there are around Tasmania that have the same name? Is this board honestly going to suggest that we can only have one name for a particular street in the whole of Tasmania? Why have we ended up with this ridiculous situation where people were suggesting that Bells Parade should have a change of name?

**Mr LLEWELLYN** - To the best of my knowledge about this particular issue, the Nomenclature Board has responsibility for names other than names within proclaimed town boundaries. For the names within town boundaries, the organisation responsible is local government, so local government needs to be clear on that issue.

There is an issue with regard to a matter in Latrobe and the Deputy Mayor of Latrobe, Mr Rockliff, and other councillors were quoted in the *Advocate* of 15 June expressing considerable disquiet about the Nomenclature office's efforts to resolve issues relating to street names. The *Advocate* editorial of the same date expressed similar sentiments.

The Nomenclature office is keenly aware of the disparate methodology adopted over the 200 years of Tasmanian settlement for the allocation of road names, including names of streets within towns. Many names are in place, some have been through official processes and have been considered and approved by the board - that is the Nomenclature Board - however approximately 35 per cent of all road names have been adopted by the community with no official oversight. Not unusual in the latter circumstances is the duplication of popular names, like the name Sue, and confusion within various official map products and geographical information systems of the extent and locations as well as the names of many roads and streets. The promulgation of incorrect and confusing names within various map products and, for example, within emergency service data sets has ramifications for both public health and safety and for judicial purposes.

In an environment of increased responsibility for all with regard to the prudent exercise of duty of care and in accordance with the recommendations from the Intergovernmental Committee

on Survey and Mapping for all jurisdictions to reduce the level of street name duplication, the office has begun a program to rectify the problem. At this stage of the program the Latrobe Council has been invited to consider approximately 70 street names in that municipality that have not been authenticated in accordance with the requirements of the Survey Coordination Act 1944 with particular emphasis on 17 specifically identified due to duplications.

Bells Parade, the particular name of concern to councillors, is the official approved name of the public park revered by the local community for community events. Changing the name of the park was never proposed nor intended by the Nomenclature office. The roadway leading to the park, however, in earlier times known as Clark Street -

**Mr BOOTH** - Point of order, Madam Chair. This answer is somewhat tortuous and unnecessary, I would have thought. Three minutes, you are supposed to have.

**Mr LLEWELLYN** - I am nearly finished - is now also unofficially known as Bells Parade. Granted that the other Bells Parade, the street, is some distance away, notwithstanding in an endeavour to apply the principle of minimal or no duplication, the office suggested to council an alternative name for the road leading to Bells Parade, the Park of Latrobe Esplanade. This alternative proposed name was noted within the Nomenclature office records, having previously been suggested by the council itself. In essence, the naming of streets within the proclaimed boundaries is the responsibility of local government in any event so they can regard or disregard the advice.

**Mrs NAPIER** - What is the budget for the Nomenclature Board; how much does it cost to run the Nomenclature Board? Also, how often do they sit, what is the remuneration for the four community-appointed members and what is the estimated cost of having five senior officers on that board?

**Mr GODFREY** - The Nomenclature Board sits approximately four times a year when required. At this point it has approximately two FTEs.

**Mrs NAPIER** - Two?

**Mr GODFREY** - Yes.

**Mrs NAPIER** - Cost?

**Mr GODFREY** - It is salary only; there is no remuneration for sitting member fees.

**Mrs NAPIER** - Thank you.

**Mr BOOTH** - Getting back to the Fishwise grants, if it is not taxation how come Treasury takes \$250 000 out of \$800 000 per annum?

**Mr LLEWELLYN** - Because it is managing a public resource that is owned by the people of Tasmania and as custodian for the people of Tasmania the State Government obviously does that. Another example would be the abalone industry, for instance. The State Government takes 8 per cent of all the beach price of abalone because it is a common resource and therefore everyone ought to share in it.

**Mr BOOTH** - With respect, what management do you do with sea fisheries, given that you are simply imposing licences on recreational, scallops and crays whereas you do not do it for other sea fishers?

**Mr LLEWELLYN** - We provide all sorts of management in the sea fisheries area from research right through to administration and regulation of the industry, sustainable management. I would have thought that you would be very concerned about -

**Mr BOOTH** - I am concerned about the Government taking money off some groups disproportionately to others and taking \$250 000 out of \$800 000 that goes straight to Treasury which I do not see has anything to do with management of the wild fisheries. Could you provide the information to the committee as to how you expend those funds?

**Mr LLEWELLYN** - I outlined it in response to Mrs Napier, gave the amounts of money and everything else.

**Mrs NAPIER** - The issue is still ripe. Is it correct to charge them such a big fee when the costs of administering those licences and looking after those particular fisheries for which the licences are paid is nowhere near the cost. In fact, I think you are on the record, Minister, as saying that you are concerned about -

**Mr BOOTH** - You are on the *Hansard*, Minister Llewellyn, here on 29 June 1995 in fact, saying -

**Mr LLEWELLYN** - In 1995?

**Mr BOOTH** - 'I am concerned about the actual level of the charges that have been imposed'. That was then but of course it has gone up since.

**Mrs NAPIER** - That is the Robin Gray era you are talking about?

**Mr BOOTH** - Yes.

**Mr LLEWELLYN** - That is the Robin Gray era that I was talking about before and Mr Gray -

**Mr BOOTH** - You are worse.

**Mrs NAPIER** - Can't you remember what you said?

**Mr LLEWELLYN** - Mr Gray spoke to recreational fishers and had the agreement from recreational fishers to introduce the particular licence fees on the basis that he would retain a certain amount of money and that a certain amount of money would be returned to recreational fishers.

**Mrs NAPIER** - But you have just upped them 5 per cent.

**Mr LLEWELLYN** - In the event that did not happen and it took later governments to honour that agreement because initially all money went back to consolidated revenue. That is one of the things I was complaining about at the time.

**Mrs NAPIER** - And that was wrong.

**Mr BOOTH** - Can you explain to me why you have to expend money to manage the wild scallop, abalone or cray industries but you do not have to spend money to manage the flathead or groper or trumpeter or anything else?

**Mr LLEWELLYN** - We could apply licences to flathead and groper and everything else. We have chosen not to.

**Mr BOOTH** - Well the point is, why have you decided to tax effectively recreational fishers who are simply catching a feed for their families?

**Mr LLEWELLYN** - If you are suggesting that we should apply a licence fee to all those other categories -

**Mr BOOTH** - I am getting to the inconsistency in your argument and the fact that the expenditure is not justified. You do not seem to be able to justify the expenditure. If I go to, for example, one of the specific cases where you have expended money it involves the Australian Fishing Tackle Association. You provide \$11 000 from Fishwise to the Australian Fishing Tackle Association which is a commercial chamber of commerce representing 15 retail outlets. Why are you providing Fishwise funds, which are ostensibly collected for the management of the sea fisheries? Yet, before the last election you decide to give Fishwise money taken from the people who are recreational fishers to a commercial chamber of commerce representing tackle shops to do an advertorial campaign for Minister Kons which was an eight-page newspaper including a photo of Steve Kons and called 'Give fishing a go: it's fun'. It also heavily promoted those AFTA shops. How can you justify that?

**Mr LLEWELLYN** - There are criteria that organisations that apply for the grants have to meet. There is consultation with the industry and recreational fishers and so on as to the outcomes of those grant applications and if it met the criteria and was assessed according to them.

**Mrs NAPIER** - Who are the recreational fishers you consult with?

**Mr LLEWELLYN** - The Recreational Fisheries Advisory Committee.

**Mrs NAPIER** - How many recreational fishermen who are not involved in the industry, some form of commercial interest, are on that advisory committee?

**Mr LLEWELLYN** - There is a history in this issue too. When I was minister previously I established the Tasmanian Fishing Industry Council because there was a disparate group of fisherman around Tasmania, or fishers in various organisations who really could not agree on the peak body for representing fishers at that time.

**Mrs NAPIER** - But now you have no fishing council that is recreational.

**Mr LLEWELLYN** - Just wait a minute. The Advisory Council on Recreational Fishing was established and all stakeholders from various organisations were recruited onto that recreational fishing council at the time. At that stage it had a dual role, one involving recreational fishing and the Government had facilitated it coming together, and one of providing advice to me as minister

about recreational fishing. I said that over time if they felt that they were able to get the organisation together and develop themselves into a peak body we would enable them to established that peak body representative of the whole fishing industry. That ultimately happened, not in my time but it happened in another minister's time and that body now is TARFish.

**Mrs NAPIER** - And on which, Minister, there are no ordinary recreational fisherman; they are all involved in commercial interests

**Mr LLEWELLYN** - TARFish is now that representative body that I believe is representing recreational fishing. We provide them with money, just as I had said at the time, in order to facilitate an executive officer. There is a \$60 000 grant in order to bring that about. They are the peak body for recreational fishers. If people are dissatisfied with that and that is not a body -

**Mrs NAPIER** - I think we are saying that people are dissatisfied with it, Minister, because there is no balance of commercial and recreational fishing interests. I am not opposed to some commercial recreational fishing groups being on there but -

**Mr LLEWELLYN** - That is recreational fishers that are represented through TARFish.

**Mrs NAPIER** - But there are no recreational non-commercial fisherman anywhere on either TARFish or your advisory council that I can see of the names that I have checked and the organisations.

**Mr LLEWELLYN** - I do not think that is right.

**Mrs NAPIER** - If you can tell me one or even two. Obviously I think there ought to be at least a balance of people representing the commercial aspect of recreation, who make a buck out of it and live off it. Good on them; there is big industry there. However, the majority of Tasmanians do not take a licence out because they do not go underwater diving. They do not go for scallops and so on, but they are involved in fishing. Most Tasmanians who are ordinary fishermen, who do not make a living out of it, who do it for recreation, have no input, Minister, to either your advisory group or to TARFish.

[5.45 p.m.]

**Mr LLEWELLYN** - The Recreational Fishing Advisory Committee that advises me is a nominated committee. We go through the process of calling for nominations. It is process that is set up to advise me on recreational fishing interest. There now is a peak body that allegedly should represent the whole of recreational fishing in Tasmania, and that is TARFish. They are given the status and input. I met with them just recently. There is a process of getting elected to that body. It represents a whole series of other recreational fisheries around the State. So to say that it is not representative is either wrong or something has happened to it in recent times that I am unaware of.

**Mrs NAPIER** - These are good organisations in their own right. You have the Australian Fishing Tackle Association for commercial and private operators. You have the Sea Charter Boat Operators of Tasmania and the Tasmania Game Fishing Association, which are commercial. You have the Australian Underwater Federation, which is apparently not a registered business, nor incorporated here, though it is in Western Australia. It is for underwater hockey and spear fishing. You have an independent chair, but you have no bodies in there that represent

recreational fishermen. What are you going to do, Minister, to help work with the non-commercial recreational industry to help them come up with a more representative body that can feed into your policy-making, given the importance and significance of the recreation industry? At the moment, as I think we have well demonstrated, your current licence system requires the few to pay for the many and that just does not seem equitable.

**Mr LLEWELLYN** - Let us be clear. The TARFish is not a policy development body for the Government. It is a body that is supposed to represent recreational fishers around the State and to lobby the Government to provide change. The Recreational Fishing Advisory Committee is the body that provides information to me and gives me advice.

**Mrs NAPIER** - So who on there is not one of these commercial and private bodies?

**Mr LLEWELLYN** - I can give you the names of the people who are on it.

**Mr BOOTH** - Can you identify which ones of those are independent amateur anglers as opposed to tackle shop owners and commercial fishers?

**Mr LLEWELLYN** - I will have to get the names of them. I do not think I have them here at the moment.

**Mrs NAPIER** - Obviously we are noting that there are some genuine concerns from people involved in the non-commercial recreational industry.

**Mr LLEWELLYN** - It is still my intention, and it was when I was minister before, to try to get to a system where there was an independent group of people that truly represented the interests of recreational fishers and their organisations. I am talking about marine fishers, not inland fishers, because they have their own body. It would be funded with an executive officer in order to lobby government, even though that might be giving government a hard time, on matters concerning marine recreational fisheries. That is the objective that I sought to achieve, but that is not the outcome. I will certainly look at the issue because that is really where we want to go.

The other body, RecFAC, is established to give me direct advice about recreational fishing. That is a committee that I nominate. The other committee is quite independent of government, or it should be, apart from being funded for their executive officer.

**Mr BOOTH** - Thank you, Minister, and I do take some heart when you say will look into it. Obviously we would not be asking the questions if there was not some dissension among the recreational sea fishers. They have put some pretty substantive issues here which we will attempt to discuss. Can you tell us whether there is anyone who sits on MAST and RecFAC - both those bodies? Has any person been reappointed recently to RecFAC without having to reapply? Was there was a declaration of a conflict of interest in those matters? I am not mentioning the person's name should a person such as that exist, but you could get back to us if I put that on notice.

**Mr LLEWELLYN** - If you put that on notice we can provide that information.

**Mr BOOTH** - Would you accept a delegation from people who have concerns with the industry to talk to you, to have a briefing with you and a discussion about this?

**Mr LLEWELLYN** - I have always had an open-door policy. If anyone wants to come to talk to me about these issues I am happy to receive them.

**Mr BOOTH** - Thank you.

**Mrs NAPIER** - I would like to ask a question now about TIAR. As I understand it you are in the process of transferring a lot of your primary industry staff across to the university. I am interested in an update on that. I notice, Minister, in your grants to TIAR and to the fisheries institute, TAFI, that you have only provided a grant of 1.8 per cent, which is well below the kind of indexation required to cover the costs associated with any staff being transferred across into that program. I want a guarantee from you that the investment of this State Government in agriculture and fisheries as part of this extended partnership with the university through TAFI and TIAR is not going to be a means of cutting back on your contribution to those industries.

**Mr LLEWELLYN** - No, far from it. It is a mechanism to ramp up the contribution to research and development of those industries.

**Mrs NAPIER** - Your grant does not show that.

**Mr LLEWELLYN** - It does.

**Mrs NAPIER** - 1.8 per cent.

**Mr LLEWELLYN** - They are applied industries. TIAR and TAFI can in fact access Australian Government corporation funding. We are involved in contract negotiations at the moment. They are coming to completion to extend the joint venture agreement which establishes TIAR for a further ten years to 2017. It also creates a vegetable centre and a dairy centre. The new vegetable and dairy centres within TIAR were built on the success of the TIAR organisation, delivering them greater outcomes for the agricultural sector.

**Mrs NAPIER** - How many staff, Minister, and at what cost?

**Mr LLEWELLYN** - They will work through the Government's SMART Farming policies to promote innovation, competitiveness and sustainability in the agricultural sector. To support this initiative the Government is investing an additional \$6 million to upgrade the Elliot and Forthside research stations, and investing over \$1.7 million each year to directly support the vegetable and dairy centres. This is in addition to the \$2 million that we have already provided to TIAR. The new vegetable and dairy centres will combine the university's expertise in research with development and extension activities which will ensure that research activities align with industry needs and that the benefits from research are applied back to industry. That is a very strong point. That is in fact what happens and we do not get funding through corporations unless that happens these days.

**Mrs NAPIER** - It is good on philosophy, Minister, but what about your staff?

**Mr LLEWELLYN** - TIAR is one of the University of Tasmania's five research institutes in the sciences. It is a major factor of the university's elevation to ranking in the top ten research universities in Australia. The Government has a strong and very successful partnership with the University of Tasmania. TIAR is recognised nationally as a successful partnership model; the primary industry standing committee review of agriculture and research and development said so.

It provides a national leadership role in several research and development areas. Tangible measures of the success of the partnership include the increasing success of TIAR in attracting external income. TIAR attracts in excess of 25 per cent of the University of Tasmania's external research alone.

**Mrs NAPIER** - Where are the bodies in this - your staff?

**Mr LLEWELLYN** - There are lots of bodies in it -

**Mrs NAPIER** - Dead ones, it sounds like.

**Mr LLEWELLYN** - and they have been or are being transferred over. There are 36 staff members whose positions are being transferred to the centres for vegetable and dairy. All of these staff have been offered employment with the university through tenure, appointment or secondment, or they can remain employees of the State Government. It was made clear from the start by the secretary, who incidentally chairs TIAR - Professor Rob Clark - that no-one would be disadvantaged by the establishment of these centres. To ensure this there has been extensive consultation with staff about the opportunity to work for TIAR. The issues have been about changing employers and about the continued delivery of service to the agricultural sector.

One of the issues I have had some concern about in the past has been the fact that even though we put an awful lot of money into TIAR, and we have transferred employees and so on, some people in the farming community see that as a downgrading of services that the Government is providing to farmers. It is quite the opposite. In fact there is a ramping-up of services through this process. The investment that we have put into the university through TIAR by way of resources and money has probably achieved a three-fold increase in funding through that organisation to be put back into research, development and extension work within the farming community. Rather than trying to put a wet blanket over this issue you ought to be trying to praise the process.

**Mrs NAPIER** - My last question -

**CHAIR** - Order. Just before you go on, Mrs Napier, my understanding is that at six o'clock we are going to cut across to Energy. What I propose, if you have a question is to ask it now and then we will grab a cup of coffee and come back to the table and get on with Energy. Is everyone comfortable with that?

**Mrs NAPIER** - Minister, in relation to what is in the Budget for the Tasmanian fox program, what are the sources of the State funding allocation to the current and ongoing fox eradication program? Which agencies and departments has this State funding been deployed to? Did the State Government make any new money available in the form of a cabinet allocation to support the 10-year fox eradication budget of \$28 million? Is any of that new money in this year's Budget?

**Mr LLEWELLYN** - Yes, the Government is committed to a 10-year, \$56.6 million fox eradication program. Obviously that is dependent on the Commonwealth applying their money to that program on a dollar-for-dollar basis. The State's commitment to the program is \$2.53 million per annum for the next 10 years. The program is being led by the Department of Primary Industries and Water, so the department is funding it on that basis. The money, I think, was announced as well in the Treasurer's speech.

**Mrs NAPIER** - Minister, is it new money or is it redeployment of money from other areas or departments?

[6.00 p.m.]

**Mr LLEWELLYN** - No, it is new money that has been applied to this area. As well as that we have committed some \$600 000 in the current year.

**Mrs NAPIER** - So that is a transfer of money from a previous year?

**Mr EVANS** - Prior to this new program we had an allocation of \$600 000 per annum. It is ongoing. The \$2.53 million is on top of that \$600 000.

**Mr LLEWELLYN** - I will say, however, that we have been given an undertaking from the Commonwealth Government for funding.

**Mrs NAPIER** - I am interested in your money at this stage.

**Mr LLEWELLYN** - Well, I am interested in the Commonwealth's money because they have offered money in this next year. However, here is no commitment that what they have offered is ongoing. They want to be able to reassess the situation a little later on. Our program is a 10-year program. If you are supportive, as I think you are, of the eradication of foxes in Tasmania then I would appreciate some assistance in going to the Commonwealth Government and saying to them that perhaps they could see their way clear to increase their commitment for the next 10 years, just as the State Government has.

**Mrs NAPIER** - Minister, you hear about quarantine officers and other managers being taken away from their desk and sent off to the far north-east to put baits down, but they are not in this particular output. If you set aside staff time from other parts of the department there is a real amount of \$600 000 identified in this Budget for what they do. Does that figure account for staff time?

**Mr LLEWELLYN** - There is \$2.53 million allocated in this Budget, which is new money for the fox eradication program.

**Mrs NAPIER** - Will that stop the problem of people being drawn out of other output areas in order to assist with the fox eradication program? They are involved in biosecurity or the water division and so on. I am getting a lot of reports from people being pulled from their job to go off for a couple of weeks to a baiting program up at Gladstone or wherever. Is that new money going to stop that redirection of departmental effort? If we go back to the point where we started, you have a relatively demoralised department. It is probably this kind of activity that is causing interference with their main task from which they want to get some reward.

**Mr EVANS** - When we announced this new enhanced program, obviously from day one we did not have the new staff on board to undertake the program. It has taken us some time to recruit new staff. I think we have recruited in the order of 20 staff. In the meantime we have redirected the efforts of some staff because we did not want to wait to get new staff on board. We have reassigned the duties of some staff to the fox program. I could not say that that will not happen with all of the staff who were involved before. For example, the program manager, Allan Johnson, has transferred permanently into that role.

**Mrs NAPIER** - So it should be new money that is coming in?

**Mr EVANS** - We are getting new money to undertake this program, as the minister said.

**Mrs NAPIER** - Can I thank the officers for the way they have answered questions?

**CHAIR** - You certainly can, Mrs Napier, and I will do likewise. I will also thank representatives from the Department of Primary Industries and Water for the time they have given this afternoon.

**The committee suspended from 6.04 p.m. to 6.09 p.m.**

## **DIVISION 5**

(Department of Infrastructure, Energy and Resources)

**CHAIR** - Minister, could you tell us who you have at the table for the benefit of *Hansard*, please.

**Mr LLEWELLYN** - We have Mark Addis and Tony Van De Vusse.

I do not want to say very much other than to say I am pleased to give account of the way the Department of Infrastructure, Energy and Resources has been using its budget for the provision of energy advisory and regulatory services over the past financial year, and a description of how it will apply its budget in the year ahead.

The Office of Energy Planning and Conservation is responsible for supporting me as the Minister for Energy in regard to my portfolio responsibilities relating to energy in Tasmania and as Tasmania's representative on the Ministerial Council on Energy. The OEPC also supports the Director of Energy Planning in meeting the responsibilities specified for him in the Energy Co-ordination and Planning Act 1995. The director's principal responsibilities are to assist the Minister for Energy in relation to the provision of energy in Tasmania and to advise the minister on any aspects of energy policy.

In the budget paper. 2 presented to Parliament in June 2006, the major issues and initiatives identified for the OEPC for 2006-07 were as follows - continue to support working groups under the Ministerial Council on Energy - MCE - and the Council of Australian Governments - COAG - in the area of national energy market reforms; strengthen internal capabilities in planning and coordination in support of the Government's role in the new era of competitive gas and electricity markets physically connected to the Australian mainland grids; develop internal modelling and analysis of potential future demand and supply for various forms of energy in Tasmania; progress and supply risk management plans and preparedness in conjunction with electricity industry participants and the national energy market management company and other relevant stakeholders; assist in developing a Tasmanian policy regarding a potential national emissions trading scheme, and administer the remote renewable power generation residential remote area power supply programs in Tasmania.

I am pleased to be able to express my view that in the financial year just passed the department and the OEPC have been exemplary in the way they have tackled these challenges and met the requirements expected of them.

Perhaps if I leave it at that I could talk about national energy reform and other things but that is the role. I think in the budget papers on page 6.18 and output group 4 of DIER is where the OEPC fits. I suppose we could be very pedantic and say that it is around those budget items that we could discuss things but I am sure that members on the other side of the desk here will want to talk about all manner of things that are not the responsibility of the OEPC to actually fund.

They will want to talk about Hydro and Aurora and Transend and National Grid and all of those things. I just make the point that they are not really supposed to talk about that but I will not object to them talking about it to some degree.

[6.15 p.m.]

**Mr GUTWEIN** - On that note then, Chair, now that the minister has opened the gate, so to speak, Minister, thank you. Firstly let us get down to the most pertinent and pressing issue on Tasmanians' minds today and that is what might happen with electricity prices. There are two matters that I would like to raise with you in regard to that. Firstly I think the Treasurer's statement as of yesterday clearly indicates that electricity prices are expected to rise and certainly you have been softening up the market yourself during the last couple of months in regards to this issue. One matter, as I said, is in regards to the quantum of that increase and whilst I understand you cannot pre-empt the regulator, I am certain that as the office of energy adviser is there to provide high-level advice, they have provided you with some advice on that. Firstly, with that, would you rule out that there is a possibility that Tasmanians could be paying between 10 and 15 per cent more for their electricity next year?

**Mr LLEWELLYN** - I am not going to rule anything in or out. What I can say about energy prices is that over the last three or four months I do not think it takes Einstein to realise that the wholesale price of energy in the Australian National Energy Market has been at a quite considerably higher average than in the past as the price has gone to \$70 and \$80 a megawatt quite consistently. So in terms of the wholesale price of new energy that can be generated at the moment from gas at about \$40 a megawatt, that is in the order of twice the price electricity has been hitherto. I am not going to say that there is going to be a 100 per cent increase in electricity prices by any means but -

**Mr GUTWEIN** - I hoped that you wouldn't.

**Mr LLEWELLYN** - that gives you an indication that the prices of electricity are increasing; there is no doubt about that. We have a media release from Transend dated 19 June, today, saying that Transend has transmitted more electricity through its transmission system than ever before last night - a cold night - Peter Clark Transend's general manager transmission operations said that 'the new instantaneous generation peak of 2420 MW was reached at 7 p.m. The demand for electricity in Tasmania also hit a new instantaneous peak of 1 823 MW at 5.55 p.m. last night. We also measured the average half-hourly data and again we reached a new generation peak of 2413 MW for the half-hour ending at 7 p.m. and a new demand peak of 1818 MW for the half hour ending at 6 p.m. The new Tasmanian peak appeared to have been at about the time most people had returned home from work. Since 1998 Transend has invested more than \$500 million' - and this is the point I want to make - 'to upgrade and modernise the transmission system in Tasmania and the program continues. It is a program that aims to inspire confidence, confidence

that Tasmanians can depend on Transend to provide a reliable and secure electricity transmission service now and in the future. We have also invested in a special protection scheme for the transmission system which allows us to safely transmit more electricity through the system when electricity is being transmitted through Basslink. Yesterday's new peaks for generation and demand show that our transmission system is robust as a result of our significant investment over the past few years. Transend Network Proprietary Limited owns and operates electricity transmission system in Tasmania. Transend transmits electricity from power stations to substations around the State the company owns 3 500 circuit kilometres of transmission lines ...'.

That shows that there has been a lot of investment and investment in Aurora is of a similar nature. There has been a lot of new investment in Aurora so all these new investments, particularly in regulated businesses, add up and when we go to the regulator a return for that investment has to be made. That is what the regulator makes an assessment on. You can see the level of investment both in Aurora - I have not gone through that at the moment - and in Transend and that is not even to consider the generator, Hydro, in the equation. All that adds to the fact that electricity prices will rise.

**Mr GUTWEIN** - Thank you for that. It was a cold night and I do not think anyone is going to dispute that. So you will not rule out a possible 10 to 15 per cent increase in price. As I say, you have been softening the market up for some time to expect this. Why is the Government intending to profiteer from the increased electricity prices?

Before you shake your head and say that they are not, I will refer you to budget paper 1 and the statement in regards to dividend tax and rate equivalent income. It says that the increase in dividend tax and rate equivalent income from \$148.9 million in the 2007-08 Budget to \$170 million, an increase of around \$21 million to \$22 million in 2008-09, primarily reflects increased returns from Aurora Energy and Hydro Tasmania. It then goes on to say that in 2009-10 there will be a further increase expected of around \$15.1 million.

I put to you, Minister, that the Government is going to significantly benefit from any price increase that occurs. It clearly demonstrates that in the budget figures and, therefore, I put it to you that your chatter in the marketplace in the last couple of months regarding possible increases in energy prices has been designed to soften up the market so that, in future years, you can profit from it.

**Mr LLEWELLYN** - That is not the case at all. I do not think there is one commentator in Australia who knows their business in electrical energy generation that does not say that there will be significant increases in the price of electricity in the future, particularly on the mainland.

**Mr GUTWEIN** - We just argued that it is to meet investment in infrastructure but here you are profiteering from it.

**Mr LLEWELLYN** - Wait on, let me respond instead of having a two-way conversation. Let us have it an orderly discussion. I think that is the best way to deal with things.

**Mr GUTWEIN** - There are other ways to be orderly with you, Mr Llewellyn.

**Mr LLEWELLYN** - The point that I was going to make was that Tasmania finds itself, and probably will in the next few years, in a fortunate situation in that we generate electricity from

renewable energy sources and, therefore, the question of carbon components to our energy is the same as it is in mainland Australia where a lot of energy is produced from fossil fuel generation.

To that extent we may be somewhat insulated but we have to pay our share in arrangements and we certainly have commitments and expenses. In order to deliver an outcome that is going to provide secure and reliable energy, both Aurora and Transend are going about their business by properly constructing infrastructure to ensure that those things happen.

Their business is being overseen ultimately by the Australian Energy Regulator and also the regulator in Tasmania. He will make some assessments about the question of what return Aurora gets, particularly in regard to this, and there will have to be some assessments made about what returns the Hydro can expect, given the circumstances that they find themselves in and the need for general maintenance and upgrade. The capital program in the Hydro is quite substantial as well. The inevitability is that we will see price rises. There is no doubt about that and the Government is not going to profiteer on price rises, frankly.

**Mr GUTWEIN** - I do not know how you can say that you are not. There are around \$35 million in extra dividends that are clearly unindicated in the budget papers that will come from increased dividends to be paid by Aurora and Hydro.

It is a fact, is it not, that this year, whilst the Energy Regulator is considering Aurora's submission, it is the Treasurer who will set the price increase for the Hydro and he will make the final determination on that? My understanding is that the Hydro generation costs account for around 45 per cent of a person's electricity bill at the end of the day.

**Mr LLEWELLYN** - Yes.

**Mr GUTWEIN** - So, quite clearly, if we are going to see significant increases the Treasurer will be playing a significant role in that. Obviously he believes that energy prices will go up because the settings in his own budget moving forward indicate that he has an increased profitability in those two years - leading up to an election mind you - where he is going to profit by around \$35 million in extra dividends.

**Mr LLEWELLYN** - The Tasmanian Energy Regulator has commenced the process for determining regulator tariffs for non-contestable customers for the period from 1 January 2008 through to 30 June 2010. The issue of energy pricing is really the ambit of the Treasurer, not mine. He has responsibility for this particular issue not me, as Minister for Energy. I am not avoiding answering the question and no indications of handballing from the advisers at the back is going to distract me from answering these sorts of questions, but I just want to point out to you that he is the person responsible.

**Mr GUTWEIN** - So it is not your fault.

**Mr LLEWELLYN** - I am not saying that at all. I am not making any comment about it; I am just pointing out what the facts are as responsibility is concerned.

Anyway this process that the Energy Regulator will adopt uses a building-block approach which requires separate inputs on the price of energy supplied by Hydro Tasmania or other generators, transmission charges, distribution charges, retail costs and margins. Energy costs

comprise, as you correctly pointed out, approximately 45 per cent of the total and the distribution costs most of the rest. Transmission is a component of that.

The Treasurer has advised the regulator that the Tasmanian Government will set the energy price for the period 1 January 2008 to 30 June 2010 through amendments to the relevant regulations. The price will be established through a process that includes the following steps. Hydro Tasmania prepares a binding submission to the Treasurer on what it considers to be the market-based price for the non-contestable load. Hydro Tasmania's submission in relation to the market based-energy price for the non-contestable load will be reviewed for the Department of Treasury and Finance by an independent expert. The review will include consultation with Aurora Energy. The Tasmanian Energy Regulator will report to the Treasurer on the methodology and process followed by the consultant. The Treasurer determines the price for the energy component of the tariff taking into account the outcome of the review by the independent expert. The regulator will prepare a special report on certain aspects of this process, in particular the regulator is required to report to the Treasurer on the methodology and process followed by the consultant. The regulator will also contribute to discussions during the preparation of the independent expert's report, provide feedback on drafts of this report focusing on process and methodology particularly to ensure the methodology is robust and appropriate, assess the impacts of the recommendations on consumer prices and ensure appropriate probity. As well as that of course, the regulator will be directly setting the regulated outcome as far as the distributor is concerned, that is Aurora.

The total price set according to this building-block approach to electricity and that is the process in which we are involved. As you will see that is the process that involves my colleague, the Treasurer, more than it does me.

**Mr GUTWEIN** - Would you rule out that Hydro in their submission, in that process you have outlined, requested an increase of around 20 per cent?

**Mr LLEWELLYN** - No, I am not going to rule anything in or anything out and you can make statements and the media can pick up what you assume to be the case or whatever, or suggest, or subjectively think might be good for them at the time and will give you a headline, but I am not going to rule anything in or out. The process is under way and we need to wait until the process is complete.

**Mr GUTWEIN** - Surely you would be aware of Hydro's submission to the Treasurer. The Energy Advisory office that we are inquiring into at the moment provides you with a high level of advice. You could set Tasmanian's minds at rest if that is not the case. It is my understanding that Hydro have requested an increase of around 20 per cent.

**Mr LLEWELLYN** - I am not confirming that and certainly I have received no advice or report on the submission that the Hydro has made to the Treasurer on this particular issue.

[6.30 p.m.]

**Mr GUTWEIN** - As Energy minister you do not have an interest in that?

**Mr LLEWELLYN** - I have an interest in energy policy and the delivery of energy to Tasmania.

**Mr GUTWEIN** - Regardless of the cost.

**Mr LLEWELLYN** - In regard to regulation and pricing, that is a matter for my colleague.

**Mr BOOTH** - I must say that seems a bit irresponsible, Minister, not to give some comfort to the people of Tasmania by ruling out an application for an increase in the order of 20 per cent. It seems to be that the truth about Basslink and its effect on power prices has been delivered in a fairly misleading way by your previous Labor governments, with which you were involved. I have this publication and advertisement - which I will give you a copy of so that you can verify it, because I know you like to do that - 'The Truth About Basslink', which was published in the *Mercury*. What is said in that advertisement is:

'Basslink opponents have made a number of misleading claims. Tasmanians are entitled to the truth. Let us set the record straight on some key issues. Electricity prices. Pricing experts conclude that Tasmania's wholesale electricity prices will be on average 6% lower with Basslink.'

Is it a fact that they are 6 per cent lower or has that not been achieved?

**Mr LLEWELLYN** - You are asking the question, keep going.

**Mr BOOTH** - That is the question. I am asking whether in fact wholesale electricity prices have come down 6 per cent as per the advertisement that your Government put in the papers when Basslink was commissioned.

**Mr LLEWELLYN** - When was that?

**Mr BOOTH** - In the last couple of years.

**Mr Llewellyn** *laughing*.

**Mr BOOTH** - You can laugh, it is your advertisement. I can get you the date; you should be able to tell me because it is your Government that put it in.

**Mr LLEWELLYN** - Basslink was a project that happened following us connecting to the mainland for gas. It followed the gas project and it was right to be in that sequence. It now has been responsible for insulating Tasmania from the ravages of one of the worst droughts we have had. Without Basslink the lights would have gone out and without importation of energy on the night of 18 June, as indicated in that press release from Transend, we would not have been capable of meeting the supply demands. Also, I have to say, without the component of gas-generated energy that was delivered at the same time. I think government actions have been prudent in facilitating the gas pipeline and the electricity connection to the mainland because it has enabled us to do those things.

Basslink was installed for two reasons: one, to look at how we can maximise our benefits from surplus energy that we may have in Tasmania - as the comments say in that advertisement - not knowing the extreme drought conditions that we were going to face over the next little while. In the long term that sort of statement is appropriate and, as well as that, to drought-proof Tasmania should we be involved in the dilemmas we found ourselves in over this last 12 months because of the low inflow of water.

**Mr BOOTH** - But, Minister, this advertisement that I think was put out in about 2001 and is a remarkable parallel with the current pulp mill approvals process where government took it on board to simply push a project through and ignored advice, says, which is in stark contradistinction to your statement in regard to drought-proofing:

'The cost of Basslink, amongst other things, will be profitable for Hydro Tasmania. The Tasmanian economy will grow by \$110 million each year and avoid the running costs of using Bell Bay Power Station in times of drought.'

It talks of the risk to the taxpayer and goes on to say:

'Hydro Tasmania avoids the significant risk of running the expensive Bell Bay Power Station in times of drought.'

That is simply not true because you have been thanking the Bell Bay Power Station for effectively keeping the lights on. You use that as a convenient excuse but there is no validation and it contradicts what you have said before.

**Mr LLEWELLYN** - I do not think there is any contradiction there. What I said before was that the Basslink project was installed, and I think it is fortuitous that we have it in place because otherwise we would be currently in serious problems. We do have the gas-operated power station that is assisting, so both of those projects were pretty important in the event of providing energy for Tasmania. We would have the lights out now if we were not facilitated with both of those projects. Some of the numbers that are in there and that is a Hydro advertisement -

**Mr BOOTH** - It is Hydro-Basslink. It is Basslink as well.

**Mr LLEWELLYN** - and Basslink advertisement. Some of the advantages of that are the companies and the moneys that are talked about there, companies that require security and certainty of electricity supply. If we do not as a government provide that certainty and security of supply then those companies are likely to feel less secure in Tasmania; new companies will not invest in Tasmania; existing companies will think about moving out of Tasmania. All those issues are important in the equation of things. So to that extent that advertisement is very much on the line.

**Mr BOOTH** - You are very flexible with your justification I must say, Minister.

**DEPUTY CHAIR** - Have you finished that line of questioning?

**Mr BOOTH** - No, I have one further question. If that were the case that Basslink were profitable, why is it then that the trade figures that you look at at the NEM on blocks of power that you have been selling shows Hydro consistently being the bottom taker as far as the lowest price on the NEM is concerned and is in fact consistently selling power below other producers and in some cases paying up to negative \$1 000 per block per megawatt hour for power?

**Mr LLEWELLYN** - The point is that people get paid the same amount, what they actually bid. As well as that, the whole question of the profitability of Basslink as such as a connection to the mainland and how the Hydro can maximise profits through the use of Basslink is predicated on us being able to generate enough surplus energy here in this State. Over recent times it is not surprising because we do not have the reserves of water that we need in order to operate the

system effectively but Hydro have not been doing as well as they could have under the circumstances. As I said before, at the time of the GBE hearings, or it might have been a bit later on as well, the Government does not expect very much by way of dividends from the Hydro this year because of the circumstances.

**Mr BOOTH** - But you are selling it for less than the cost of production.

**Mr GUTWEIN** - That brings me to my question. During Estimates you were not able to give any indication in regards to Hydro's profitability this year. We are now a number of months closer towards the end of the financial year. Do you expect Hydro to be able to finish the year and return a profit?

**Mr LLEWELLYN** - I would like to congratulate the Hydro on the effort that they have put in under very difficult circumstances to keep the lights on in Tasmania, keep the Tasmanian economy alive, as I have been talking about. But this year given the circumstances I do not believe, as I have said before, that the final after-tax profit position of Hydro will be certainly known. I cannot predict what it is going to be. All of the elements involved in the accounting need to be assessed on 30 June but I cannot see them returning a dividend to the State at this stage.

**Mr GUTWEIN** - So they will run at a loss this year?

**Mr LLEWELLYN** - I am not saying that. I just do not know what those figures are going to be but their return to the State is going to be very small.

**Mr BOOTH** - Is it a fact that you are selling some power on the NEM at below the cost of production for those blocks? It is?

**Mr LLEWELLYN** - No. The recorded figures bear no relationship to the actual value that the Hydro derives from them, they are simply a bidding figure that is introduced into the system. So in order to understand the way that system operates - it is a very complex system of operation -

**Mr BOOTH** - I am sure it is, Minister, and I am sure that you understand it but on the NEMMCO NEM Watch site you see half-hour blocks of power traded and Hydro seem to be the under bidder in every case and seem to be selling it at prices less than the cost of production, like at minus \$1 000 megawatt hour value and \$35 megawatt hour positive.

**Mr LLEWELLYN** - There might have been one occasion when the figures hit that after hitting a figure where it actually had a positive cap, I think, of \$10 000, but these things happen on a very intermittent basis and for these short periods.

**Mr BOOTH** - Why are you always at the bottom of it?

**Mr LLEWELLYN** - I do not believe we are always at the bottom of it. You keep a watch on this?

**Mr BOOTH** - Yes, I do. I have a NEMMCO watch and I can bring it in if you would like to have a look at it. But you should be having a look at it.

**Mr LLEWELLYN** - The point is, and I made it before, it has no relationship to the financial performance, those particular figures that are on that.

**Mr BOOTH** - Perhaps that is why the Hydro are not making any money.

**Mr GUTWEIN** - Let us just come back to that. Just so that we are clear, you do not expect that Hydro will provide a return to the State this year?

**Mr LLEWELLYN** - I cannot say definitely what the return of the Hydro is going to be at the end of the financial year because, from an accounting point of view, they have to take into account a number of issues. I cannot tell you and the Hydro would not be able to tell you either right now what their final bottom line is going to be at the end of 30 June. No matter how much digging, prompting, suggesting, hectoring or whatever, I will not be able to give you any other answer other than a general one to say that I do not believe there is going to be very much return to the Government or to the Hydro this year because of the circumstances prevailing.

**Mr GUTWEIN** - Just on that then and again something else of a number of months ago that you were not able to answer, we know that Hydro have a Basslink facility fee and it is going to cost this year between \$80 million and \$85 million. The chairman of the Hydro used that figure in the Estimates. Has Basslink turned a profit itself this year?

**Mr LLEWELLYN** - You will have to ask Basslink about that. They will bring out their return.

**Mr GUTWEIN** - Has the Hydro returned a profit on Basslink on the almost \$85 million -

**Mr LLEWELLYN** - That is what we have been discussing in recent times from the point of view of the difficulties. On average, over the 25 years of the contract the Hydro still is confident and they have met with me and discussed this on a number of occasions that the adaptation or the acquisition or the installation of Basslink and their involvement with it will be a profitable one over that particular period of time. During that time there will be ups and downs and right now, because of our storage situation, we are not in a position where we can export energy to the extent that we are going to be able to return much of a profit from the system because we are importing energy more than we are exporting it. The whole philosophy of Basslink was such that over the lifetime and everything else considered, we would be able to adopt that philosophy.

Into the future we have prospects for new energy generation in the State with emissions trading or the reintroduction of mandated renewable energy targets. We can see and we will see the Musselroe wind farm operating together with Woolnorth and Studland Bay farms operating and, hopefully, some advances on the Hellyer wind farm further south on the west coast. We will be generating surplus energy and we will be able to utilise the facility more than we are doing at the moment.

**Mr GUTWEIN** - It would be fair to say though that as a result of the expected increase in dividends from the Hydro, certainly in the 2008-09 year and the 2009-10 year, that Tasmanians will be paying significantly more for the purchase of their energy and that is going to be underpinning the Hydro's profitability and Aurora's.

[6.45 p.m.]

**Mr LLEWELLYN** - Regarding the energy increases that inevitably are around the corner, we will not be profiteering; the Government is not going to be profiteering on energy in -

**Mr GUTWEIN** - You very clearly have \$25 million of extra profits in the budget papers.

**Mr LLEWELLYN** - Yes.

**Mr GUTWEIN** - It is going to be zero this year, is it?

**Mr LLEWELLYN** - No, no. You overheard my adviser there say that it is likely to be very low this year - he mentioned the word 'zero' but -

**Mr GUTWEIN** - The Budget or the budget papers do refer to 'zero'; that could cover your adviser off, yes.

**Mr LLEWELLYN** - So it is coming from a very low base which cannot be much lower, frankly.

**Mr GUTWEIN** - Let me ask you a question -

*Laughter.*

**Mr BOOTH** - I do not know, there are always the negative values.

**Mr GUTWEIN** - The extra dividends and returns from Aurora and Hydro underpin this Government's Budget in a significant way, moving forward. In 2008-09 there is an extra 21 or thereabouts million in extra dividends that are expected from Hydro and Aurora. The operating balance - the positive operating balance in that particular year for the Government is only \$22 million. The following year, with an extra \$15 million in dividends from Hydro and Aurora, the operating balance for the Government overall is only \$16 million positive. I put it to you, Minister, that if you were not going to rip an extra \$35 million off ordinary Tasmanians over that two-year period, the Government's Budget would remain in deficit and that the reason that you are doing this is to balance your books.

**Mr LLEWELLYN** - No, it is not the reason we are doing it. The Government owns Hydro or the Government owns Aurora, and the Government owns Transend. If they were privately owned, there would be a total return to the shareholders of that company. In this case, with the State-owned companies and government business enterprises, we have adopted an approach where 50 per cent of profits - by way of the after-tax profits and so on - of the company is the appropriate amount which Treasury puts back into the coffers. It is a facility that is owned by the people of Tasmania for the benefit of the people of Tasmania. That money just does not get put in some sort of Labor Party tin somewhere or other for the sake of the Government of the day; that goes back into providing schools and hospitals and other facilities for the people of Tasmania. It is important in that context.

**Mr GUTWEIN** - But I think it is important in that context, too, Minister, to understand, as I am sure we all do, that that money actually does come out of the pockets of ordinary Tasmanians.

**Mr LLEWELLYN** - Yes.

**Mr GUTWEIN** - So it is very good that the Government have seen fit to put that back into schools and other facilities, but at the end of the day -

**Mr LLEWELLYN** - Yes, if the businesses were -

**Mr GUTWEIN** - it is being paid for by ordinary Tasmanians.

**Mr LLEWELLYN** - privately owned, it would not go back - it would come out of the pockets of Tasmanians and not go back into them.

**Mr GUTWEIN** - I put it to you, if the business was privately owned we probably would not have a situation where we are seeing a zero profit, in fact, or zero return at the end of this financial year.

**Mr LLEWELLYN** - That defines the difference between you and me and the philosophy of the Labor Party and that of the Liberal Party where they privatise everything and -

**Ms NAPIER** - You can speak.

**Mr GUTWEIN** - You can speak - you are the ones that have the asset sales on.

**Mr LLEWELLYN** - squander the crown jewels on the basis of expediency.

**Ms NAPIER** - You are selling them left, right and centre.

**Mr GUTWEIN** - Is it still your intention at some stage to sell either Aurora or Transend? Will you rule that out?

**Mr LLEWELLYN** - I am not going to rule those things in or out.

**Mr GUTWEIN** - I thought that you were philosophically opposed to that.

**Mr LLEWELLYN** - I am.

**Mr GUTWEIN** - You just said that; but you reserve the option for political expediency.

**Mrs NAPIER** - He got caught on the ambulance levies so he is going to be careful.

**Mr LLEWELLYN** - Me?

**Mrs NAPIER** - Yes.

**Mr LLEWELLYN** - No, I did not get caught on the ambulance levy.

**CHAIR** - Mr Booth has the call, thank you.

**Mr LLEWELLYN** - I am not Minister for Health anymore.

**Mrs NAPIER** - Yes, but you said there wouldn't be an ambulance levy.

**Mr LLEWELLYN** - That was the position at that time.

**Mr BOOTH** - Minister, with regard -

**Mrs NAPIER** - What? Your word does not mean anything a couple of years back.

**CHAIR** - Order.

**Mr BOOTH** - In regard to Bell Bay power, can you confirm that that sale still has not in fact been finalised?

**Mr LLEWELLYN** - Yes, I can confirm that that matter has not been finalised with Alinta. There were a number of issues -

**Mr BOOTH** - Condition precedent, I think there was.

**Mr LLEWELLYN** - Yes, and one particular condition precedent had to be resolved. I think at the moment we have a situation where the time to finalise that arrangement has been extended, in agreement with Aurora and Hydro and with Alinta, till the end of June.

**Mr BOOTH** - Obviously that is going to affect the balance sheet of Hydro if it is not sold. In *Electrical World* of March 2007 there is an entitled 'Bit of escaping down in the Apple Isle'. It says, 'Getting out of jail would be one description, but the question is for whom'. They talk about Alinta recently signing a heads of agreement with Hydro et cetera. This article challenges the value that you have stated. You have either made a mistake, this article has made a mistake or you have deliberately deceived the Parliament, which I hope you have not done. You spoke about the value, when that sale of the gas pipeline agreement was going through, as being worth about \$90-odd million. It says, 'In today's dollars the pipeline agreement would have generated \$8.6 million a year. The nominal value of the foregone revenue is \$90 million according to Alinta', which you have agreed with as part of the stated value of the sale. Not according to Hydro Tasmania, however. The 2006 annual report included a financial liability of \$56.2 million for obligations under its gas contract with the mainland, costing the company around \$60-odd million. How do you reconcile the fact that Hydro's own annual report indicates that it is only worth between \$56 and \$61 million, yet you are claiming that it has now brought to you an asset value of \$90 million?

**Mr LLEWELLYN** - One is a discounted valuation and the other one is a nominal valuation.

**Mr BOOTH** - Which one are you going to choose? The nominal one for your press release because it sounds better?

**Mr LLEWELLYN** - Well, that is the situation.

**Mr BOOTH** - In other words you have published figures that provide a deceptive picture of the true value.

**Mr LLEWELLYN** - No, not at all. We have been consistent in the way we have expressed that.

**Mr BOOTH** - But does that not leave at least another \$30 million hole in the net return that you have spoken about in terms of Bell Bay power?

**Mr LLEWELLYN** - There is the sale of the existing plant and equipment and that is on top of that amount. I think that is what we discussed in Parliament when we put the bill through.

**Mr BOOTH** - This now throws a bit of a spanner in your argument with regard to the net return. You used \$90 million for the pipeline agreement, \$30 million up front, and \$120 million has been touted as the value of the sale.

**Mr LLEWELLYN** - Well it is.

**Mr BOOTH** - How is it if the actual discounted value is somewhere between \$56 and \$60 million?

**Mr LLEWELLYN** - That is in terms of Hydro's position on the issue. From the Government's point of view I stand by what we have said in the Parliament. That is what we are achieving out of that arrangement.

**Mr BOOTH** - It is an extraordinarily flexible piece of accounting in that you are prepared to tell the public that the sale of the pipeline capacity agreement was \$90 million in real terms and yet here in Hydro's -

**Mr LLEWELLYN** - Well it is.

**Mr BOOTH** - Well how is it if the Hydro's balance sheet in 2006 states that it is not worth that much? I put it to you that you have misled the people.

**Mr LLEWELLYN** - Not at all.

**Mr GUTWEIN** - I think it is clever accounting, clever reporting probably.

**Mr LLEWELLYN** - Not at all. They are the figures. Even in that article those figures indicate \$8.5 million annually over the time of the project to be completed and the deal arranged -

**Mr BOOTH** - According to Alinta that is correct.

**Mr LLEWELLYN** - Yes.

**Mr BOOTH** - It said \$8.6 million, but not according to the Hydro Tasmania. That is the point.

**Mr LLEWELLYN** - There is an arrangement to 2017. The figures involved start from 2009 and go to 2017.

**Mr GUTWEIN** - Do you expect that Alinta deal to go ahead? What chance do you feel there might be of that falling over?

**Mr LLEWELLYN** - We are very hopeful that the matter will be resolved. I have spoken to Mr Hennessy from Alinta and he informs me that -

**Mr GUTWEIN** - So has it got to the stage where you have had to intervene?

**Mr LLEWELLYN** - No, not at all. He requested a meeting with me to inform me about the condition-precedent situation after he had spoken to Aurora and Hydro. I had the opportunity to meet with him in Melbourne after a ministerial council meeting. He was on his way back to Perth. He outlined what he had spoken to Aurora and Hydro about to reassure me of Alinta's desire to complete the arrangement.

**Mr GUTWEIN** - That condition precedent in the contract, was that at Aurora's end of the contract or is it a Hydro issue?

**Mr LLEWELLYN** - No, it is an issue for Alinta itself and a prerequisite -

**Mr BOOTH** - A gas-purchasing problem, financing for a gas purchase.

**Mr LLEWELLYN** - I do not think we should be involved in discussing the details of -

**Mr BOOTH** - *Hansard* will not record that you shook your head up and down indicating, yes.

**Mr LLEWELLYN** - No, I did not shake my head up and down at all.

**Mr BOOTH** - Didn't you? Have you spoken to Mr Ron Hussey? You said you have spoken to the other chap, but Mr Hussey is the director of Wodonga Energy. He says that he contacted Hydro on behalf of Marubeni, which you would be aware is a pretty large Japanese energy company. He expressed interest in the power station but Hydro -

**Mr LLEWELLYN** - You would be interested in it because of their tree involvement.

**Mr BOOTH** - basically told them to go away. He persisted, he says, with phone calls and a formal letter but these were not returned. Yesterday Mr Hussey questioned the deal and said that the price would not give good value to Tasmanian taxpayers. 'We would have paid a lot more', he said. 'They got a very good deal', meaning Alinta. Given that the sale at the moment has not met financial closure, did you undertake some sort of due diligence with the potential to get more for the station than Alinta have offered? If not, why not?

**Mr LLEWELLYN** - It is a matter between Hydro and Alinta. There is a gas take-off agreement involved. There was a contract with the former company, Duke Energy, which was novated through to Alinta. There are conditions within that contract. The parties for some time have been looking at pursuing one of the conditions, which was to look at how they could deal with the Bell Bay Power Station situation, maybe on a joint-venture basis. They were not able to reach agreement on that issue and ultimately this project has emerged. There was a lot of detailed legal advice and decision-making from Hydro and their board and that is the way we have proceeded.

**Mr BOOTH** - But as the responsible minister for significant public assets, would it not be prudent, Minister, to examine this expression of interest? This company is suggesting that the sale price, based on a \$90 million gas pipeline agreement, is maybe \$30 million overestimated, so

the deal might be \$30 million worse than you say. Would it not be prudent to test the market now if the sale has failed to meet the financial close?

**Mr LLEWELLYN** - The expectation is that the arrangement with Alinta, and the arrangement between Alinta and Aurora and also between Hydro and Alinta in regard to this particular issue, is on track. I mentioned to you that there is an extension on that condition precedent. We will just wait and see what happens after that time. I hope, before the end of the month, that things will be resolved, that the purchase will go ahead and that Alinta will install their new 200 megawatt power station and their stand-by equipment in addition to what is there at the moment. Then we will have a generating competitor in the market here in Tasmania.

[7.00 p.m.]

**Mr GUTWEIN** - What will you do, Minister, if the deal falls over?

**Mr LLEWELLYN** - That is hypothetical and it is an issue -

**Mr GUTWEIN** - You can only say that you 'hope' that something occurs.

**Mr LLEWELLYN** - It is an issue, if that occurred, for Hydro and Aurora. Certainly the shareholders would be advised about how they see things being pursued in the future. We will make some assessment and decisions about that if and when that occurs.

**Mr GUTWEIN** - Once you have finished the \$35 million price grab from Tasmanians in 2008-09 and 2009-10, the budget papers indicate that Hydro and Aurora's profitability will decline. Why is that?

**Mr LLEWELLYN** - In the budget papers?

**Mr GUTWEIN** - Yes. I am talking about page 9.5 in budget paper 1.

**Mr LLEWELLYN** - These are Treasury figures and you ought to have been asking the Treasurer about these figures.

**Mr GUTWEIN** - I would have thought, as the Energy minister, you would have had some idea concerning the State-owned assets you have responsibility for. If they are going to significantly increase or decrease in profitability, then you should have some idea why.

**Mr LLEWELLYN** - There are some adjustments with regard to the capital program from the Hydro and Aurora. In the out years, our new regulated time scale will start at the beginning of 2008 from a distribution point of view.

**Mr GUTWEIN** - To 2010.

**Mr LLEWELLYN** - To 2010. Which out year are you talking about?

**Mr GUTWEIN** - It is the 2010-11 year.

**Mr LLEWELLYN** - Because of the three-year cycle on that -

**Mr GUTWEIN** - The Treasurer does not set the new price in 2010, does he? That then becomes the problem of the Energy Regulator.

**Mr LLEWELLYN** - The Energy Regulator, yes.

**Mr GUTWEIN** - Would it be fair to suggest that here we have the last opportunity for the Treasurer to have his fingers on the levers of Hydro? What he has done is to ratchet it up and -

**Mr LLEWELLYN** - The Energy Regulator does not have anything to do with the Hydro's -

**Mr GUTWEIN** - So Hydro's price will be set once again by the Treasurer in 2010?

**Mr LLEWELLYN** - That will depend on whether or not we have the public benefit test and become contestable from a retail point of view. The cycle for that final tranche of contestability happens in 2010.

**Mr GUTWEIN** - So, again, why do the profits drop off?

**Mr LLEWELLYN** - If we become totally competitive, then the market makes those adjustments. If we are not totally competitive, then -

**Mr GUTWEIN** - Unless you are competitive? Then you could increase power prices, could you not? Aurora is already looking at mainland customers.

**Mr LLEWELLYN** - Yes, it has been looking at mainland customers. That is right. It has quite a few mainland customers.

**Mr GUTWEIN** - It has and in fact I have spoken with the people who are doing that work and I think they are doing a very good job. Wouldn't it be fair to suggest that -

**Mr LLEWELLYN** - They sell pay-as-you-go meters and so on.

**Mr GUTWEIN** - But, hopefully, the market is going to increase, which seems to me a surprising thing to find in the budget papers if you are expecting profitability to fall.

**Mr LLEWELLYN** - But you have not let me answer that particular aspect. I am making some assumptions about this. If you look at the way the regulation has occurred with regard to our businesses in the past, in the out year, the third year of regulation prior to re-regulation, we have seen consistently a reduction in profits from the organisation because of the cost increases over the period. In many respects it would have been better to apply increases in power prices on a more regular basis. It is almost like the issue of the valuation of houses. Therefore that may to some extent show why there is a reduction in the profit during that out year, prior to the re-regulation.

**Mr GUTWEIN** - Forgive me for my cynicism but we will not see you in the 2009-10 year, in the lead-up to the next election, running around beating the bushes about power price decreases, will we?

**Mr McKIM** - Probably.

*Laughter.*

**Mr LLEWELLYN** - We have talked about power increases. I do not know why Treasury has made those assumptions. I think you should ask the Treasurer.

**Mr GUTWEIN** - Don't you talk to him?

**Mr LLEWELLYN** - From corporate planning among the various organisations we see an increase in profitability over time, so I am not sure how that equates with that.

**Mr GUTWEIN** - Did I hear correctly that you have announced that Musselroe is going ahead?

**Mr LLEWELLYN** - There is no formal announcement about that but I am assuming that Musselroe will proceed. Certainly all the preconditions to enable Musselroe to proceed are there now. The Australian Government has announced an emissions trading arrangement, albeit delayed by a number of years. However I have been to see the Premier and Energy minister in New South Wales and they are happy to accommodate the Musselroe project as part of their State-based trading regime. That is for projects from 1 January this year through to the end of next year and onwards. However, it will not kick in as far as renewable energy certificates or whatever are concerned until 1 January 2008. They have to introduce their legislation into Parliament this year and put it into place. Their date of operation starts from 1 January 2008. While projects that are on the drawing board now between 1 January 2007 and 2008 will qualify, the scheme kicks in in 2008.

**Mr GUTWEIN** - So Musselroe, hopefully, will come on line. In regards to water storage, that is obviously going to be an issue moving forward -

**Mr LLEWELLYN** - Yes.

**Mr GUTWEIN** - Is Hydro considering any ways by which it can increase the capacity of its current storages? Has there been any consideration given of inflows of current Hydro dams and whether or not things such as canals or other options could be used to increase inflows into current Hydro storages?

**Mr LLEWELLYN** - They have been looking in recent times to resolve an issue on the Ouse River. There is capacity to build a dam on the Ouse River between the Great Lake and Little Pine Lagoon at a place called Murderers Creek on the Marlborough Highway. That would have a capacity of 52 000 megalitres.

**Mr GUTWEIN** - What would be the generating capacity?

**Mr LLEWELLYN** - There will not be a generator on it but it would enable water to be channelled into the Great Lake via the Liawenee Canal and/or further down the Ouse River to accommodate or to account for an uncapped water rights arrangement that has been in legislation from the year dot for farmers in the lower Ouse area. In this day and age, with regard to the National Water Initiative and water trading and so on, that is not a situation that possibly can go on forever. We need to reasonably provide for the water rights for those farmers in that region but the uncapped aspect of it has to be addressed and there needs to be an adequate supply of water

for those clients as well as being able to provide more storage for the Great Lake at times of winter flows.

Right at the moment, Liawenee Canal cannot cope with all of the water that comes out of Lake Augusta and those other areas.

**Mr GUTWEIN** - You have announced a program of dams and that you made application to the Federal Government. Do any of those proposals that you are putting forward have any capacity for generation of electricity?

**Mr LLEWELLYN** - Possibly. Obviously the tailrace issue at Poatina does not, the proposal with regard to the one that I just mentioned, that does not have, primarily, a generating capacity although at the output of that dam a small plant may be installed - maybe 4 or 5 megawatts - but that is off the top of my head. It does not have a head of water that is going to generate more than that. It would be the head of the water of the dam itself, not any subsequent head of water that is there. Some of the other dams might be equally treated in the north-east along those lines but, again, it certainly would be only a very small plant associated with them. There is the possibility that if, for instance, the Long Marsh dam was constructed they may be able to gain some head gain from that and generate a little bit more electricity.

**Mr BOOTH** - Minister, if you count the full cost of providing the generation asset and so forth, and back to that in your cost of production, is it a fact that the Hydro generation costs are in the order of \$80 a megawatt hour and gas about \$50? I am not asking for the exact dollar.

**Mr LLEWELLYN** - The cost of generating electricity from Hydro these days is much more than it was in the past.

**Mr BOOTH** - I understand that, yes. You have a significant debt there of \$1.1 billion or something to factor into it.

**Mr LLEWELLYN** - Yes, but you would have to judge that on a case-by-case basis. I do not think you could get an average figure. With gas, for instance, you can make an assumption because you know what the value of gas is at the moment and the cost of the plants, and they are pretty readily available. So you can say, basically, that it costs about \$40 or a bit more than \$40 a megawatt for new energy generated from gas but you cannot make that same assumption with regard to water.

**Mr BOOTH** - Yes, the point I was getting to with the Hydro is that if you can factor in the cost of the dams' depreciation and replacement and all that sort of stuff and the debt level that it is carrying, it is \$80 or thereabouts. Is that a kind of reasonable figure?

**Mr LLEWELLYN** - It depends.

**Mr BOOTH** - On average across all of the -

**Mr LLEWELLYN** - You might be able to construct a dam in a suitable spot that is geographically -

**Mr BOOTH** - No, sorry, Minister, you have misunderstood, I am saying the current generating assets that we have, not a greenfield development.

**Mr LLEWELLYN** - No, no, that figure would be much lower than \$80 currently. Some of the plants on the west coast were fairly expensive and that would lift the average but the older stations that have been installed for some time are, from a value point of view, generating electricity at a very low rate.

[7.15 p.m.]

**Mr BOOTH** - Although you know, obviously, at some point in time you have to replace them but you would account for that in the replacement cycle.

**Mr LLEWELLYN** - Some of the dams have life times of 150 years or more. Tony might have a better idea about that. He might give you a response to it.

**Mr VAN DE VUSSE** - Obviously the big early dams were efficient and the State enjoyed the benefits of cheap hydro-electricity for many decades. The later ones, as the minister said, are more expensive but it depends on how you want to do the accounting on replacement cost. I would imagine that dams are almost perpetual assets, you do have to replace the turbines and other moving parts and so on, but \$80 is an extraordinary figure. I would assume the cost of hydro-electricity in the State is much lower than that.

**Mr BOOTH** - Do you have a ballpark figure then?

**Mr VAN DE VUSSE** - I would have one in my mind but that would be a personal estimate.

**Mr BOOTH** - Could we have it on that basis, that it would only be a personal estimate then? I am trying to get information here to establish in my mind where you are going or where we should be going with energy, policy and strategy in the State.

**Mr LLEWELLYN** - I was just contemplating whether or not that sort of question could be asked of the Hydro. They would know more accurately and in fact very accurately -

**Mr GUTWEIN** - I would clearly hope so.

**Mr LLEWELLYN** - but there are commercial issues involved in that as well so I hesitate from suggesting that I might be able to get that.

**Mr BOOTH** - In terms of that, what I am concerned about and you may be able to allay my concerns, is that the Hydro at the moment are carrying a debt level of something like \$1.1 billion on the current generators and other debts for Bell Bay power and so forth but in the order of \$1.1 billion to \$1.2 billion I think would be a reasonable estimate of the debt level of the Hydro. You have an under-performing asset in the sense that you are not getting rainfall at the moment which of course is a huge challenge because the asset value and the debt level you are carrying do not change because a drought comes or goes. You locked yourselves into Basslink with a cable rent of \$92-odd million a year. You are not able to spend that \$92 million per year on alternative energy production or energy conservation measures and so forth. What is your long-term plan then, given that what I am suggesting is a fairly bleak picture, to overcome an extended period of drought where our generation assets, in fact the bulk of them, are not able to perform and there may be also the same problems in Victoria and New South Wales which could basically cause energy shortages on the NEM that does not guarantee you any import across Basslink but still an expensive cable to pay for.

**Mr LLEWELLYN** - From your perspective you would not want the Hydro to invest in more substantial water development projects, I assume.

**Mr BOOTH** - I am asking for your opinion and I perhaps could give you some advice if you need it, but you are not a regular visitor in terms of seeking advice.

**Mr LLEWELLYN** - We do not want to open the debate on the Franklin River of course.

**Mr BOOTH** - I am sure you do not.

**Mrs NAPIER** - Michael is not here.

**Mr LLEWELLYN** - The plan is that we need to, I believe, try to maximise our efforts in renewable energy in the State. We have a capacity for generation of electricity from wind, provided we can get an emissions trading arrangement that makes it profitable to do that. There is probably as much as 2 or 3 gigawatts of wind available in Tasmania and that is not to say that that amount would ever be contemplated but there certainly is that capacity here in the State.

**Mr GUTWEIN** - What is Musselroe expected to be to service the debt?

**Mr LLEWELLYN** - Just under - 130. Wind generators are becoming bigger and bigger and technology is improving. There are also some possibilities of geothermal power here in the State as well, some hot rocks that are around.

**Mr GUTWEIN** - Where has that progressed to?

**Mr LLEWELLYN** - Two exploration licences have been approved to companies - enormous potential as a clean renewable energy source. Initial indications from pilot plans in South Australia and New South Wales are that economical power generation could become a reality in the near future given the right geological environment.

**Mr BOOTH** - Minister, if in fact Tasmania's generating assets and Basslink are unable, under that scenario, to provide sufficient power for Tasmania, how are you going to afford to put in any other forms of generation given the debt levels that you carry for Hydro, over \$1.1 billion and cable around \$92 million, if there are under-performing assets due to climate change?

**Mr LLEWELLYN** - I am saying about the potential for additional renewable energy. I am not saying that that energy may be generated totally by State-owned companies. It could be privately developed.

**Mr BOOTH** - It could be but, in any event then, it does leave a couple of very large, stranded assets under that scenario of climate change and drought, additions which do require some sort of forward thinking, do they not, given the dam levels?

**Mr LLEWELLYN** - I do not think they will be stranded assets. If we can regulate and develop a surplus of energy here in the State, needed for new industry, new economic development and so on, whether it is from wind or hot rocks or whatever. As I say, there is a capacity with wind for a very substantial amount energy.

**Mr BOOTH** - I do understand and recognise there are a lot of alternatives but I am suggesting that we have a very serious problem here in that, because of the commitments to interest payments on Hydro assets, which are where they are, and if they stop producing you still have to pay for that, have you not? At the moment both of those, the whole generation asset, if you like, in Tasmania, you have just said a moment ago is unlikely to return a dividend to the Government, presumably, therefore, any sort of internal profit for them. The question is what do you do about that.

**Mr LLEWELLYN** - It is not going to happen forever, things will change from the point of view of water resources and particularly if we can -

**Mr GUTWEIN** - Rain of biblical proportions, Minister.

**Mr LLEWELLYN** - Yes.

**Mr BOOTH** - But is that the only thought you have there, Minister?

**Mrs NAPIER** - I might go into a motion on drought or something like that.

**Mr LLEWELLYN** - That is right and you might get it to rain again.

**Mr BOOTH** - I think we are all hoping for that.

**Mr GUTWEIN** - What are Hydro storages at now?

**Mr LLEWELLYN** - I think the storages, at the moment, are 22 or 23 per cent.

**Mr GUTWEIN** - It does not take a great deal of rain then to increase those storages because only a month ago they were at around 18 per cent.

**Mr LLEWELLYN** - 17.2 per cent.

**Mr VAN DE VUSSE** - Some particularly good rains recently led to a remarkably welcome jump up in the storage levels.

**Mr BOOTH** - They have consistently dropped since Basslink was turned on, if you look at the figures on dam levels since Basslink was -

**Mr LLEWELLYN** - I have been saying that there has been a reduction in inflow into the dams for the last 10 years. This last year has been particularly bad but it does not take a long time to turn around although it will be a number of years of average rain before we get up to a reasonable capacity within our dam system

Hydro also has a 50 per cent ownership in the joint venture company Roaring Forties. Roaring Forties is trundling along at an exponential rate with regard to overseas developments of wind energy. So, that is becoming a very big success story and before too long that will become a billion dollar business as well.

**Mr BOOTH** - You would use the cash flow then from Roaring Forties to keep Hydro's balance sheet alive.

**Mr LLEWELLYN** - They are the opportunities that are there.

**Mr GUTWEIN** - Which is interesting. I thought Roaring Forties, in 2010-11 -when do we start to see a return from them?

**Mr LLEWELLYN** - Yes, about then.

**Mr GUTWEIN** - Why then, are Hydro's dividends going backwards?

**Mr LLEWELLYN** - What, from 2010-11?

**Mr GUTWEIN** - I thought Roaring Forties - when are we supposed to see a return?

**Mr LLEWELLYN** - Roaring Forties is a stand-alone, joint venture company.

**Mr GUTWEIN** - Which we hope to make some money out of one day.

**Mr LLEWELLYN** - It will not be included in the Hydro's dividends.

**Mrs NAPIER** - So where do we track that?

**Mr LLEWELLYN** - I suppose the same place you track the Hobart International Airport at the moment.

**Mr GUTWEIN** - But as a joint venture, in which we have a 50 per cent share, one would presume that Hydro would see a return from that joint venture, would it not? My recollection of the announcement was that we would start to see a return from around 2010. If we are getting a return from Roaring Forties, of which we are not seeing anything at all in regard to Hydro's financial statements at the moment, why then in that year do we see a decrease in dividends?

**Mr LLEWELLYN** - I made the point before that in the Hydro's corporate plans they show an increase in dividends over time.

**Mr GUTWEIN** - So what does Mr Aird know that you don't?

**Mr LLEWELLYN** - Likewise with Aurora and Transend being a regulated company, you would expect a similar situation. The capital programs for all those companies are fairly substantial. They show an increasing return in their corporate plans. I do not know why Treasury has shown that in budget paper 1. You would have to ask the Treasurer.

**Mr GUTWEIN** - He made a mistake?

**Mr LLEWELLYN** - Well, ask him.

**Mr GUTWEIN** - I think we might have to because we are getting nowhere with you on it as the Energy minister. Minister, I wanted to ask you a question about broadband over power lines and Aurora's trial. I have received, as have a number of people, significant correspondence on this matter.

**Mr LLEWELLYN** - Yes, from one person.

**Mr GUTWEIN** - Who I understand represents a number of other people.

**Mr LLEWELLYN** - Does he?

**Mr GUTWEIN** - I am led to understand that. I have spoken with ham radio operators in the north of the State who are concerned that if the rollout occurs that they too might be affected.

**Mr LLEWELLYN** - So you have stirred them up too, have you?

**Mr BOOTH** - Why is everything a conspiracy theory with you, Minister?

**Mr GUTWEIN** - Minister, I am sure he will be reading this *Hansard* with interest.

**Mr LLEWELLYN** - I can talk about this issue again, and I have communicated about this particular matter. One of the issues that seems to surround the broadband and power lines debate is radio interference and naturally so because it involves transmission of a product which generates some different frequency bands and so on over the power lines. That is then transmitted into each person's home - that is the medium by which the actual data is transmitted. From the manufacturer's point of view, I think there has been some very careful planning in this area and certainly on a national basis, from the frequency - I am not sure what they call it now -

**Mr BOOTH** - Electromagnetic interference.

**Mr GUTWEIN** - The communications and media authority.

**Mr LLEWELLYN** - Yes. they have changed their name about 15 times since I was in the business. They have been monitoring this process very closely and they believe that the specifications that have been shown to be the case from Mitsubishi Electric, the company involved in the technology for broadband on power lines, are able to deal with any problems in this area. In fact, that interference that is mooted by other people and they have suggested that a product like this is at very low levels and therefore acceptable under the circumstances.

**Mrs NAPIER** - Is that about the greater good and the fact that smaller operators' concerns are probably not -

**Mr LLEWELLYN** - No, it is not about the greater good. From what I can gather it falls within the parameters that you would expect in the non-broadband on powerlines environment. So it does not add to that environment.

[7.30 p.m.]

**Mr GUTWEIN** - Are there any State-based investors? Is anyone investigating this matter? Has the matter been referred to Consumer Affairs, Roy Ormerod; is he having a look at this?

**Mr LLEWELLYN** - I do not know what he would do about it.

**Mr BOOTH** - That is damning you with faint praise, isn't it?

**Mr LLEWELLYN** - Apparently several people have been asked to look at the issue including our regulator but, again, the technical expertise on these issues is within the Commonwealth department that very carefully analyses these matters. There is an office in Hobart. There are offices all around Australia; they have a station at the top of - what is it called now? It is 21 years since I was involved and now I have forgotten some of these things. Just out near Richmond, somewhere out there.

**Mr GUTWEIN** - So, Minister, if it was found that the electromagnetic interference was in excess of recommended frequency ranges, would that be a concern to you?

**Mr LLEWELLYN** - The recommended intensity can be measured in microvolts or in decibels, as far as electrical interference is concerned.

**Mr GUTWEIN** - Would that be a concern?

**Mr LLEWELLYN** - It would be a concern because it would interfere with other people. But we are told from the monitoring and the work of the experts in the Federal Government that that is not the case and the equipment meets the specifications which are designed to avoid interference.

**Mr GUTWEIN** - Just so I am clear on this matter; if I can use the electric blanket as an example, the way that broadband over powerlines works is that it effectively works by turning your electrical cables into a radio transmitter, is that the case?

**Mr LLEWELLYN** - No, not at all. It is best to consider it as being a signal on a pair of wires, or between one wire and the earth. It could be considered as a coaxial cable, if you think of it as one wire and the earth or two wires of a single-phase system or on the three wires of a three-phase system. Nevertheless, how you inject this radio signal through an isolation arrangement into the power system is it travels along the wires, it goes into every house, it can then be extracted from the wires through the power plug and a suitable device that extracts that signal off the power lines and into your computer. Simply put.

**Mr GUTWEIN** - Just so that I am clear, I think that explains it very simply, that if I turn my electric blanket on and I have broadband over the power lines into my house, then the electromagnetic radiation, signal or whatever it is I effectively I am lying right on it, am I not?

**Mr LLEWELLYN** - You have 50 hertz of signal on your electric blanket which is at 240 volts, root means squared signal across the electric blanket, so you have got this 50 hertz alternating current signal and superimposed is a very much smaller component of data which can be amplified by the appropriate device, or selected from that particular circuit and then amplified to the point where it can be used in your computer.

**Mr GUTWEIN** - Have the effects of that been modelled in any way? I will read you what I have here and then it is placed in *Hansard*: 'Anyone with BPL entering their home if they used an electric blanket would be sleeping about 2 mm away from what is effectively an antenna for a radio transmitter' - hence why there is so much of an interference problem to start with - 'for hours on end every night of the week for all the years until they finally check out' - which I presume means they are no longer with us, hopefully later rather than sooner.

It may be that it does not matter if the blanket is on or off. I guess there are other appliances that radiate radio signals in your house but you do not sleep on them all the time. Have you as Energy minister, or has the Health minister considered at all what the long-term health effects of that may be?

**Mr LLEWELLYN** - No, but we have sought the advice of experts in this field from the national body and they assure us that the specifications that the manufacturer has placed on this have been met and therefore it is safe.

**Mr GUTWEIN** - Why don't they use it in Japan?

**Mr LLEWELLYN** - Well, they possibly will use it in Japan.

**Mr GUTWEIN** - My understanding is that they do not; in fact that the Government does not allow broadband over powerlines to operate in Japan.

**Mr LLEWELLYN** - There are some technical issues in Japan with regard to their distribution systems, particularly in the major centres. I am not aware of the circumstances in Japan. I cannot really comment on that.

**Mr BOOTH** - Minister, you have had approaches, an extensive approach which I am sure is the same information that Mr Gutwein is working from. Have you advised Mr Todd - I think it is in this matter - have you answered the questions he has asked? Are you saying then that all of the matters he raises are without foundation?

**Mr LLEWELLYN** - Well, he has raised them with the appropriate authorities and they have responded to him. He is raising them with me. I have obtained the information and I have responded to him but he keeps going.

**Mr GUTWEIN** - Apart from Mr Todd there are other people with an interest in this matter who have raised it with me - specifically ham radio operators. There are a couple of very experienced ones in the north of the State who, quite frankly, are very concerned that they may lose the opportunity that they currently have to communicate the way they do through ham radio as a result of broadband over powerlines being rolled out more broadly.

**Mr LLEWELLYN** - Again, the authorities assure me that that concern is not -

**Mr GUTWEIN** - But doesn't the frequency of BPL and the frequency that ham operators currently use, operate within the same bandwidth?

**Mr LLEWELLYN** - No. With the data system, information is spread throughout a quite large spectrum of frequencies so it is really the noise component that they are concerned about interfering with the equipment that they may use.

Some of the receivers are fairly sensitive and they will receive signals down to 0.2 of a microvolt of signal. They would know, if they read the *Hansard*, that sort of level is about the limit of their reception that they would use on their communication receivers. The actual level of interference has to be higher than that level - 0.2 of a microvolt - received on their aerial or into their receiver before it starts interfering with the signal.

The communication authorities have indicated to Aurora and through Aurora to me that they have been monitoring this process and they believe that the operation of broadband over powerlines is such that it does not interfere with those sorts of services. They would probably be the most sensitive ones, I have to say.

**Mr GUTWEIN** - Obviously, Mr Todd continues to have these concerns, as do other ham radio operators. Have you or your office met with him or anyone else with these concerns? I have to say from the discussions I have had with Mr Todd, and certainly from the correspondence that I have received, that this man is no fool. He is obviously very well educated and has a background in this particular matter and has concerns at a level that would see him spending a great deal of time and effort to get his point heard. Has your office met with this man or had discussions? Would you consider doing that?

**Mr LLEWELLYN** - He has written to us on a number of occasions and I think my adviser has responded to him a couple of times. I have responded on other occasions in writing. I have never met with him; he has never asked to meet with me, as far as I know. We cannot recall if he has asked to meet with me. I am happy to meet with him, if he wants to meet with me, about the matter. I can only give him those sorts of assurances. For instance, in your home you may have a downlight and it may have a little thing that goes with it that people call transformers which plugs into the mains. In those transformers there is a switch power supply that switches and so on and it produces quite a bit of interference yet there are millions of those around the State.

**Mr GUTWEIN** - You are obviously well-placed to have a discussion with Mr Todd. I would urge you to do so because he is well educated and has a wealth of knowledge in this particular area. He has concerns and feels that they have not been dealt with appropriately.

**Mr LLEWELLYN** - Can I just say one thing further, if he does read this *Hansard*, the switch power supplies which are contained in lots of things reflect back into the power supply and into the power lines the sort of level of interference that comes from the devices, which is an indication there is already interference on normal 240-volt power supplies caused by all manner of devices and the like.

**Mr BOOTH** - Mr Gutwein has the same information as I have here. If that was put to you as a question on notice outside of this committee, would you provide a comprehensive response to Mr Todd which can be sent to him and then he could organise a meeting with you?

**Mr LLEWELLYN** - We have already responded to him comprehensively, but I am happy to meet with him if he wants to meet with me.

**Mr GUTWEIN** - He will certainly read this *Hansard*, I have no doubt at all about that. The next time that I discuss the matter with him I will suggest that he makes contact with your office. Thank you for that.

**Mr BOOTH** - Minister, in regard to the pulp mill -

**CHAIR** - Order. Mrs Napier. Mr Booth, there has been a very amicable exchange for the last half to three-quarters of an hour. It has been basically one-for-one, the ratio of questioning is two Liberal, one Green. Mrs Napier.

**Mrs NAPIER** - Minister, what advice do you provide to departments particularly in relation to capital works regarding energy saving for heating, for example? The reason I raise this is that I have been approached by a representative of Quantum Commercial Heat Pump Systems and a number of times they have raised with me that they were concerned that their proposal for providing a solar hot-water system as a better way of providing hot water for the Risdon Prison they believe was not given full consideration. Apparently in order to demonstrate the recurrent cost advantages of using solar hot-water systems this representative for Quantum Commercial Heat Pump Systems arranged for the electric unit price capital cost to be at least matching the kind of cost that was incurred by the Risdon Prison in terms of the water heating system so that on this larger scale they could demonstrate that there was a significant cost saving to be had in large settings such as prisons with the use of solar hot water. He told me that the saving on running costs for figures supplied by the department over ten years was well over \$250 000 for heating bills which seemed to be quite significant to me. He raised this with me a couple of times and I have not known the place to raise it. It seems there ought to be a source of advice for departments to be able to make sure that they are balancing out the initial capital costs of electrical heating systems, in this case in terms of hot water, against the recurrent costs over the time. There might be considerable savings. In your role in Energy, Minister, do you provide that kind of advice?

**Mr LLEWELLYN** - The department certainly could provide that sort of advice and indeed on the issue of global warming and the establishment of a global warming office within the Government, I think more regularly we will be trying to do the sort of things that you are talking about. Obviously we cannot revisit the jail situation now.

**Mrs NAPIER** - There is considerable roof expanse at the jail.

**Mr LLEWELLYN** - But that has been funded through a particular process -

**Mrs NAPIER** - It was raised in the context of Risdon Prison. I did not have as much information available to me at the time. I was on the public risk committee which approved it and said, 'Have all alternatives been considered other than direct electricity? Have solar systems been considered?' I was told at the time that there were no cost advantages but I think now that reference was to capital costs not recurrent costs.

**Mr LLEWELLYN** - There is now some initiatives of the Federal Government providing reimbursement for solar generation or BPPV.

**Mr BOOTH** - Photovoltaic

**Mr LLEWELLYN** - Yes.

**Mrs NAPIER** - Minister, I guess the point is do you provide advice to your department in relation to major capital projects, I am thing for example the potential to buildings, to be able not only to maximise the use of alternative energy systems such as solar energy, but also to be able to tap into some of the other commercial benefits that might flow in terms of recurrent costs?

**Mr LLEWELLYN** - It is not something that we do at the moment, but if they ask the question we can assist them with it.

**Mrs NAPIER** - You are not being proactive.

**Mr LLEWELLYN** - But on the issue of global warming and so on, it may well be something that we might take on for the future because I think everyone needs to be energy conscious and energy conservation will be an issue for the future which we will need to tackle.

**Mr GUTWEIN** - But if you charge people then they will use less. That seems to be your current -

**Mr LLEWELLYN** - That is in fact what the emissions trading system is all about.

**Mr BOOTH** - Minister, how many employees do DIER currently have involved in writing pulp mill permits or being part of the -

**Mr LLEWELLYN** - Lawyers?

**Mr BOOTH** - I said how many employees. Do you have a hearing problem now as well?

**CHAIR** - Order.

**Mr LLEWELLYN** - No.

**Mr BOOTH** - I did not say lawyers. What I said was how many employees has DIER got working on the pulp mill assessment process, working on permits and so forth.

**Mr LLEWELLYN** - I answered that question a bit earlier.

**Mr BOOTH** - That was in regard to another agency. It was to do with DPIW.

**Mr LLEWELLYN** - The answer is none.

**Mr BOOTH** - DIER has no -

**Mr LLEWELLYN** - Well, not from the Energy area. So that is all you are allowed to ask questions about.

**Mr BOOTH** - Okay, there is nobody involved from the particular portfolio area in the pulp mill approval writing permits in any way?

**Mr VAN DE VUSSE** - There will come a time, because the pulp mill is expected to be a net energy producer, when it will have to apply for a licence as a generator but that is a regular procedural matter.

**Mr BOOTH** - In the current range it would be listed as a permit in the assessment process.

**Mr VAN DE VUSSE** - It has also been asked a minor matter about its gas supply and the way that would be treated from a regulatory standpoint. Again a minor matter.

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

Minister, in regard to another matter that I want to ask about in regard the use of credit cards by DIER personnel, do I ask the representatives who are here today representing Energy or do you do it across agency in regard to that?

**Mr LLEWELLYN** - I think to ask issues that involve corporate services and those sorts of areas of DIER you will need to ask Minister Cox those sort of questions.

**Mr ADDIS** - We can provide energy-specific answers on a number of those corporate issues.

**Mr LLEWELLYN** - The secretary to the department will provide that answer.

**Mr ADDIS** - As at June 2007, the department had 99 cardholders with one card issued in the Office of Eenergy, Planning and Conservation.

**Mr BOOTH** - Only one?

**Mr GUTWEIN** - Sure?

*Laughter.*

**Mr BOOTH** - When you are saying the department, that is the whole of DIER?

**Mr ADDIS** - Yes.

**Mr BOOTH** - Do you have a process of auditing and verifying expenditure on those cards specifically to DIER or do you use the same approach across other agencies? What I am looking at is justification for expenses on the credit cards. They are issued to employees of the Government, the Crown, who use them for legitimate purposes and obviously that is why they are provided. I am interested in who assesses the expenditure on those cards. Are they independently assessed? Do you have to provide a report as a credit cardholder, particularly the big one?

**Mr ADDIS** - We get regular reports from the credit card provider and those are used as a basis for claiming, along with receipts. The actual expenditure is approved by people in the agency senior to those incurring the expense. It is the normal checks and balances that you would expect and all of that is subject to audit.

**Mr BOOTH** - At the senior level then who ticks off on it? You say it is assessed by people senior to the person with the card so what happens at the top of the pile?

**Mr ADDIS** - In the case of energy policy, the deputy secretary of the agency responsible for energy would tick that off. It would then go through finance, and would go through the normal processes there.

**Mr GUTWEIN** - Talking about the office, how many people are employed in this particular output group in the office?

**Mr VAN DE VUSSE** - Ten and a half; the half is paid for by the Federal Government.

**Mr GUTWEIN** - Then in regards to the significant increase provided to this output area this year, 58.7 per cent would be close to a record, I would think.

**Mr LLEWELLYN** - That is mostly associated with the -

**Mr GUTWEIN** - That was what the question was. The small print says it is to do with the entry into the NEM.

**Mr LLEWELLYN** - No, the AEMC levy, the legislation we passed just recently in the Parliament. We had to have that passed by the end of the financial year because we had it in the Budget and we were going to collect it next year.

**Mr BOOTH** - Do you have any forward contracts that lock the transmitting across Basslink into the NEM as part of an obligation of being in the NEM?

**Mr LLEWELLYN** - Hydro does have arrangements with people, of taking the Hydro across Basslink as part of their normal processes.

**Mr BOOTH** - But they are opportunistic commercial contracts so that Hydro negotiates to sell contracted amounts over a period of time to users on the mainland then. Is that how that works?

**Mr LLEWELLYN** - Yes.

**Mr GUTWEIN** - A couple of months ago when you first started flashing up the prospect that you might sell Aurora or Transend, did you have any interested parties knocking on the Government's door? Are you currently in discussions with any party as a result of flashing up that you might one day sell?

**Mr BOOTH** - I reckon they are going to use the One Collins Street model.

**Mr LLEWELLYN** - I have not and in answer to the second part of the question, no.

**Mr GUTWEIN** - So you are not currently in discussions with anyone?

**Mr LLEWELLYN** - No.

**Mr GUTWEIN** - Do you know if anyone else in government is?

**Mr LLEWELLYN** - No.

**Mr GUTWEIN** - You do not know?

**Mr LLEWELLYN** - I do not know.

**Mr GUTWEIN** - Would you rule out that anyone else in government is currently -

**Mr LLEWELLYN** - I do not believe there is. Unless I ran around and talked to everyone right at the moment I could not but I do not believe there is any discussion on that basis. The Treasurer has said, and he is the other shareholder and the Premier, that these sort of issues will not be decided for at least another couple of years.

**Mr GUTWEIN** - On another matter that I am asking all of the agencies when looking at their outputs, the superannuation contribution that is shown in the budget papers here is 11.6 per cent of salaries. What level of superannuation is paid to the employees in this particular output group, bearing in mind that there is a statutory requirement for 9 per cent for those that came on from around 1998 to 2000? The 11.6 per cent figure, what does that represent?

**Mr ADDIS** - The advice I am getting, Minister, is that it depends very much on the composition of the employees and of course when they started.

**Mr GUTWEIN** - So the defined benefits contributions that the agency makes are included in that superannuation figure in here? Obviously you would have some employees in the defined benefit scheme and some that are in the accumulation scheme. For those in the accumulation scheme there is a statutory requirement for the 9 per cent. Justice are currently paying 11 per cent instead of the 9 per cent, they told us the other day. I am just wondering where there is a statutory responsibility for 9 per cent whether they are receiving 9 per cent or do you pay them a higher amount and whether or not in that figure of 11.6 per cent some employees that are on defined benefits, whether or not the agencies' or the output groups' contribution for them is included in that. Does that make sense?

**Mr ADDIS** - Not to me but our General Manager, Corporate Affairs, Mandy Russell, might be able to help you a little more than I can.

**Ms RUSSELL** - In answer to your question, the current superannuation provision for the 2007-08 year is included in that line item, so the employee is 11 per cent or thereabouts. There is a separate provision included as that line item.

**Mr GUTWEIN** - Are some of those employees on defined benefits schemes and some on accumulation schemes?

**Ms RUSSELL** - They could be. I do not have that detail at the moment but there would be a mix in the output group.

**Mr GUTWEIN** - Does the output group pay higher than the 9 per cent statutory requirement for some employees? As I say, I was surprised Justice informed us that they pay 11 per cent rather than paying 9 per cent.

**Ms RUSSELL** - I am not aware that any agency actually pays higher than the specific contribution.

**Mr GUTWEIN** - Justice said they were paying 11 per cent but they were only showing up a 6 per cent contribution in the budget papers which they went away to have a look at.

**Mr LLEWELLYN** - I would have thought there would be some uniform policy across the Government.

**Mr GUTWEIN** - I would have thought so, too, but Mr Kons and his people did not.

**Mr BOOTH** - What are your line losses across Basslink?

**Mr LLEWELLYN** - It is 0.5 per cent or something. There is no line loss; it is a DC circuit.

**Mr BOOTH** - Well, you no doubt will have a look on the NEM watch then because it is actually showing significant line loss in there, so that is not correct, Minister, that there is no line loss. Of course there is a line loss.

**Mr LLEWELLYN** - There would be a small line loss but it is a direct current.

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

**Mr LLEWELLYN** - And the converter stations would be a loss, each of the converter stations, and so on. You cannot have something for nothing so there has to be a bit of a loss but it is minimal.

**Mr VAN DE VUSSE** - It's on the current.

[8.00 p.m.]

**Mr BOOTH** - Yes, that is why I am asking basically. What is the range then?

**Mr VAN DE VUSSE** - It is proportionate to the current. The higher the current, the higher the losses.

**Mr BOOTH** - So what is the figure -

**Mr LLEWELLYN** - I do not know what the resistance of the cable is. If I knew that I could work it out for you.

**Mr BOOTH** - when Basslink is running full noise, like maximum capacity across the strait, what would you be expecting to lose?

**Mr VAN DE VUSSE** - It is not insubstantial when it is running full tilt, but I do not have the figure off the top of my head.

**Mr LLEWELLYN** - Just off the top of my head and I might be completely wrong on this but I think that I have read somewhere that when they are exporting at 600 megawatts the loss is in the order of about 20 megawatts or something like that.

**Mr BOOTH** - Okay.

**Mr GUTWEIN** - Looking at the budget papers and a couple of -

**Mr BOOTH** - Is that agreed? Is that correct? About 20 in 600.

**Mr BEAUMONT** - Yes. It varies obviously depending on the total load.

**Mr BOOTH** - Is that only across the interconnector itself or does that include -

**CHAIR** - Order. If we have someone making a contribution could the adviser come to the table, please, and give his name for the benefit of Hansard.

**Mr LLEWELLYN** - Tony Beaumont.

**Mr BEAUMONT** - Regarding losses over Basslink?

**Mr BOOTH** - Yes, a further question. I think we recorded the rest of the conversation. But a further question was are those line losses that are attributed as line losses over the interconnector, do they include the line loss only from the transmission to receiving point of the Basslink cable or are they factored in from the generation point of the dam through the Transend network?

**Mr BEAUMONT** - That would include just the equipment at either end and the cable itself.

**Mr BOOTH** - So can you give us then a net position, Minister - I am not sure that this is a question that you will be able to answer but thank you for that answer in regard to the net value in terms of dollars that Basslink has yielded since it started operation.

**Mr LLEWELLYN** - I do not have that figure and I am not sure if that is a confidential figure or not. If I am able to get you that then I will, if I am not able to get it then I will be sorry.

**Mr BOOTH** - Do you want me to put that in to the committee as a written request and I was wondering what the net electrons were that you had shifted across the thing in a net sense as well.

**Mr VAN DE VUSSE** - The value comes from many sources. One is the trading profits and the other is the more efficient use of water resources and another is the energy security and insurance value and so on. I doubt that the Hydro will divulge its net trading profit to the world at large.

**Mr BOOTH** - Okay. Just the electrons I would be interested in, not the other or the intangibles.

**Mr GUTWEIN** - A couple of new retailers have applied for licences in Tasmania. Is that correct?

**Mr LLEWELLYN** - Yes, we have a couple of retailers that have applied for licences here. Three, I think . One is actually already -

**Mr VAN DE VUSSE** - They have them now. There are five.

**Mr LLEWELLYN** - Five now.

**Mr GUTWEIN** - What are their names?

**Mr VAN DE VUSSE** - Apart from Aurora there is Integral, Country Energy, True Energy and I have the fifth one which I will tell you in a second.

**Mr GUTWEIN** - And they can compete for what customers?

**Mr VAN DE VUSSE** - Contestable.

**Mr GUTWEIN** - So the main industrials have been taken care of but now we have moved into the next tranche of customers. What would be a reasonable explanation as to the type of customer that would use the load that fits that contestable -

**Mr LLEWELLYN** - I have a briefing on the contestability things. From 1 July 2006 the greater or equal to 20 gigawatt hours per year. There are about 19 of those.

**Mr GUTWEIN** - That is the big industrials?

**Mr LLEWELLYN** - Yes, including some fairly large ones - the larger end.

**Mr GUTWEIN** - The larger ones.

**Mr LLEWELLYN** - Yes. From 1 July 2007 which is shortly, equal to or greater than 4 gigawatt hours per year.

**Mr GUTWEIN** - What sort of a business would that be? I do not want you to name the business, but is it a -

**Mr LLEWELLYN** - It would be a fairly large factory, shopping centre, office blocks or whatever. In 2008, 0.75 gigawatts.

**Mr GUTWEIN** - So that is fully contestable now?

**Mr LLEWELLYN** - Yes. Smaller shops and the like. In 2009, 0.15 gigawatts. There are 1 233 of those, so there are a fair few of those around. Then from 1 July 2010 -

**Mr GUTWEIN** - So you obviously have different numbers -

**Mr LLEWELLYN** - No. In 2010 it is under 0.15 gigawatts which is residential customers and there are 244 000.

**Mr GUTWEIN** - He counted 230 000.

**Mr LLEWELLYN** - I do not know whether he is better informed or we are in this regard, but it is in that order.

**Mr GUTWEIN** - Or you are inflating the number of customers.

*Laughter.*

**Mr LLEWELLYN** - The last one is subject to public benefits tests, obviously.

**Mr GUTWEIN** - Okay, so when that process take place?

**Mr LLEWELLYN** - Before 2010.

**Mr GUTWEIN** - Okay, when do you think it might start?

**Mr LLEWELLYN** - In the next year or so. It is a matter for the Treasurer.

**Mr GUTWEIN** - What process will that take? Will there be, as part of the public benefits test, a public consultation or submissions called for?

**Mr LEWELLYN** - You will have to wait for an announcement from the Treasurer; he will outline the processes to be undertaken in order to assess the public benefit. We have done this a number of times on a number of other -

**CHAIR** - Order. I am terribly sorry to advise that time has expired. I would like to thank the minister for his enduring performance today at the table. I thank all the advisers here today, and I thank members for the spirit in which they have participated. We will adjourn until 9 a.m. tomorrow morning.

**The committee adjourned at 8.07 p.m.**