



The Hon. Adam Marshall MP
Minister for Tourism and Major Events
Assistant Minister for Skills

Budget Estimates 2018-19 – Wednesday, 5 September 2018

Portfolio Committee No. 3 – Education

Tourism and Major Events, Assistant Minister for Skills

Questions Taken on Notice

Question 1 (pages 2-4 of transcript)

The Hon. PENNY SHARPE: How do you explain that in March this year Minister Toole announced \$371,650 for Turon Gates at Capertee to fit out six luxury glamping tents, including luxury finishes, fixed and non-fixed furniture, plumbing and electricity under the Tourism-Demand Driver Infrastructure Program?

Mr ADAM MARSHALL: I am sorry—what was the question?

The Hon. PENNY SHARPE: My question is: How do you explain Turon Gates receiving funding under this program, given that you did not sign off on it on 17 May 2017?

Mr ADAM MARSHALL: I would have to take that on notice because I am not familiar with the individual details of that application. I think from memory, as I think you stated in your opening remarks, there were in excess of 20 applications that were submitted to the Commonwealth for approval after an extensive application process.

The Hon. PENNY SHARPE: There were 24.

Mr ADAM MARSHALL: Unless the secretary can provide any information on that?

The Hon. PENNY SHARPE: Turon Gates was not on the list put forward to the Commonwealth.

Mr ADAM MARSHALL: That is right. Initially there were 24 projects—again, I will have to take the specifics on notice—but there was an underspend or money left over in the allocation that was made by the Commonwealth to New South Wales. There were two options: Do we as a State give that money back to the Commonwealth and essentially forgo potential opportunities to grow the visitor economy in New South Wales? From memory I asked the NSW Department of Industry to conduct a further application phase or to go back to those applicants that were unsuccessful in the first round to see if they wanted to resubmit, to make sure that we could spend as much of the money that was allocated to our State as possible rather than give it back to the Commonwealth. Again, I am happy to take the specifics on notice but that was the process. There was a rigorous assessment and then the department provided recommendations to me as the portfolio Minister, which then were subsequently signed off and sent to the Commonwealth for

approval, which they obviously signed off on. That was the process that would have led to that funding announcement being made.

Mr DRAPER: Can I be clear: Is the question about an approval by Minister Toole or by Minister Marshall?

The Hon. PENNY SHARPE: The announcement was made by Minister Toole but it is under Minister Marshall, which is why I am asking about it.

Mr ADAM MARSHALL: I presume he made the announcement because he would be the local member. He would have made it, I presume, in conjunction with the local Federal member because the money is actually Federal money.

The Hon. PENNY SHARPE: I do not know about the Federal member but the local member—I am not interested in that. What I am interested in is that on 17 May 2017 you signed off on 24 projects and Turon Gates was not one of them. You then went to the National Party conference from 18 to 20 May where the owner and operator of Turon Gates, and also another company called HydroSun, spent the entire weekend with the National Party, meeting with most of your ministerial colleagues and you. They subsequently provided a \$5,500 donation to the National Party. Then, lo and behold, something that is not listed comes up in March the next year where they are provided with \$371,000 to build luxury glamping tents with taxpayer's money. I am interested in the process that led to that decision-making.

Mr ADAM MARSHALL: As I have said, I am happy to take the specifics on notice but at this point in time I can advise you—as I just did—that there was a first round and those projects were submitted and approved. From memory either one or two of those projects may have fallen over and that caused us to have essentially a quantum of funds left over or unallocated that the Commonwealth had allocated to New South Wales. I was not of a mind to hand money back to the Commonwealth—

The Hon. PENNY SHARPE: That is fine. What I want to understand is, if there was a second round, how was it advertised and how was it signed off by your Federal counterpart as well, given that that does not seem to be publicly available?

Mr ADAM MARSHALL: I am happy to provide that because there was a second round or a supplementary round and it went through the same process as with the first round. In relation to the connection you are attempting to make between a meeting that took place at The Nationals conference, the meeting clearly took place because it is in the diary. I can assure you, I do not even remember the meeting or the contents of it.

The Hon. PENNY SHARPE: It is a pretty good return on investment if you can make a donation of \$5,500, then come away with a \$370,000 grant.

The Hon. NATALIE WARD: Point of order: Let the Minister answer.

Mr ADAM MARSHALL: If you are suggesting some sort of impropriety on my behalf, good luck, because it is a dry gully to be running up.

The Hon. PENNY SHARPE: I am asking the questions about how the decisions are made for this project.

The Hon. NATALIE WARD: Let the Minister answer the question.

Mr ADAM MARSHALL: That is fine but, as I said, I will take that on notice. I can assure you, there was no impropriety. Processes were followed. We will provide that answer to the Committee; not a problem.

ANSWER:

The Tourism Demand Driver Infrastructure program is a Commonwealth funded program under the National Partnerships Agreement framework. The responsible NSW and Commonwealth Ministers agree to vary the project schedule and add projects.

NSW had a total of \$9.56 million available to drive tourism outcomes and provide stimulus to the supply chain. In May 2017, 24 projects were added to the schedule following a public expression of interest process administered by the Department of Premier and Cabinet in mid-2016. Projects were selected on their ability to create and encourage visitation to a destination and assist the tourism industry in meeting the Tourism 2020 targets and NSW's Visitor Economy Industry Action Plan's targets. Eligible projects included:

- **Environmental** such as the development or enhancement of natural assets such as protected and recreational areas, public spaces such as beaches and parks and walking trails
- **Built** such as mixed-used facilities, convention facilities, cultural institutions, entertainment and sporting facilities, city/town precincts and tourist attractions;
- **Transport** such as roads, rail networks, ports and airports;
- **Enabling** such as tourism networks, plans and feasibility studies, and programs to improve industry capability and capacity (eg destination management planning, business planning, workforce development, cultural awareness, digital product development).

With 24 projects approved, a further \$3.145 million remained unallocated and available from the Commonwealth funding pool to be delivered by 30 June 2018.

On 11 July 2017 102 applicants who had previously applied in the 2016 public round were invited to apply for remaining funds. As before, a robust process was followed. Project applicants were required to match the funding offered on a 50/50 basis and meet program criteria.

After being assessed by a Departmental panel and assisted by a probity officer, a further 19 projects that satisfied the program criteria were added to project schedule and forwarded to the Commonwealth for adoption. On 7 December 2017, the Hon Steven Ciobo MP, Commonwealth Minister for Trade, Tourism and Investment, signed the varied project schedule, followed by Minister Marshall on 14 December 2017. Turon Gates was added to the project schedule in this process.

A further project variation was added in 2018, after seeking a rapid round expression of interest over 6-9 April 2018 from Local Government to identify eligible projects to allocate the remaining funds of \$246,000. As before, the applicant was required to match the funding allocation 50/50 and program criteria. Again, the two step process was followed with the Hon Steven Ciobo MP, Commonwealth Minister for Trade, Tourism and Investment signing the project schedule on 7 May 2018 and the Hon. Adam Marshall MP, Minister for Tourism and Major Events signing the schedule on 9 May 2018.

The NSW TDDI projects met the 30 June 2018 timeframe and injected close to \$20 million investment to continue to drive demand for the NSW visitor economy.

Question 2 (pages 7-8 of transcript)

The Hon. PENNY SHARPE: Minister, I want to come to a crossover between your two portfolios which is between TAFE and Skills and the review of the visitor plan and if you spoke to anyone around New South Wales in relation to the skill shortages in the hospitality and tourism area, which is a big concern. Minister, you may have to take this question on notice but are you able to provide a list of the hospitality and tourism courses that were previously provided in regional TAFEs that are no longer provided?

Mr ADAM MARSHALL: Unless the managing director has that information at his fingertips, I would probably have to take that on notice. That does fluctuate from year to year depending on demand. Courses may be offered for a number of years and then demand drops off so it stops and then it starts somewhere else.

The Hon. PENNY SHARPE: Minister, my understanding is that hospitality and tourism courses have been cut. I am thinking particularly of the South Coast where pretty much from Bega to Wollongong there is no longer any tourism and very few hospitality courses that are available to students. I want to understand how you can justify those cuts to those courses, given the crying need in the other part of your portfolio which is tourism and hospitality.

Mr ADAM MARSHALL: Managing Director?

Mr BLACK: Minister, through the Chair, I would have to take that question on notice as to specifics. Can I clarify, is it the type of course or the number of courses or a combination of both?

The Hon. PENNY SHARPE: I would be very happy with as much as you want to provide, Mr Black. It has been difficult to get this information but what I understand from students, parents and teachers in TAFE is that these courses have been cut all across New South Wales.

ANSWER:

From Bega to Wollongong, TAFE NSW continues to offer Tourism and Hospitality courses at various campuses, as it has for many years.

The current suite of course offerings is consistent with those of previous years.

Certificate Courses offered:

- Certificate II in Kitchen Operations: Bega, Cooma, Moruya, Goulburn, Nowra, Wollongong
- Certificate II Hospitality: Wollongong, Goulburn
- Certificate III in Hospitality: Bega, Cooma, Moruya, Nowra, Wollongong
- Certificate III in Travel: Wollongong, Nowra, Moruya,
- Certificate III in Events: Bega, Cooma, Moruya, Nowra, Wollongong
- Certificate III in Tourism: Bega, Cooma, Moss Vale
- Diploma of Hospitality Management: Bega, Wollongong
- Diploma of Event Management: Bega, Nowra, Wollongong
- Advanced Diploma of Event Management: Wollongong
- Advanced Diploma of Travel and Tourism Management: Wollongong

Additionally a large number of short courses and statement of attainment courses are offered at the above locations, including Responsible Service of Alcohol, and Responsible Conduct of Gambling.

Question 3 (page 10 of transcript)

Ms DAWN WALKER: Can we just go back to demand and take a specific example at Nowra TAFE? My understanding is that in Nowra they had enrolments for two pre-apprenticeship courses, one in construction, one in automotive, and those students were told even after they had enrolled that that course was no longer going to be done in Nowra and that they would have to go to Wollongong to do that pre-apprenticeship course. Is that correct? Are you aware of that?

Mr ADAM MARSHALL: Which course was that, sorry?

Ms DAWN WALKER: It is a pre-apprenticeship course in construction and a pre-apprenticeship course in automotive at Nowra TAFE, where the numbers were there, the demand was there in Nowra and yet those students were then expected to travel to Wollongong. Consequently, many of them dropped out and many of them were then having to travel 80 kilometres, which is 2½ hours on public transport, to get to the pre-apprenticeship course. Are you aware of this situation?

Mr ADAM MARSHALL: What was the question?

Ms DAWN WALKER: Are you aware of whether that has occurred?

Mr ADAM MARSHALL: I would have to take that on notice, unless the managing director has got any specifics about that.

Mr BLACK: The information I have, particularly around Nowra, is we have three pre-apprenticeship activities: Outdoor Power Equipment Technology, Automotive and Certificate II in Resources and Infrastructure Work Preparation. It says here—this is signed off by the head of skills team responsible for that area—that subsequently these programs do not run at the moment because of lack of student application and interest in them. I would need to get that checked and take it on notice if there is a

particular cohort of students you have been aware of that I have not been aware of that has not had that opportunity.

ANSWER:

Construction – The Certificate II course was conducted at Nowra in Semester 1, 2017. There was no offer of the Certificate II course at Nowra in Semester 2, 2017 and Semester 1 2018 due insufficient demand in the local area.

In 2018, students from the Nowra area applied for courses at Wollongong TAFE and two were successful.

Automotive - Certificate II courses have not run at Nowra due to insufficient demand in the local area.

Question 4 (page 10 of transcript)

Ms DAWN WALKER: The closest library is Tamworth, which is more than an hour away. Coonabarabran, does that CLC have a library?

Mr ADAM MARSHALL: I am not sure. I will have to take that on notice, or if the managing director can answer that? The CLC probably would not.

ANSWER:

TAFE NSW students in Coonabarabran can use the state of the art digital facilities of the Connected Learning Centre (CLC) to access the TAFE NSW statewide library network.

Question 5 (page 13 of transcript)

The Hon. JOHN GRAHAM: Mr Black, I want to ask about other contracts. I might skip to those as well because I think you will be able to help. It was reported that TAFE NSW contracted Deloitte Touche Tohmatsu—a \$9.14 million contract—for the provision of data centre services. Can you confirm that contract?

Mr BLACK: I would need more specifics about which contract you are referring to under the Learning Management and Business Reform [LMBR] program.

The Hon. JOHN GRAHAM: Could you take that on notice? Can you confirm the contract for \$25 million to Insight Enterprises for the provision of an ongoing Microsoft enterprise agreement?

Mr BLACK: That figure sounds correct, but if I may take it on notice to verify it—that is not related to the student management system.

ANSWER:

Contract	Supplier	Value (ex-GST)	Comments
Identity Management Solution (TAFE Hub)	Deloitte	Contract including variations: Total: \$10,484,800.00	This 3- year contract provides an enterprise identity management solution for TAFE NSW. The Identity Management Solution (TAFE Hub) is an SMS dependency and part of the target state architecture for the SMS Program.
Microsoft Enterprise Licence Agreement	Insight	Contract: Total: \$22,798,287.54	This 3-year contract is a direct replacement for licenced software used by TAFE via the Department of Education. It provides enterprise educational licencing for Microsoft online and on-premise software. Microsoft Enterprise Licence Agreement provides licenced software to infrastructure, platforms, services and end users related to SMS Program and ebs4 (Tribal).

Question 6 (pages 13-14 of transcript)

Mr BLACK: That is correct. We have established what we call the TAFE private cloud. We have insourced services for the provision. If you can imagine lifting and shifting the systems—there were over 300 systems hosted by the Department of Education. We have successfully moved all—we have one more to move this month, but we have got it separated within the operating environment of the Department of Education. All the other ones have been set up, so we have established that. The great thing about it is that we now have a sizeable sandpit for students to access and use.

The Hon. JOHN GRAHAM: You have confirmed what we need there. Thank you.

The Hon. PENNY SHARPE: Can you provide to the Committee a list of all of those projects required as a result of the separation and the cost of those?

Mr BLACK: We can do that for you.

The Hon. PENNY SHARPE: Can I confirm that the entire cost of the failed IT system was around \$531 million?

Mr BLACK: Is that question directed to me or the Minister?

The Hon. PENNY SHARPE: To you, because I think you can probably confirm it.

Mr BLACK: It is probably not appropriate for me to comment on the Department of Education's program. TAFE was only a small part of that program.

The Hon. PENNY SHARPE: Are you able to confirm that it cost around \$531 million for that failed project, Minister?

Mr ADAM MARSHALL: No, I am not in a position to confirm that. We can take it on notice.

ANSWER:

The total written down cost of the LMBR TAFE NSW asset is \$38 million. This asset has been written down over three years.

The question regarding the cost of the overall LMBR program should be referred to the Minister for Education who is responsible for the LMBR program.

Question 7 (page 14 of transcript)

The Hon. JOHN GRAHAM: This is all adding up. What do you estimate is the total cost of setting up TAFE as a standalone agency? We have run through millions of dollars. What is the estimate of how much this has cost?

Mr BLACK: I would prefer to take it on notice. I have an estimate that I work to in my own head.

The Hon. JOHN GRAHAM: What is your ballpark?

Mr BLACK: Forty million dollars.

The Hon. JOHN GRAHAM: If you could take the specifics on notice, that would be appreciated. What is the total cost of this failed system now being replaced? What is your ballpark figure for that?

Mr BLACK: If I take it on notice I can advise you of the written down value of the system through our accounts. I think it is \$35 million over the three years that we wrote it off, but I would like to take that on notice.

ANSWER:

A total of \$22 million has been invested in establishing a TAFE NSW ICT environment separate from the Department of Education. The work provides TAFE NSW with a more agile, standalone environment and will deliver savings well above the amount invested.

Question 8 (page 18 of transcript)

The Hon. PENNY SHARPE: Minister, whose idea was it to drop TAFE enrolment numbers from the budget papers? You are saying that Treasury did not ask for it for the first time ever.

Mr ADAM MARSHALL: Yes.

The Hon. PENNY SHARPE: Who made the decision not to include it in the budget papers?

Mr ADAM MARSHALL: I cannot answer that question.

The Hon. PENNY SHARPE: Will you take it on notice and find out for us?

Mr ADAM MARSHALL: Perhaps Mr Draper can, or perhaps it is a question for NSW Treasury. It is responsible for producing the budget papers.

ANSWER:

This question should be referred to the Treasurer who is responsible for NSW Budget papers.

Question 9 (page 20 of transcript)

Reverend the Hon. FRED NILE: Following up on questions about the Sydney Marine Park, have you made any investigation as to how many tourists come to Australia and in particular New South Wales to fish while they are on holidays? Would the proposed Sydney Marine Park have some impact on tourism attraction?

Mr ADAM MARSHALL: I do not have any data at my fingertips about the proportion of domestic or international tourists that come here specifically to fish. Some may well fish while they are here visiting, but I do not think we have any specific data that fishing is what brings people here versus that they might throw a line in while they are here because they came here for some other purpose.

Ms CHIPCHASE: I think it is combined with a number of other activities but we will certainly take that question on notice and come back to you on it.

Reverend the Hon. FRED NILE: Often when you go overseas they give you a card with boxes to tick as to why you are going there, which could include fishing.

Mr ADAM MARSHALL: The data is collected through the survey mechanism that all the States in the Commonwealth use. Mind you, it is pretty archaic. It is the same way they have been doing it for 20-odd years and the tourism industry has changed dramatically, but that is a conversation for another estimates hearing. We are hoping to change that in New South Wales. We will try to provide what information we can, given what is collected at the moment.

ANSWER:

NSW

In the year ended March 2018, NSW received 2.7 million international and domestic overnight and day trip visitors who went fishing during their trip, representing an increase of 12 per cent on the previous year. Of these visitors, 63 per cent were domestic overnight visitors, 32 per cent were domestic day trip visitors and 5 per cent were international visitors.

The number of international and domestic overnight and day trip visitors to NSW who went fishing during their trip accounted for 7 per cent of all NSW visitors in the year ended March 2018.

NSW received 29 per cent of international and domestic overnight and day trip visitors to Australia who went fishing during their trip.

Australia

In the year ended March 2018, Australia received 9.2 million international and domestic overnight and day trip visitors who went fishing during their trip, representing an increase of 8 per cent on the previous year. Of these visitors, 56 per cent were domestic overnight visitors, 41 per cent were domestic day trip visitors and 3 per cent were international visitors.

Question 10 (page 20 of transcript)

Reverend the Hon. FRED NILE: What information do you have about increased traffic of locals and tourists to beaches in the Shoalhaven region of New South Wales?

Mr ADAM MARSHALL: The Shoalhaven is a beautiful area. I have been there a number of times as Minister and not as Minister. The Shoalhaven is part of the South Coast region of this State. I can advise the Committee that from March 2017 to March 2018 the South Coast experienced a 14 per cent increase in international visitation and a 7.5 per cent increase in domestic or interstate visitation. What that means in terms of numbers of tourists and the spend they made while they were there I would have to take on notice.

ANSWER:

In the year ending March 2018, Shoalhaven Local Government Area received 2.9 million international and domestic overnight and day trip visitors (up 6 per cent on the previous year) who spent \$665 million in the area (up 6 per cent).

MINISTER FOR TOURISM AND MAJOR EVENTS
ASSISTANT MINISTER FOR SKILLS