



# **PARLIAMENT OF TASMANIA**

## **TRANSCRIPT**

### **LEGISLATIVE COUNCIL**

### **ESTIMATES COMMITTEE A**

Hon. Michael Ferguson MP

**Monday 6 September 2021**

### **MEMBERS**

Hon Ruth Forrest MLC (Chair)

Hon Mike Gaffney MLC

Hon Sarah Lovell MLC

Hon Dr Bastian Seidel MLC (Deputy Chair)

Hon Nick Duigan MLC

Hon Meg Webb MLC

## IN ATTENDANCE

**Hon. Michael Ferguson MP**, Leader of the House, Minister for Finance, Minister for Infrastructure and Transport, Minister for State Development, Construction and Housing, Minister for Science and Technology

### **Ministerial Office**

Daniel Gillie	Chief of Staff
Richard Wilson	Senior Adviser, Infrastructure
Jodi de Cesare	Senior Adviser, Transport
Harvey Lennon	Senior Adviser, Finance
Michael Kerschbaum	Senior Adviser, State Development and Construction
Ben Gourlay	Senior Adviser, Science and Technology
Simon Behrakis	Adviser, Housing

## **DEPARTMENT OF STATE GROWTH**

### **Administered Expenses**

Kim Evans	Secretary, Department of State Growth
Gary Swain	Deputy Secretary Transport Services
Denise McIntyre	General Manager State Roads
Martin Crane	General Manager Road User Services
Martin Blake	Chief Executive Officer, Infrastructure Tasmania
Amanda Russell	Deputy Secretary, Business Services

### **Capital Investment Program (CIP)**

Kim Evans	Secretary, Department of State Growth
Gary Swain	Deputy Secretary Transport Services
Denise McIntyre	General Manager State Roads
Amanda Russell	Deputy Secretary, Business Services
Martin Blake	Chief Executive Officer, Infrastructure Tasmania
James Verrier *	Director, Transport Systems and Planning Policy
Ilise Bourke *	Director, Infrastructure Review and Evaluation

### **Marine and Safety Tasmania (MAST)**

Lia Morris	Chief Executive Officer MAST
Kim Evans	Secretary
Amanda Russell	Deputy Secretary, Business Services

### **Output 2.1 Infrastructure Tasmania**

Kim Evans	Secretary
Gary Swain	Deputy Secretary Transport Services
Martin Blake	Chief Executive Officer, Infrastructure Tasmania
James Verrier *	Director, Transport Systems and Planning Policy
Ilise Bourke *	Director, Infrastructure Review and Evaluation
Amanda Russell	Deputy Secretary, Business Services

### **Output 2.2 Road User Services, 2.3 Passenger Transport**

Kim Evans	Secretary
Gary Swain	Deputy Secretary Transport Services
Martin Crane	General Manager Road User Services

Babette Moate *	Director, Passenger Transport
Amanda Russell	Deputy Secretary, Business Services

### **Output 6.1 Shipping and Ferry Subsidies**

Kim Evans	Secretary
Gary Swain	Deputy Secretary Transport Services
Martin Crane	General Manager Road User Services
Amanda Russell	Deputy Secretary, Business Services

### **Output 6.2 General Access Services, 6.3 School Bus Services**

Kim Evans	Secretary
Gary Swain	Deputy Secretary Transport Services
Martin Crane	General Manager Road User Services
Amanda Russell	Deputy Secretary, Business Services

### **Output 6.4 Construction of Streets in Towns**

Kim Evans	Secretary
Gary Swain	Deputy Secretary Transport Services
Denise McIntyre	General Manager State Roads
Amanda Russell	Deputy Secretary, Business Services

### **State Development and Construction (included in Output 1.2 Industry Business and Development)**

Kim Evans	Secretary
Brett Stewart	Deputy Secretary Resources, Strategy and Policy
Anne Beach	General Manager Strategy, Policy and Coordination
Amanda Russell	Deputy Secretary, Business Services
Mary Massina	Chief Executive Officer, Macquarie Point Development Corporation
Greg Cooper	Chief Operating Officer, Macquarie Point Development Corporation

### **Science and Technology (included in Output 1.2)**

Rob Williams	Deputy Secretary, Government Services
Mark Bowles	Deputy Secretary, Industry and Business Development
Andrew Smythe	Senior Director, Commercial and Agribusiness Finance
Stan Corrigan	Director, Science and Technology
Amanda Russell	Deputy Secretary, Business Services
Justin Thurley	Acting Chief Information Officer, Digital Strategy and Services (DPAC)

## **DEPARTMENT OF TREASURY AND FINANCE**

### **Outputs 1.4, 1.5, 2.2, 3.1, 3.2, 3.3, 3.4**

Tony Ferrall	Secretary
James Craigie	Deputy Secretary, Budget and Finance Division
Fiona Calvert	Deputy Secretary, Economic and Financial Policy Division
Jonathon Root	Deputy Secretary, Revenue Gaming and Licensing Division
David Bailey	Director, Budget Management Branch
Eleanor Patterson	Director, Government Finance and Accounting Branch.

## **DEPARTMENT OF COMMUNITIES**

### **Output 3.1 Housing Services**

Michael Pervan Secretary, Department of Communities

Peter White Deputy Secretary, Housing, Disability and Community Services

Richard Gilmour Director, Portfolio and Supply

Jessemy Stone Director, Hosuing Programs

# PUBLIC

**The Committee met at 9.05 a.m.**

**CHAIR** (Ms Forrest)- Welcome, Minister. I will get you to introduce your team on your side of the table in a moment. We are going to try to stick fairly closely to our time schedule which is 9 to 11 for the Minister for Finance and then a break thereabouts, until 12 with the Minister for Finance, and then go on to Infrastructure and Transport before and after lunch. At 3 o'clock, roughly, Minister for State Development, Construction and Housing and that will continue on until about 6.15 and the Minister for Science and Technology to finish the day.

There is some leeway in that. We do have an hour scheduled for lunch. If you would like to have a bit less we can negotiate about that time. We have to be flexible on this side. I invite you to introduce your members and we will make a start.

**Mr FERGUSON** - Good morning, Chair, and members of the committee. I am pleased to introduce Mr Tony Ferrall to my right, Secretary of the Department of Treasury and Finance. To my left, Mr Jonathon Root, Deputy Secretary, Revenue Gaming and Licensing Division. Also, Mrs Fiona Calvert, Deputy Secretary, Economic and Financial Policy Division here at the table.

**CHAIR** - Thank you. I invite you to make an opening statement, if you wish, about the Finance portfolio area and to cover all those areas until we get to Infrastructure and Transport.

**Mr FERGUSON** - Of course. Thank you, Chair. Again, good morning to the committee. Last year we leveraged our strong balance sheet to support our community and underpin our economy with a package of economic and social support measures in excess of \$1 billion. That was the largest support package as a proportion of the economy of any government in Australia. Confidence levels have been nation-leading and we now have more jobs than we did before the pandemic began.

Our economic recovery has been remarkable but we know there is more to do. The 2012-22 Budget is based on those strong foundations. Importantly, in this Budget the Government will deliver on all of the commitments that we made at the recent election. To secure Tasmania's future we need to have a strong economy and that is why we have introduced a number of measures to ensure that our tax system is competitive, contemporary, fair and equitable.

We have reset land tax thresholds with effect from the 2021-22 Budget meaning about 4100 additional taxpayers will no longer pay land tax and over 70 000 taxpayers will have reduced bills of up to \$613 this year. This amounts to a reprieve for property owners of nearly \$60 million over the next four years.

The Commissioner of State Revenue will also accept payments by instalment for any bills over \$500. As well, there will be a 50 per cent reduction in the premium rate of interest that is charged on unpaid tax. On top of these changes, the Government is proceeding with its election commitment to investigating options for capping land tax increases and introducing a foreign investor land tax surcharge to make home ownership more equitable for Tasmanians.

The Government is also taking steps to make it easier for homebuyers and home builders. Following the conclusion of the very successful Home Builder Grants, the Government has

increased the First Home Owner Grant from \$20 000 to \$30 000. Not only do these measures help Tasmanians to buy or build a home but they generate jobs and stimulate our economy.

The 2021-22 Budget includes funding of \$23.44 million to continue funding Tasmanian Home Builder Grants for those eligible building contracts entered into from June of last year to 31 March of this year. Those schemes are clearly working. As at 13 August 2021 I can advise the committee that 3438 Home Builder Grant applications had been conditionally approved and 1294 grants paid out.

As well as that, 2034 applications for the Tasmanian Home Builder Grant have been conditionally approved with 776 grants already paid. In addition, 891 First Home Owner Grants were paid in the 2020-21 year. The amount budgeted for the First Home Owner Grant in 2021-22 is \$26.28 million.

The Government is also supporting people who are buying their first home and pensioners who are downsizing to a smaller home and we are increasing the cap for stamp duty concessions for those people from \$400 000 to \$500 000. That has an effective date of 16 March 2021. The budget impact of those measures in 2021-22 is estimated at \$15.25 million and, as a Liberal government, we always want to be the lower taxing option ensuring that we maintain own-source revenue, that taxes are applied in a fair and equitable manner and that targeted support is delivered where it is needed most.

In conclusion, the Tasmanian Liberal Government has delivered a budget which will secure Tasmania's future, balancing the need for sound fiscal management with the need to support people in our community, as well as our business community, to stimulate our economy as we continue to face the challenges of a global pandemic.

**CHAIR** - I will open with an overarching question. You mentioned the economic recovery that Tasmania's experiencing, which is something we all appreciate as we look north and feel concerned for the welfare of all Australians. In terms of the benefit that we have been able to reap through this economic recovery, wouldn't you agree that a lot of it - or \$233 million - is a parameter change in Australian Government grants, particularly the significant uplift in the GST? That is a parameter change that has nothing to do with the action of the state as such.

**Mr FERGUSON** - We have had the most generous business support package of any state in the country. We have certainly played our role as a Government to ensure that despite those uncertainties, and the potential unemployment and the potential cost to the economy when Treasury provided advice to Government in the middle of last year about what the future could look like, we wanted to make sure our economy was as strong and as healthy as it could be, to prepare for those real risks and the potential shocks. We doubled down on our infrastructure program because we weren't sure if the private sector would retreat.

As it turned out the private sector didn't retreat, and our state public infrastructure program and the private infrastructure program have led to a situation where the economy is booming in Tasmania. In the meantime, with the national recovery you referred to, the GST payments that are forecast have lifted. I think there are still risks that Treasury themselves have acknowledged in the Budget papers, in terms of the continuing issues interstate and what affect they may have on the economy. We are going to continue to closely monitor and be sensible about our economic settings. The Treasurer has been very clear about that.

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It has been an impressive turnaround, with our own economy leading the nation with low unemployment and with a record number of people in work . They are just the kinds of settings that you would want to see.

**CHAIR** - The majority of the uplift that has been able to be invested as we need to, in areas like health, education and infrastructure - that you are responsible for - has predominantly been around a parameter shift in the GST uplift that wasn't predicted. I know you cannot predict these things. I know there is another problem coming with GST, but that is a matter for the Treasurer to address tomorrow. I am seeking your acknowledgement that there has been a bit of a windfall that has been helpful for the state, even though you have done your bit in supporting our business to keep operating which will flow through but not to that extent. The Tasmanian contribution to the GST pool is then distributed, as you know - although not all of us fully understand how it works.

**Mr FERGUSON** - We have also seen an uplift in state-sourced revenue, as a function of the growing economy and the significant property transactions that are occurring. These are signs of a healthy economy, and so I think there are two contributions.

**CHAIR** - Which, again, is a parameter change. So, no actions specifically of the Government in itself, although again acknowledging the support that was provided to businesses by the Government.

**Mr FERGUSON** - We have a strong and growing economy. We have a nation-leading economy now, which is not the Tasmania that many of us would remember. Where we were the laggard among our peers nationally, we are now seen as a leader in the nation with a strong economy. You are able to see those improved receipts coming forward. I am not sure if the secretary would like to add to that. We certainly do not put it down to luck. We are grateful for the improvement in the GST position. Federally, those receipts are stronger as a result of growing consumption across the nation. There are still risks there, and that is why our strong budget management is an important principle that we intend to stand by.

**Mr FERRALL** - I don't think I can add any more, Minister; apart from a couple of minor comments. It's quite clear the Government has taken a range of decisions that have supported the Tasmanian economy. Your argument is that GST is not strongly correlated to the Tasmanian economy. That is true. We wouldn't deny that; but the Government has taken multiple actions to support the economy.

We have had an increase in GST, particularly from the Estimates that we budgeted last year in. All jurisdictions, including Tasmania, were forecasting a fairly significant fall in GST last year, so you do see an increase in GST between last year's Budget and the current year's Budget.

**CHAIR** - I will take this issue up further with the Treasurer tomorrow because the GST is more his area, as I understand. Is that correct?

**Mr FERGUSON** - Yes.

**CHAIR** - And the cliff we were facing?

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**Mr FERGUSON** - The Premier and the Government's strong protective policies around dealing with the outbreak that occurred last year, mitigating the risk of a future outbreak; and the fact that we've gone for such a long period of time without community transmission; are all contributing to the economic position that we're in right now.

We are the envy of the New South Wales and Victoria, and we certainly aren't complacent or self-congratulatory about that.

**CHAIR** - Our work is rarely noted in the national media, don't you think?

**Mr FERGUSON** - Yes.

**CHAIR** - It's interesting.

**Mr FERGUSON** We've taken a strong position on borders and on quarantine hotels; on international arrivals and seasonal workers; and on the daily message to Tasmanians about mitigating the risk of passing on any potential viral particles. As a result, our industries are able to continue to operate and there's a strong sense of confidence in the state. They are massive inputs to the budget position that we're in right now, where we've reduced the forecast net debt by around \$1 billion in the fourth year. We're very encouraged by that, but of course we will continue to keep our eye firmly on those risks.

**CHAIR** - Meg had an overarching question.

**Ms WEBB** - Thank you. It's overarching across all the portfolio areas so I thought covering off on it now, and potentially putting it as a Question on Notice to the minister might work well, rather than having to delve into it each time.

The first question is relates to each of your portfolio output groups in this Budget and the policy-related line items that they contain.

Were any policy and/or election initiatives evaluated for potential gender impact, in terms of positive or negative or status quo impacts of the policy intent and the outcome delivery within the community when it comes to pass?

If so, can you detail the policy and election initiatives for which there was a gender impact assessment undertaken and the metrics that were used for that assessment?

Can you please detail any gender impact post implementation and delivery outcomes of evaluation metrics that you will put in place for the policy and election items that are funded in this budget under your portfolios and line items? These questions go across all the portfolio areas. I will put this question on notice....

**CHAIR** - Let's try and get an answer to it, rather than take things on notice.

**Ms WEBB** - Okay.

**CHAIR** - Minister, with regard to your finance portfolio, are you able to answer those questions in relation to the gender impact assessment?



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**Mr FERGUSON** - The answer is that there's no assessment of the nature that you've outlined, Ms Webb. However, would be wise to observe that we're a government that's focussed on the whole community, and the needs of every constituency - including women - and we've been making significant strides right across government.

The Minister for Women and the Premier have been clear on this. For example, we're very grateful that the strongest jobs growth in Tasmania has been for women. That's a demonstration that our policies are effectively working and supporting people in all circumstances - for men and women. While we don't apply the gender assessment that you've outlined in your proposal, Ms Webb, and it's not our policy to do so, it has been positive to see those outcomes. Although it may not be directly relevant to this output or this portfolio, I'd be happy to take on notice elements of the question. We have a range of initiatives right across my portfolios that relate to better support for women to enter into our traditional industries..

**Ms WEBB** - It is not about women, I am asking about gender impact which obviously, relates to all genders. It was not a specific question about women, it was about a gender impact assessment or a gender-placed evaluation with metrics that looked at gender impact.

**Mr FERGUSON** - In that case I have answered that question.

**Ms WEBB** - The second one. That is an overarching one in a similar way.

**Ms FORREST** - Can I just clarify is that the same for all output groups you're responsible for? There is no gender impact assessment.

**Ms WEBB** - This one is similar. We can see in the Budget papers the portfolio areas that you are responsible for. There are some substantial funding investments for both the policy election initiatives. Some short-term others with allocation across the forward Estimates.

Do you have a standardised metric-based mechanism by which such policy and election initiatives are evaluated on an outcomes and impact basis? Have you a mechanism by which budgetary policy outcomes are evaluated, rather than just as financial inputs and outputs or activities? How you intend to evaluate the effectiveness or otherwise of the initiatives detailed across your portfolio output groups?

**Mr FERGUSON** - I feel I have answered also in my earlier answer because we do not apply that kind of assessment that has been suggested. However, in respect of election policies they are of course a matter for the political party - in our case the Liberal Party - to determine and, of course, women make up a substantial portion of our party and make up four ninths of our cabinet. We have a strong interest and balanced approach taken by our Government. As for how they are evaluated, programs are very frequently evaluated by departments, particularly where they are on fixed term arrangements before you might decide to continue that program beyond the funded program in the Estimates.

**Ms WEBB** - To clarify, that was not a question about women either.

**Mr FERGUSON** - Yes, it was.

**Ms WEBB** - I am sorry, you pointed out the number of women in your cabinet and I am not sure why. The question was whether there is a standardised metric-based outcome impact

evaluation mechanism in place and I took it that the answer was no from what you have just said then.

**Mr FERGUSON** - That is what I am saying, yes.

**Ms WEBB** - One overarching one if that is okay that touches back into last year in a way. You recall that in last year's budget papers there was the interim PESRAC report as the final PESRAC report was not available. In last year's budget papers, the recommendations from the interim PESRAC report were laid out with portfolio allocations against them for responsibility. We discussed when we saw you last year, those PESRAC recommendations which have been allocated in the terms of lead agency to your portfolio areas. We identified then there were seven that had been allocated to the finance portfolio area which were recommendations 10, 11, 13, 18, 19, 20 and 45. It may be this is relevant as we go through, but I am interested if you please, to have an update on the progress on those seven that were the responsibility of finance. This includes whether they are completed, still in progress and if still in progress whether they relate to specific Budget line items in this Budget.

If they are going to come up in line items I am happy for you to cover them then, but if there are some that do not perhaps now.

**Mr FERGUSON** - I think we can do it now if a fairly helpful way. I will ask the Secretary to support me with this. Thank you for your question Ms Webb and the answer is yes. I am advised Treasury has completed implementation of nine of those recommendations with the remaining two currently in progress. I might ask the Secretary to outline in some reform those 11 recommendations and the current status of those.

**Ms WEBB** - There were seven that related to the finance portfolio area we identified last year. Are they the ones we are going to look at?

**Mr FERRALL** - You mentioned recommendation 10.

**Ms WEBB** - Yes.

**Mr FERRALL** - Which is Government agencies seeking major contractors to agree on 14 days terms with Tasmanian suppliers. I think all agencies are now implementing that recommendation. They are obviously implementing that with contractors as contracts get renewed or rolled over to the extent possible. You mentioned (11). That has been completed. Government agencies will soon transition to a new suite of goods and services contracting templates. Crown Law has included a number of terms of those contracts also.

**Ms WEBB** - When you say 'soon', you mean - ?

**Mr FERRALL** - We are just finalising that with Crown Law at the moment.

**Ms WEBB** - That is expected to happen in this financial year?

**Mr FERRALL** - Yes, it is. The new contract suite was to be available by late August, I don't know whether it is in there yet, but it is imminent.

**Ms WEBB** - 13?

**Mr FERRALL** - 'Contracts provide flexibility in the nature of service delivery reflecting new models developed during COVID-19'. That one did not require any work. The existing framework does already provide the flexibility contained in the recommendation.

18 - that was to require agencies to purchase from Tasmanian business on an if-not-why-not basis. That was introduced with the expansion of the Buy Local policy effective from 31 July 2020.

**Ms WEBB** - 19?

**Mr FERRALL** - That was 'State Government should include in its standard Government contract the framework or requirement that Government contractors use local suppliers'. Again on a similar if-not-why-not basis. Again, the expanded Buy Local policy allows evaluation of the social economic benefits of the contract and support to Tasmanian suppliers once it is procured.

**Ms WEBB** - It is now part of the standard Government contracting framework. 20?

**Mr FERRALL** - Government businesses should be subject to a strong Buy Local requirement as Government agencies. Government businesses are required to comply with Buy Local TIs, Treasury instruction and guidelines for Government businesses, with a key requirement being that Government businesses ensure the procurement policies seek to maximise the opportunities for local businesses when it is completed.

**Ms WEBB** - Is there a way that is monitored with Government businesses and the degree to which they are managing that?

**Mr FERRALL** - I will have to check, my understanding is they do report.

**Ms WEBB** - On their Buy Local requirement?

**Mr FERRALL** - I would need to check where they report in terms of whether there is an annual report, or whether it is a separate report.

**Ms WEBB** - Then 45?

**Mr FERRALL** - That was extending the Payroll Tax Rebate scheme for youth employees and for apprentices. The Payroll Tax Rebate scheme was extended until 30 June 2022.

**Ms WEBB** - I am going to make the point that if there was anywhere in the public domain this was being reported on and provided with updates, we would not have to waste time in this context asking these questions. If I go to the PESRAC site I cannot find it, if I go to Government -

**Ms FORREST** - It is a matter for the Premier in his report.

**Ms WEBB** - I will bring it up with the Premier tomorrow. We talked about it last year. He agreed to look at it and still not available. It would be very easy if it was.

**Mr FERGUSON** - We are prepared to take the second-last question on some kind of notice, although it would actually be a great question for the Treasurer tomorrow, as the common shareholding minister across all those GBEs. We can more than happily take that on notice. In relation to the last one, of course, that extension was taken through this House to extend the Payroll Tax Rebate scheme.

**Ms FORREST** - That is a question on notice then, what is it? Could you clarify that?

**Ms WEBB** - How the GBEs report on their meeting their Buy Local requirements.

**Ms FORREST** - Make sure that both sides of the table are clear on what the question is.

**Mr FERGUSON** - Yes, of course. It is strictly not in my portfolio, but I think we have the right people here who can take that on notice. Certainly, the Premier would be able to add to that.

**Ms WEBB** - The PESRAC recommendation was allocated to your portfolio, that is why the question was placed here.

**Ms FORREST** - This may be a question for the Premier, Minister, but if it is I will ask him tomorrow. You made mention in your comments, in a previous answer about the jobs quotas being granted for women during Tasmania's economic recovery. Do you have a breakdown of those jobs of how many are part-time, how many are full-time, what industry sectors and pay rates they are at? It is not just jobs, it is security of employment, the financial reward for their employment that is an issue here also on a gender-equality basis.

**Mr FERGUSON** - I will speak to my staff here in a moment about locating that information for you and providing you with the detail. Of course, we are referring to ABS collected data I have referred to. If we can provide you with a breakdown, we will do that.

**Ms FORREST** - Do you want to take that on notice, or do you have it here?

**Mr FERGUSON** - We may have it here.

**CHAIR** - If there is a table that could clarify this? We are happy for you to table that information.

**Mr FERGUSON** - It will not provide the level of detail that you have asked for so I think we can comfortably take it on notice and provide you with that advice later in the morning.

**CHAIR** - Right.

**Mr FERGUSON** - It will not be difficult to do that. Of course, we will be referring to ABS labour market data for July.

**Mr FERRALL** - There are some different data points so we will just have to - it won't be current right up till now because -

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**CHAIR** - That's right. A comment was made that there has been greater employment for women in this more recent period. I am interested in the breakdown of part-time, full-time, and the pay rates and levels of those positions, and industry sectors, if that is possible.

**Mr FERRALL** - Are you right saying 'levels'?

**CHAIR** - Well, industry sectors, maybe, because if they are all hospitality jobs, we know they are low pay.

**Ms WEBB** - You could have levels without pay rates.

**Mr FERGUSON** - Let us take it on notice.

**CHAIR** - And see what you can find, yes.

**Mr FERGUSON** - We will do a data dive on that ABS labour market data that comes out monthly. In terms of levels or industry segments, I am not sure if that is part of that data collection but we will certainly undertake to find out.

**CHAIR** - I am trying to understand the increase in work for women.

**Mr FERGUSON** - Yes.

**CHAIR** - But is it work that actually gives them a reasonable income.

**Mr FERGUSON** - And you asked about part-time, full-time.

**CHAIR** - Yes.

**Mr FERGUSON** - We can certainly provide that.

**CHAIR** - Has the Secretary got that? Are you up with that?

**Mr FERGUSON** - We will have that for you during the morning.

**CHAIR** - Okay. Thank you. Bastian?

**Dr SEIDEL** - I ask the same question to each minister. As you know, we have question time in the Legislative Council so we have questions without notice and often it takes quite some time before we get an answer back. For your portfolios would you be permitted to provide answers to questions without notice within 24, 48 hours? If not, would you please advise the person who is asking that question that you are unable to provide a question due to whatever circumstance in a given time frame.

**Mr FERGUSON** - That's a good question, Dr Seidel. The latter part of your question, yes, I think that's a fair undertaking to provide that if the minister is unable, for whatever reason, in my case it is to provide it within the 24-hour time frame, could I let you know, or the member asking, that it is going to take some more time. Yes, although I do pride myself on getting back to this Chamber with questions without notice quite promptly and I think my record, you will agree - and you're nodding - is that it is a pretty solid return rate.

But in circumstances I know from seven years' experience that there are times when the data does take some time to collect. It depends on the nature of the question and the detail it is actually asking us to provide an answer. Yes, I am comfortable to provide that latter undertaking. I won't be able to guarantee every answer within 24 hours but, in the main, I think I'm able to do that.

**Output group 2**

**Employee-related costs, superannuation and pensions**

**CHAIR** - Minister, this relates to the defined benefit super - employee current costs plus normal super interest, as I understand it. There is an increase in the nominal super interest in the policy and parameter stated in the budget paper 1, page 56, because of the change in discount rates used by the actuary, which is fine.

The nominal superannuation interest is relatively stable over the Budget forward Estimates so this means that the fall in the output group relates to, as I understand it, a fall in the employee cost of defined benefit members. Is that right? This is the expense summary I'm talking about.

**Mr FERGUSON** - Yes.

**Mr FERRALL** - So, you're looking at the decrease, so the movement in 20 2.1, so the decrease in 2021-22 does basically reflect that discount rate used to calculate the superannuation liability NPV which has increased to 1.5 per cent and the discount rate used in the 2020-21 Budget was 1 per cent so you are seeing that variation or change.

**CHAIR** - I wanted you to confirm that was the case. Does this decline in this expense output group actually hide the cash cost to the general government sector of the unfunded superannuation? Or potentially hide? You can't predict discount rates, I know.

**Mr FERRALL** - No it does not hide the cost. The discount rate just reflects the 10-year Government bond rate at a point in time. It certainly doesn't hide the cash cost. You can see in other tables where we show the cash cost of the defined benefits superannuation in the chapter on the liabilities we show the estimated cash going out over the full period.

**CHAIR** - Following on from that, if I might, the output of expense falls, as the secretary said, from \$258 million to \$225 million over the four years and the cash cost of declined benefits superannuation rises from \$296 million to \$321 million over the same period but that is on page 37 of Budget Paper No.1. Minister, aren't cash costs to the general government far greater than the costs as per your net operating balance statement? Won't the gap actually get wider over time?

**Mr FERGUSON** - I will ask the secretary to go to the detail but the cash cost is the actual cost that is forecast each year. On an emerging cost basis, they are represented in the budget year and the three forward Estimate's years and that is as per the secretary's previous answer. It is an actual cost rather than the net present value of the unfunded superannuation liability that is represented based on the discount rate and that does fluctuate based on those 10-year bond rates. What doesn't see much fluctuation is the actual cost that you are referring to, secretary.

**Mr FERRALL** - There are four components in that superannuation and pension output group. One is the service cost as you have indicated, one is the nominal interest on super and there are two smaller components which relate to the higher education superannuation which is those university employees who were previously employed by the state government. It is a very small component. The two main drivers are the service cost and nominal interest on super which are driven by the discount rate. Both of those are impacted by the discount rate going forward which is why you see that profile dropping down. If you saw a change in that discount rate which we see every year then you will see those movements going in different ways.

**CHAIR** - I will take it a bit further then, Budget Paper No. 1, page 128, chart 7.3 shows the defined benefits costs peaking at about \$450 million in 2033. The table on page 129 implies the figure will be much higher. In the five years from year 10 to 15, the total is \$2.685 million which is an average of \$537 million per annum so the peak must actually be higher than \$537 million. Isn't it?

**Mr FERRALL** - No, on that table 7.7 these are blocks of periods of time that you are looking at, not individual years.

**CHAIR** - You are confident the chart accurately reflects the likely scenario? I know you cannot guarantee it into the future, it changes every year.

**Mr FERRALL** - If you look over time the defined benefits superannuation cost chart has not varied significantly over time, looking at chart 7.3. You do see changes, though, over time because of, again, differing actuarial assumptions. If you get the disposition of people to take lump sums as opposed to pensions, that would change that profile. The defined benefit cost is also impacted by the earnings on the cash that we hold. There's a range of other factors that impact; but over a long period of time that chart would show a very similar profile. We have probably seen that peak going up a little bit in recent years, and we've had discussions on that. However, I'm very confident that chart 7.3 and table 7.7 are both accurate and there's no problem with them, if that's what you're implying?

**CHAIR** - My question was if that's not up to date - but you're confident it is.

**Mr FERRALL** - Yes.

**CHAIR** - I note the new chart 7.5 too, General Government Superannuation Plan: assets based on different asset earning rates. I notice these things when you pop them in there.

I am interested in your thoughts, although this may be a question for the Treasurer too, Minister. There are comments throughout the budget papers, particularly Budget Paper No.1, with regard to the forecast interest rates. They are historically low at the moment.

Was that the driver behind this, to have a look at the impact of different interest rates on the plan assets over that period?

**Mr FERRALL** - The driver for putting this chart in is that there are plan assets which earn returns which will mitigate the cash outlays going forward. If you get a higher return the cash outlays from the general government will be less and if you get a lower return, they will

be higher. The chart shows there are other factors that cause variability in the outcome or the payments made for General Government Superannuation.

**CHAIR** - Is there any rationale between the varying interest levels that you have modelled? We don't often see you modelling. I commend you for putting it in; but isn't it a model of what it would look like under various interest rates?

**Mr FERRALL** - Yes, and we just modelled different scenarios.

**CHAIR** - It stays where it is; but who knows what the future holds.

**Mr FERGUSON** - It gives parliamentarians an understanding of the potential range of outcomes. It then has a bearing on the emerging cost per year of the actual liability.

**CHAIR** - With the money that the Government would have to pay?

**Mr FERGUSON** - Yes, the outgoings.

#### **Output Group 4 (b) Miscellaneous**

#### **4.1 Information and communication technology**

**Mr DUIGAN** - Minister, would you enlighten the committee about what the Government is doing to ensure its information and communication technology investment represents value for money?

**Mr FERGUSON** - Thank you, Mr Duigan. Is that your first question at Budget Estimates?

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

**Mr FERGUSON** - We have made changes recently as a government to the way that we buy ICT products and services. We've been working very closely on this with TasICT, and it's been an area that has exercised a lot of its members; some more than others, but it's been a great engagement.

The budget in front of us includes \$155.4 million across the budget and forward Estimates for investment in information and communication technology infrastructure. That includes \$145 million through the Infrastructure Investment Program, and \$10 million directly to Health for the initial phase of digital transformation. A significant part of this is \$84 million over four years for the Digital Transformation Priority Expenditure Program. Those funds are held within Finance General. They are, of course, for whole-of-government initiatives and agencies have to prove up the credentials of their proposals in order to get the support of the gentleman to my right and then, obviously, to the Treasurer.

The Digital Transformation Priority Expenditure Program includes Justice Connect, Digital Health Transformation, a whole-of-government online portal and a new website for Parliament, which I'm sure members here will agree is a worthy investment.



In 2021 an amount of \$12.703 million is shown against Treasury Output group 4 - Miscellaneous, which is primarily for the Tasmanian Government Radio Network. Funding for this has now been transferred to DPFEM from the 2021-22 year. In response to your question Mr Duigan, we are concerned that our significant investment in ICT, paid for by tax payers, must represent value for money and be effective for industry and agencies. That is why we have recently implemented the Tasmanian Technology Contract Conditions Framework, as well as the Technology Service Multi-use List, and a new approach to assessing risk and liability. The latter point has been one that has been a particular work of effort between the people at this table and Department staff, together with Tas ICT. In particular, the conditions now provide for a more balanced approach to risk sharing between the Crown and suppliers - noting, Mr Duigan, that many suppliers felt that there was an unfair or at least an unreasonable allocation of risk on them; in many cases, an unlimited liability. As a result of these changes agencies are now required to take a more active role in assessing risk for larger and more complex ICT procurements and then, having assessed that risk, to document it and then go to market - rather than the more traditional experience, which is unlimited liability.

A new C150 ICT hardware panel has recently been advertised and this will be finalised during the second half of this year. Treasury reviewed ICT procurement models in other jurisdictions and has undertaken significant stakeholder consultation during the development of the framework. These measures are absolutely geared at ensuring that the state purchases ICT products and services that are contemporary, and that we act in the best interests of the Crown on behalf of tax payers. The measures also support industry here, Tasmanian jobs and our economy. Thank you for your question.

**Mr DUIGAN** - I have a follow up question, if I may. How does the 2021-22 State Budget support Tasmania's ICT sector and how does it better connect Tasmanians to those Government services in this digital age?

**Mr FERGUSON** - I will just correctly identify the brief on that.

**Ms FORREST** - While your team is looking for that I will jump in with a question and we can come back to Mr Duigan. In that previous answer to Mr Duigan, you talked about supporting industry with ICT and employment. Last year there was discussion about digital health transformation. I am interested in where that is at, because it is obviously a really important body of work. Also, what work is the government doing to improve digital literacy, particularly in our regions where health digital literacy, and digital literacy generally, become even more important in dealing with prevention of COVID-19 and getting accurate information about vaccination etcetera.

**Mr FERGUSON** - We can make some comment here. Mr Duigan's question relates more to my science and technology portfolio that is why I wish to provide a context for that.

**CHAIR** - Do you want to hold that off until we get to that?

**Mr FERGUSON** - We are happy to jump into your answer now because the secretary can respond to that.

**Mr FERRALL** - There is \$15 million in the Budget for the Health Visual Transformation. There was \$10 million allocated directly by the agency and there is \$5 million in the Digital Priority Expenditure Program. It could be a question for the department, but that

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funding is really to support digital transformation. That is the first step and there will further expenditure as this goes forward.

**Ms FORREST** - Has the total of \$15 million be paid for that yet?

**Mr FERRALL** - Yes, there is \$15 million in the 2021-22 budget year.

**Ms FORREST** - Is that the total amount being put in?

**Mr FERRALL** - No, that is in one year, to commence the program. It will be a far more significant investment over a long period of time, as you would be aware.

**CHAIR** - Yes. I will follow it up with Health.

**Mr FERGUSON** - Yes, indeed. I think it would be fair to say that the payment that has been provided for - or the funds that are provided for in the coming financial year are a recognition there is a lot of project design to still occur. The scope has to be developed and to get some business case development so that it actually can be a sustainable project that no doubt will be run over quite a number of years.

We need to identify the early wins that need to be made on top of the ones that have already occurred and to make sure that it's cohesive and part of a program rather than just picking up individual projects that sort a particular problem and get more of a unified response to ICT investment in Health.

**CHAIR** - Does that cross into your Science and Technology portfolio? Are you working with Health on that, from that department?

**Mr FERGUSON** - In a supporting role but definitely the Health minister takes the lead on that. Once the funds have been allocated out of this fund from Finance General which is considered the place where funds are reserved and then, when agencies have conducted their due diligence and provided their business case, then it can be assessed against an equivalent of the CERT process that you would be familiar with. Then the funds are released so that we get good value for money.

**CHAIR** - Let us go back to that question again. The \$15 million that has been approved for transfer because that work has been done.

**Mr FERGUSON** - Will be.

**Mr FERRALL** - Being done this year.

**CHAIR** - It's being done now. All right. So, it will still sit in Finance General until that is done?

**Mr FERRALL** - The \$5 million will but there's \$10 million which is in the department's budget.

**Dr SEIDEL** - According to Mr Rockliff's statement in July, there was a \$1.5 million grant given to KPMG to develop a digital health strategy so wouldn't we be doing the strategy

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first to find out what we need to be rolling out and what funds are going to be needed in order to improve digital health services? So, how come there has been a decision made there will be \$5 million and \$10 million already allocated without having a strategy in place?

**Mr FERRALL** - Well, it is to develop a complete strategy. It's recognising that - the level of expenditure required has been identified in various forums as well into the tens, if not hundreds of millions, over a period of time.

**Dr SEIDEL** - The AMA says it's \$40 million a year over a 10-year period, right, because that would be -

**Mr FERRALL** - So there's a significant investment that will be required. This is really only the first step in a multi-year investment. I'm not aware of the KPMG initial work that has been done but this is going to support the program over a number of years and we have got to do the work which is going to cost more than the \$1.5 million that KPMG has been funded for that initial study.

**Dr SEIDEL** - I'm asking specifically because there seems to be money allocated already before a strategy has been proposed - implemented even. Again, there is a serious question about fragmentation, inefficiencies of rolling out, you know, any form of strategy. I think we have talked about IT health forever and, as you know, we are still receiving letters via snail mail which is a huge issue for clinicians who are on the ground, in particular, in regional areas.

**Mr FERRALL** - I don't think having the funding is in any way limiting or pre-empting the strategy. All it really is recognising is that there will be a significant expenditure regardless of what comes out of that initial KPMG study and the budget recognises in the first step it's \$15 million in the 2021-22 year. I don't see them as being incongruent to have the funding in the budget at the same time as an initial strategy document is being prepared.

**Ms WEBB** - The \$1.5 million that Bastian is referring to for the KPMG project, is that included in the \$5 million or the \$15 million?

**Mr FERRALL** - Look, I don't know because I don't -

**Ms WEBB** - That's a question for Health?

**Mr FERRALL** - Yes. I don't have that level of detail.

**CHAIR** - You don't, Minister. I assume it's Health I will have to ask.

**Mr FERGUSON** - That would definitely be a question to take to the agency and the portfolio minister. I can come back to Mr Duigan's -

**CHAIR** - You have an answer? Yes.

**Mr FERGUSON** - I do have that advice. As I mentioned in the earlier part of the discussion, the 2021-22 Budget includes - well, the budget in forward Estimates provides \$155.4 million for investment in ICT infrastructure. A significant part of this is the \$84.4 million over four years for the digital transformation priority expenditure program which is held within Finance General and will fund multiple ICT infrastructure projects.

You asked about some of those key services. The key projects in that program include Justice Connect. That has a budget allocation of \$10 million in 2021-22 and a further \$13.3 million across the forward Estimates. Child and Youth Services system with a 2021-22 budget of \$4.5 million. A new project, health digital transformation, which we have discussed, with a budget of \$5 million. Budget information system and public accounts management system integration, which our Treasury staff are keen to implement, with a 2021-22 budget of \$1.166 million.

**CHAIR** - It must be nearly done by now.

**Mr FERGUSON** - This is stage 2 actually of the earlier part of the total new budget system.

**CHAIR** - It has a new acronym, this one, hasn't it?

**Mr FERGUSON** - It actually does, but it is further transformation. That actually has the same amount again, a further \$1.165 million in the forward Estimates. I would invite your questions of the secretary in relation to the detail. Whole-of-government online portal, this one is of particular interest to me, and I think, members of the committee, with a 2021-22 budget of \$1.275 million. This means that we can actually start to deal with some transformation of traditional business services that are conducted across the counter, for example at Service Tasmania, and putting more services online. But to do that, we need to first build the online portal. That is what that project is about.

It is a detail on individual projects, Mr Duigan, they would be best sought from the responsible agencies. There is some further capacity within the fund, with funding \$283 046 million across the forward Estimates for projects as they mature and can be considered on a competitive basis through that process. They have been warmly received by the industry, of course. But, from a Government point of view, we have spent the last seven years dealing with some very significant legacy issues involving physical and cybersecurity risk. I have said very little about them in my time as minister, but we have been dealing with those as our first priority. Now, it is time to give Tasmanians better services online.

**CHAIR** - Before we move off this one, the whole-of-government radio network, the entire funding of that is now with DPFEM. Does that mean that it is actually finished in terms of its setup?

**Mr FERGUSON** - Yes, it is finished in terms of the business case has been done. The funding, and not just central government, but a range of GBEs and agencies have contributed. That has been resolved. The tender has been run by DPFEM. I would invite your questions to the minister, Mrs Petrusma and the commissioner.

**CHAIR** - We do not have her across the table.

**Mr FERGUSON** - When they come. The project has been awarded to Telstra to deliver over - is it 12 years? Yes, I believe it is 12 years to deliver the service. It has now fully transferred as an item to DPFEM and is funded in that way.

**CHAIR** - It is very long, longer than an elephant's gestation by a country mile.

**Mr FERGUSON** - It is also the largest IT contract that we have awarded. It needed a lot of due diligence and prudence.

**CHAIR** - And cooperation from a number of GBEs as well.

**Mr FERGUSON** - It has been a real puzzle to solve. It has a lot of people very excited about better services to keep the state safe.

#### **4.7 Property Management Services**

**Mr GAFFNEY** - Minister, last year there were three, maybe four, properties up for sale. There was Grubb Street, Amy Road, Harvey Street, and potentially lot 1 of Scotts Road in Mole Creek. I was wondering were there any delays in those settlements, or did that all go as planned?

**Mr FERGUSON** - Thanks, Mr Gaffney. We will come right back to you.

**Mr FERRALL** - The property sold in 2021, the year after. Lot 1, Scott's Road at Mole Creek settled on the 4 December; 65A Amy Road, Newstead which was a small easement settled 5 May 2021; 35 Grubb Street, Beaconsfield a former DPFEM residence settles on the 17 May 2021. A property at 3 William Street, Roseberry which was a former DOH Childcare Centre was settled on the 28 October 2020. The total sale value was \$393 000.

**Mr GAFFNEY** - Did you say there was a Harvey Street in Strahan?

**Mr FERRALL** - No.

**Mr GAFFNEY** - That was mentioned in last year's.

**Mr FERRALL** - That is still being assembled and investigated for sale in 2021-22 and is a former DPFM residence.

**Mr GAFFNEY** - Can you mention the sales predicted for 2021-22 or you might like to table if there are numerous of them?

**Mr FERRALL** - For sales?

**Mr GAFFNEY** - The predicted sales for 2021-22.

**Mr FERRALL** - I can go through the properties that are being assembled or investigated if that is okay?

**Mr GAFFNEY** - Yes.

**Mr FERRALL** - There is a 53 Chapel Street, Gladstone; 1 Harvey Street, Strahan; lots 1 and 2, 20 West Mooreville Road, that is vacant land; 136 Penna Road, Midway Point; and Illawarra Road, Carrick are the properties we are currently investigating or assembling for sale. These can change through the year as agencies declare property surplus.

**Mr GAFFNEY** - Could you please give us an update on the sale or lack thereof for the sale of the Treasury building for us?

**Ms FORREST** - Last year your office was quite safe. We are not sure about this year, are we?

**Mr FERRALL** - It is not for sale. It has been withdrawn.

**Mr GAFFNEY** - It is totally off the table then?

**Mr FERRALL** - It has been withdrawn from the sale process.

**Mr GAFFNEY** - There is a footnote regarding property management service to decrease in PMS for 2022-23 primarily reflects finalisation of costs that are associated with the Parliament Square fit and revised cashflow associated with it. Would you like to explain that or elaborate on that a bit more? There is no allocation of funding from the forward Estimates for 2022-23 or beyond.

**Mr FERRALL** - With Parliament Square, we still have some expenditure in relation to the final fit out and that relates to the podium. Beyond that there would not be any further expenditure.

**Mr GAFFNEY** - There is none expected so it should be finished in this financial year?

**Mr FERRALL** - Yes.

#### **4.8 Infrastructure Investment Project Planning (b)**

**Ms LOVELL** - Minister, I am aware this \$2 million allocation has been in the budget for some time, but the Treasury annual report shows that in 2019-20 only \$317 000 of the allocated funding was spent. In the year prior to that \$229 000 was spent which seems to be a significant underutilisation of this fund. Has there been any change in demand for the fund or the type of work that it is being used to fund that would explain that underutilisation?

**Mr FERRALL** - There has not been any change in the items it can be used for. It is really dependant on agencies putting in a request for funding. It is designed to enable agencies to do preliminary work prior to putting in an offer bid, effectively a business case. The reason for the low expenditure is really that agencies have not been requesting that fund.

**Ms LOVELL** - Are there circumstances where agencies might request that funding and have that rejected?

**Mr FERRALL** - There are a set of criteria requirements, so there would be some circumstances but I am not aware of any recent rejections for claiming requests.

**Ms LOVELL** - Are those criteria publicly available or would we be able to get a copy tabled or on notice?

**Mr FERGUSON** - It sounds like we can provide it

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**Mr FERRALL** - We do have a set of guidelines and can provide those.

**Ms LOVELL** - I can put that on notice, thank you. How many projects have received funding under this fund and what projects are you anticipating or expecting to be supporting over the next four years?

**Mr FERGUSON** - Thank you, Ms Lovell, for your question. The Secretary will respond again. The guidelines, if they are not already available, we are confident we can provide them to the Committee or at least some level of guidance.

In terms of the actual projects that might be being funded for their project development, I am not sure if that is publicly revealable. The Secretary can respond further and if it is not covered by the Budget process which means it's a Cabinet process, then we might be able to provide a list of proposed projects that are being considered through that CRSG process.

**Ms LOVELL** - Before the Secretary responds I have a list of projects I wanted to ask whether they had applied for, put in an application or were being supported. Could I put those in writing and you could take that on notice?

**Mr FERGUSON** - You could ask me now and I say it genuinely and respectfully, but I may decline to answer them if they are part of the way the Budget has been set which is a Cabinet-closed process. I am not able to speak about that.

To be clear, it is the case that, for example, a range of election commitments or initiatives where the agency has gone directly to the budget process and applied for funds for their project. In some circumstances, they will not have been the CRSG process. That is why it is difficult for me to be descriptive about individual projects. I am happy if you want to run some at the Committee or me and I could agree to take some on notice.

**Ms LOVELL** - I am happy to. The specific projects I want to ask about are projects that seem to have been delayed and, in some instances, quite significantly. My question is whether this fund could have or should be used to support those projects to get them through quicker. In particular, the Brighton and Sorell Schools, the Stage 2 of the Kingston Integrated Healthcare centre, the mental health beds in southern Tasmania, Burnie and Glenorchy Ambulance Stations, the Sorell Emergency Services Hub, the Cradle Mountain experience and the Greater Hobart Traffic Solutions.

**Mr FERRALL** - I do not believe any of those projects would have gone through CRSG, because they were already beyond the planning stage.

In relation to the roads program particularly, they work outside of that CRSG approach and already have quite a detailed planning approach within the department and they would not normally be subject to the CSRG bid for funding.

As the minister commented, there would be some CRSG funding that leads to a conclusion a project does not go ahead and that would have occurred. This is really what the process is in part designed to prove up programs, but also to identify where a particular project is not warranted to go ahead. The minister indicated that some of those may end up in Cabinet or other processes. I do not have details of which ones may have crossed over like that as this point. For the projects that were funded, those earlier ones that you mentioned in the last couple

of years, we can check to see if we can identify which ones they were but I do not have the information with me today. We can find that out. I just need to check whether the minister is willing to release that information.

**Ms LOVELL** - Thank you. My final question on this then is that if we have this funding that is an allocation of \$2 million each year, that seems to have been significantly under-utilised, whether you have any thoughts about why that may be. Is it that agencies are not making use of the funds and why they might not be? Is it that applications are being rejected and the criteria might need review? It just seems a lot of money to be sitting there that is not being used that perhaps could be put to good use.

**Mr FERGUSON** - I actually feel that the intent of that question has been answered but I will take some advice and see what I can come back to the committee with on the earlier question and noting the qualification I made about the Cabinet process.

In respect of the infrastructure planning funding, it is there as a reservoir of funds for agencies that might actually need it. In my own other department of State Growth, it is very rare, I cannot even think of an instance where we have not worked up our own business case and taken it through the budget process ourselves. It is an assurance that is available for agencies, for example, that are not as regular at building infrastructure that they could get that extra support. Is that a fair comment? I wonder if you can think of an example of one that did go through that process for the benefit of the committee?

**Mr FERRALL** - No.

**Mr FERGUSON** - Not now, that is unfair.

**Mr FERRALL** - Minister, it was designed particularly to support in some cases smaller agencies too that effectively did not have the same financial capacity to develop a proper business case. We identified that there were circumstances where sometimes a particular project would come forward that had not been properly developed in terms of a business case and then there were challenges in the project, challenges with delays and other things that needed to be resolved. So, the program was put in place a few years ago and it has been probably used patchily by agencies but again, there is the capacity there for agencies to utilise it.

Some of the other jurisdictions have much more substantial programs of a similar nature and some of them have different rigour surrounding their programs when they require all projects to go through a similar process. We have not gone to that step so this is really an opportunity for agencies to seek funds to develop project proposals.

**CHAIR** - I remember having discussion over many years when it was first brought in I think. Just to clarify that this money can be used to assist smaller agencies to buy-in the expertise they need to develop a business plan or something like that? You would not expect State Growth to need to do that they would have all that in there.

**Mr FERRALL** - Correct.

**Ms FORREST** - So it would be helpful to have some of the applications or proposals that have actually gone through the certification process in the last two or three years.



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**Mr FERRALL** - Okay.

**CHAIR** - To see which agencies which are utilising it, particularly if they are underfunded. I suppose all agencies did not know that it is there?

**Mr FERGUSON** - Yes, I would be happy to agree to take the question on notice and be as descriptive as I can about the range of issues that you raised in your line of questioning.

**CHAIR** - Would you like me to clarify the question that you are going to take on notice?

**Ms LOVELL** - Yes, perhaps if I put on notice the projects that have been funded over the last two years.

**Mr FERGUSON** - Yes.

**Ms LOVELL** - We spoke about the guidelines, I will include that but I understand that may be publicly available already and if I include that list of projects, if you are happy, but understanding that you may not be able to provide.

**Mr FERGUSON** - What I would favour is to take on notice in the last part all of the foregoings found in the last part, some of examples of projects that were funded under that process.

**Ms LOVELL** - Thank you.

**Mr FERGUSON** - That is very fair.

**CHAIR** - Are there any other questions on that line item? Just before we move out this output group.

**Mr FERRALL** - If we could go back one step, I can address that if -

**Mr FERGUSON** - All right. If the committee is happy.

**CHAIR** - Yes.

**Mr FERRALL** - You are after a couple of examples. In 19-20 there was \$70 000 nearly for -

**CHAIR** - 2019 perhaps.

**Mr FERRALL** - 2019-20.

**CHAIR** - Yes. Right. Okay. It's just 1920, I don't think it was around then. Carry on.

**Mr FERRALL** - There was \$67 000 for prison infrastructure and there was also \$250 000 for TMAG. TMAG is probably an example where you've got a small entity that required funding.

**CHAIR** - Good. We don't want to dig into the ancient history. Minister, I know there is no expense - appropriation, but I would like to talk about the Risk Management Fund which fits under this area, at the moment. Detail is included in Budget Paper No. 1, pages 134, 135. The contributions are made by various agencies into this account. I note that the liabilities for personal injury, particularly - and, again, based on actuarial advice - have significantly increased from last year.

If you look at the 2022 budget it was \$137 million last year; it's \$167.2 million and then for the 2023 forward Estimate \$142.4 million; in last year's budget papers \$175.9 million this year and it goes on. Can you explain why that increase is expected and what sort of personal injury cases the Actuary obviously is expecting to see? Then I would like to come to some of the number of claims in these various categories.

**Mr FERGUSON** - I will give you some high-level responses and my team can jump in with detail, as you wish. The main factor contributing to the estimated net asset position of the fund as at 30 June 2021 is increasing liabilities for workers compensation risk, as you've identified. Increasing workers compensation liabilities result from increasing claim costs and claim numbers, growth in salary budgets as well, and the impact of legislative change as well as external economic factors, such as discount and inflation rates.

The projected increase in net assets as at 30 June 2022 reflects higher contributions for personal injury risks in order to progressively fund the need for workers compensation risk. The projected increase in assets in the out years reflects the continued higher contributions for personal injury risks and a significant provision for pre-2001 medical liability claims. The medical liability claim provision is being maintained due to significant uncertainty in this risk category as claims can take many years to be reported and settled.

Participant contributions to the fund for 2021-22 total \$107.6 million compared with \$82.6 million for 2020-21. The increase from 2020 to 2021 is mainly attributable to increases in the personal injury and general property contribution pools.

**CHAIR** - Most of that is in your description here.

**Mr FERGUSON** - Yes.

**CHAIR** - As I understand what you've said, Minister, it's mainly the increase is more into the liabilities rather than the assets which -

**Mr FERGUSON** - But the assets have to keep pace with those liabilities, yes.

**CHAIR** - That's right, yes. I'm interested in looking at the liabilities and expected growth and you've referred to the workers compensation and increased risk. I would like a bit more detail about what you expect to be the main workers compensation. You did mention legislative change. Has there been legislative change that has increased that or added to the risk profile there?

**Mr FERGUSON** - There certainly has been some legislative change. I'm thinking of the mental health provisions for PTSD, the automatic presumption. Prior to our time in government, we have had legislative change around presumptive cancer for firefighters. That's a further legislative change. They would be the two main ones.

**CHAIR** - But they haven't happened - one has happened in recent times, Minister.

**Mr FERGUSON** - That's correct. Only two years ago.

**CHAIR** - The other one hasn't. The significant difference between last year's budget and this year's budget with the forward Estimates - up to \$40 million difference or more than \$40 million. That's just in the personal injury.

**Mr FERRALL** - It's driven by a number of factors. The size of the public sector is increasing, salaries are increasing, but there is a shift between what would have previously been more likely to be physical injuries to mental health. They are going up in a cost sense as well.

**CHAIR** - What was that last bit, sorry?

**Mr FERRALL** - Over time there is a shift from what you would have seen historically with the TR event was physical injuries occurring. What you see now is more mental health and other similar injuries which are more costly than some of the previous physical injuries. They are also starting to cost more over time.

**Ms FORREST** - That is on a workers compensation front. Can we have the number of claims over the last two years in that area?

**Mr FERGUSON** - We can do that during the morning.

**CHAIR** - If we could particularly have it for personal injury and the medical liability section. I note that the medical liability claim is up and down in comparison to last year's budget. I note and acknowledge the comment you made, Minister, about the long tail on some of these claims. They do take a long time. But in terms of people's expectations around access to treatment and the cost of treatment, the Fiscal Sustainability Report made no bones about those challenges. Do you believe this is an adequate representation of the likely liabilities, particularly if we have a COVID-19 outbreak and people are unable to access timely care, which is a real risk to our health system. Should that occur, do you think that is a reasonable representation of our projected risk?

**Mr FERGUSON** - I do. That has been prepared by the fund managers. It does involve the input of agencies, doesn't it also?

**Mr FERRALL** - It is an actuarial assessment, yes.

**CHAIR** - The actuary looks at it every year, or twice a year? One would assume that he would consider these matters, looking at what is happening in New South Wales, for example, where Westmead had a code yellow recently and all on bypass to other hospitals in the region.

**Mr FERGUSON** - Actuaries, as you know, are experts in risk and trying to quantify that. I can only say yes, I do have confidence in that process. But if there was a risk on the horizon, it would be factored in.

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**Mr FERRALL** - It is difficult for an actuary to look at an isolated event or isolated events like that and factor those in. You tend to require some history from an actuarial assessment to understand what the impacts were. But they would take into account, as the Minister said, any known factors. But unknowns is a bit hard to include.

**CHAIR** - We will hope we don't have to figure that one out. In terms of the question on notice, Minister, can I get the number of claims in the personal injury and medical liability categories.

**Mr FERGUSON** - We might be able to give you all of them.

**CHAIR** - You can if you are happy to provide all claims against all liability areas, and the overall cost of the claims for each year. I don't want the individual cost, just overall cost.

**Mr FERGUSON** - By category?

**CHAIR** - Yes, by the category of liability.

**Mr FERGUSON** - I think we could give you each of those six lines. I will take it on notice and provide the committee with the level of detail that I can. It sounds like it is documented, but we will give you as current information as we have.

**CHAIR** - Can I clarify that the payables, the liability there, is basically for written-off bills?

**Mr FERRALL** - Where are you looking? The Minister borrowed my budget papers.

**Mr FERGUSON** - Did I really?

**CHAIR** - On the liabilities table, sorry. Page 135, table 7.11, the liabilities, payables, are \$1.6 million. It is consistent across all the forward Estimates. I wondered what that liability is. Is it unpaid accounts, writing off debts?

**Mr FERGUSON** - We will include that in the summary that we provide.

**CHAIR** - All right, just a description of what payables relate to. I do read every page, as you know.

**Mr FERRALL** - I need to correct that. The Minister didn't take my budget papers, for the record.

**Mr FERGUSON** - We are always happy to share, that's for sure.

**Table 4.4**  
**Revenue from Appropriation by Output**

**Output Group 89**  
**Public Building Maintenance**

**Mr GAFFNEY** - I want to understand the process. An agency or a minister writes to you requesting funding for their public building maintenance program. Do you do an assessment of that request, or is it, 'yes, here's the money', because it's allocated, and then it's up to that minister or agency to put a case or in their papers. How does that work? It relates to the \$50.5 million.

**Mr FERGUSON** - I will ask the secretary and his team to fill out any answers you may require, Mr Gaffney. Thank you for the question.

It was done on the basis of some urgent advice that was sought during the pandemic.

**Mr FERRALL** - It was 17 March 2020.

**Mr FERGUSON** - It was early as 17 March. That first \$50 million was supplemented with a further \$20 million in June and, as you know because we discussed it at length last year, it goes right across a range of government agencies.

Secretary, could you jump in with how the list was devised, because urgent advice was sought from agencies about ways in which we could -

**Mr FERRALL** - We sought requests from agencies. \$50 million was announced on 17 March 2020 and a further \$20 million announced on 4 June 2020.

We sought advice from agencies what they could do quickly. Again, this was a stimulatory measure that the Government was putting in place. As at 31 July, out of the total \$70 million, there's \$51 million that was expended up to 31 July 2021. 73 per cent of it was rolled out very quickly and there's still a further component that will be finalised in the current financial year.

**Mr GAFFNEY** - Are you able to table or provide to us a list of the funds that went to each of the agencies?

**Mr FERGUSON** - I can do it now. It's not a long list but I will take you through it. So as to not take up too much of the committee's time, I will read agency and the total funding allocation related to that agency and then I'll give you the percentage delivery:

Communities Tasmania: \$12 million; 77 per cent expended

Education: 16.5 million; 69.7 per cent expended

Health: \$16 million; 68.8 per cent expended

Justice: \$6000; 100 per cent expended

Department of Police, Fire & Emergency Management (DPFEM): \$4 million; 100 per cent expended

Premier and Cabinet: \$343 000; 100 per cent expended

Primary Industry, Parks, Water & Environment: \$5 million; 57.7 per cent expended

State Growth: \$3.8 million, 33.5 per cent expended  
Treasury and Finance: \$2.1 million; 74.3 percent expended  
Legislature General: \$372 000, 58.5 per cent expended  
Office of the Governor: \$231 000; 100 per cent expended  
Office of the Ombudsman: \$100 000; 99.9 per cent expended  
Marine and Safety Tasmania: \$740 000; 43.3 per cent expended  
Royal Tasmanian Botanical Gardens: \$302 000; 100 per cent expended  
Inland Fisheries Service: \$245 000; 100 per cent expended  
TasTAFE: \$2.267 million, 86.8 per cent expended.

In total, \$70 million has been allocated to those agencies and as a total 73.1 per cent has been expended with \$18.8 million remaining to be spent by agencies on approved projects this financial year. Is there anything to add to that or are clear?

**Mr GAFFNEY** - No, it is fine.

### **Output Group 90 - COVID-19 Response and Recovery**

#### **90.1 Youth Employment Scheme**

**Ms WEBB** - Noting that \$280 000 was allocated in last year's budget, but there is no allocation this time.

**Mr FERRALL** - It is reflected in the domestic expense's payroll tax assistance, so it has just been reflected elsewhere.

**Ms WEBB** - Can I ask a question on the allocation from last year's budget? Was last year's allocation fully subscribed, how many existing jobs were supported or how many new jobs were created? Was an assessment done to see the outcome from that investment? From memory last year in Estimates, we spoke about the fact it was expected the scheme would support around 2000 young people and potentially 250 employers. How many young were supported through the allocation and how many employers?

**Mr FERGUSON** - Thank you Ms Webb for the question. I can provide some information, but it is not of the shape you asked for. I am assured we can obtain that. If we can double check now because those incentives for apprentices, trainees and young employees who are not apprentices or trainees, we can account for that. Those businesses not paying payroll tax there is an equivalent grant amount as well.

I can provide you some information now and then undertake to come back to the committee. The key data I have for you is in 2021 Budget, the Payroll Tax Rebate is predicted to be \$6.32 million. The number of employers, not employees, claiming the Payroll Tax Rebate in 2018-19 was 193 with a value of a Payroll Tax Rebate of \$5.6 million. In 2019-20, the number of employers 209 with a payroll tax rebate \$6.9 million. In 2020-21, 236 employers at a preliminary outcome figure not validated \$4.5 million. What you have asked is for different data to that and I will need to take advice if that is okay. I will take that on notice.

**Ms WEBB** - Thank you. I am interested in that youth focused element.

**CHAIR** - Can you clarify what the question is?

**Ms WEBB** - In terms of the Youth Employment Scheme funded in 2020-21 where we had expected there to be around 2 000 young people and around 250 employers supported by that allocations, what were the actual numbers?

**Mr FERGUSON** - I will take it on notice. I have provided the committee with the data I have in my brief relating to the number of employers in relation to payroll tax paying employers, but will undertake to obtain that information for you. Noting some of that information might come from another department where the grants are paid out of. If they are not paying payroll tax, it would be out of State Growth. Best endeavours to obtain that rolled-up information for you.

**Ms WEBB** - Was the full \$280 000 allocated in that last financial year fully subscribed for the purpose it was allocated?

**Mr FERGUSON** - That feels like a question I should take on notice and unlikely I will have it during the morning. If I could have it in writing I will take it on notice and do my best to answer it, noting that another minister will be involved.

### **Capital Investment Program**

#### **Digital Transformation Priority Expenditure Program**

**CHAIR** - Last year's budget was an allocation of \$14.9 million; this year it is \$23.9 million for the same year. There has actually been an uplift. The footnote in Budget Paper No. 1 page 109. It says, 'Additional funding for this project has been included.' That is stating the obvious. What is the additional funding specifically to achieve with this uplift from \$14.9 million to \$23.9 million? It then drops away to what the expected expenditure was.

**Mr FERGUSON** - To get that kind of detail, we might need to take that on notice and provide.

**Mr FERRALL** - Through the project.

**Mr FERGUSON** - Yes, unless you have it here. I doubt we do.

**CHAIR** - There is an extra \$9 million that has been tipped in this year.

**Mr FERRALL** - In 2021-22 there are components of this that do not roll through into the out years. If you looked at the original budget 2020-21 - which was \$12.6 million and then it has gone up to \$23.9 million for 2021-22. The minister went through some of the projects that were involved in this, Justice Connect, Child and Youth Services, the budget system, Digital Health Transformation. There are some unallocated projects on the parliament website. The variation in the CIP allocation over Budget and forward Estimates is really because some of those projects finish up in a project milestone sense. New ones come in or fall out.

**CHAIR** - Which are the new ones because there is \$9 million more than was in the forward Estimates last year for this year?

**Mr FERRALL** - In the 2020-21 original budget Justice Connect was \$7.5 million and then in 2021-22 it is \$10 million. The Child Youth system was \$2.2 million and this year it is \$4.5 million. The budget system - there was some residual expenditure of 802 in the original

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budget and then in 2021-22 it is the \$1.1 million that the minister indicated. Digital Health Transformation - \$500 000 in 2021-21, \$6.4 million or nearly \$6.5 million in 2021-22.

There are a range of projects that have had initial expenditure in the original budget and have got higher expenditure in 2021-22. As you go across the forward Estimates, some of those projects fall out and, in some cases, you have some other increased expenditure going out into the forward Estimates.

**Ms WEBB** - It is still not clear to me. If it is different to what was in the forward Estimates in last year's budget, what changed or what new information came to light on which of those projects that led to the \$9 million increase between what had been predicted last year and is there this year? Yes, we understand they get funded over these two years, but what changed that meant \$9 million more?

**Mr FERRALL** - In some cases you will also get shifts in cash flows. There would be a combination of additional project funding in some cases. Changed cash flows across years and in some cases, there would be some new projects put in. The only way I could go through that would be to go back to last year's in full detail and then compare it line-by-line.

**Mr FERGUSON** - Would you like us to do that?

**CHAIR** - Have you got the estimated outcome for what was actually spent last year in this area?

**Mr FERRALL** - Yes. It was \$5.9 million so it was down.

**CHAIR** - It was significantly down.

**Mr FERRALL** - Significantly less which is why you are seeing in 2021-22 -

**Ms WEBB** - Carrying over.

**Mr FERRALL** - - some of those projects have lifted from their original position.

**CHAIR** - To clarify, the majority of the additional \$9 million

**Mr FERRALL** - It was \$5.9 million. It was down, significantly less which is why you are seeing in 2021-22 some of those projects have lifted under their original position.

**CHAIR** - To clarify then, the majority of the additional \$9 million that appears in this year's Budget as 2021-22, is deferred funding for projects that didn't proceed last year?

**Mr FERRALL** - I can't say it is the majority but it would be most of it I would say. I do not have the figures to see whether it is the majority as you just indicated. The original budget was \$12.6 million, the actual expenditure was estimated out, it comes to \$5.9 million so there were some pilot projects that had to be, with carried forward funding, that have picked up in 2021-22. There are also some new projects in 2021-22 which would make up part of that increase in \$9 million.

**CHAIR** - There is \$3 million there effectively.



**Mr FERRALL** - There are two new projects I can identify. The parliament website is a new project in 2021-22. That was not in the original 2020-21 budget and there is a whole-of-government online portal which is a new project in 2021-22 which was not in the budget.

**CHAIR** - What are the value of those two, the parliament and the whole-of-government portal?

**Mr FERRALL** - It is nearly \$1.3 million for the whole-of-government portal and the parliament website is \$240 000.

**CHAIR** - Thank you, I am happy with that.

**Mr FERGUSON** - The Service Tas portal was an election commitment so that would be part of the reasons for its inclusion now.

**CHAIR** - Does that start this year, though, or does that expenditure start next year?

**Mr FERGUSON** - Some of the funding is commencing in 2021-22. What was the amount? It was \$1.275 million.

**CHAIR** - That is this year?

**Mr FERGUSON** - Yes.

## **DIVISION 12**

Department of Treasury and Finance

### **Output Group 1**

#### **Financial and Resource Management Services**

##### **1.4 Government Property and Accommodation Services -**

**Dr SEIDEL** - We talked about government property before but this now includes crown land as well and disposal of surplus farmland. Minister, is there or do you have the strategy that informs the sale of crown land?

**Mr FERGUSON** - In terms of strategy this is a service provided by the Department of Treasury and Finance for government. Government agencies effectively pass over the responsibility for that property disposal to Treasury and Finance but then conduct that as a business transaction. The strategy would sit more with the agency. Secretary, do you have any more to add?

**Mr FERRALL** - We only dispose of surplus properties from agencies. Most agencies, if not all agencies, have a strategic asset management plan where they look at replacing assets going forward and also selling some assets that are no longer suitable. We only sell the ones that they have declared surplus to their requirements.

**Dr SEIDEL** - So it lies with the individual agency? There is no overarching strategy and no overarching framework that informs the sale of crown land?

**Mr FERRALL** - Crown land? We are not selling crown land broadly. What we are talking about here are properties that are surplus to individual agencies, not a broad program of crown land sales.

**Dr SEIDEL** - Under 1.4 it says, disposal of crown property, that does not include crown land then?

**Mr FERRALL** - It could if there was crown land itself that was declared surplus but there is not any that I am aware of, meaning overarching strategy of government, for the disposal of crown land.

**Mr FERGUSON** - This is a business service provided by the Department of Treasury and Finance for government on behalf of those agencies. They do have strategic asset management responsibilities and it is entirely appropriate that they do so. For example, a disused police residence is surplus to that department's portfolio or it is outdated and they are looking for something that is more contemporary, if that property is surplus then it comes through this process.

**CHAIR** - It obviously includes land as well because you mentioned those two properties in West Mooreville Road which were land, vacant blocks.

**Mr FERRALL** - They are related to the university property.

**Dr SEIDEL** - It does include crown land because it is advertised right now.

**Mr FERRALL** - The point I was making is that it's not a broad program of just selling crown land. From the list I gave earlier there are a very limited number of properties that agencies are identifying as surplus to their needs that get sold annually.

**Mr GAFFNEY** - There was a program where councils were identifying parcels of crown land that the Government at that stage wanted to clear off the books because they were a nuisance as well, but that was a few years ago. There were a lot of crown land parcels that they were trying to tidy up.

**Mr FERRALL** - I think that was a long time ago.

**Mr GAFFNEY** - It was an issue for local government at the time and the government worked well with them to try to clear up some of that so it was an ownership of what they could do with the land instead of having little pieces all over the place.

**Mr FERGUSON** - I remember it too, but I'm guessing it's 10-years plus now. I think it went by the nickname of CLARP.

**CHAIR** - I remember that.

**Mr FERGUSON** - I don't have anything current on that. It may have had two rounds, going off my long memory but those projects were completed.

**Mr GAFFNEY** - There are still some that come up, for example, the Cherry Hill Roundabout. Not that long ago there was an issue with crown land and they had to attach it to a house rather than just have it just sitting there with no ownership or responsibility for it.

**Mr FERGUSON** - Or maybe access.

**Mr GAFFNEY** - Yes. It made sense. It was more of attaching those parcels of land, which I think is wise.

**CHAIR** - In terms of the government property, does the government own the Burnie Court building?

**Mr FERGUSON** - I wouldn't like to guess, not being the responsible minister. I don't have that information in front of me.

**CHAIR** - I hope that's given away afterwards to the Burnie City Council.

### **1.5 Government Procurement Services**

**Ms LOVELL** - I have some questions about the Buy Local Policy. I understand that under the Government's Buy Local Policy, it's mandatory for procurements with a value of more than \$5 million to have a Tasmanian Industry Participation Plan but for procurements between \$2 million to 5 million a plan may be required at the discretion of the procuring agency.

Is there any mechanism to track these procurements or projects? Which of them require a Tasmanian Industry Participation Plan and which do not?

**Mr FERGUSON** - Did you say: which agencies are required to -?

**Ms LOVELL** - It says that it is a requirement, that a Tasmanian Industry Participation Plan may be required at the discretion of the procuring agency for those procurements between \$2-5 million. So, is there is a mechanism for that to be tracked and particularly a tracking of where those procurements do, or where they don't, require a plan?

**Mr FERGUSON** - Thanks, Ms Lovell, for the question. I will ask the secretary to expand but in short, we believe that that information is tracked. I don't know if you've asked me to tell you which ones but we might be able to provide that to you.

**Mr FERRALL** - If it is a Treasurer's Instruction (TI) exemption it would be reported in their annual report, so we should be able to pick that up if you need that information, at agency level.

**CHAIR** - On what basis would an exemption from the Treasurer's Instruction be granted?

**Mr FERRALL** - There are generally criteria that have to be satisfied. But you could have a circumstance where the particular procurement, where it is demonstrable that there is no local capability or potential participant. An example of that might be in the health sector, where you might be procuring particular equipment in a hospital. You might go through a

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process and identify that there wouldn't be any demonstrable local capacity to produce that equipment or to purchase it. There are circumstances like that, where it makes sense.

**CHAIR** - You would have to demonstrate clearly that it was not possible to procure the item or the skill in the state before that would be granted. Is that what you are telling me?

**Mr FERRALL** - In general, yes.

**Ms LOVELL** - Further to that, Minister; in the last 12 months have there been any projects that fall either within that \$2 to \$5 million or above \$5 million, where those procurements have been excluded from or have failed to comply with the requirements of the policy?

**Mr FERGUSON** - I can provide the advice. I don't have it here. The secretary has advised me that we can obtain it.

**Ms LOVELL** - And would you be able to obtain which projects they were?

**Mr FERGUSON** - Yes, I am advised it should be reportable through the annual report. I am happy to take that question on notice.

**Ms LOVELL** - Thank you. You mentioned annual reports; is that how agencies are required to report their compliancy with the policy?

**Mr FERGUSON** - The secretary wishes to correct his advice to me that if it is not in the annual report, it is still information that we can provide to the committee. Sorry, the latter question?

**Ms LOVELL** - How are agencies required to report compliance with the policy? How is that reporting done? What measures are in place to improve compliance across Government?

**Mr FERGUSON** - Thanks Ms Lovell. I should provide some context here. The Treasurer's Instruction is literally a directive that is provided and binds agencies. They must obey it. In response to that, there isn't a process of collecting validation from everybody on their purchasing decisions. They follow the Treasurer's Instruction. It is an instruction and it is followed. Speaking hypothetically, if there was a deviation than that, then somebody would get themselves into a lot of trouble. Information is gathered because agencies are asked to report back into Treasury, and I think the secretary will expand on that.

I am pleased to be able to let you know, Ms Lovell, that as a result of the new TI that was issued that put in effect the new Buy Local policy, from the middle of last year we put in place a new economic and social benefits test and we put a weighting on that new test of 25 per cent of available points. Previously it was 20, prior to that it was 10, prior to that it was zero. We also changed the low-value procurement threshold from \$50 000 to \$100 000. The purpose of that was to ensure that Tasmanian government agencies had better flexibility to quickly and directly approach businesses which are much more likely to be Tasmanian, where local capability and capacity exists.

I am pleased to let you know that in 2021, as a result of the new TI, Tasmanian businesses were awarded 90 per cent of agency contracts valued at \$50 000 or more, following an open

procurement process. Tasmanian businesses were awarded 77 per cent of all agency contracts valued at \$50 000 dollars or more including open processes, selective processes and direct engagement. That meant a significant increase from the prior year which was 82 per cent of percentage of contracts awarded to Tasmanian businesses. That is how the Treasurer's Instruction is resulting in better outcomes for Tasmanian suppliers. We will come back to the committee if you would please put that in writing.

**Ms LOVELL** - Minister, I'd like to clarify your answer around reporting compliance with the policy not being proactively monitored. It is my understanding that it is a requirement of the policy that agencies do report compliance; so how is that reporting done?

**Mr FERRALL** - We get reporting from agencies on compliance. It is important to note, given it is the Treasurer's Instruction, that compliance would be monitored by audits within agencies as well; at different points, not continuously. We do get data on compliance from agencies and we get data on contracts awarded to local and other businesses. We get that data periodically.

**Ms LOVELL** - Thank you.

**Ms FORREST** - Do all agencies do internal audits on compliance with the Treasurer's Instructions as well as other matters?

**Mr FERRALL** - As part of an internal audit program, all agencies would have compliance with Treasurer's Instructions. They would not look at every single Treasurer's Instruction through every annual audit program, but over a period of time things like procurement are looked at, as part of the audit program.

**Ms LOVELL** - Thank you. The information you have just provided to the committee around the percentage of business that was awarded was very helpful, thank you. That information started from contracts from \$50 000 dollars up. Do you have a further breakdown for percentage of contracts of \$2-5 million and then more than \$5 million that have gone to Tasmanian businesses, just so we can see where that majority of those are falling?

**Mr FERGUSON** - I will take that question on notice. I have not been asked that before. We have traditionally responded to percentage of contracts and volume; that is, dollar value. You will note in my earlier answer I didn't give the dollar amount, because it is a pretty big one but it is also inflated by the simple fact that it was awarded to Telstra. It is a very big deviation from the norm - and that is \$969 million dollars being included. Previously it was \$436 million dollars as a total value of contracts awarded; but it was 90 per cent by number of contracts. We can take your last question on notice and there is a further addition to an earlier answer.

**Mr FERRALL** - The industry participation plans or an executive summary of the plan developed through agencies and successful suppliers is published on the purchasing website as well. That is also made transparent.

**Ms LOVELL** - Thank you. It is government policy that 20 per cent of labour hours must be performed by apprentices on construction contracts over \$250 000 dollars. How is compliance with that policy measured and what are the consequences for any non-compliance?

**Mr FERGUSON** - The Secretary will respond to that question, Ms Lovell.

**Mr FERRALL** - It is part of the TI, but it would be the skills minister who would address that issue.

**Ms LOVELL** - I am happy to put that to the skills minister. You may be able to answer this question now or you might want to leave it for a later session in another portfolio. The PESRAC Interim Report recommended this policy be extended to government businesses and to housing providers funded to construct new social housing properties. Has that been done?

**Mr FERGUSON** - I think you are correct that it would relate to the other portfolio but, now that you have indicated, we will make sure we are ready with a substantial answer when that comes up again. I would be happy to take the question in my construction portfolio outputs but perhaps, more appropriately in the education and skills minister's portfolio. There have been movements - I do not want to speak to them because they are outside my particular responsibilities, but there have been changes implemented in the last six months I am aware of in the construction sector.

**Ms LOVELL** - Okay. We might come back to that this afternoon.

**Mr FERGUSON** - Yes.

**CHAIR** - Minister, we will take a break now and come back about quarter past 11 and we will go on to regulatory policy.

**The Committee suspended from 11.02 a.m.**

**The Committee recommenced at 11.17 a.m.**

## **Output Group 2**

### **Economic and Fiscal Policy Advice**

#### **2.2 Regulatory Policy**

**Ms WEBB** - Noting this line item includes provision of advice relating to a range of things: regulation and taxation of gambling; regulation sale, supply, promotion and consumption of liquor; State revenue policy; subordinate legislation and legislative review. Are you able to provide perhaps an indicative breakdown of the allocation we see here for the 2021-22 Budget of that \$3.108 million to those separate functions?

**Mr FERRALL** - For clarification, this output includes some direct costs, also some overhead, as is usual is the case. The activities in the output are - from economic policy branch you have the things like the Sublegislation Act, legislative review program. In the output group you also have revenue estimates in management, which is done by intergovernmental management policy branch. In terms of a breakdown of the \$3.108, in 2021-22 from the Budget; directive policy entitlements are about \$1.19 million which is, basically, people. There are some other direct expenses that are costed to it, which are about \$100 000. Then broadly there is an overhead component of about \$1 million. That component includes an allocation of

overheads right across Treasury from things like IT costs, leases, all of those things are done as an overhead. That is the broad break-up of \$3108.

**Ms WEBB** - The majority is staffing. Is that allocation of that staffing across the different functions able to be provided or given as an indicative for divvy up?

**Mr FERRALL** - Not really at that level. In terms of FTEs, it is approximately 20 FTEs. But in terms of breaking those individual FTEs down to individual component of activities, we do not go to that level.

**Ms WEBB** - Moving on then, Minister, other than future gaming markets, which we'll come to shortly, are there any other new or additional projects, reviews, or areas of work being undertaken under this allocation for this financial year that the Budget covers?

**Mr FERRALL** - I can't think of anything new. I will check. I don't think there's anything new, no new activities though, or substantial activities.

**Ms WEBB** - Moving on then.

**Mr FERGUSON** - There's an election commitment about reviewing land tax, how increases will be managed. The Deputy Secretary, Mr Root, has just reminded me that it's an initiative that section will be providing advice to government, options to consider how to have bill-smoothing or some other way of minimising big jumps in land values.

**Ms WEBB** - The responsibility then for that is in this 2.2 regulatory policy. Thank you. Noting the footnote against this output line, this line item tells us that the increase in regulatory policy from 2022-23 reflects the funding of resources for the Future Gaming Market implementation project. I am interested to understand how this element of the funding is moving because last year we were told that the Future Gaming Project funding of \$610 000 was carried over from 2019-20 into 2020-21. Was that actually expended and utilised in 2020-21 or has it been carried over further? Is that the same increase that we see in 2022-23?

**Mr FERRALL** - It's not seen in 2022-23 but there is a rollover component in 2021-22 of \$790 000 which gives you - the total output expenditure actually goes up to a total of \$4.083 million.

**Ms WEBB** - For 2021-22?

**Mr FERGUSON** - Yes.

**Mr FERRALL** - That is with the inclusion of an appropriation rollover of \$797 000.

**Ms WEBB** - From the previous year? In here where it's reflecting that in 2020-21, the \$3.243 million - which is what was budgeted for in the last budget - that wasn't all expended? We've carried over \$700 from that?

**Mr FERRALL** - No. In 2020-21 the actual expenditure was \$3.17 million so it was roughly \$70 000 less than the 2020-21 budget. When you do rollovers, you can rollover savings from other areas, so the \$797 000 would be from part of a total rollover of - I think it's approximately \$2 million that Treasury had which was from various areas unspent in 2020-21.

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They have been rolled over into 2021-22 for a number of activities and \$797 000 is the amount that's rolled over in this output.

**Ms WEBB** - Specifically for a Future Gaming Markets project or -?

**Mr FERRALL** - I will just check. I believe it is but I'll need to just check. The Future Gaming Market 2021-22, I've got \$717.

**Ms WEBB** - Was that \$717?

**Mr FERRALL** - Yes.

**Ms WEBB** - Is that going to be a component going forward of a similar amount for the Future Gaming Markets across the forward Estimates?

**Mr ROOT** - What you see on table 12.1 is the budget for the project up to 2023-24. The activities that are currently underway are finalising the legislative package, getting the tender for the network operator organised, and then starting the transition for industry to the new arrangements. Currently, we have what is pretty much a policy team working on it. That will transition through those years to more of an implementation and then an ongoing regulation-type of team.

The reduction over the years mainly reflects changes to the operational expenditure on consultants and contractors to support the project. The underlying team of that four continues through.

**Ms WEBB** - Is this a line item that you prefer to answer questions about taxation related to this area or would you prefer to answer that under either the next line item or the Regulation and Administration of Liquor and Gaming?

**CHAIR** - That would be 3.2.

**Ms WEBB** - Or 3.1?

**CHAIR** - Yes.

**Mr FERGUSON** - It is up to the committee. You can choose if we do it here or there but perhaps not both. I am comfortable.

**CHAIR** - If it's related to the tax leave it to those sections so it's consistent with the line item. Just do the policy stuff at the minute.

**Ms WEBB** - Okay.

**Mr FERGUSON** - It kind of is the tax policy but again I'm totally agnostic on that matter. It is up to you.

**Ms WEBB** - In terms of the other one I'm wondering where to place it is the Community Support Levy, not only questions about as it appears in output group 4.2 which a line item for



the non-appropriation but also the policy planning that's going into that space at the moment. Would you like to answer questions about that at this point?

**Mr FERGUSON** - I would bundle it with the tax arrangements because, to me, the briefs and advice that I have is under one package so I'm happy to be in the hands of the committee.

**Ms WEBB** - I can do them at the tax section, if you like, Ruth?

**CHAIR** - With regard to the state revenue policy which is under here, looking at the land tax moving with rapid increases in price which, as we're seeing, affects a whole range of areas, why not undertake a body of work involving a much broader review rather than just cherrypick one little part? It is significant, there is no argument with that, but why not look at a much broader review?

**Mr FERGUSON** - I would have to invite you to raise that question with the Treasurer. The Government's policy is that we don't require that kind of wider review. At the election in the recognition of the increasing valuation of property, land in particular, we committed that not only would we change the thresholds but that we would make provision for people to pay bills over \$500 in three instalments. That's now been put into effect and, as you have acknowledged, we also committed to seeking advice from Treasury about options that the Government could consider to help people to manage large increases in any one year. That work is ongoing.

I would encourage you to ask that question of the Treasurer but the Government's policy position is that we need to have sustainable revenue levels and state-sourced revenue is a part of the picture but we want to provide that potential relief for people in a growing housing market.

**CHAIR** - I will take that up with Treasurer as you will imagine, but when you look at your fiscal strategies we talk about the one related to tax. There is an expectation that a competitive tax environment will be maintained with an objective for state tax to be efficient, fair, simple, stable and sustainable.

You talked about the stability of the revenue base; perhaps there is some sustainability for the government in that as well, but it also needs to be efficient, fair and simple. I don't think what we are currently looking at meets your own fiscal strategy, particularly if you look at the other side of the argument here around state revenues and your regulatory policy in this area. In terms of stamp duty, for example - housing prices go up and land tax goes up; you are talking about doing a body of work there.

**Mr FERGUSON** - That is not our policy to do that.

**CHAIR** - To look at stamp duty and the impact that is having on Tasmanians?

**Mr FERGUSON** - That is our policy. We have understood that for people who are meeting land tax bills each year, we wanted to recognise that there had been a movement in land values and we wanted to respond to that with the bracketing, if you like. We also want to help people with larger bills to pay them in instalments, which previously has not been possible; and dealing with the premium component of the interest rates. We do not have any plans around other duties.

**Output Group 3**

**Revenue, Superannuation and Regulatory Management Services**

**3.1 Tax Administration and Revenue Collection -**

**CHAIR** - I will start with state taxation generally, and refer to Budget Paper No. 1 page 82. I note that the footnote tells us that the Future Gaming Market policy has not been included in that; but the gaming model has previously been looked at in terms of casino tax and licence fees, lottery taxes and the like. My question is, has modelling been done regarding the policy in terms of the revenue you would expect; what does it show; and if you have not done any modelling, why not?

**Mr FERGUSON** - Thanks Chair. In relation to the previous question on duties, I reiterate my statements around our duty concessions for first home owners and pensioners downsizing, and making that keep pace more with those property prices as well.

**CHAIR** - You were cherry picking, rather than having a broad review. That is my point.

**Mr FERGUSON** - And certainly wanting to meet a need that is there. In relation to our future gaming market, Treasury advised that it is better to not reflect the outcomes of the future gaming market policy at this point in time. However, we are prepared to discuss the modelling because it has been done, and Mr Root is going to be the subject expert on this that I am happy to pass to him. I invite Mr Root to indicate what we think each year beyond 2023-24 is likely to look at in respect of taxation and community support levy.

**Mr ROOT** - Thanks Minister. As you would know, Ms Forrest, the tax rates have all been released now through the draft bill and also the consultation, and the net increase in state revenues from that is \$8.5 million per year. That is based on the 2018-19 actuals. As you can probably appreciate, it has been very difficult to get good, reliable numbers on gaming expenditure over the last couple of years because we had the COVID-19 close-downs and we had -

**Ms WEBB** - We have a full year's worth from July 2020 through to 30 June 2021.

**Mr ROOT** - We had both the outage of the two casinos with the ransomware attack in that period, and also the very strong re-opening numbers through August, September, October. I am not sure they are a reliable indicator of the long-term outcome.

**Ms WEBB** - You are not acknowledging that there has been a spike in poker machine losses during this year after re-opening from the COVID-19 shutdown?

**Mr ROOT** - Clearly, year-on-year there was an increase coming back in.

**Ms WEBB** - It remains high, does it not?

**Mr ROOT** - It is a little bit up and down but it is still up.

**Ms WEBB** - The only down was when casinos were closed when we lost about \$3 million, by the look of things, from those ransomware attacks. Would that be correct?

**Mr ROOT** - I don't have that number with me, but it would be of that order.

**CHAIR** - Could we come back to the modelling of the question you were answering for me?

**Mr ROOT** - Yes. The CSL increases by about \$3 million a year on those projections. That is from a combination of the increase in the hotel rate and the inclusion of the casino rate. That is the net increase in revenue to the state from those tax changes.

**CHAIR** - That was my next question. You require collecting revenue from up to 100 venues and also regulating the activities of about 100 venues, rather than the current system where there is one entity for both revenue collection and regulations. Obviously, one would expect it to be a bigger body of work. What are the estimated costs to collect the revenue?

I am trying to clarify the estimated costs to collect the revenue through this process, to give us that net figure.

**Mr ROOT** - That is the net number of additional tax revenue. It doesn't include the cost of regulation or anything like that. Are you asking what will be the additional cost under the new model of collecting and regulating that sector?

**CHAIR** - I am interested in how you get to that net figure.

**Mr ROOT** - That's the new tax rates applied to the expenditure by each of the gaming types from 2018-19. That is what the 8.5 increase number comes from.

**Mr FERGUSON** - What is occurring is that you have used the word 'net', but in fact the three components of the community support levy are all positive anyway. Sometimes we use the word net to indicate ups and downs. In this case they are all up or stable, to give us an extra \$3 million per annum. I am happy to answer it now or later, but there was also a question around future taxation for the state as opposed to the CSL and factoring that into future modelling.

**Mr ROOT** - The total additional state revenue is that \$8.5 million figure that I mentioned earlier.

**Ms WEBB** - To clarify - you are comparing the revenue you expect to collect under that new model with the rates as stated, compared to what is collected now; and that is an \$8.5 million increase on current collection?

**Mr ROOT** - Yes.

**Ms WEBB** - Based on figures from?

**Mr ROOT** - The CSL is three, and five-and-a-half in other taxes, annually.

**Ms WEBB** - To clarify further; the changes that feed into that modelling for which you have just given us the result are the increase in taxation from the flat 25.88 per cent that is currently applied to all poker machines regardless of venue? The change for hotels and clubs,

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hotels being now 33.91, and clubs 32.91, under the new model and casinos being 10.91. Correct?

**Mr ROOT** - That is correct. The new tax rates.

**Ms WEBB** - In your modelling did you model the difference that would be there then if you applied it a consistent tax rate to poker machines across venue type in the state.

**Mr ROOT** - We didn't; that wasn't the Government's policy. We haven't done that model.

**Ms WEBB** - My understanding would be that if casinos were taxed at that rate, the revenues that were drawn from them would be \$248 million across the 20-year licence.

**Mr ROOT** - We haven't done that modelling. It may well be.

**Ms WEBB** - There is modelling in the public domain that makes that suggestion.

**Mr FERGUSON** - Yes, but you can't tax something that doesn't exist either, Ms Webb, with respect. If you send a business completely broke there will be no revenue at all to tax.

**Ms WEBB** - Pardon me, Minister, is it then that you are you suggesting if we were to tax the two casinos, Federal Group - at either the rate we currently tax them, 25.88, or the increased rate that will be applied to hotels of 33.91 - that either of those scenarios would leave Federal Group going broke?

**Mr FERGUSON** - No, I didn't say that. What I'm saying is that you can't just artificially ratchet up any tax rate and just hope that magically the revenue will then appear in government. You can only tax, then make predictions around how much it will raise if you're confident that that level of revenue would be realised by that business.

**Ms WEBB** - So this revenue is based on people using poker machines in casinos. Are you suggesting that will go down?

**Mr FERGUSON** - What I'm saying is that we have actually come forward with a model that is based on regional Queensland, North Queensland. In fact, to deliver the Government's policy so we break the monopoly that Federal has enjoyed, that we provide for greater control - if you like - of pubs and clubs over what gaming technology they utilise and attempt to strike a balance that works for the state and for those venues. That has resulted in a significant haircut for the Federal Group of between \$20 million and \$25 million, depending on how you factor in their changes. That is a big cut for Federal. It is a big increase in funding for the state and for the local venues.

What I am delicately putting forward is that it has to be workable and contemporary and defensible. We have gone with the regional Queenslanders. We formed the view that that is the most like our network and our gaming businesses here in Tasmania.

**Ms WEBB** - Can I ask you some questions about that then?

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**Mr FERGUSON** - The Tasmanian taxpayer wins out of this to the tune of about \$8.5 million a year. You did mention 10.91 per cent, but you didn't mention the extra 3 per cent that taxes of -

**Ms WEBB** - I'm sorry. If I was going to make comparisons I would have just said 13.91 inclusive of CSL and - plus hotels, we would have said 38.91 inclusive of CSL for hotels. If we were going to make those comparisons, with those numbers that is how we would compare them.

**Mr FERGUSON** - What I am seeking to do is to point out that -

**Ms WEBB** - Can I ask you some questions then about the -

**Mr FERGUSON** - Well, if I can answer it though, what I am seeking to do is just to point out that there isn't currently a Community Support Levy applied to casino EGMs that will be in future, which, or course, I am simply, for the record, wishing to point out that in net terms, it means a 13.91 per cent payment of casino EGMs.

**Ms WEBB** - I am just very keen that we are accurately comparing things. So when we include CSL, 13.91 for casinos, 38.91 for hotels. Just to come back to -

**Mr FERGUSON** - Where does the 38 come from?

**Ms WEBB** - Yes, it is, 33.91 plus five.

**Mr FERGUSON** - Sorry, I wonder if you could help me understand that point.

**Ms WEBB** - We are taxing them at 33.91 per cent, then we are adding a 5 per cent CSL. So when we say inclusive of CSL, it brings it up to 38.91 per cent.

**Mr FERGUSON** - Got it, yes.

**Ms WEBB** - Clubs are a little bit different because we are starting with 32.91 per cent for clubs and we are putting a 4 per cent CSL on, so 36.91 per cent. Those are the comparisons; 13.91 per cent obviously considerably lower than either hotels or clubs. Just to come back to that because you mentioned comparison to Northern Queensland as a factor, has anything changed that we would compare and benchmark against Northern Queensland when we have never done so before? When we have taxed poker machines in casinos we have always had a consistent rate on poker machine taxes across all venues type.

**Mr FERGUSON** - The Government chose to take advice about what the mix of taxes can be in other jurisdictions and attempted to find something which is defensible and fair. But also, while we are talking about who is up and who is down, the state is up.

**Ms WEBB** - I'm not talking about who is up and who is down actually, I am talking about setting an appropriate taxation rate that is defensible. I like the idea of defensible, so I would like to ask more questions about that.

**Mr FERGUSON** - No, but I am. I am saying that the state and the community taken together is a net positive of \$8.5 million estimated per annum. Local venues, pubs and clubs

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are up by around \$17 million per annum and then if you look at the Federal Group as a business, a group of businesses, down by between \$20 million and \$25 million, depending on how you look at their local hotels. If you like, it is a new distribution of the benefits of the profits of gaming. It's consistent with the Government's policy that we took to the 2018 election.

**Ms WEBB** - It's certainly not defensible in terms of best outcome for the state in terms of revenue. If we were to retain the current model where we tax EGMs consistently across all venue types, we would have a considerably better outcome for the state if that were to be the decision made.

While you might - can I come back then to the North Queensland comparison with the tax rate. Your understanding of the tax rate that the casinos in Townsville and Cairns - which are the ones I believe we're benchmarking against - that they pay to their state government - that's the comparison?

**Mr FERGUSON** - I will ask the Deputy Secretary to respond to that question but I cannot leave the assertion unchallenged. If we left the current rates, as you suggested -

**Ms WEBB** - No.

**Mr FERGUSON** - Well, I would like to answer.

**Ms WEBB** - That's not what I suggested.

**Mr FERGUSON** - If there was an assertion made around the current tax rates -

**Ms WEBB** - No, no. The current model of taxing consistently is what you'll find I said.

**Mr FERGUSON** - We took a policy to the election in 2018 and people voted for it knowing -

**Ms WEBB** - I would very much like to come back to that in a moment but I'm asking about Cairns and Townsville.

**Mr FERGUSON** - I'm sorry. I understand that you're trying to stop me from answering that point which I'm not going to allow to happen. I feel that it's only fair and proper to say that if you were to leave the current arrangements in place, the state and the community would be \$8.5 million worse off every single year.

**Ms WEBB** - No, you're putting up a straw man, minister. No-one is suggesting keeping current arrangements in place.

**Mr FERGUSON** - Anyway, I've answered that assertion.

**Ms WEBB** - I'm suggesting getting the best outcome for the state.

**CHAIR** - We'll get Mr Root to respond to your other question.

**Mr FERGUSON** - I've answered your assertion and I would invite Mr Root to -

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**Ms WEBB** - You've made up an assertion, that's what you've done.

**Mr ROOT** - That's where the 10.91 rate comes from.

**Ms WEBB** - Are you asserting that Townsville and Cairns pay 10.98 - or 91, sorry - to their state government?

**Mr ROOT** - That's the outcome. I think they've got a GST rebate as part of their tax rate but, yes, that's the amount.

**Ms WEBB** - In fact, my understanding - and taking information from our own SEIS that was done back in 2017 - is that Townsville and Cairns pay 20 per cent of gross revenue to their state government and GST on top of that. Can you confirm that?

**Mr ROOT** - That's not my understanding. My understanding is that it's 20 per cent and then net of the GST gives you the 10.91.

**Ms WEBB** - I believe it's 20 per cent excluding GST. Can you provide a source for that amount?

**Mr ROOT** - We can confirm that for you.

**Ms WEBB** - Yes. Because -

**Mr FERGUSON** - I think it would be prudent. You've asked a question, no doubt in good faith, I would like to suggest that we take it on notice and compare your understanding, Ms Webb, with Treasury's.

**Ms WEBB** - My understanding is that this was a mistake that was made when the industry first wrote this proposal and put it to government and it has carried through until now so it will be -

**CHAIR** - The question is what is the current tax rate on the North Queensland casinos?

**Mr FERGUSON** - Yes.

**Ms WEBB** - That we are comparing ourselves to and benchmarking. Can I come back to the question -?

**Mr FERGUSON** - But I'm not -

**CHAIR** - Let's just clarify this question before we move on. Are you clear on that question, Minister?

**Mr FERGUSON** - Yes, but I would like to say something about it.

**CHAIR** - All right.

**Mr FERGUSON** - And that is that has not been raised with me before today. If it has been a claim that has been made previously, I'm not aware of it. It appears that Mr Root is not

aware of that claim and we're happy to take the question on notice for the benefit of the committee. I will take the opportunity to point out that we've attempted to find a jurisdiction which is most like Tasmania for the purposes of our state and then to apply the mixture of taxes and our Community Support Levy in a way that is, therefore, defensible.

That's where we've come from and I will again make the point that it does end the monopoly. It sees a reduction in the cap of the number of EGMs; it sees a significant increase of \$3 million each and every year under the Community Support Levy which can go to gambling and harm reduction and minimisation and treatment supports and sport and recreation pursuits. There is more money for clubs and pubs around regional Tasmania which we hope and expect will be used to bolster employment and particularly improve their local offerings and the condition of those pubs and clubs.

But it's a haircut, a big one, for Federal and if you had them in front of you today and not me, they would probably tell you that they're disappointed about that but we've come up with the model that we believe is consistent with our election commitments and leads to a net benefit to the state and to the community.

**Ms WEBB** - On that, you have stated repeatedly you took this to an election. We know the casino tax rates that are a part of this model were never taken to an election. They were never put into the public domain until the draft Exposure Bill was put out in July this year. We know they were confirmed with Federal Group in December last year. The Premier who at least made that correspondence to the Federal Group in December knew, going into the election and refused to answer direct questions on the casino tax rate.

Did minister, Cabinet indeed, first consider this policy and the model in it with that intended rate in it prior to the election?

**Mr FERGUSON** - Firstly, it is out of order to ask me a question at your Estimates table about Cabinet proceedings. Secondly, it is the case the Government has informed by way of media response. I am happy to reiterate today the Government considered, took advice and formally endorsed the tax and Community Support Levy arrangements post the election. You know that, Ms Webb, because it has been publicly stated.

**Ms WEBB** - Indeed, you are on the public record of talking about the final tick off and I am asking you when did Cabinet first consider...'

**Mr FERGUSON** - I am sorry, I will not...

**Ms WEBB** - That is not breaching any Cabinet-in-confidence; it is asking a timeline.

**CHAIR** - Order, Ms Webb, we need to move on.

**Mr FERGUSON** - It would be out of order.

**Ms WEBB** - It would not be out of order because what we are establishing is did every Cabinet member go to the election in May knowing this intended tax rate for casinos and keeping a secret from the Tasmanian people?



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Did you, Minister, go to that election knowing that tax rate and keeping it a secret from the Tasmanian people?

**Mr FERGUSON** - Your conspiracy theories...

**Ms WEBB** - It is a yes or no answer, Minister.

**Mr FERGUSON** - I will be very clear, the Government placed a position and wrote to the Federal Group in December. Of course, the Treasurer and I discussed that, but until Cabinet endorsed and published the draft bill there is no final decision by government. You should know that, Ms Webb and I do not think it is right I listen to the question and do not interrupt and then do not have the opportunity to respond and additionally, it is in the hands of this House and the Lower House to consider that legislation.

**Ms WEBB** - I am not talking about a final decision, Minister. Thank you for confirming that both and the Premier...

**CHAIR** - Order, Ms Webb.

**Mr FERGUSON** - By the way, we have just been through a second round of public consultation with the draft bill. It is an exposure draft and entirely possible the feedback Treasury will collect and provide to me and then I will take and my formal processes might result in further changes. It will be entirely false to try to make the claims you are making today, Ms Webb.

**CHAIR** - Are there are any more questions?

**Ms WEBB** - Yes.

**CHAIR** - I want to go back to my line item first otherwise we are going to run out of time.

**Ms WEBB** - Okay.

**CHAIR** - Minister, with regard to tax administration revenue collection, Budget Paper No 1, page 86: Fines and Regulatory Fees which a private source of revenue for the state. I note at the bottom of that table you have 'Other Regulatory Fees', but there is no note associated. That is a significant amount of money coming in. Can you give us a break down of what that includes and maybe include a footnote next year?

**Mr FERGUSON** - We will take that on notice, if that is okay, Chair?

**CHAIR** - Table 5.8, Budget Paper No. 1: breakdown of the other regulatory fees.

Also, I notice fines have dropped away from \$23.4 million in the Budget to the preliminary outcome of \$16.4 million. Is it because people are being better or they were locked up during COVID-19?

**Mr FERGUSON** - Less driving.

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**CHAIR** - It does project a drop in the Budget. People are going to get out and about and do the wrong thing again. Is there any explanation for that?

**Mr FERGUSON** - Bearing in mind fines are voluntary, it could be better behaviour...

**CHAIR** - You understand that was my point.

**Mr FERGUSON** - But when we take the other question in relation to regulatory fees on notice, we will ask the same question at that point.

**CHAIR** - Do you have any estimated outcome for that line?

**Mr FERGUSON** - That is the estimated outcome of \$16.4 million.

**Mr FERRALL** - It is the preliminary outcome and the next figure we have will be in (inaudible).

**Mr FERGUSON** - Chair, I do have an answer I agreed to come back to you with. I do not have access to information in relation to pay rates, levels or industry by gender, but can provide female employment in -

**CHAIR** - Should it be tabled?

**Mr FERGUSON** - I have copies here, but for the record 125 600 women employed as at July 2021. That is an increase of 5600 in total in employment. This is constituted by a change of 1400 less women in part-time employment and 7000 more people in full-time employment. Obviously, jobs growth and I would imagine and do not know for sure, quite a lot of people going from part-time to full-time. I will table that for the Committee.

**CHAIR** - I will take you to table 5.9 page 88 of the Budget Paper No. 1 the Dividend, Tax and Rate Equivalent Income. Looking at Tas Ports in the 2021-22 Budget there is \$3 9 million in tax equivalents, but no dividends and then you look to the foot note it says;

7. Tasmanian Ports Corporation dividends and taxation equivalents have been impacted by a number of factors as a result of the impact of the COVID-19 pandemic.

What are the factors, you can see no dividend paid, but still they are still paying income tax equivalents that look to be increasing over the forward Estimates?

**Ms CALVERT** - Issues that have impacted dividends are things like no cruise ships coming in. There is obviously missed revenue from that and reductions in a range of other things. The thing to remember is that dividends are paid in the year following the profit, so it is sort of always backward looking which is why you get that timing thing. In terms of the tax equivalents I am not exactly sure, but my guess is it is because of the timing, so in 2021 the premier outcome is a very small amount.

**CHAIR** - If we look at Hydro Tasmania dividends there was a significant fall away in the expected dividends. The related foot note refers to it:

largely reflecting an expectation of less favourable trading conditions in the National Electricity Market.

I assume that will be an ongoing factor regardless of what happens with Marinus or Battery of the Nation. The trading conditions are not going to assist Hydro which has often been a source of significant revenue to the state.

**Ms CALVERT** - It effectively depends what happens to wholesale prices over a time period. This is just their forecast at this point in time, based on what we see wholesale prices doing in the future. Whether that will change, who would know really?

**CHAIR** - To page 90, Other Revenue. We see a significant jump in mineral royalties in the preliminary outcome then it does drop away again quite significantly. I would have thought in the absence of another crash in mineral prices, the preliminary outcome would more likely be continued but not at quite a rate.

**Ms CALVERT** - Yes, my understanding is it largely reflects the very high iron ore prices. The minister is correct, the forecasts go back to more of a trend arrangement and based on forward prices.

**Mr FERGUSON** - I do not think it is an attempt to be a prediction of prices, but more of a conservative treatment of - thank you.

**CHAIR** - We could expect the mineral royalties to hold up though.

**Mr FERGUSON** - I think that is the point we are just trying to make, is it is not? An attempt to predict prices, but a conservative treatment on trend and wouldn't it be good if those prices hold up?

**CHAIR** - I think the companies think that too.

**Mr FERGUSON** - In some cases it certainly gives them more confidence to be here in the state and to continue to offer employment.

**CHAIR** - In terms of the Health revenue, that is quite a jump up and there are no explanations as to what that is. This is other revenue, obviously private patients I assume that predominantly relates to using our public health services. I am interested as to why that jumped to that degree in preliminary outcomes for this year.

**Mr FERRALL** - I believe that some of that would be COVID-19 reimbursements from the Commonwealth.

**CHAIR** - They come into that other revenue section if they are COVID-19 payments.

**Mr FERRALL** - I believe so. We can get a further break down on that.

**CHAIR** - I would appreciate a breakdown on that to see what it actually is. Table 5.10, Budget Paper No. 1, Breakdown of health, other revenue.

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**Mr FERGUSON** - We will take it on notice and give you any breakdown that we can that would explain the increase in budget.

**Ms WEBB** - In relation to the taxation on poker machines in the state, last year we talked about what percentage of state revenue was provided from taxes on poker machines in the previous year to that. Now I am wondering if we have a figure for 2021, an anticipated figure for this Budget period 2021-22? I can take it on notice if you like.

**Mr ROOT** - For the current year it is 3 per cent.

**Ms WEBB** - Was it anticipated to be 3.33? So that sounds about right.

**Mr ROOT** - That sounds about right. I think the latest EGM taxes for all EGMs was a little over \$46 million and known source revenue is about \$1.2 million. In terms of total revenues, it is about 0.5 per cent.

**Ms WEBB** - In terms of the forward Estimates period where we will have the new model in place, have you got the figure for the anticipated percentage of state revenue that will be provided by poker machines under that model?

**Mr ROOT** - I don't have those numbers, no.

**Ms WEBB** - You could model it, though, given you have modelled the revenue.

**Mr ROOT** - It is easy enough to calculate.

**Ms WEBB** - I would like to ask a question about the Community Support Levy noting that details about the CSL weren't fully taken to the public at any stage during the development of this model that is proposed under future gaming markets. We knew that there would be increased rates and a rate applied to casinos and that topping up would happen as well potentially.

Other than that, we did not have details, and have yet to have detail, about how an increased bucket of money from the CSL will be allocated and distributed and the model for that. Given that this is the one aspect of the policy that gestures towards harm minimisation, there are going to be many stakeholders and members of the general public who are highly interested in how the CSL in its enlarged state is allocated used and distributed. Can you outline a process? I believe there is a process underway for redesigning how this is distributed. Can you bring us up to date on that?

**Mr FERGUSON** - You used the word 'gesture', Ms Webb. The other thing that the Government is doing is reducing the cap on the total number of poker machines, EGMs in 150.

**Ms WEBB** - We are not at that cap so it is meaningless.

**Mr FERGUSON** - It is legislating it to reduce the maximum number by 150.

**Ms WEBB** - How much harm minimising do you expect to result from that withdrawal of the cap?

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**Mr FERGUSON** - I am wishing to make that point before passing to Mr Root.

**Ms WEBB** - Now that you have made it I am happy for you to explain how it relates to harm minimisation.

**Mr FERGUSON** - I am sorry, what I am asking is to respond to your question, Mr Root will answer it but that is the other point that was overlooked earlier.

**Ms WEBB** - I am sorry, I still do not understand how it relates to harm minimisation.

**Mr FERGUSON** - Fewer EGMs?

**Ms WEBB** - We haven't reached a cap? We are not at that number?

**Mr FERGUSON** - Yes.

**Ms WEBB** - So there will not be fewer EGMs?

**Ms FORREST** - I think we are into the next line item, aren't we?

**Ms WEBB** - No. I am doing CSL here because I was told to deal with that intact.

**Mr ROOT** - As you would be aware from the draft bill, the proposal is to put the rules regarding the distribution of the CSL into regulations. The purpose of doing that is to provide more flexibility in the management of expenditure.

**Ms WEBB** - Yes, I read the material.

**Mr ROOT** - Sure, so far, the process has been the Government consulted with the TLGC for some initial guidance on how to go about that process and that led to a set of draft criteria for future disbursement of the CSL. We are currently in the process of going through some more targeted consultation with bodies with particular interest in that area, also including in that people who raised the CSL issues through the general consultation on the draft bill.

**Ms WEBB** - Could I please have a list of those targeted bodies that are being consulted? I think my awareness of that - because it has been raised with me by people who are involved in that - is it is a very limited list. I would like a list of that and an explanation about why other clearly interested parties wouldn't have been included in that. For example -

**CHAIR** - Let him answer the question, we are running out of time. We need to be succinct.

**Mr ROOT** - We can do that, we can certainly get a list of those people.

**Ms WEBB** - And the criteria on which they were selected.

**CHAIR** - The question is?

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**Ms WEBB** - A list of the groups that are involved in this current targeted consultation on the CSL distribution model and the criteria on which it was decided to include those groups, so we understand why those particular groups were there.

**CHAIR** - Another question on this line item?

**Ms WEBB** - Then, that is not the final stage then of the process you're describing to me?

**Mr FERGUSON** - The final stage, the Government will make a decision and bring it before the parliament in relation to how that would be settled. I would like to provide that note of reassurance from the outset that -

**Mr ROOT** - It will go into a draft regulation, as the Minister said. The Government will consider it and ultimately bring it to parliament. There may be further consultation through the process, but we are stepping through this in stages.

**Ms WEBB** - That is what I'm interested to hear about, opportunities for further consultation beyond the targeted list of stakeholders currently being consulted. At any stage will there be an opportunity for a broader, indeed a public consultation, on this.

**Mr ROOT** - There was an opportunity to comment on the CSL as part of stage 2. However, the framework for suggested future categories weren't in, obviously.

**Ms WEBB** - They certainly weren't there and available for comment, and wasn't invited to propose new models, for example, in the consultation that has already happened. Some may have done that. It wasn't invited. We haven't had broad consultation on that yet. Have we confirmed whether or not there will be an opportunity for broader, indeed, public consultation on the final model?

**CHAIR** - This is moving into 3.2.

**Ms WEBB** - Perhaps we will just move into that then.

**CHAIR** - Any other questions on 3.1?

### Output group 4

#### 3.2 Regulation and Administration of Liquor and Gaming

**Mr FERGUSON** - Thank you for your question. What I will do is say to the committee that the Government will keep an open mind in terms of that process and not make any commitments here today. We are in a position where we are expecting to see a net benefit of the Community Support Levy growing by \$3 million every single year as a result of our reforms, which is a good opportunity for us to look at the best way for that CSL to be implemented in practice.

**Ms WEBB** - It is certainly a very good opportunity for the public to have a say in that and other stakeholders beyond your small group of targeted ones to have a say in that. I am very interested to hear about whether that opportunity will be presented or not.

**Mr FERGUSON** - We will keep that option open I think, is what I am saying today.

**Ms WEBB** - Moving onto 3.2, looking at 3.2 across the forward Estimates, it would appear - I am not clear, perhaps you can clarify for me whether this includes any additional or specific funding relating to the introduction of the future gaming market licensing model?

**Mr ROOT** - The funding for the FGM ongoing regulation and implementation is in there up until 2023-24 at present. That is the first full year of the model. That is the funding that is in the item that we mentioned earlier.

**Ms WEBB** - Was that 2.2?

**Mr ROOT** - Yes, so where I said there, currently it's a policy project that's being undertaken. It's largely policy officers that will migrate into more the business-as-usual regulatory people by, sort of, 2023-24.

**Ms WEBB** - Does that mean it goes to the Liquor and Gaming Commission?

**Mr ROOT** - It will go to the branch that supports the commission, that's correct.

**Ms WEBB** - Right. So, there will be a shift of allocation there from 2.2 (Regulatory Policy) to 3.2 (Regulation and Administration of Liquor and Gaming) in 2023-24?

**Mr ROOT** - That's right. Then, in the out years, we haven't quite settled on what the requirement will be, because obviously we haven't seen a final act through parliament, but we will look at deciding that. My guess is it's probably a similar quantum to what's in that 2023-24 year.

**Ms WEBB** - For?

**Mr ROOT** - And that's for the ongoing regulatory -

**Ms WEBB** - The amount that's shifting from 2.2 to 3.2?

**Mr ROOT** - Correct. Well, it's -

**Ms WEBB** - Or the amount that's there -

**Mr ROOT** - Yes. In 2023-24 there's a figure there in 2.2 that will morph into an ongoing funding in the Liquor and Gaming regulation output, but we haven't put that out-year number in there yet.

**Ms WEBB** - To clarify, it's not in there yet?

**Mr ROOT** - No. That's right.

**Ms WEBB** - So, we haven't seen that.

**Mr ROOT** - We haven't assessed this year.

**Ms WEBB** - But it's there in 2.2. Was it around \$600 000 ?

**Mr ROOT** - It's around \$500 000 , I think.

**Ms WEBB** - It went to \$765 000 .

**Mr ROOT** - That's roughly what we think it's going to be.

**Ms WEBB** - We should potentially see that reflected in there next year?

**Mr ROOT** - We will, yes.

**Ms WEBB** - You talked about requirements that might be there for regulation under the new model. I'm interested to know about what assessment of compliance resourcing has been done. From a question I noticed last year about resourcing the Liquor and Gaming Commission, the response from the government was that -

The new venue licensing model is still being finalised. Once this occurs, the Tasmanian Liquor and Gaming Commission will be in a position to consider its future regulatory compliance requirements including funding and staffing requirements.

Now that the elements of the model are there to be seen and in the public domain, has the government asked the Liquor and Gaming Commission to consider what its requirements would be around funding and staffing to undertake the compliance?

**Mr ROOT** - That consultation work will feed into the out-year numbers. That work has not been finalised yet, but it will be done over the next months to feed into the next budget, we anticipate.

**Ms WEBB** - The consultation with the TLGC will happen over the next month to feed into an understanding?

**Mr ROOT** - Months, yes. Into the new year, most likely. We need to see what the outcome of the parliamentary process is, , to feed into that. I will say, though, that while there will be additional activities required, we're talking about essentially the same venues, the same range of gaming products and so on. There will be a network operator operating that network in a similar way that network gaming currently does. While there will be additional work required because of the fact that taxation and so on is managed at a venue level, we're not anticipating that it's going to be twice the effort or anything like that.

**Ms WEBB** - You're anticipating an increase though. The Liquor and Gaming Commission already indicated that in 2017 when they responded to this model when it was presented to the parliamentary inquiry as an industry-written model. The report from that inquiry includes correspondence from the Liquor and Gaming Commission flagging higher compliance requirements and resourcing. We're basing our assumption on that?

**Mr ROOT** - We're basing our assumption on our expectation of what that additional layer of work will be. As I said, it's at the margin but there will be additional work required.



**Ms WEBB** - Indeed. The government is committed to resourcing to the extent that the Liquor and Gaming Commission identifies is required for compliance activities?

**Mr FERGUSON** - Yes. I can give an undertaking that the government will resource the branch which supports the commission to adequately fulfil the commission's responsibilities which are, of course, very considerable. The commission has significant responsibilities and is strongly supported by the Government and me personally, in terms of an ongoing role to protect the integrity of and the harm minimisation credentials of our system and the future system.

**Ms WEBB** - Regarding the performance information about this output group, on page 387 - in previous years there has been a performance measure that related to the regulation of gaming. I was interested to see there doesn't appear to be one there now in the same way. Are there performance measures that we utilise to report on in this sphere around the regulation of gaming? Why would it have dropped off from last year? I can tell you what it was last time, if you're interested.

**Mr FERGUSON** - Sure.

**Ms WEBB** - It was the percentage of formal recommendations accepted by the TLGC.

**Mr ROOT** - I think that was removed because it was just measuring the activity that the commission itself was requesting the branch to do. It wasn't really a measure of recommendations that the branch had made to the Commission; it was measuring activity that the Commission had asked the branch to do. Within that metric, there were also measures around things like disciplinary actions, which are decisions made by the commission in any event. It wasn't really meaningful.

**Ms WEBB** - Now that there is a gap there - and I accept the rationale for not using the one from last year - why would we not find a meaningful performance measure to hold ourselves to account to?

**Mr FERGUSON** - I don't disagree; but I don't have advice in front of me about what those options could be. I note that the performance measure would relate to the efficiency or the success of government, or in this case, the commission or the branch in implementing business processes, rather than, for example, implementing a policy, which is not what the performance information is intended to do. I can take it on notice for next year. I certainly hear what you've said and I think it is reasonable that we identify a performance measure so that people can be satisfied that the branch and the commission are being efficient.

**CHAIR** - That are outcomes focussed rather than output focused - that's always a positive thing.

**Mr FERGUSON** - I take that on notice for next year.

**Ms WEBB** - We will definitely check back on it.

### **3.4 Office of the Superannuation Commission**

**Mr GAFFNEY** - It seems the budget is really running reasonably smooth over the estimates, there is no ambiguity. I have a question about the targets. The actual components of the complaints, that is down to 38 and 35 over the last two years, compared to 53 the time before. You have a target of less than 50. Is that set by you, or is that set by the commission itself?

**Mr FERRALL** - I would need to check whether that is set by the commission. It has been in place for some time. It probably would have been set by the previous commission as opposed to the current commission.

**Mr GAFFNEY** - That is what I was thinking. Now the number has gone down to 38, 35, they might reset their target and say we want less than 40 now. You don't want it back up. They have to be revised.

**Mr FERGUSON** - I acknowledge your point. I will respond in the same way as I did to Ms Webb. It is for agencies to continue to revise performance measures each year and we reflect those in the budget papers and I will take that on notice on behalf of the agency for next year.

**Mr GAFFNEY** - That is good because if it is from the Government you have met another target.

**CHAIR** - Thanks, Minister, that brings and end to your Minister for Finance responsibilities.

We will take a five-minute break while we change your people at the table. They are probably needed elsewhere anyway.

**Mr FERGUSON** - I advise the Committee that as other answers come to hand I will bring them to you during the day.

**CHAIR** - And anything you do not provide we will send to you at the end of the day. Thanks, minister.

We will move to infrastructure and transport.

**The Committee suspended at 12.21 p.m.**

**The Committee recommenced at 12.25 p.m.**

**CHAIR** - Thank you Minister, I will ask you to introduce our new team at the table and then make a brief opening statement if that is alright.

**Mr FERGUSON** - Thank you Chair, and good morning again to the committee. I am joined and supported today by the Secretary of the Department of State Growth, Mr Kim Evans, the Deputy Secretary Transport Services Mr Gary Swain and Chief Executive Officer of Infrastructure Tasmania, Mr Martin Blake.

Infrastructure is vital to the delivery of services. It connects communities, supports jobs and helps us to deliver our goods and services to the market and supports our way of life. This year's Budget includes a \$4.6 billion infrastructure program including a \$3.8 billion investment in projects and around \$800 million in equity injections to support the investment by Government businesses and related entities. This investment is key to Tasmania's overall economic and social prosperity and Tasmania's continued recovery from the pandemic. Our program supports confidence and provides certainty for business, in particular for employers in our construction sector with whom we are enjoying a closer than ever rapport.

The Budget includes \$2 billion for roads and bridges over the forward Estimates. It also delivers \$385 million dollars for port upgrades at Burnie and Devonport and, together with the Australian Government, almost \$185 million to support ongoing work at Tasmania's freight rail network and the upgrade of the bulk mineral ship loader in Burnie, tender recently awarded. It includes over \$4 million dollars to support air access across Bass Strait.

In relation to our roads network. Investment in our roads and bridges infrastructure includes major intergenerational projects including the new Bridgewater bridge, the Greater Hobart traffic solution, the South East traffic solution and progressing major corridor upgrades on South Arm Road and the Kingston Bypass. In the north, we are progressing targeted upgrades on the East and West Tamar Highways and the second stage of the Northern Roads package to improve freight efficiency between East Tamar and Bass Highways.

We are continuing to progress the \$280 million Bass Highway 10-Year Action Plan along the length of the highway between Launceston and Marrawah. In public transport, we are also investing to deliver improvements in our public transport system to boost patronage and help bust the traffic congestion on our busiest roads.

As a government, what we are looking to do is to make public transport a more attractive option for commuters and to provide more travel options, especially for the journey to and from work and school. The Budget includes \$20 million to deliver more buses on busy routes. In particular, this funding will assist in introducing new buses dedicated to increasing capacity from Kingston to Hobart, integrating with new park and ride facilities at Huntingfield and Firthside.

The Government has also committed \$10 million to upgrading bus stops for accessibility and amenity which is not something that has been done particularly well in our state. As we are well known for our wet weather in the winters we are investing \$6 million over the forward Estimates to upgrade bus stops at priority locations to provide more comfortable and modern shelters.

We continue to progress the modern ticketing system and, with the election commitments, brings us up to funding required to help make public transport more convenient and offer seamless movement between services with a variety of payment options and importantly, real time planning capability. In Hobart the trial of communal ferry services between Bellerive and Hobart is underway and the initial take up of that service has been very strong.

We are delivering the most substantial capital investment program in our history and to support that record infrastructure, the Tasmanian Government has expanded the role of ITAS, it now supports a strategic approach to planning and delivering right across Government. ITAS

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is also charged with establishing Stadiums Tasmania which will centralise ownership and bring a state-wide perspective to operation and future investment in our major stadiums.

In safety and services, we remain focused on improving road safety to help ensure everyone that travels on our road, does so safely. As well as our ongoing public education campaigns, we continue to deliver the \$75 million in infrastructure upgrades under our Towards Zero action plan. We will continue to deliver public education campaigns to encourage safer road use, including around schools.

We've been working closely with our public transport operators to ensure that people can continue to travel in a safe and socially responsible way despite the ongoing effects of COVID-19. As I mentioned earlier, this year's Budget also includes \$4 million to maintain essential air access for freight and passengers across Bass Strait.

This portfolio continues to play a key role in looking after Tasmania's economic recovery in jobs and providing essential services. We will continue to do all that we can to keep the construction sector busy and supporting businesses to be fully employing and to provide the pipeline of future work needed by the community. To that end, this Budget is the result of significant consultation and engagement.

I have to give a lot of credit to the gentleman to my left, Mr Blake, for his work in a stronger coordination between ITAS, the Civil Contractors Federation, and others to ensure that our pipeline of work hits the mark, delivers better public infrastructure but also does so in a way that maximises jobs here in our own state.

**CHAIR** - Thank you.

**Ms WEBB** - As an overarching one, similarly to when we spoke about the last portfolio area, I'm following up from last year and those interim PESRAC recommendations which formed a feature of last year's budget. All of them had been accepted and were allocated to departments. Are any of the ones from the list that are allocated to State Growth directly the responsibility of this portfolio area?

**Mr FERGUSON** - This is the interim?

**Ms WEBB** - Yes. In last year's budget they appeared in a big list and had allocations next to them of departments. A number were allocated to State Growth. I wondered if any come to this? I'm happy for us to come back. Ultimately, I would like an update if there are any that are allocated to this portfolio area, are they completed? Are they still in progress? What impact have they had? Have they fulfilled their function?

**Mr FERGUSON** - Chair, I might suggest that we bring that question back a little later in the session. We have the final -

**CHAIR** - That is the second one.

**Mr FERGUSON** - We have the progress report on final recommendations but not the interim right in front of me but we can easily obtain that.

**Ms WEBB** - Great.

**Mr FERGUSON** - What about if we would do that?

**CHAIR** - Didn't you want it on the final report?

**Ms WEBB** - Yes, we will want that too, for sure, the recommendations from the final report. I'm actually following up on those 50-odd recommendations from the interim report that in last year's budget were featured quite heavily with allocated responsibilities. I'm following up to see where we've landed. If there was a table on a website that just presented this I wouldn't have to ask it here, but there's not.

**CHAIR** - Okay. We'll come back to that.

**Mr FERGUSON** - We do have that information but it's up to the committee, it might be a good time to do it at the first question after the break.

**CHAIR** - That's right.

**Ms WEBB** - Thank you.

**Mr DUIGAN** - Minister, I notice with interest there is a substantial variation - a bump upwards on line item 2.1, Infrastructure Tasmania, and I also believe the Tamar Estuary Management Taskforce which falls within the responsibilities of Infrastructure Tasmania. Could you give the committee an update on that taskforce's work to improve the health of the Tamar Estuary?

**Mr FERGUSON** - You're quite right that it does. The role of the Tamar Estuary Management Taskforce does fall under Infrastructure Tasmania and Mr Swain has been leading the way as chair of the taskforce during the period in particular. I asked him to take on that role after Mr Garcia left Infrastructure Tasmania. The \$140.7 million River Health Action Plan is working to improve the long-term health of the Tamar Estuary and, as you acknowledged, is a key plank in the City Deal.

Planned upgrades to Launceston's combined system will start this year to improve the health of the estuary. Minor works have already begun with two larger projects set to start after tenders were awarded late last year. These improvements will increase storage capacity within the combined system and enable TasWater's infrastructure to more efficiently manage stormwater flows during extreme weather, heavy rain. I am advised that construction work on the major projects is on target to start later this year.

Sediment is a natural process in the estuary. However, the Government recognises that many in the community share our concern about the sediment's impact on aesthetics, navigability, recreation, tourism and businesses. During the election campaign, the Tasmanian Liberal Party committed to continue improving both the amenity and the health of the entire catchment. We're very mindful of those natural values of the river and estuaries and the balance that's required to be found to maintain the river's function as a working river and that significant value as a commercial and sporting waterway as well.

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To that end, we have committed to provide funding of up to \$4 million for a site-specific dredging program to be established to ensure that navigable channels and recreational locations can be accessed by users.

Also, in late July we have commenced the consultation process with all members of the Tamar Estuary Management Taskforce (TEMT) to determine the most appropriate, enduring governance model for the future and ongoing management of the Tamar River.

We've publicly committed to commence public engagement on the draft vision. That's commenced in recent days and the website survey is going live and public advertisements commence tomorrow.

The Tasmanian Government is investing \$47.5 million; the Australian Government \$49 million to support the implementation of the key actions identified in the River Health Action Plan.

Importantly, the first component of that deal is about catchment management actions not the river itself across grazing and dairy in urban areas. In 12 months of administering the Tamar Action Grants, NRM North has now contracted with approximately 76 landowners resulting in more than 175 kilometres of waterways now fenced and 698 hectares of native vegetation managed to improve water quality. That rises to something like 600 to 700 plus kilometres over the life of that project so it's very ambitious but already you can see the runs are on the board.

The second component is the \$85 million agreement to deliver the combined sewerage and stormwater system to reduce untreated overflows from the city's system. TasWater is contributing \$33 million; the Launceston City Council \$11 million, bringing the project's total value to \$129.2 million. As the owner, TasWater is responsible for delivering that upgrade and to date TasWater has undertaken a range of minor works as well as progressing critical engineering works and ongoing investigations into the major projects that are outlined in the plan. It's a vital project.

We are asking the community to examine the draft vision, to provide their feedback to us and we are awaiting a future government's model but we are working off the basis of consultation which is ongoing.

**Mr DUIGAN** - Minister, on Saturday there was a celebration at the Tasmanian Transport Museum of 150 years of rail operations in Tasmania. The Government has provided significant support to heritage rail operators around the state.

Can you detail the extent of that support, particularly in relation to public liability insurance?

**Mr FERGUSON** - It is an important question. If your president were here he would have probably asked me even earlier. You need \$200 million of public liability insurance in order to operate services, particularly if there are passengers on non-operational rail lines that are owned by the state. That level of insurance is required because of the small chance of a very large claim. This means that the level of insurance attracts a very high premium. Members of the committee would be well aware of that.

We asked all the tourism and heritage rail organisations around the state to work more closely together and to come up with a joint governance arrangement where they could share a policy. They accepted that challenge and I am very pleased they did and on the basis of that we then received a proposal from the association that would allow them over seven years to become self-sustaining. From the outset it was just not affordable for them. The Government is providing financial support of \$600 000, noting the special circumstances of this, tourism and heritage organisations have embraced that.

We have provided that over seven years to the Tasmanian Association of Tourist Railways who represent four tourist and heritage organisations seeking to access rail lines. With baby steps to allow them to start to get some revenue model to support them longer into the future, we have accepted they needed that upfront support. The intention is the funding will taper down over those seven years and we will see how they go.

What it has meant is it has allowed those organisations to recommence passenger rail services, noting this year is the 150<sup>th</sup> anniversary of rail first operating in Tasmania. The north was first to move with the rail service between Launceston and Deloraine that promptly went broke, as rail often did. There is a lot of heritage and value and a lot to be proud about because rail today is doing extremely well and carrying more volumes than in any of our lifetimes, 3 million tonnes last year, carried by TasRail. We have not had a derailment in the last 12 months and longer.

The future is very positive and I will conclude with the point that in each case the different societies are at different levels of maturity. The one you mention in your question Mr Duigan, the Tasmanian Transport Museum Society at Glenorchy we have assisted them through the Government and the Department of State Growth to find their way to get operational access to non-operational mine. We have supported them with a new corridor managers responsibility and a new lease, which they are very grateful for. I was pleased at the weekend to join with hundreds of members from the local community in riding on that train with its modest route. They have expansion plans, which our insurance support will help them to achieve.

In closing, just congratulations to those organisations and in all cases their volunteers who are getting them closer and closer to offering new tourism experiences

**Mr DUIGAN** - Minister, being an island state can have its advantages as we have seen through COVID-19, but the flip side of that coin is the freight cost disadvantages we incur due to Bass Strait. Can you update the committee on the budget allocation to the Tasmanian Freight Equalisation Scheme and the forward commitments to that scheme?

**Mr FERGUSON** - The federal government provides for the allocation of funds for the TFES, that is deliberately intended to offset the freight cost disadvantage that does exist between Tasmania and mainland states, recognising the separation due to Bass Strait. The scheme is being extended, we lobbied for this and are very pleased to see the federal government do so. It has been extended to include eligible imported foods and products with no direct Australian made equivalent. With that rider in there it has allowed the federal government to do that. The value amount I am advised is \$198 million in 2021-22, consisting of \$176 million of assistance for locally produced goods and \$22 million for the extension to eligible imported goods.

While the scheme is designed to partially offset the freight cost, it is not designed to fully compensate. It has never done that, but it does bring it more into helping Tasmanian businesses to be competitive. The scheme is also uncapped, meaning budget allocations are nominal and reflect the expected spending, rather than a limit. That scheme has been extended to include eligible imported goods with no direct Australian made equivalent at the rate of \$700 per 20-foot container and started on 1 July this year. That has been endorsed by a lot of people.

The extension on its own has a budget of \$89.3 million estimate over four years. The Australian government has also continued a separate scheme which we would all be familiar with, the Bass Strait Passenger Vehicle Equalisation Scheme which is vital enabler for tourism and supports the TT-Line. The aim of BSPVES is to reduce the cost of seagoing travel for eligible passengers provided they are taking with them an eligible passenger vehicle. The scheme provides different subsidies for different types of vehicles - a car or bus attracts a rebate of up to \$243 one way or \$486 return. The budget for the Bass Strait Passenger Equalisation Scheme is \$53 million rising to \$56 million in 2024-25. It is great support we get from the federal government which we and the tourism industry are very grateful for it.

**Mr DUIGAN** - Thank you, Minister. I have nothing further.

**CHAIR** - Minister, I want to go to the issue of delayed projects and things like that. We know there are lots of reasons why that occurs. If I can take you to Budget Paper No. 1, page 59, the Policy and Parameter Statement. As I understand the parameter adjustment in State Growth and there is some detail there about the adjustments. Then when you go to page 75, Budget Paper No. 1 - sorry, I have the wrong number there.

**Mr FERGUSON** - I am not sure if you have the right BP.

**CHAIR** - Yes, Budget Paper No. 1 in your policy and parameter statement.

**Mr FERGUSON** - Yes.

**CHAIR** - Then, sorry, page 107 and 117. It talks about the infrastructure investment. I want to get you to the right pages first so you know what I am referring to.

**Mr FERGUSON** - Yes, thank you.

**CHAIR** - The parameter change shows there is significantly less spent on State Growth and I assume this is all roads where we are spending less. The question is about which projects were deferred, delayed or changed. When you look at the other detail in the road expenditure on page 107, you can see there are figures from last year that have - in 2021-22 was \$501.1 million there, but there's only \$371.6. It is the same across the forward Estimates.

On page 117, the total infrastructure spend for the 2021-22 budget, last year, was \$959.4 million and this year it is \$828.5 million. We see this every year pretty much, this pushing-out of the spending. Which projects have been deferred, delayed or altered such that we have not spent the money?

**Mr FERGUSON** - Last year we massively increased the provision of infrastructure funding with a very deliberate purpose - I might have reflected this in the finance discussion as



well. There was a very deliberate purpose to fill in and move into the space if there was to be a private sector investment retreat.

It turned out there was not and even with nearly a billion dollars of infrastructure committed in 2020-21, significantly \$642 million worth of delivery which was actually phenomenal was provided, particularly in an environment where those businesses had to run business continuity plans and social distancing and other hygiene-related measures. Those industries were able to keep going, almost without a bump which was very good.

What we have actually done across government, as you have highlighted, is to bring forward an infrastructure program which we intend to have as deliverable within the ability of industry to do so - thinking civil contractors and, of course, commercial and residential building firms. In the meantime, in the process of developing this budget, we have worked with those peak bodies and signed an MOU in June to establish a greater level of cooperation and coordination between the industry bodies and government. That is why we remain committed to the same set of projects as before - indeed, with the new election commitments for new projects that were previously not funded. We have done it in a way that stages it, noting that we are challenging industry to potentially increase their workforce by as much as a quarter. As for specific projects we are happy to pick up individual questions but I am not sure Martin if there is anything you could add.

**Mr BLAKE** - I don't think so, Minister. As you say, at a Government level and at a state roads point of view last year was challenging for a whole range of different reasons and it was different by department. There was a lot of emphasis on economic stimulus last year and a lot of money being dedicated by the Government to specific infrastructure, particularly in the state road space. The challenge often was getting the money spent quickly, and that meant it did prioritise maintenance and renewals which went ahead quite quickly. However, there are often challenges with the development end of projects which means that money cannot be spent as quickly as we would like. That is creating some opportunities now to smooth out that budget profile with industry, which they are very happy about. They were quite concerned about having that money spread out so it provides a sustainable growth trajectory as the minister was talking about. That is what we are talking to industry about at the moment, at a whole of Government level.

**CHAIR** - I am interested in particular projects here. I will take you to Budget Paper No.1, page 75, which says, 'Since the 2020-21 Budget, the timing of a number of infrastructure payments, such as Roads of Strategic Importance and the Bridgewater Bridge, has been amended to reflect the Government's revised infrastructure program'. Obviously, the Bridgewater bridge is one that is not progressing, even though it has been announced about ten times by now.

**Mr FERGUSON** - It is progressing.

**CHAIR** - We haven't seen anything built yet. Are there particular roads in Roads of Strategic Importance that are being pushed out? That is funded by the federal government.

**Mr FERGUSON** - Roads of Strategic Importance is jointly funded, usually on an 80/20 split.

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**Mr SWAIN** - 80/20; unless it is urban works, then it is 50/50.

**CHAIR** - Have any particular roads been pushed back for a variety of reasons?

**Mr SWAIN** - The cash flow on the new Bridgewater bridge has been lower; that partly reflects that we will not have an accurate cash flow until the bids that are currently under assessment are assessed. The process is on track. We have left the original cash flows in place until we get the definitive information out of the bids which we are currently assessing and we are still on track to appoint that by the end of the year. There were a couple of other projects.

**CHAIR** - To award a tender by the end of the year?

**Mr SWAIN** - That is correct.

**Mr FERGUSON** - The tenders are in, as you may be aware. We have narrowed it down to two, under an early contractor involvement which I do not think the state has ever done before. We basically contracted both of them to develop their tenders. It meant that we maintained competition throughout the phase of testing the proposals and so now that is in a locked box and being assessed. Those tenders closed in the middle of August so we now do have two, we have a contest being assessed right now and the expectation is that we would award that tender this calendar year.

**Mr SWAIN** - Other projects include the airport roundabout where you would be aware that we went through a planning appeal process. There are also specific challenges on a number of projects, for example the Eagle Hawk Neck project where we had to do some redesign work to deal with some Aboriginal heritage concerns.

Following on from Martin's comments though; you made the comment to the minister that this happens every year. The difference this year is that capacity was limited by industry. The delivery of state roads was \$317 million, which was up from \$279 million the year before, which was about the same as the year before that - although it was a bit misleading because the year before had the Perth Link Road Project which was a large, single project at over \$90 million and the year before that it was \$200 million so you've got \$200, \$280, \$280, \$317 million.

If you look at the current profile that you articulated, and take the Bridgewater bridge component out of that, that will require us to get to about \$350 million this year so it's a challenging but not ridiculous increase in delivery that we need to achieve this year under the revised smooth program.

**CHAIR** - This is a broad question about the cost of delay. When you look at last year's net spending on non-financial assets of \$554.6 million compared to a budget figure of \$1.04 billion - Budget Paper No. 1, page 143, in cashflows from investing - that's only a bit over half of what was actually budgeted. When the project is finally undertaken, regardless of the reason for the delay, then what cost increases do we see over that period of time? Is it more than CPI? Do we know, Minister, what impact these delays have on the overall cost of the project?

**Mr FERGUSON** - It has been put to me differently - that by trying to push projects more quickly than the market can take, you are more likely to get higher prices for the project to be delivered.

It's also a reflection of the fact that those industries right now are running at full capacity. That hasn't happened at any time in my political career, that industry is running at full capacity and looking over the horizon and expecting the same to continue for years to come and coinciding with strong growth occurring right around the country. You're not seeing some industry sectors going quiet and then ours getting busy and we can just grab some of their workers. It's a real challenge right now for them to attract the skilled staff that they require. The challenge for them is to grow their workforce and to train it. I don't have any advice about other cost impacts of smoothing because the strong request of industry was to have a pipeline of work which is smoother, more predictable with a sustainable growth factor to it - the figures are around 10-15 per cent - to try to ensure that we maximise Tasmanian jobs and don't inadvertently result in large numbers of people being picked up from interstate and increase the costs.

**Mr SWAIN** - The Commonwealth Government uses an escalation figure of, I think, 4 per cent at the moment. That is pretty misleading when you are in the context of a fully-utilised industry. Laws of supply and demand apply: if you have a fixed supply and you continue to move the demand curve out, it just goes into higher prices. If the Government hadn't chosen to smooth the curve you would be seeing higher prices for all the projects currently being delivered.

You have two competing factors. Pushing it out, you will have escalation but if you try to push it into the current year you would just drive up the current prices, that we're experiencing through our tenders, so the net cost of that is pretty hard to ascertain.

**CHAIR** - It's a fair call; I don't dispute you but it's interesting to contemplate how much delays cost particularly when it's a pretty hot market across the country.

What are we doing in the state to try to address that because if you delay there is a cost; if you try and push with the limited resources we have and restrictions around movement of people as well, what is happening to try and keep the cost down?

**Mr FERGUSON** - In a hot market like this our industry players are doing very well. They have a predictable flow of work; they are winning jobs and, in some cases, they are so happy with how much work they have that you are not seeing a lot of competition for individual tenders that can occur at times.

You asked what we are actually doing? Infrastructure Tasmania (ITAS) is working across government and agencies in the development of this budget so that we can have that smoother pipeline. We're also moving with the Minister for Skills, Training and Workforce Growth, Ms Courtney, and we've established a new initiative which we've called the High Vis Army. This is intended to generate significant extra work output from their peak bodies, more promotion of their industry to men and women, particularly women because that's an under-represented sex in our sector, which is a great opportunity for growth. It also will provide new skills training support so that it's actually a supported industry.

That has actually been signed earlier in June and there's a very clear message for the NBA, HIA and CCF to grow their workforce and that is actually the answer to how we're going to deal with the growing public and private infrastructure pipeline. As a government, we have also pioneered the pipeline document. We did that about three years ago for the first time. We're actually now moving to refine it and to make that pipeline a little bit more user-friendly for industry. I might ask Gary or Martin to speak to that.

The release of the next pipeline document will be this calendar year. The whole intention in responsive industry feedback is to make it more user-friendly, less like a document, more like a searchable database so they can look not just in the current and next couple of financial years but look over the horizon. They can understand that this university or that local government or that supermarket is intending to build this sized development - let's say, in three or five years - and actually start to do the work to prepare for that as an industry. That's under development and I think it is shortly to be revealed. I might ask Mr Blake or Gary to jump in there.

**Mr BLAKE** - What the minister is saying is correct. The pipeline is becoming of more interest to industry in the context of the national environment. In the next two years we're looking at doubling the national infrastructure spending, going up to about \$56 billion per year in two years' time. The estimates are that's going to put extra demand just on materials is going to increase by 140 per cent across the country. I think 25 -

**CHAIR** - That could push prices up too.

**Mr BLAKE** - Yes. It's going to be tough.

**Mr FERGUSON** - If you don't have the skills development.

**Mr BLAKE** - Skills is the same issue. Interestingly, there has been a lot of emphasis on blue-collar workforce but the issue is also acute in the professional sector and in the consulting sector. As the minister said, at the moment we're continuing to work with those industry peak bodies to continue to manage that pipeline. We're really trying to keep it just at a sustainable growth rate for those industries.

Mind you, there's a lot of time and effort going into things like the skills, accelerating the skills pipeline at the same time. Essentially, we're going to try to make sure that we're actually tracking - so we will work with the commercial builders and civil contractors and the workforce training and development people just to try to get that at about the right rate.

As you say, Chair, there is an escalation issue. The problem will be if we don't keep control of that, it will be worse. As the minister was talking about, the escalation actually gets higher because the costs of personnel and materials is exacerbated under those situations so it's going to be a fine balance. To start with, we were hoping we might be able to do it in a more predictive way but in practice it doesn't work like that because the elasticity, the industry capacity is highly dependent on a sector-by-sector basis and is responsive to what else is going on in the market, both nationally and locally.

Year-by-year, we will continue to monitor how that's working. We're also increasing our work with the government departments to make sure tendering is happening in a way that's actually conducive to industry participation. One of the problems that government is going to

have is that it's going to need to be seen as an attractive client to industry because the private sector is quite busy as well.

Gone are the days where government could just sit back and do what it likes and have industry running around chasing the work because now they have other options. It's going to be incumbent on government to really put its best foot forward now and make sure it's working with industry in a constructive way, not just at a program level but also in procurement and how it does its business. If we're not a valued client then the situation that you're alluding to will increasingly get worse. So, that's where we're putting a lot of time and effort at the moment.

**Mr FERGUSON** - I would like to add that the reference to a program should not be lost on the committee or the public. Moving away from an individual project-based way of looking at the overall investment to a program approach is intended to provide some more flexibility in when actual individual projects are delivered. Industry asked us to do that and it's in order to ensure that the pipeline can be as smooth as possible so that you don't have a boom and bust problem occurring every few years.

One of the advantages of that is the ability to have an individual piece of work deferred by, let's say, six or 12 months. It also means that with a project which is known to be coming up in a program in, say, three years' time, you can actually get on and start to do the preliminaries now. If, for example, there was an economic shock or some other reason that another project collapsed or hit a planning hurdle, you can bring forward the other project and actually have that elasticity in the program. That's something industry asked us to do and which we're moving into.

**The committee suspended at 1.06 p.m.**

**The Committee recommenced at 1.42 p.m.**

**CHAIR** - Welcome back, Minister, I'm glad you came back. I understand you have some answers to a previous question before you go back into Infrastructure Tasmania.

**Mr FERGUSON** - Yes, good afternoon, Chair and committee. We have the advice. I will ask the secretary to provide, both the final and the interim report of PESRAC in relation to this portfolio.

**Mr EVANS** - In relation to the interim recommendations, the whole of the department had the lead on 15 of the recommendations. We were a support agency for eight. Two of those recommendations related specifically to ITAS and the work in Transport and Infrastructure.

**Ms WEBB** - Numbers, do you know numbers?

**Mr EVANS** - Yes, 37, which is, 'The state government should provide clear direction to the TT-Line board that it is to lead, not lag, passenger capacity into Tasmania, particularly in the absence of substantial air access'. Of course, that was complete. In fact, we met quite frequently with TT-Line. We were in regular conversation with them. They were as keen to lead passenger capacity in terms of recovery, as you would expect that they would be. That was complete.

The second recommendation where we had the lead was that, 'The state government should use its influence to encourage government businesses and other public sector infrastructure providers to establish capital project priorities that place a higher weighting on distributing activity towards smaller-scale regional projects'.

**Ms WEBB** - Can you tell me the numbers of them when you are doing them so I can follow along on my list? Thank you.

**Mr EVANS** - That is an important one. We have given a lot of attention to that and it is one that will be ongoing. It's not quick to complete. Mr Blake has talked about the work we are doing in relation to the pipeline with the civil construction industry. I actually have infrastructure investors to deliver on that specific recommendation on an ongoing basis.

With respect to the regions, it is worth noting that our work program has a considerable proportion of discretionary maintenance and capital expenditure. So we were able to profile our work to ensure that we could get it out into the regions.

The minister also mentioned the final recommendations. There are two of those relevant to this portfolio, number 9, Jobs and income: The state government should redevelop a 10-year infrastructure pipeline as a tool for identifying and addressing capacity and delivery constraints. As Mr Blake said before lunch, that is well underway. In fact, we will produce the revised infrastructure pipeline this side of Christmas.

The second one was number 10, Jobs and income. The pipeline should be extended to include information on digital infrastructure plans, investment plans including telecommunication providers, to address digital inclusion strategies. Again, that is underway. It also relates in part to recommendation 9, which I have already talked about, 'consultations planned with the private sector to telecommunication infrastructure providers to support an expansion of the pipeline'. They're both well and truly underway.

**Ms WEBB** - Those two interim ones, 37 and 53, they were the two for this portfolio, I didn't miss any? Thank you.

**Mr EVANS** - We have a whole heap of others but they are in other portfolios.

**Ms WEBB** - We will come to them.

**Mr EVANS** - Thank you, I'm armed.

## **2.1 Infrastructure Tasmania**

**CHAIR** - Back to 2.1, Infrastructure Tasmania, I note this is also leading the development of infrastructure strategy for the state. Can you give us a bit more information about where that's at?

**Mr SWAIN** - This was really put on hold when COVID-19 struck. The focus very much last year and this year has been on infrastructure delivery. If you like, the strategy has been to deliver the infrastructure that is on the books and keep up with the forward program. In part that was the pressures of COVID-19, but it was also a recognition that the world was so uncertain - certainly in the front six months of COVID-19 - that it was very hard to think about

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a strategic direction at that point. We are now getting back to a point where we can re-examine that work with a little bit more clarity as we are moving towards reopening up of the global economy.

**CHAIR** - Are you looking at a role in a 10-year infrastructure plan or what is the focus intended to be?

**Mr FERGUSON** - We need to articulate the 10-year rolling pipeline and 30-year strategy.

**Mr BLAKE** - Correct, that's right. There is the pipeline itself but we need to focus on, and being appointed to the role in April, it's obviously something there that has been sitting in the background that needed to get done. We've been recruiting some staff. We have two staff working in that space who at the moment are establishing Stadiums Tasmania. This will be the next task they are rolled into.

Infrastructure Australia just released its strategy on Friday. What they've done gives us a good pointer for what we should be doing, which is not duplicating work that is necessarily being done by other infrastructure providers but actually looking for the connections and the weaknesses and the gaps that exist at the moment in long-term planning.

That is where we'll go with the revised infrastructure strategy. Rather than cover the board, we will probably be focusing on three, four or five major things that we think we can focus on in the stadium infrastructure provision that is going to make the biggest difference in the longer term.

**Mr SWAIN** - You will end up with three things, you will have the 30-year strategy, which does what Martin just said. You will have the 10-year pipeline which is going across sectors, providing more transparency and planning capacity for industry. Then individual service providers, of which State Roads within State Growth is one, will also have their plans which will be 10-year or beyond, detailing the program of works that they will expect to do. You will have complementary instruments between service providers and policymakers.

**CHAIR** - What is this infrastructure strategy going to look like, it is obviously not either of those other things, it is just going to be a more narrowly focused document?

**Mr BLAKE** - The 30-year infrastructure strategy is being referred to there.

**Mr SWAIN** - You could look at things like sustainability as a theme or you might look at the processes you would expect an infrastructure provider to follow, like that you would expect every infrastructure provider to have a long-term plan and that would map to a customer service standard. It could be at a higher level than the documents that should respond to that 30-year strategy, like an individual service provider being a road authority and you might say considering that this is what our 10 years looks like.

**CHAIR** - It seems a bit of an odd double up in some respects of the language being used but anyway, in terms of what are we talking about strategy, but I will leave it at that.

**Mr BLAKE** - It is the same thing, it is the more forward looking strategic looking plan the Deputy Secretary is talking about.

**CHAIR** - Stadiums Tasmania has been mentioned a couple of times in this output area. What will that structure look like, what will the governance arrangements and risk management process be and what is its actual purpose?

**Mr FERGUSON** - I will reflect that Infrastructure Tasmania responds to myself as Minister for Infrastructure and Transport, and the Premier. There is a joint reporting to both the Premier and myself in relation to this. There is a range of projects on the work plan for ITAS and this is one of them. do not want to cut across the other portfolio responsibilities, but we can speak about the governance and support being provided.

**Mr EVANS** - The intention is to establish a bill at this point.

**CHAIR** - Establish a what, sorry?

**Mr EVANS** - Establish an act at this point called the Stadiums Tasmanian Bill. It is currently being drafted and expected to be tabled in late September mid-October. The purpose of that bill is to establish a governance body that can take ownership of and manage responsibility for key strategic stadiums across the state. In that respect, we already own the Silver Dome and MyState Bank Arena, but have been in conversations with Launceston City Council about the future of UTAS Stadium and have commenced some discussions with Clarence City Council and Cricket Tasmania about the future of Blundstone Arena. Those four stadiums are likely to be the key stadiums that would form part of the responsibility of Stadiums Tasmania.

If it takes ownership of those stadiums then it will likely have different arrangements for each of them in how they are managed. For example, we already have a lease with the LK Group with respect to the ongoing management of MyState Bank Arena and that would novate across to the Stadiums Tasmania. It may well be with the respect to Silver Dome, the authority would manage its own staff to oversee that entity. Of course, other arrangements would need to be worked through with Blundstone Arena if we were to take that over and Launceston City Council if we were to take over University of Tasmania's stadium.

It is also envisaged it will look strategically at other opportunities including on the North West. It may well be the prime developer of the future stadiums for example, if we were to look at a greenfields new stadium in the state or any number of purposes.

The bill is currently being drafted. It is proposed the Board of Directors, Chair and CEO would be appointed once the legislation is passed and launched in 2022. That would enable the staged transfer of stadiums agreed to occur in 2022 and beyond.

**CHAIR** - Its purpose is multifactorial to develop new stadiums, and to own stadiums?

**Mr EVANS** - It will have broad powers to own and manage stadiums and it will also have powers to look more strategically at future stadiums in accordance with the Government's priorities, of course.

**CHAIR** - What is the process of recruitment of directors and CEOs?

**Mr EVANS** - It has not commenced yet.



**CHAIR** - I know it has not come in as you have not got an act to do it under, but what is the process, Minister? We are not going to see the same names on the board pop up at every other GBE we have?

**Mr FERGUSON** - I would encourage that question to be asked of the Premier and/or Minister Howlett who have joint carriage of that project.

## **2.2 Road User Services (b)**

**Mr FERGUSON** - Chair, if I could introduce Mr Martin Crane to the committee. He is the General Manager Road User Services to support me with this output.

**Ms LOVELL** - Minister, a question regarding some information provided to the other committee this morning from the Department of Police in relation to data that is collected on contributing factors to road crashes and what State Growth does with that data. In particular, my concern is around the wire barriers on roads and there is quite a length of wire barrier now, particularly on the Midland Highway.

There are groups that prefer concrete barriers as opposed to wire barriers. I am after some information around what State Growth does with that data collected by police and if there is information extrapolated from that on the causes and severity of those crashes depending on some of those barriers.

**Mr FERGUSON** - If the Committee wanted later to talk about the infrastructure itself, then I have a different departmental officer who can speak to that. The question is around data and we will respond.

**Mr CRANE** - We have a crash data management unit within our road safety branch which collates all the information regarding our crashes in the state. This is a really important role we have within the road services area. That pulls together all the information provided by police at crash sites on cause and effect of those crashes, which is an initial assessment done by the police officer at the time.

That then feeds into understandings around the fatal five around speed, inattention, drink-driving, not wearing a seatbelt and a crucial part of that data train to form evidenced-based policies on how we develop our policy response to road crashes. We store it in a part of our system - our road information management system in our crash data management system. We provide that information to councils and other people occasionally.

**CHAIR** - We have seen an unfortunate year with road deaths again this year and one of the key objectives of this output area is to provide strategic road safety policy advice. I assume in doing that you assess all the data about crash causation and that sort of stuff. What particular advice have you been provided with, Minister, regarding the crashes we have seen? Even during 2020, when we spent part of the year ideally not driving around the state, sadly, the crash statistics did not improve over that period. What advice have you been given on where we need to particularly focus?

**Mr FERGUSON** - It is a vitally important area for government and for me as a minister; we take it extremely seriously. The long-term trend is very positive, coming down off those

terrible statistics, particularly in the 1970s. You see a reasonably consistent trend down in the road trauma including death. However, this year and last year we are higher than our last ten-year trend and for the benefit of the Committee, for the year to 5 September 2021, as of yesterday Tasmania has recorded 26 fatalities and 182 serious injuries, being a total of 208 serious casualties; a small decrease though, as at the same time last year. As of yesterday, the number of deaths is the same at 26. Clearly, anything above zero is not acceptable to us and we have maintained our belief in the Towards Zero Strategy and the action plan, and we are constantly asking ourselves the difficult question: Is there more we can be doing?

Very often, particularly this year, we have seen two double fatalities on roads that are considered safe. Although subject to the coroner of course, those roads have not been put down as a leading factor by police in their reporting. However, roads can always be made safer. The key advice that I receive on an ongoing basis is that the fatal five main reasons why people are dying and having serious injuries on our roads relate to speed, inattention, drugs and alcohol, fatigue and not wearing a seatbelt. I speak to the Road Safety Advisory Council, particularly officers of my department who support the Road Safety Advisory Council (RSAC) and our new chair, former Deputy Commissioner, Scott Tilyard, and I ask them the simple question: What more could we be doing? It's an area of particular focus.

We have a range of projects that RSAC are currently exploring, one of which is better enforcement mechanisms for the existing road rules, noting that most crashes and deaths are as a result of bad decisions. Most deaths and serious injuries are the result of driver behaviour: a decision that's been made by a person on the road. With that in mind, there's a strong view that we can do better with enforcement and that is by equipping police with better technology in order to detect, particularly people who are speeding, noting that the existing infrastructure of ten cameras - they are old and they are fixed, not mobile. In the very near future we are going to market for new automatic enforcement technology with an intention that people can become more aware that their driving behaviour is going to be monitored. That's just one of a large number of areas of current work.

**Mr SWAIN** - Minister, if I can go back a little bit. You asked the question: 'Did data inform the priorities?' There was a body of analysis done by CASA which is a leading national motor safety advisory body that informed the allocation of the available funds under the levy. That translated into six themes where the dollars that were allocated broadly related to the potential savings in loss of life and injury under each of those areas. Those six themes are: making our rural roads safer, \$20 million; improving safety in towns and cities, \$31 million; about \$50 million on infrastructure treatments happening across the state; saving young lives, \$12 million over five years; encouraging safer road use, \$4 million; making visitors safe, \$2 million; improving safety through vehicles, \$93 million.

When that was put together, it was acknowledged that there was a gap in that program and that was around speed enforcement. At that stage we hadn't worked out what products were available and how we might take that forward. We've since been - as the minister said - focusing very much on automated speed enforcement, recognising that we need to supplement enforcement activities of police and that technology is a potentially low-cost way to start to create that halo effect that wherever you are on the network you are potentially at risk if you are speeding.

**CHAIR** - Using your mobile phone?

**Mr SWAIN** - Or running a red light.

**CHAIR** - All of those things. It's the new technology - photography. It was trialled here in Tasmania. They ran it out in Queensland. I think, from memory, if they had it actually in force they would have had 40 000 people in the first little period doing the wrong thing, using mobile phones. Some of the figures about what people were doing were staggering.

**Mr SWAIN** - We are about to go to market in the next couple of weeks to ask for proposals for automated speed enforcement technology. But a mandatory requirement of the tender will be that you have additional capability, like -

**CHAIR** - Including that sort of technology?.

**Mr SWAIN** - Which the minister was very keen for us to include.

**CHAIR** - Do we need regulatory reform for that?

**Mr FERGUSON** - I don't think so. There will be some enabling legislation for the automatic enforcement that relates to non-speed offences, but the architecture is largely in place. We will need to bring a bill through Parliament, I would imagine. This is something that stakeholders have been very clear with me about as well. The feedback that I receive informally and formally around the community does definitely support a sense that while we recognise police cannot be on every street corner, we should be adopting the newer technology which has more or less proven itself in New South Wales, with a clear objective of getting people to check their own behaviour on the road, recognising those fatal five; and also, hopefully, leading to great safety benefits.

**Mr SWAIN** - It's certainly a great advantage having the new chair who has really deep knowledge of enforcement, in terms of what can be done with people and technology. That's very helpful. In addition, there was the Australian Government's \$2 billion safety program that was rolled out last year. That program led to some additional road safety funding of \$33 million from the Commonwealth that we were able to take up last year. It was a matching program, where there had to be some state contribution; we were able to make that through the levy to allow Tasmania Inc to get that extra funding for road safety. That money has gone into a range of safety initiatives, including mass treatment infrastructure solutions around the state. There is a lot going on in this space; but we obviously have a lot more to do.

**CHAIR** - This goes to some of that road safety stuff and compliance which you've been talking about. It is also responsibly enforcing compliance with the state-based regulations for road worthiness, vehicle standards, mass, and mass limits. I'm sure, Minister, you've been up and down the middle of the state. I've been further than that; I go to the north-west coast, I go down the west coast - the roads are in an appalling state. I know we've had a lot of rain and all that, but it must be terrifying for motor cyclists. It's bad enough for people in small cars.

I'm interested in terms of the data about how many breaches have we had in terms of mass limits? Heavy vehicles on roads, combined with our weather, is one factor, and vehicle standards, road worthiness, all those sorts of things. How many breaches have occurred in these areas? How many checks have been undertaken? These are actual trends you're seeing here. I assume that unlicensed drivers are something that has been worked on in this new technology as well; although we already have some technology for that.

**Mr FERGUSON** - Just before you do, I would also add to our previous discussion on road safety, that we look forward to any findings and recommendations from the Legislative Council inquiry on this matter. Government has been making a submission to that. Of course, that remains confidential until the committee says otherwise. We are all for it. If there can be evidence-based means of continuing the efficiency of our road safety network while we're sorting safety out, we are for that.

**Mr CRANE** - Heavy vehicle compliance is all now undertaken directly by the National Heavy Vehicle Regulator, with their offices based in Launceston. They have about 10 staff around the state. They do the compliance around heavy vehicles in Tasmania under the national heavy vehicle law.

**CHAIR** - Obviously it feeds back, Minister, into what you need to do with our roads as a result. If there are a lot of breaches surely you would want to know about that, you would be informed of that?

**Mr CRANE** - We have a really good working relationship with the national Heavy Vehicle Regulator and we talk about our priorities and they tell us when they're doing different national programs of enforcement about road conditions. Recently this year they did a national survey on road conditions, with road worthiness on all heavy vehicles. That was a national survey. That's like a base survey to check the compliance and we will certainly get all the information back on that.

We look after the registration side of that. If a vehicle is deemed to be non-roadworthy then through our systems we would certainly deregister that vehicle in a sub process. So there is a very close working relationship with the Heavy Vehicle Regulator on the roadworthiness side of it and we certainly have joint operations with them occasionally as well, with Tasmania Police.

**CHAIR** - Do you have details of the number of breaches?

**Mr CRANE** - I would have to provide that, I can see if I could track that information down from the national Heavy Vehicle Regulator.

**Mr FERGUSON** - Wouldn't that be in the annual report that we table in parliament?

**Mr CRANE** - I believe so, minister. I would have to -

**Mr FERGUSON** - We will check all the same.

**Mr CRANE** - We will have to check that, Minister.

**Mr FERGUSON** - I will invite the deputy secretary as well. I will just share your opinion of some of the concerns that we have about maintenance and potholing following the recent winter. It's a serious concern to us. We're not a bit relaxed about it and we've been working very closely with our maintenance contractors to bring them back up to standard. I will ask Mr Swain if he could bring us up to date broadly on that. If there was further interest in it we could discuss it during the CIP when we have the manager of State Roads here.

**MR SWAIN** - Yes, we have become aware that there are significant challenges in the maintenance program. That's partly to do with the wet season but also it's not consistent in all areas of the state, so it's also partly to do with the way the contractual responsibilities of our maintenance contractors have been fulfilled. There has been a lot of concern about the Bass Highway in particular and we've been working very closely with that contractor to put additional resources and an additional focus onto fixing those issues in the short to medium term and beyond.

In the short term, there has been mobilisation of additional crews who have been working on clearing a backlog of potholes and minor defects that need to be addressed before we get into the resealing season a bit later in the year. We've been putting on additional resources, enabling us to work more closely and in more detail with the contractor. In the medium term we will be moving to a program of resealing and also looking at the Bass Highway, which is a \$280 million capital program. We will be looking at the sequencing of that work relative to the periodic maintenance parts of the maintenance program. In the longer term, we're going to have another look at the contracting model to see whether we've got the right incentives and spread of responsibilities in place. We are very conscious that we're not getting all the outcomes we would like out of the current arrangements and we need to review them.

**Ms WEBB** - I am interested to hear a bit more about how the assessment is done of the road network safety needs, in terms of informing that investment across the whole of the road network. I've had it described to me as tactical rather than strategic and short horizon rather than multi-year strategic planning. Can you talk me through if you see it differently to that?

**Mr FERGUSON** - Do I see it differently to that? Yes, I do, but historically I would have tended to agree. In a moment I will ask our experts to add to this. I definitely agree that the capital program for roads and bridges has been very project-based but we're moving to longer term program arrangements and this is perhaps an echo of something that was said earlier in the session today.

Also, we are now having a good look at the success of the first 10-year action plan that we've ever had in Tasmania which was for the Midland Highway, a 10-year safety action plan which is now seven years in. We regard that as a very successful way in which to address a long-standing set of issues relating to safety and the need to upgrade to meet the productivity challenge and the safety challenge. We're now moving to adopt a similar approach in relation to the Bass Highway, the Tasman Highway, the Huon and Channel highways.

One of our commitments at the election that we're in the process now of implementing is the creation of 10-year action plans for other highways - the big, the substantial, high-volume highways around the state. That was actually with some helpful feedback from the RACT so that we can genuinely have a long-term mission approach to our major highways and significant state roads.

I believe we will see more and more of that approach and that philosophy, noting that on the Midland Highway, seven years in, many people forget what it used to look like seven years ago. It means that in the remaining three years of that project, or I should say that program, we are getting to those areas that were not identified as the biggest area of risk. Sadly, you will be aware that in the recent 12 months we have had significant loss of life including a triple fatality in an area of the Midland Highway which was very straight, very flat but not separated by a wire rope barrier because it had not been got to yet. It was not considered a high risk area.

When we start to get these longer-term philosophies and approaches in our capital program, we will have a more responsible, more strategic and less tactical response to highway upgrades.

It would have to be said, though, that in areas of high growth, particularly where there is new housing, I think we do need to be tactical as well. If fast growth is occurring that had not been identified previously or some other reason why we are seeing congestion, we have to be nimble enough to move.

Certainly, those would be my overview comments and invite other comments and more detail.

**Mr SWAIN** - I might ask Martin to continue. So, we are moving to that corridor planning process across the state effectively as far as we can. It does have an advantage for capital delivery but it also has an advantage in terms of taking a holistic view of relative risks and priorities. A lot of that corridor planning has been done in the last three or four years and as we finish that off, we will be able to put those pieces together effectively to build a statewide plan. This is something that we had done some work on six or seven years ago and have been using but it is now ready for a major refresh which we will be able to do through the corridor plans.

**Ms WEBB** - What is the time line on the statewide plan that will come out of that project?

**Mr SWAIN** - I am not sure when the last corridor plan would be, it is an ongoing rolling process but I would say we would have most of the major corridors done in the next two years.

**Mr FERGUSON** - We have just done the Channel, haven't we?

**Mr SWAIN** - Yes.

**Mr FERGUSON** - They are sequential. We have just done the Channel, that would have been the middle of last year which led to 30-year recommendations for future strategic infrastructure, one of which was the Algonia Road interchange and a recommendation for an immediate second roundabout, a 10-year interchange. We have made decisions about that and gone straight to the interchange.

West Tamar Highway is in progress; Bass Highway Launceston to Deloraine is being finalised; west of Wynyard has been finalised out to Marrawah and is being implemented; Huon is in progress, just commenced, it has just closed its first round of public consultation. I hope that gives you a picture that there is a sequence of doing the corridor studies but all of them are with decades in front of them in terms of planning for suitable treatments. Then a government of whichever colour is in power at the time can make more-informed decisions about investment and priorities off the back of that work having been done. These corridor studies really are a kind of a gift to whoever wins the next election, and the one after that.

**Ms WEBB** - That is a pretty clear picture but it does not answer the question I was asking in terms of a longer-term strategic whole-of-network planning process. Is there anything else that you thought you needed to add to that or can I move onto my next question?

**Mr SWAIN** - I think move on.

**Ms WEBB** - Okay. You mentioned the adoption of new technology to assist with addressing and enforcing speeding issues. Given that this occurs in other jurisdictions, has consideration been given to hypothecating speeding fine revenue to road safety measures? This would not replace our existing road safety levy but in addition. There is a very easy to draw correlation between the behaviour of speeding and danger on the roads and therefore revenue from one source being hypothecated directly, I know we do not generally like to hypothecate things but this would seem like an appealing one.

**Mr FERGUSON** - Thanks, Ms Webb, for the question. A range of stakeholders have suggested this; and, like you, they have suggested hypothecating, at least providing some level of undertaking around reinvestment of fines into road safety or campaigns. The Premier has indicated, and I'm happy to repeat, that there is an open mind towards those matters. We've undertaken to consider those matters, bearing in mind that the automatic enforcement cameras that we will be bringing online -

**Ms WEBB** - Will generate more revenue.

**Mr FERGUSON** - Sorry, let me start again.

**Ms WEBB** - Sorry to interrupt.

**Mr FERGUSON** - They may well, and so they should, on the basis that we want them to detect and encourage people to curb their decision making. But the intention of them is a road safety benefit, that's the only intention. If they were to lead to an increase in revenue, government is open-minded to that, bearing in mind it's a voluntary tax. When we bring in these new technologies, we intend to have an approximately six-week amnesty period, to allow people to learn and maybe have one chance, to recognise that next time they won't be so lucky. The Premier has indicated, in his role as Treasurer, that he is prepared to have a look at that. It's something that we are open-minded about, to consider how that could occur.

**Ms WEBB** - A final question is about the heavy vehicle presence on the road, the heavy vehicle motor tax and the way that that is divvied up across different parts of the state and different types of roads. My understanding is that the allocation that's put to local roads has been stationary in terms of the amount that comes out and is attributed into that space. It has been stationary for many years, and therefore, over time its value becomes less. I think it's \$1.5 million per year that goes from that tax to local roads. Over time its value overall has decreased. Is that putting more of an impost back on local government then, to come to the party on local roads?

**Mr FERGUSON** - Mr Swain, Deputy Secretary, will jump in here. There is a range of sources of state and federal revenue for local government for their local roads, which Mr Swain will outline,. The road safety levy leads to some funding which we make available for councils, including the vulnerable road users program. Could you also outline the COVID-19 funding that we did with the Commonwealth Government last year?

**Ms WEBB** - I am specifically though, with the question, asking for -

**Mr FERGUSON** - We are going to respond with all those sources of funding.

**Ms WEBB** - I want to understand the equitable distribution of the heavy vehicle motor tax and how the allocation for local roads is being kept equitable in that space.

**Mr SWAIN** - My understanding of that arrangement is it was a historical part of the deal when that set of payment structures was set up. I believe it's a Commonwealth arrangement, not a state-based arrangement. It is frozen in time; but that doesn't mean that the funding available to councils is also frozen. One of the six themes under the road safety plan is funding for rural roads, I think that's \$20 million across the five years, from memory. There's a number of Commonwealth programs which local government can bid for, including black spot programs, and periodically there are bridge programs which councils can apply for money under.

We've also, in our own assessment of bridge conditions, worked with local government to get a holistic picture across the state. That means when we are making decisions, or making recommendations around access, all roads can be taken into account, not just state roads; and where the bottlenecks might be in the last mile or first mile on a local government road. That particular mechanism is frozen but there are other mechanisms, including the levy and funding under the levy and under other federal programs which are not static.

**Mr GAFFNEY** - You mentioned, for example, the issue of road crumbling with some sections of the Bass Highway.

Is that because the person who has constructed the road has done it poorly, or is that because the tender that was put out only required the contractor to go to such a depth with road sealing? It might be answerable by your roads expert. If it's just the contractor not doing the right thing, then I understand. Or, is it because a kilometre of road in local government is about \$100 000; and if you wanted to go to a kilometre-and-a-half, and you only give local government \$100 000, then the seal is not of the standard that it should be?

Is it the fault of the contractor or is it the fault of the expectation of the Government about how much money is going to be used to cover that road, taking on board there are different surfaces across the state?

How do you assess that?

**Mr SWAIN** - There will be more scope to interrogate this under the CIP, where we will potentially have the General Manager, State Roads, at the table.

We work closely with our commercial partners, and there are circumstances where they are not meeting all of the obligations of the contract. This is one of those situations, in the north-west. We are interested in outcome improvements and so we also then say: Why is that happening? People respond to the behaviours that are incentivised in a contract. That is not so much about quantum, but it might be about the order or performance indicators that we have placed on them. We are having a good look at that, to see if any of the conduct that we are seeing around the north-west can be improved by tweaking the contract arrangements. However, it's also the case that we just have some things that are meant to be happening under the contract but haven't been happening in a timely way.



**Mr GAFFNEY** - That's fine. There are some immediate patch works but you don't want this same thing happening into the future if it means you have to go back the drawing board and make the standards more specific.

**Mr SWAIN** - We generally work under specifications that are adopted from Victoria, so the specifications are solid. We are working closely with the contractor and the contractor is responding well; but we do need to get some improvement in this space.

**Mr FERGUSON** - You are a north-west member, Mr Gaffney; and again, I acknowledge I am not happy about it either. We are giving a lot of support to the relevant contractor with that role on the north-west coast. The work that's happening now is a foreshadowing of better upgrades that will occur when we have warmer weather.

**Dr SEIDEL** - I want to bring us back to the outcome descriptor about providing strategic road safety policy advice but this is specifically about non-motorised or e-motorised transport. The last Tasmanian Walking and Cycling for Active Transport Strategy that I could find online is from 2010.

Minister, is there a rationale for updating that strategy?

If so, can this be done as part of this budget cycle and if not, why not?

**Mr FERGUSON** - It is acknowledged that the older strategy needs to be renewed. The Deputy Secretary in a moment will outline the progress of picking that work up again. It was paused during the pandemic because these gentlemen and their teams did a lot last year to support the industry; and I know you would acknowledge that. In the meantime, we are putting significant new resources into active transport measures including pedestrians and cyclists and there is some regulatory reform also on the way in terms of encouraging early steps in the space of e-bikes and e-scooters.

As to the strategy, I will ask Mr Swain to respond further.

**Mr SWAIN** - We haven't been able to progress that as quickly as we would have hoped. We would have hoped to have been through that work by now but recalibrating in the context of COVID-19, we aim to get through that work in the next 12 months. That, as the minister alludes to, does not mean nothing is happening in the meantime. There have obviously been some very significant funding commitments from the Government around cycling that are discrete like the \$6 million in the budget for cycling, on top of the previous six.

Also, there are some very large projects driven by transport and the most notable of which is the Tasman Bridge which is a \$130 million project with three-metre-wide lanes, pedestrian cycling lanes either side. There is a lot of work going on that will further active transport. The strategy work needs to get ahead of that.

**Dr SEIDEL** - Are you committed to releasing the strategy at least for consultation before the next budget in terms of timelines?

**Mr SWAIN** - That is not for us as a department to say, but we could get advice to the minister in the next 12 months before the next -

**Mr FERGUSON** - It is a pretty reasonable thing to ask for, I will acknowledge that. It is not burning a hole in our pocket, Dr Seidel. We do have really good relationships with the cycling bodies and also the active transport advocates, actually very good. They have been very complimentary about our efforts and the commitments we made at the election.

I do not have a date for the next budget. One would imagine it would be May/June but I am not the person to set that date. We will aim for this financial year for the public to have a look at something to be consulted. I do not want to lock it down just today though, but think it is a very reasonable request. We will make the commitment, yes. The answer is yes.

### **2.3 Passenger Transport (b)**

**Ms WEBB** - Looking at that line item, the footnote indicates there is an increase which reflects the funding profile of the additional bus capacity initiative in the 2021-22 year, I presume, and going forward. I understand that initiative is about more buses on school and commuter routes, particularly including new buses on the Kingston to Hobart route to coincide with the park-and-ride facilities going in there.

Can you talk us through what element of the increase from this 2021-22 financial year and the cross-support estimates is allocated to the Kingston route buses? Are there other elements for other locations included? It is hard to know where to place some of these things - they fit across different line items but since the footnote was there I thought I would ask it here.

**Mr SWAIN** - We have just given some advice to the minister in relation to this matter. The advice is really that the funding should be prioritised where there is a committed or existing priority and the Kingston services fit into that category, so where the current uplift trial is for a one to two-year period and is funded under the City Deal for the first year of that. There potentially can be ongoing funding.

We have also looked at some other priorities. There are some notable hotspots on the network in both GA and school. We will make some recommendations to the minister that they be looked at as a priority. There is a service guideline for the provision of school bus services. Wherever demand has increased in a school or a school that would be requiring a service but has not got one yet, that is also identified as a priority in the advice that has come to the minister. What we are trying to do is really come up with a prioritised basis for how you might allocate that funding.

**Ms WEBB** - In terms of the quantum of that funding, looking at that line item with the explanation provided in the footnote, the difference from 2020-21 through to 2021-22, therefore the increase they are talking about is in the vicinity of about \$2.7 million. Specifically, what could that \$2.6 or \$2.7 million be buying us in terms of additional bus capacity? Is that just the Kingston?

**Mr SWAIN** - As I said the Kingston services are provided for in the first year, so that is this year.

**Ms WEBB** - What is that going to get us?

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**Mr SWAIN** - We have given some advice to the minister which is being considered which says, here are some principles that would allow you to make those decisions.

**Ms WEBB** - So we do not know yet where \$2.6 or \$2.7 million will be planned?

**Mr SWAIN** - We are working through that. We have to firstly say, here are the principles that should inform the decision and then we will come back with some specific advice that says, here are the options available to you.

**Ms WEBB** - I am not sure if this is the right spot to be asking this. I am interested in our investment per capita on public transport. It is something that gets discussed quite often by many stakeholders. Most of us would be aware Tasmania historically has a very low capita spend on public transport compared to most other jurisdictions. I am interested for an update on what, under this Budget, our per capita spend on public transport is and how that compares to other jurisdictions. At the moment, I believe we are well behind most other jurisdictions.

**CHAIR** - Maybe stick to the answers

**Mr FERGUSON** - The Deputy Secretary will assist here. The advice that we have had consistently on this, is that claims occasionally made are usually unhelpful because we cannot really compare ourselves per spending of per capita in Tasmania with other jurisdictions and expect to get a comparison that is useful. We put well over \$100 million a year into subsidies towards passenger transport, principally buses. It is a function of the size of our state and the fact we are the most decentralised jurisdiction in the country, possibly other than the Northern Territory.

We are the only state that has more people living outside than in our capital and there is a much heavier reliance therefore on the car. The other reason it is difficult to compare is other states have got significant reliance on trains and ferries. While they are forms of public transport, the comparisons between jurisdictions are very difficult, but I am very comfortable with a further exploration of it or an attempt to give you a per capita figure.

**Ms WEBB** - Potentially, the Northern Territory would be the most relevant because they are an all bus system, like us. They do not have those other forms you mentioned and they are probably more decentralised in the same way we are. At the moment, I believe we sit at about two thirds of their per capita allocation for public transport. We are about \$196 per capita, they are about \$304. That is our most relevant comparison. Do you have any more updated figures than that?

**Mr SWAIN** - We would have to take that on notice.

**Mr FERGUSON** - I would have said \$200. For a state of our size and a budget our size it is actually a very large public subsidy towards public transport, GA and PT. I am not sure what we would take on notice because that is the data we have.

**Ms WEBB** - Is this the right place to be asking about the combined ticketing system?

**Mr FERGUSON** - Yes.

**Ms WEBB** - We have got \$30 million allocated to the common ticketing system and the IT upgrade presumably that goes along with that. Is there modelling indicating that \$30 million is going to be the total amount required for the development and implantation of that common ticketing system?

**Mr FERGUSON** - I'll make a few comments. I have some clear guideposts that I've been encouraged to stay within, in terms of the fact that there will be a procurement process underway. We don't want to compromise or signal to individual vendors that they're looking hot and others aren't because we want to get a good value outcome. I can give you what I'm able.

As you've noted, as part of our 2021 election commitments, we committed a total of \$31.5 million, which includes some existing funding that we've included to deliver a common ticketing system to enable passengers to use a range of passenger transport services on a single ticketing platform.

Through Metro Tasmania, in collaboration with the Department of State Growth, the Government will deliver a modern ticketing solution. This will apply to all general access operators and will integrate with intelligent transport solutions for users and providers of public transport, including ferry services - now that we have one across the Derwent - and access to real-time information for passengers. Importantly, as well, we want it to be keeping up with the expectations and experiences interstate, the ability to make fare payment by credit card, phone or wearable smart devices. It's a very complex project; getting the right solution for Tasmania is our priority. Once we've identified the right solution, we will be in a better position to know exactly how long it will take to rollout the system and to procure it.

I will invite the deputy secretary to advise further. Through some market soundings, if I can put it that way, this would be an appropriate budget for the task. I will invite the deputy secretary to advise the committee - as much as you are able - about the existing attempt at a procurement, what it taught us and what we are doing next.

**Mr SWAIN** - Metro Tasmania has been through a market testing process where they have a number of interested parties give them capex and opex numbers over a life cycle of the product for different specifications. In parallel to that, through Martin and otherwise, we've also been having some conversations with other jurisdictions about their systems and exploring whether we might be able to piggyback on some of the work that other jurisdictions have done. This is attractive from the prospect that bigger jurisdictions are perhaps able to access a product which we couldn't afford, other than on a marginal cost basis. We are exploring that.

As the Minister says, it is a bit delicate because as we go through those discussions with Metro in the next few months, we have to make a key decision about whether we can negotiate directly with one or two parties or whether we have to go through a competitive process. It's hard to go much further than that, other than saying that the numbers that are in the Government's budget were informed by all those discussions. They weren't just plucked out of the air.

**Ms WEBB** - Is it expected to be sufficient and not need to be topped up?

**Mr FERGUSON** - That's certainly my advice at this point in time. I guess circumstances can change but that's certainly the advice to hand at this time. This is of significant interest to

you and members of this committee and every MP, because it's of great interest to the people of Tasmania, frankly. The Greencard has passed its expiry date. It's having to be supported as a legacy product. But we've been very careful in the description of this policy and the future spending to ensure that it is really clear that it is not for Metro, it's for all of our public transport providers to be able to utilise and to try to provide more seamless service to people, more predictable fare calculation, as well as real-time information: where is my bus, where's my ferry, is there room for me? That sort of information.

**Ms WEBB** - That is the final one for me on this one. When I look at the description of this 2.3 passenger transport line item, on page 350, that's written there, it talks about the focus and it has three dot points. It says: the focus is sustainable delivery of passenger transport services; administering contracts for the delivery of regular transport services in metro, urban, fringe and regional rural areas; and implementation of initiatives to support the uptake of passenger transport.

I want to zero in on the first of those dot points, which is sustainable delivery of passenger transport services. In that context, what is the Government regarding to be 'sustainable delivery of passenger transport services'? What does that mean?

**Mr FERGUSON** - Thank you, for picking up on that. I will ask the deputy secretary to give his response. There is an intention that the sustainable delivery of passenger transport services is probably a long-standing descriptor that refers to making it economically sustainable and with the strong subsidies of the Government, that they are affordable for people to be able to utilise. Increasingly - and I am very comfortable with it - the reference to 'sustainable' can, and should, also be environmental. There is a very small number of hybrids but given that buses in Tasmania are consuming diesel, with better engine standards and a more refined diesel standards, those emissions have been improving. However, we have been very excited that we are able to build 126 new buses in north-west Tasmania to a standard that allows the existing diesel engine to be swapped out for other future technology modes, in particular, electric. We have \$6 million in the budget to support a zero-emission bus trial in the north and in the south. That is our hope and our intention, to work with Metro on that.

I ask the deputy secretary to expand further.

**Mr SWAIN** - It is a long-standing descriptor and the sustainability would have meant the Government operating within its budget. To do that we have mechanisms to make sure that for like demand we try to provide like services. The school bus service eligibility guidelines which are signed off by the minister and then contracted through the secretary are an example of that.

For the operators, it also means that we are making sure that under the contract payments they have enough money, not only to cover their short-term operations but also to replace their fleet and invest in the systems, processes and training that they need to keep their businesses running for the long-term.

More recently, the descriptor is expanding along the lines the minister discussed and in particular with the north-west production through Elphinstone. That really gives us a lot of future options in the fleet. The Metro fleet has about 226 buses. The purchases that have occurred and are occurring are more than half of that fleet. All those buses can have their engines swapped over for either or electric or hydrogen.

**Ms WEBB** - I am not sure that I can see here in the performance information, or perhaps you have other performance criteria that you apply to this space, that align to those three areas of focus that are in the dot points so that we can assess how well they're being realised. Can you point me to anything that is there or that you have elsewhere that you work to in terms of performance measures or criteria?

**Mr SWAIN** - We have quite detailed performance standards within our contracts. There is nothing secretive about them but they have generally been between the department and its operators but there is no reason that they are secret.

In terms of the sustainability of the spend, if we don't spend the money we give it back so there's a strong incentive from the department to try to utilise all the funding that is provided to it. We haven't got an explicit performance indicator but we do report on the expenditure of the department through this process, and otherwise. Our aim in general is to spend as much of that funding as possible but because of the way our contracts work, there are decisions available to the bus operators that mean we have to keep a little bit of headroom in our total funding envelope.

For example, the bus operators choose when they replace a bus. Then that has an impact on the capital payments under the contract, so we do have to allow bus operators to run their businesses most efficiently. We do not try to proscribe their operations; we try to give them incentives to operate efficiently. They make decisions. That means we have to leave a little bit of headroom in our funding envelope to accommodate that.

**Ms WEBB** - In assessing whether the investment that has been put into this space and is delivering improved and better outcomes over time rather than either staying static or, god forbid, falling away in terms of the outcomes achieved for the community, how would we assess that spend to determine if it is sustainable? If we spent what we were given, that is sustainable in some sense. Has it given us better outcomes? Are we getting more efficient and effective in the way we deliver this service? How will we assess that?

**Mr FERGUSON** - The Secretary and I have just had a conversation. We think that there should be a performance measure for public transport, and there will be next year.

**Ms WEBB** - Good.

## **Output Group 6(b) Subsidies and Concessions**

### **6.2 General Access Services**

**Mr DUIGAN** - I have a couple of questions around this. You may already have touched on some of this, Minister. I know the Budget includes funding for additional bus capacity. Can you provide some detail on how this will improve public transport and increase bus services?

**Mr FERGUSON** - I can. I think we have touched on it quite a bit. I can summarise, though, a couple of other quick points. In particular, other than the \$20 million that Ms Webb was asking about earlier, we are also introducing more buses dedicated to increasing capacity,

particularly out of Kingston to the city, which integrates with our new park-and-ride facilities at Huntingfield and Firthside. Are they in Nelson?

**Ms WEBB** - Firthside is and Huntingfield is just on the border.

**Mr FERGUSON** - I see. We have the two members at the table.

This will ease crowding on those routes and provide greater incentive to be able to catch the bus and, further relieving traffic on the roads. I recently had the pleasure of launching the first express service from Huonville as well, which is definitely in your electorate, Dr Seidel.

**Dr SEIDEL** - It is, Minister.

**Mr FERGUSON** - I've had very positive feedback about that from Mr Dewsbury and the Mayor, Ms Enders, as well. The Tassielink service is the first of the additional bus services that we are introducing between Hobart and Kingston, Huonville, Blackmans Bay and Snug in the next 12 months as part of Hobart's City Deal.

The service is to operate on weekdays during peak times and in the peak direction flow, stopping at all stops between Huonville and Leslie Vale and express to and from Hobart, bypassing Kingston. That express is shaving 20 minutes off the previous travel time. The whole intention is to make Huonville to the city comparable to car travel, incentivising public transport and encouraging more people to switch mode shift to make an own contribution to congestion.

In January next year, in line with the completion of key infrastructure at Huntingfield and Firthside park-and-ride, Metro is expected to start extra all-day express services between Huntingfield and Hobart as well as peak express services from Blackmans Bay and the Channel direct to Hobart in the peak directions. Combined with the new extra lane on the Southern Outlet, and clearways and bus priority measures on Macquarie and Davey Streets, the intention is not just to encourage people to use those buses but for those buses to be able to move more quickly and for them, therefore, to be more attractive than before.

I reiterate that we do have an agreed target in the Hobart City Deal to see mode shift occur. We want to see an increase in public transport use, from its current use of 6.4 per cent in Hobart to 10 per cent of total trips into and out of Hobart by 2029 and to reduce single-occupant car journeys travelling into Hobart.

Briefly, the Southern Outlet is carrying one of the highest daily traffic volumes in Tasmania. I understand it is a bit of a challenge for some people. That is why we need to act to improve traffic flow on this corridor. That's why we're consulting right now on the extra lane proposal for the Southern Outlet from Olinda Grove, and an extra lane between Macquarie and Davey streets. Many people quite mistakenly are saying the Government isn't tackling Macquarie-Davey, that link joiner road, an extra lane, but also into Macquarie by opening up a clearway there.

With the mix of responses, we really want to deal with that congestion issue, and at the same time encourage and incentivise public transport with those extra bus services, which will be introduced in the first quarter next year.

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**Ms WEBB** - To clarify, the City Deal money, the \$500 000 in this budget financial year for the buses from Kingston to Hobart, that's for those buses you just described?

**Mr SWAIN** - Under the City Deal \$20 million goes to the Kingborough municipality. That \$200 million is part of the greater Hobart transport vision.

**Ms WEBB** - I am just looking at the capital investment table, 11.8, on page 356, the bus services as part of the Hobart City Deal, line item 500.

**Mr SWAIN** - Of that \$20 million, there is a component in there for bus stop upgrades in Kingborough. There is also a component for the trial run, increasing services.

**Ms WEBB** - How many buses is that?

**Mr CRANE** - There will be two in the Huon Valley, which are already in place and as the minister said, there are eight additional Metro buses.

**Ms WEBB** - Eight additional buses for that \$500 000 in this year, thank you.

**Mr FERGUSON** - They are being added to the order with BusTech in Wynyard.

**Mr CRANE** - That is correct, minister. I believe that will make it 134.

**Dr SEIDEL** - Minister, you mentioned mode shift to public transport. It would be really good to see that buses have bike racks on public transport so that it's easy enough to transport a bicycle on a bus. You mentioned the express bus from Huonville to Hobart. It is not possible to do that. You have to remove your front wheel and your backpacks, then eventually get your bicycle on there. If you are looking at a new strategy for other transport options, you'll look at mode shift integrating different modes of transport as well.

**Mr FERGUSON** - I do not know how we will ever make a service that works exactly for everybody. I think that the Huonville services, if I remember correctly, are coaches with undercarriage storage. I invite a response in relation to bike racks and bike storage. Importantly, it has to be done in a way that doesn't slow down everybody else from jumping on and off quick-moving services.

**Mr CRANE** - With the introduction of new micromobility devices like scooters, et cetera, we need to be able to join those people up that first and last mile. I think the key to that is, as the minister said, making sure that it doesn't interfere with the flow of passengers on the bus initially. We will look at safe, secure lockers et cetera at the interchanges. Bikes, and other things like that, are quite expensive. Many people have very big investments in them. We need to make sure there is a potential other way to deal with that issue, getting from home to a very high frequency route via an e-bike or an e-scooter, and being able to secure it, hop on a bus, then on the way home go up the hill on your e-bike.

I think that's part of that solution. I think there are some limitations on how many bikes and scooters you can get. But I think that's another part of the jigsaw puzzle as we go forward.



### **6.3 School Bus Services**

**Mr DUIGAN** - A follow up to bus improvement: Can you please advise what work is underway to cater for new and expanding schools and how the Government supports student bus travel?

**Mr FERGUSON** - Thank you Mr Duigan. We had a compliment from the Rail Tram and Bus Union in the April and May election period, loving our policy. I will take that compliment. It was very gracious, because it was an \$80 million-plus commitment to public transport. I don't think I have seen a policy as large as that in terms of addressing the need to improve and incentivise public transport and also to put some pride into it. Thank you for that question.

In addition to the planned improvements that we discussed earlier on the general access network, there is a further portion of \$20 million in that \$80 million package committed and funded in this Budget, which will be used to provide extra services to meet the peak demands for student travel around the state. This may include a mix of dedicated school bus services and general access services to schools to provide the widest possible benefit to the community. Advice is on its way to me in relation to that.

In 2022, State Growth will commence planning for school expansion to years 11 and 12 in urban areas from 2023, as well as for the new Brighton High School and the recently announced Hobart City High School, which is the Ogilvie and New Town High School campuses. I look forward to receiving that advice on how to best target additional services to address demand and continue to improve our public transport offering.

In 2021, my department has been working closely with bus operators to make use of all available capacity. This has meant adjusting routes to distribute students more evenly across services and implementing changes within approved guidelines where a demonstrated need has been identified. I am certain that those extra services will be appreciated by students and their parents.

The Tasmanian Government manages 344 contracts with 98 bus operators for school buses, and 17 specialist school bus services with six operators for students with a disability. School bus services that transport students in rural areas to their rural intake area school are free. Students travelling to or within an urban area to a non-intake area school are required to pay. Student fares are heavily subsidised and a flat fare applies regardless of the distance travelled and is payable only once, even though students may need to use more than one bus to reach their school.

For the benefit of the committee you might like to know that currently there are more than 11 670 thousand free travel passes issued to students in Tasmania to allow them to get to their school. Thank you.

**CHAIR** - In relation to school bus services, is there any additional funding for or consideration to increasing the routes from the North-West and particularly from Wynyard to Hellyer College?

**Mr SWAIN** - This is under the advice we have just put to the minister. That advice has a set of principles for how you would allocate that money, but we have not put specific recommendations forward yet.

**Mr FERGUSON** - That is the next stage after the principles are agreed.

**CHAIR** - It will be in that next step; that's what you are talking about?

**Mr SWAINE** - There are some known hotspots which maybe what you are referring to.

**CHAIR** - Is that a known hotspot then - Wynyard to Hellyer College?

**Mr CRANE** - There certainly are some high demand areas historically around Wynyard and through Marist up there as well as the Hellyer one.

**CHAIR** - Not just Wynyard to Marist; it's east to Marist as well.

**Mr CRANE** - That is on our list. We have recently gone through a whole process as part of our contracts with all our providers. As soon as they hit a 90 per cent threshold in terms of seating capacity and standing capacity they report to us; and when it is 100 per cent seating capacity we know that.

**CHAIR** - When it gets over 100?

**Mr CRANE** - We need to put in place additional services, in that situation. Of all our services, a very small number - less than 3 or 4 per cent - we get comments on and we will be talking to the minister about those, in terms of additional services as part of that [inaudible] if that is in that group we will certainly be providing advice to the minister on that list.

**Table 11.11**

Revenue from Appropriation by Output

**Output Group 90 - COVID-19 Response and Recovery**

90.15 Essential Air Freight Services Bass Strait

**CHAIR** - Minister, I know the \$1.2 million to support that service ends this year. If we had another outbreak and things go pear-shaped again, I assume there would be consideration given to extending these sort of support measures?

**Mr FERGUSON** - We would consider that. You will note by evidence of the output group numbering that they are intended as short-term responses to the pandemic and recovery. In fact, we have extended it and you can see those figures that are there into 2021-22. If absolutely required, yes, we would make that consideration. To that end, in his Budget speech and in the papers, the Treasurer has outlined that there is a \$300 million fund which could be accessed in circumstances where there was some other economic shock, or other reason that the state had to respond nimbly to a lockdown or some other interruption due to the pandemic.

**CHAIR** - When you add up all those COVID-19 responses, it would probably end up being more than \$300 million.

**Mr FERGUSON** - I think it was a billion dollars last year, that has been well described.

#### **90.16 International Air Freight Assistance**

**Mr GAFFNEY** - The International Air Freight Assistance is a security of link for Tasmania, especially with fresh produce. Can we get an indication of what the produce is, from someone that benefits from that scheme? I noticed it is not going to continue after this year. Is there an expectation, if the COVID-19 situation doesn't improve, that there might still be a need for that funding?

**CHAIR** - Between a \$200 or \$300 million bucket too, I reckon.

**Mr FERGUSON** - I will give the same answer as to the previous question; but I will also indicate that the Commonwealth Government has extended the International Freight Assistance Mechanism (IFAM) to allow it to go into the next year. Is it the next whole year or partial year?

**CHAIR** - Until the next election.

**Mr FERGUSON** - You may say that, it might even be funny; but I am advised they have extended it until the end of the financial year, to 30 June next year. It is a mechanism that is intended to be flexibly applied in order to help goods still get to market. I will invite the Deputy Secretary to jump in; but my recollection is that the Tasmanian component of IFAM was particularly around fresh produce and getting that into the Asian markets. I invite you to respond further.

**Mr SWAIN** - It was time sensitive, live produce and seafood in particular - abalone, lobsters and some cherries. There were two support services last year. Pionair which ran a service a couple of days a week, and also Cathay Pacific. The underwrite was actually very economical for the Tasmanian Government because it was an underwriter difference - if the revenue fell below a certain level then there would be a top up. That worked extremely well last year, and we are talking to Cathay again this year on a readiness basis in case there is a need to move quickly. The Pionair service is less likely because a lot of the freight forwarders and the produce providers said it didn't really meet their needs. -A lot of the produce had to be repacked when it hit Sydney and that took time, and did not work as well as the Cathay Pacific service did for them.

#### **90.23 Waratah-Wynyard Coastal Pathway (b)**

**CHAIR** - This is under the COVID-19 response and recovery too; but this is a project that has been ongoing for some years now - or at least, we are trying to get it going. Is this additional money to support that project? What was the purpose of the additional funding? There was funding allocated to the pathway and fixing up the erosion issue that the Government had the responsibility for.

**Mr FERGUSON** - It's an extra \$12 million. This is actually not a state project; it's a council project jointly auspiced by Burnie and Waratah-Wynyard councils. They hit a snag having received the full amount of funding that they requested from the state government. I don't think that the federal government was involved in that one west of Burnie, Burnie to Waratah, I think that -

**CHAIR** - Burnie to Wynyard, don't want to go to Waratah.

**Mr FERGUSON** - I beg your pardon, to Wynyard.

**Mr FERGUSON** - The Commonwealth was involved in the stretch east to Latrobe. The councils hit a snag because of the report that had been done which looked at the project's scope in terms of some existing erosion treatments that would need to be tackled and some potential erosion treatments that would likely need some mitigation. There was a funding estimate of \$12 million and there were discussions about how that could be achieved. Ultimately, the Government decided that we would fully fund that \$12 million and the paperwork is now between state and council to -

**CHAIR** - This is \$18 million over three years.

**Mr FERGUSON** - I know. It's actually 12 but it may be that -

**CHAIR** - Six plus six plus six is -

**Mr FERGUSON** - I know.

**CHAIR** - Yes.

**Mr FERGUSON** - That's in the previous financial year.

**CHAIR** - Yes.

**Mr FERGUSON** - I don't think that fund has been utilised because only very recently officers have agreed, I am advised, to the deed arrangements. It is, in fact, a \$12 million commitment, not an \$18 million. I want to make that clarification.

**CHAIR** - Right. Will that \$12 million completely address those serious erosion issues? You could see significant air under the track and right back almost to the highway.

**Mr FERGUSON** - Yes. The state government is effectively helping the two councils to rescue that project.

**CHAIR** - Someone argued it was the state's responsibility anyway but, yes.

**Mr FERGUSON** - It never was. It always was a council project but the rail corridor is not being used by rail. Council officers - and I think the Cradle Coast Authority - had a role in the vision as well. Anyway, we believe that the officers of the department and the councils have resolved those matters and it is now just awaiting a signature on the deed and then they can get moving.

**CHAIR** - Is that on the deed to fix the erosion, before they start?

**Mr FERGUSON** - To accept the funding and for council to then run the project.

**CHAIR** - The council will run the project fixing the erosion as well as constructing the track?

**Mr FERGUSON** - That's correct. That's what the \$12 million additional is intended to do. I forget the original principal grant amount but it was a smaller number of millions.

**Mr EVANS** - It was much smaller, \$4-plus million. This \$12 million is to specifically allow for the coastal protection works to be repaired and upgraded once we have the consultant's report.

### **90.28 Airport Infrastructure (b)**

**Ms LOVELL** - Minister, the budget papers last year showed a funding profile of \$7.5 million evenly split over two years - last year and this year. That funding profile has been changed in this year's budget papers but also it appears that the amount has been reduced. Can you explain that change in profile and what appears to be a reduction in funding?

**Mr SWAIN** - I believe that re-profiling was because the Hobart project required more money in the first year. Some money was brought forward to facilitate a \$10 million investment in Hobart and then the Launceston project, which is yet to commence. We are just finalising - I think the airport has struggled to find a contractor to do the works, scheduled to occur this year. The total amount was right but the profiling and timing was not quite right between when it was originally set down in the budget.

**Ms LOVELL** - To clarify, the total in last year's budget papers was \$15 million but now it's - well, \$7.5 million last year which I did have a question whether that was all expended last year? Then \$3.051 million and \$1.1 million so that doesn't add up to 15.

**Mr SWAIN** - I think I'm saying 10 was actually spent last year, not 7.5, and five -

**Ms LOVELL** - Some was brought forward. Right. Okay.

**Mr SWAIN** - And five will be spent this year, not 7.5, so the total remains the same.

**Mr FERGUSON** - We can clarify the reference to \$7.5 million under budget, column 2020-21 is not an attempt to be actual.

**Ms LOVELL** - So \$10 million was spent last year and then, Minister, you are anticipating \$5 million to be spent this year so that \$1 million and \$1.1 million will be brought forward again, will it?

**Mr FERGUSON** - Mr Swain just indicated -

**Ms LOVELL** - Minister, you are anticipating \$5 million to be spent this year so that \$1 million and \$1.1 million will be brought forward again will it?

**Mr FERGUSON** - I think Mr Swain just indicated \$3 million would be spent this year but I am open to others.

**Ms LOVELL** - I thought you said \$5 million that might have been misheard.

**Mr EVANS** - The Government has committed \$5 million to the Launceston Airport and that work has not yet commenced. It will commence this financial year.

**Mr FERGUSON** - Sorry, what Ms Lovell is asking is why the \$1 million and \$1.1 million in the next two years are there?

**Mr EVANS** - That is because the work is not expected to be concluded until 2022-23.

**Ms LOVELL** - That makes sense if it is \$3 million that is anticipated to be spent this year. Sorry, I thought there was a reference to \$5 million being spent this year before.

**Mr SWAIN** - Sorry, that is me speaking in error. I know the total value of the project is \$5 million.

**Ms LOVELL** - Thank you.

**CHAIR** - Anything else on that one?

#### **Grants and Subsidies (b)**

**CHAIR** - In relation to the West Coast Wilderness Railway, is \$4 million in 2021 and then 2022-23 the same? In light of the challenges the tourism industry has faced generally, I understand this money supported to actually assist in operations not the maintenance and upgrade of the rolling stock or the rail. Can I clarify that first?

**Mr SWAIN** - It was actually \$16 million over four years and I think you are correct that \$4 million last year was for operational support specifically. I have been talking to the chair of the railway pretty frequently; we have a regular catch up and I think the actual operational outcomes have been much stronger than we thought. The tourism stimulus initiatives have benefitted the railway among other things but also the focus on internal travel. The financial position of the railway would exceed the expectations at this time last year.

**CHAIR** - So the likelihood of ongoing need for operating support is not there, is that what you are saying?

**Mr SWAIN** - At the moment their forward bookings are much better than they were in the 2018-19 year and they actually -

**CHAIR** - Mainly Tasmanians.

**Mr EVANS** - It is worth remembering that for a large period last year they were in lockdown and had to close. They maintained their staff but they had no revenue.

**Mr FERGUSON** - I think we are all on the same page. My advice continues to be that the remaining two payments of \$4 million are specifically for essential rail infrastructure upgrades to continue, with enhancements to the facilities and service offerings to further increase the quality of the visitor experience. So yes, capital.

**Mr SWAIN** - The remaining challenge is still subject to some distancing requirements so they cannot fully fill the carriages at the moment.

**CHAIR** - If it became a problem they could come to government if they were finding they were not able to operate. Okay, any other questions on this subject?

### **Capital Investment Program**

**Mr FERGUSON** - We will do our best to keep our answers briefer. I will invite a different officer to the table, thank you. Did you say 3.30?

**CHAIR** - For this section, because we want to go on to your next portfolio area. We have MAST before we go onto the Housing and Construction.

**Mr FERGUSON** - We will be brief and we will be guided by you, to fit in MAST as well, who are available when you require them. I invite to the table and introduce you to Denise McIntyre, General Manager, State Roads, to discuss the capital investment program.

**Ms WEBB** - Was an economic analysis on the proposed fifth lane done on the Southern Outlet? If so, can it be released? If one wasn't done, why not?

**Mr SWAIN** - The plan functions for State Roads sit under ITAS. They're part of a broader planning performance section that sits under ITAS. The maintenance and delivery functions of State Roads sit under Denise as General Manager, State Roads. This project is still in the planning phase, so it is still with ITAS. We are in transition between planning to delivery, so both are a bit involved. The question was around?

**Ms WEBB** - The question was, has an economic analysis been done of the proposed additional fifth lane on the Southern Outlet, and if so, can it be released? If not, why wasn't one done?

**Mr FERGUSON** - If the committee doesn't mind, we'll swap briefly. Martin Blake is back at the table to address that question.

**Mr BLAKE** - It's a simple question with an interesting answer. Back in 2015, under the previous CEO of ITAS Hobart Transport Vision was really the first attempt to put together a long-term plan for the future of transport in Hobart. As we all know, the predominant issue of the transport in Hobart at the moment is the morning and the P.M. peak commute in and out of the city. That is because of the radial nature of the Hobart CBD and the outlying suburbs. Of itself that obviously produces some capacity challenges that only exist there for a short time during the day.

People sometimes suggest that if you built large arterial networks leading into the city you could solve the congestion problem by simply providing more capacity. What that doesn't take into account is the fact that all those vehicles coming into the city have to find somewhere to park. To access parking, you need to get into the side streets around Hobart, which have a finite and limited capacity. In fact, if you duplicated - let's say - the three main arterial routes into Hobart, all you would have is longer queues leading out of the city because of that finite capacity in the city.

If you were to try to solve the problem simply by creating new CBDs around the outside of the city, it creates two other issues. One is we set the network up for a predominant flow in the morning and then in the afternoon. It's really obvious on the Tasman Bridge, it's less obvious on the other networks where we set up the traffic lights to operate that way.

**Ms WEBB** - Can I interrupt you for a moment, Martin? With all due respect, rather than getting into the weeds, mindful that we have a short amount of time, the question I'm asking is not for a full explanation of all the options. It's about the fifth lane. Was an economic analysis done that would demonstrate that the spend to put that in place to deliver value-wise the outcomes we want it to deliver, has that modelling and analysis been done? If so, can it be in the public domain?

**Mr BLAKE** - There is nothing else that you can do to relieve the congestion problem in the Hobart morning and afternoon peaks except by moving people more efficiently, which means public transport. So, on the Southern Outlet that means buses. The only way we are going to get behaviour change to buses is to be doing a whole range of different things: more frequent services; looking at pricing; at convenience; and looking at the nature of the services and the way the services works.

**CHAIR** - Has there been economic modelling done by cost versus benefit of a fifth lane?

**Mr SWAIN** - Can I jump in there? It is only on a very small number of our projects that we do that kind of benefit cost ratio modelling. It tends to be for the very big projects like the Bridgwater bridge. A lot of our projects are driven by an absolute need where there is no real discretion. If it is a safety-driven project we do not do a BCR analysis, typically for our smaller projects of \$20-30 million. This is the same as that. We have not done a specific economic analysis for this project. We have looked at what is the least costly way and available option to meet the need. That is how this option was formulated.

**Mr BLAKE** - There is no other option to solve this particular issue. There were some options compared as to how to get a fifth lane outcome on the Southern Outlet. This was the cheapest option.

**Mr FERGUSON** - We promised to be brief Ms Forrest.

**CHAIR** - We will have to put the rest on notice, so just move through quickly.

**Ms WEBB** - I am interested in the bus stop upgrades, particularly from a disability access point of view. We know that the Commonwealth disability standards are coming into play and have to be in place by December next year. It applies to bus stops too. It is under the Commonwealth Disability Discrimination Act.

How is the state Government planning to ensure implementation of the commitment to meet the Commonwealth disability standards and requirements by December next year? How many bus stops are currently compliant with those standards and with the act? Will data on compliance progress that we make towards compliance be made public so we can see that in relation to our public transport? Will the bus stop commitment that is in this Budget include accessible walking catchments to the bus stop?



**Mr FERGUSON** - I propose that we take those questions on notice in the interests of time. It is not possible to answer quickly. I am advised that no jurisdiction will meet that strict obligation in the time frame. There will need to be discussions around that but we have \$10 million dollars specifically set aside for improvement of the bus stop infrastructure and shelters. This is a responsibility that does not just sit with the state Government. It sits with every level of government especially and including local government for locally owned roads. I will take it on notice and provide a commentary response that I think you will find quite useful.

**CHAIR** - Could you provide to us now the priority locations that are referred to in the Budget papers?

**Mr SWAIN** - It is, if I may Minister, we have also just given the minister advice which is similar to the additional services. Here are the principles which we would suggest to the minister are used to prioritise the bus stops.

**CHAIR** - You do not have a list?

**Mr SWAIN** - No. Bear in mind there are 8000 bus stops across Tasmania.

**CHAIR** - So, you do not have a list of prioritisations at the moment?

**Mr SWAIN** - We have a small list of very known problems, where we have a known access issue for users of the bus stop. Once we know them, we also have some other factors which could help prioritise a broader list.

**CHAIR** - What are the ones you know about?

**Mr SWAIN** - The most well known is outside the deck where we have had a complaint about a person who could not access what was then a Redline coach. It was a wheelchair access issue, I believe.

**Mr FERGUSON** - I will take it on notice. Please pop that through in writing.

**Ms WEBB** - I note \$6 million dollars is allocated for the cycling infrastructure but in these forward Estimates only \$150 000 has been allocated in those out years of the \$6 million, the rest is imaginary for the time being into the future. What is the spend being planned to be prioritised on across those forward Estimates? You can also take that one on notice if you like too so we can move along.

**Mr FERGUSON** - We can answer it very briefly.

**Mr SWAIN** - There was \$6 million in the 2018 budget. There is another \$6 million as not all the previous \$6 million has been spent. We displaced some of it in the short term with some of the Commonwealth road safety management; \$3.7 million was committed to that. We wanted to do the most we possibly could for cycling - that's why we deliberately didn't spend some Tasmanian money so we could access the commonwealth money. That is the short answer.

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**Ms WEBB** - Is the reason there is nothing in this 2021-22 financial year here, and then only the half a million across the next three financial years, because there is Commonwealth money being spent across that same time that brings it up to a higher figure? Or is cycling infrastructure just being funded through the amounts that are reflected here?

**Mr SWAIN** - There are more sources. There is another round of that Commonwealth safety program that will occur next year. We will be targeting some more money for cycling from that process and as Denise could talk to if we had more time, there is a range of cycling initiatives embedded in various capital projects across the program.

**Mr FERGUSON** - I think that is the missing point isn't it? It is embedded in other projects, which would explain why it appears to be a lower amount in those forward Estimates against that particular line item.

**Ms WEBB** - Which is what I am interested to hear about. Put I put a question on notice to you, to pull out those things into a list for us so that they can be seen. They are hard to find because they are scattered.

**Mr FERGUSON** - It might be descriptive, but we will do that.

**CHAIR** - Minister, we will send you a list of further questions on capital investment. Thank you to your team, I think they are free to leave. We will get Lia Morris in, from MAST.

**Mr GAFFNEY** - I have people listening and wanting to hear and we are just going straight through. I have seven questions to do with the Leith overpass that I will table to be answered at another time. There are some people on the north-west coast who are very disappointed with what has gone on. The roundabouts are very effective on the Bass Highway along the coast. There has been some misinformation in this place regarding some of the accidents and the deaths that have or haven't occurred on that space. I am really concerned that some of the consultation regarding the Leith overpass has not been of the quality that I would have thought it should have been.

My questions are along those lines and I am not sure if I just give these to be tabled later or do I have to read them in for them to be answered?

**CHAIR** - We have run out of time on this line item but it could be left open and there could be further debate in the Chamber.

**Mr GAFFNEY** - The questions will be tabled if I just forward them on to Jen and they can go through?

**CHAIR** - Yes.

**Mr FERGUSON** - Can I propose that the member just read them out and I agree to take them on notice. I would rather not leave it open. I'd rather not leave it open only because I was trying to answer everyone's questions.

**CHAIR** - There are others we haven't got to. It either means that we push Housing and all those others out until later. We only have a limited number of hours so it depends whether you want to leave this or another item open at the end of the day.

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**Mr FERGUSON** - It's up to the committee, I am trying to help you.

**Mr GAFFNEY** - The questions are. The consultation for this project has upset - and rightly so - many of the Leith residents:

- (1) Who is responsible for this consultation process?
- (2) Given there are far cheaper options the Government can easily implement instead of an overpass at Leith, why are these options not being used so tax payer funds saved can be used on new COVID-19 highway projects where they are needed?
- (3) The budget of \$15 million for an overpass at Leith was calculated prior to 18 August 2020. Given the significant cost increases for materials and labour since 2020, and the fact any overpass at Leith will not be complete or operative for some two years after construction, the costs for this proposed overpass appear likely to exceed \$20 million. Thus, what is the Government's current estimated cost and when was the cost calculated?
- (4) Was the concept design for an overpass with slip lanes, which was presented for display and comment at Turners Beach on 23 and 24 July 2021, the concept design used to determine the \$15 million cost and if so what date was used to determine the \$15 million cost?
- (5) If the concept design for an overpass with slip lanes, which was presented for display and comment at Turners Beach on 23 and 24 July 2021, was not the concept design used to determine the \$15 million cost, what concept design was; and will the new concept design for an overpass with slip lanes which was presented for display and comment at Turners Beach on 23 and 24 July 2021 exceed \$15 million? What is the total cost the Government has incurred from 16 September 2017 until this current date including the cost of consultants, design staff, surveyors, engineers, consultations, public displays et cetera to produce a concept design or designs on which the \$15 million cost is based?
- (6) Is the Leith overpass a done deal, or is there still a chance for this project to be reassessed with smarter and better outcomes for both residents and highway users?
- (7) Is the proposed Leith overpass influenced by or part of the government's freight transport strategy?

Thank you, Minister, for leaving that open.

**Mr FERGUSON** - I just felt in the interests of the issue getting a proper hearing it would be good to take that on notice.

**Mr GAFFNEY** - Thank you.

**Mr FERGUSON** - Thank you for raising those questions. I will provide a comprehensive response on the advice of my department. I would like to do a covering statement, which is that I dare to believe that we all want the same thing. I want a safe trip

## PUBLIC

there, that can keep the transport efficiency of the Bass Highway as a major freight route for Tasmania very strongly efficient and productive but, at the same time, we need to find a safety treatment. I'll take the rest of the question on notice and provide you with the answers to the best of my information.

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

**CHAIR** - The Great Eastern Drive upgrades - is consideration being given to that; I know it's only \$25 million, but in terms of cycle paths as part of the remedies on that road? A lot of cyclists use it and it's frightfully dangerous and scary.

**Mr FERGUSON** - I will take that on notice.

**CHAIR** - The King Island telecommunications upgrade - what's the state Government's contribution to that?

**Mr FERGUSON** - \$1 million.

**CHAIR** - And what is the timeframe?

**Mr FERGUSON** - It's not in this portfolio. You can ask me that in science and technology; but from my memory, \$1 million.

**CHAIR** - Have you got the grant program for the rural towns' security cameras?

**Mr FERGUSON** - That's police.

**CHAIR** - Right. The Macquarie Point -

**Mr FERGUSON** - I have just had it confirmed that it's a \$1 million contribution on King Island.

**CHAIR** - Right. And the timeframe?

**Mr FERGUSON** - It's in a different portfolio. I will come to you on that.

**CHAIR** - You want to come back to that later in science and technology.

**Mr FERGUSON** - I will have the answer for you when we get to science and tech.

**CHAIR** - Sure. Macquarie Point operating costs - this is one of the matters on page 345 of Budget Paper No. 2, volume 1.

**Mr FERGUSON** - I can help you immediately. Macquarie Point would be under my State Development construction and housing portfolio.

**CHAIR** - All right. We will come to that. The Stanley Highway upgrade?

**Mr FERGUSON** - Yes.

**CHAIR** - \$500 000 being the out-years in 2024-25.

**Mr FERGUSON** - 2024-25.

**CHAIR** - Yes. What is the total spend for that?

**Mr FERGUSON** - \$10 million.

**CHAIR** - \$500 000 is the first iteration and then -

**Mr FERGUSON** - Most of that project happens beyond the forward Estimates.

**CHAIR** - Okay. Thank you.

**Mr FERGUSON** - How is that?

**CHAIR** - Good. Thank you. You can let people go who you don't need. We will move on to MAST.

**Statutory Authority (b)**  
**Marine and Safety Tasmania**

**Mr FERGUSON** - I would like to introduce to the table the Chief Executive Officer of Marine Safety Tasmania, Mrs Lia Morris.

**CHAIR** - Did you want to make an opening statement, minister?

**Mr FERGUSON** - No. I will go straight to your questions.

**CHAIR** - We will go straight to the fisherman then.

**Mr DUIGAN** - Minister, as you are no doubt aware, rowing is a really important pastime for thousands of Tasmanians. Would you please explain the safety regulations as they apply to rowers and the changes that took effect from 1 January this year?

**Mr FERGUSON** - Yes, I can. Thank you, Mr Duigan. There has been a lot of interest in this. I would like to say from the outset thank you to Mrs Morris and her colleague, Peter Hopkins in MAST for the engagement that they have been doing with the rowing community. There has been a lot of misinformation around this. Since 2013, it has been the law that you must wear a life jacket if you're in a rowing scull. That is a simple fact. It might have been misunderstood or not well-known; but there's no change to the fact that it has been the law.

Rowing Tasmania in 2019 requested the government to have another look at these rules and to try to find ways to apply some flexibility to enable rowers to, in some circumstances, row without the mandatory life jacket. In response to that, an amendment to the regulations - even though they still are dated 2013, an amendment was made to the regulations in that year. That took effect from 1 January 2021 this year. The amendment allowed rowers to row without a life jacket provided there was a coach boat within 200 metres, carrying enough life jackets for all the people who were in the scull. I understand there has been a misunderstanding, some

misinformation, but we're working still to further refine the regulations. We are very open to that and have said so continually.

By the way, as an organisation Rowing Tasmania has been impeccably responsible on this and has helped to deal with the misinformation and have been maintaining that partnership with Mrs Morris and her team. Under the purposes of the original regulations, lightweight craft means an off-the-beach craft that includes kayaks and canoes, stand-up paddle boards and any other craft capable of being navigated, like sculls.

To go to the next step, where rowers are not accompanied by a powered craft, a life jacket is required to be worn. Some rowers have expressed concern about the inhibiting nature of life jackets. But I think that we should let the committee know that there are a range of Australian standard 4758 compliant products that do not, or should not, inhibit the rower. They don't just include the vest-style foam life jacket; they don't just include the yoke-style inflatable life jackets. They can also include round-the-waist models that don't go above the belly at all until they are inflated.

With my support, Rowing Tasmania has advised MAST that it wishes to further refine the regulations to ensure even better practicality. But both Rowing Tasmania and MAST have agreed that it should not compromise the safety of its rowers, noting that since 2016 there have actually been 38 reported incidents involving rowers. There were 13 occasions where the rowing scull was swamped or capsized. There were 16 collisions with either a fixed object or another rowing scull or vessel. There have been a further nine incidents that have not been formally notified. I know that work is quite advanced. We look forward to making further announcements, I believe, this calendar year.

It's been great to work with Rowing Tasmania with our shared commitment to safety, but trying to make it as flexible and as practical as we can, noting that up until the beginning of this year there was no flexibility. Under that legislation, every single rower was obliged to wear a life jacket. Did you have anything further to add to that?

**Ms MORRIS** - No, just that we were working very constructively with Rowing Tasmania. They do take safety very seriously. All rowing clubs have safety management plans. We have been working with them to formulate those.

**Mr DUIGAN** - Minister, as recreational boaters, we all understand the importance of the MAST Recreational Boating Fund. Would you be able to provide for the committee some details on the budget allocation to the fund over the next few years?

**Mr FERGUSON** - Yes, Mr Duigan, and Chair and committee members, there is \$1.6 million in 2021-22 and a further \$4.8 million committed over the forward Estimates. That is important funding. The projects and safety education are funded from revenue received from our registration of our recreational vessels, and also the licensing of operators. The funding program has been restructured in 2019-20, with \$1.3 million allocated each year to a rolling five-year marine infrastructure and safety plan. A further \$300 000 annual allocation has also been committed to the Small Boating Fund, where the boating public can make application for projects up to \$75 000 throughout the year. This five-year plan enables MAST to obtain all the necessary approvals and cost estimates for proposed infrastructure, plus appoint contractors. It is a little like we discussed earlier with our roads program, to be able to do that well in advance of the actual construction time frame and be well prepared.

You might also say that is there was the need to bring something forward, you are in a better position to do that. It's MAST's aim to continue to provide the recreational boating public with the best infrastructure possible, and to ensure there remains transparency about where boaters' hard-earned money, which they pay in registration and licence fees, is spent. Briefly, infrastructure projects commenced in 2020-2021 under the Marine Infrastructure and Safety Plan include public berthing at Stanley Port, that's at tender; upgrading the jetty at Claytons Corner, Port Davey; stage 1 of an upgrade to the Dover boat ramp, also at tender.

Infrastructure projects going ahead include the upgrade of Burns Bay Boat Ramp at St Helens; the upgrade of Apex Point Boat Ramp at Nubeena; the upgrade of the Weymouth Breakwater; the Denison Canal, dredging of shallow portions there; and improvements to Coles Bay berthing.

MAST has spent \$27.2 million on upgrading over 527 facilities for Tasmanian recreational boaters through registration and licence fees since 1998. Like you, Mr Duigan, I wonder when I will ever get to enjoy them.

**CHAIR** - That is a choice he made just recently. I have no sympathy. Minister, in terms of the sales of goods and services I wonder if there's been an impact of COVID-19 on MAST? The budget was a bit over \$5 million last year. This year's Budget drops below \$5 million and it even drops to \$3.8 million, then it kicks back up again in 2023-24 so maybe it's a cyclic thing with licences, I'm not sure.

**Ms MORRIS** - It is exactly that because licences are triennial. A lot of money comes in in the year that they're due and then we spend that money.

**CHAIR** - So COVID-19 hasn't had a significant impact?

**Ms MORRIS** - It's had a really positive impact on the transfer and sale of boats. You can't get a new boat at the moment. It's a bit like caravans and new cars.

**CHAIR** - Thanks, Minister. We will finish off the infrastructure aspect of your portfolio and we'll take a 10 or 15-minute break and come back and try to knock off the whole of State Development, Construction and Housing Tasmania in one crack.

We will start at 4 p.m. with that new team for that area.

**The committee suspended at 3.47 p.m.**

**The committee resumed at 4.03 p.m.**

**DIVISION 11**

(Department of State Growth)

**Output group 1**

**1.2 Industry and Business Development**

**CHAIR** - We will start with the very obscure output group 1, Minister for State Growth, 1.2 Industry and Business Development. The path that you are responsible for which I understand is Macquarie Point. Is that all, or Advanced Manufacturing too?

**Mr FERGUSON** - Also the Hobart City Deal, the Greater Hobart Act 2019 and the Tamar Estuary Management Taskforce (TEMT) Report which we covered earlier.

Again, I introduce Mr Gary Swain, Deputy Secretary, Transport Services in the Department of State Growth and Mary Massina, Chief Executive Officer, Macquarie Point Development Corporation.

To introduce this portfolio, the 2021-22 Tasmanian Budget builds on the strong foundations that the Government has established already to deliver the plan that we took to the people at the May election. Over the four-year period of the Budget and forward Estimates we expect our plan will support about 28 000 jobs as well as providing significant opportunities for Tasmanians.

It also provides funding for new initiatives such as additional housing, both traditional and alternative, such as our Ancillary Dwellings Program, our Residential Land Rebate scheme and funding to get major projects, such as Macquarie Point, moving.

Our housing plan is delivering more homes for Tasmanians in need and is working to grow our capability to meet the increased demand for social and affordable housing which we know is there and to meet that with an unprecedented investment in housing supply.

The Budget invests an additional \$315 million into social and affordable housing and homelessness across the state, bringing the total investment to an unprecedented \$615 million through to 2027 through these housing capital programs.

This is intended to provide a total of 3500 new social houses to be built through to 2027. Since the commencement of the Affordable Housing Strategy in 2015 and up until the end of June just gone, 1105 new long-term homes have now been built. This includes 972 social housing properties and 133 units of supported accommodation, including 298 in the past year alone. An additional 69 units of homeless accommodation have been completed for Tasmanians who are experiencing or who are facing homelessness.

Currently, there are a further 1063 long-term houses and units of homeless accommodation in the pipeline, including 542 houses currently being built right now. All up, a total of 2881 households have been assisted into affordable homes. This includes the new supply of affordable lots and homes that I have already outlined as well as initiatives to help households into safe and affordable housing through initiatives, for example, HomeShare Tasmania, Streets Ahead and our private rental incentives and Rapid Rehousing. This information is now reported monthly on the new Housing Release on the department's website.



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The Government has also committed approximately \$4.3 million towards homelessness responses during the pandemic to prevent housing stress and homelessness. The Budget in front of us expands on the Government's commitment to reducing housing stress and homelessness through the most integrated housing and homelessness system in the nation.

The Budget also delivers a significant \$64.6 million for the Macquarie Point Development Corporation to bring more of this waterfront development to life much earlier than was originally envisaged, supporting jobs and stimulating the economy. This certainty will get the next development stage to market sooner and can provide the foundation for up to a billion dollars of investment to take place right here in Hobart.

The Budget also provides a \$42.15 million investment in the Hobart Showground at Glenorchy which will be provided over three years to provide for the construction of 450 homes. A master plan in renewal projects for the full redevelopment of the showground has been developed by the Royal Agricultural Society of Tasmania, which includes a range of social, affordable and rental homes; a new exhibition pavilion; arena and other infrastructure.

As touched on earlier, the Government's innovative, Ancillary Dwelling Grants Program is also an important initiative. We are offering grants right now of \$10 000 to the first 250 eligible applicants who submit a completed application. To be eligible, applicants must construct a new ancillary dwelling and make it available for long-term rent for at least two years, helping to encourage greater supply of rental properties in Tasmania.

Briefly, as well, the Tamar River Estuary and its tributaries, which we discussed earlier today, the North and South Esk rivers are the lifeblood of the Tamar Valley. That's why the Government has committed \$4 million over the next two years to fund a site-specific dredging program to be established.

The Government is also committing up to \$1 million per annum over the next four years to support the establishment and ongoing operations of the preferred government model which we're consulting on.

We continue to see the Hobart City Deal progress with positive movement in all of the major components of the deal making the city more affluent and liveable. That City Deal continues to generate significant funding commitments and leverage greater investment.

For the purposes of this session, I have the Department of State Growth and Macquarie Point Development Corporation staff and when you are ready to move to 3.1 I will bring in the team from Communities Tasmania.

**CHAIR** - I have some questions with regard to funding that goes to Macquarie Point. In Budget Paper No. 1, page 96, there's the allocation of funding for the Water and Sewerage Corporation waste water treatment plant relocation. I'm interested in a breakdown of that. Then we go to page 98.

The reason I'm doing this on the fly is because we didn't realise this is where it sat. We didn't realise we had [inaudible]. We thought it was entirely with Minister Jaensch.

**Mr FERGUSON** - Okay.

**CHAIR** - You will just have to bear with me a little. There's a comment on page 98 that says:

...to enable the decommissioning of TasWater, Macquarie Point wastewater treatment plant (\$100 million in grand funding). The balance of the equity funding (\$140 million) to be contributed in 2021-22 and over the Forward Estimates.

Then on page 91, there's further comment. It says there's \$64.4 million to Macquarie Point Development Corporation to progress the next stage of the Macquarie Point development. On Budget Paper No. 2, page 330, we've got Macquarie Point operating costs \$3.5 million this year; \$5 million 2020-22; and \$5 million 2023-24. The note on page 341 of Budget Paper No. 2, volume 1, with regard to Macquarie Point's operating costs states:

This initiative provides the Macquarie Point Development Corporation with funding to support its operational activities. Capital funding will be provided as an equity contribution through Finance-General. Refer to chapter 6 of *The Budget* Budget Paper No. 1

Which I was just referring to. I would like a full breakdown of how much money Macquarie Point gets, what it's for and where it comes from.

**Ms MASSINA** - The money that is allocated to Macquarie Point, as you have indicated, is broken into capital funding as well as operating costs. Firstly, the capital contribution which equates to about \$64 million over the forward Estimates, is to basically pick up the position that the Government says that the corporation is ready to look at, supporting infrastructure development. It is there for some fairly large projects such as the park which is a reconciliation-type park. It is to complete the remaining 20 per cent of remediation -

Of note is bordered area 6 which is the corner of Evans and Davey Street. That's the old gasworks. I think it will be the fourth site in the country starting that work, as well as the other components such as the District Infrastructure Scheme, which allows us to centralise energy and mechanical plant underground and to pursue green-star accreditation.

The Government has shown great commitment and confidence in the corporation to bring these projects forward. The operating components are for, for example, the maintenance costs of the site in terms of water, electricity, maintaining assets such as the Goods Shed. Those costs are being borne by the corporation and they go to ensuring that the corporation continues to build the assets that it currently has.

**Mr FERGUSON** - I can just add some flesh to that, I feel.

**CHAIR** - I would like a full breakdown of the costs allocated to each area.

**Mr FERGUSON** - Yes. That's what I'm about to offer. I think it's worth mentioning as well in your question you highlighted the wastewater treatment. That's a funding deed between Treasury and TasWater, so it's not specifically in the corporation's role.

**CHAIR** - And that's in addition to all this other funding we're talking about? Yes?

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**Mr FERGUSON** - Correct. I will only speak about the \$77.6 million announced from the State of the State Address and the budget announcements.

The breakdown goes as follows. For financial year 2021-22 the following projects will be undertaken with capital funding of \$26.8 million. They include: the roundhouse remediation and bulk earthworks, removal of contaminated soil; stage 1 of the stair link between the Cenotaph and the site, which is underway; conclusion of the sale process for the escarpment, which is currently being assessed; gateway feasibility work for remediation of the former gasworks that Mary mentioned; the Hobart main sewer realignment; the design and investigation phase of the park; the Antarctic and science precinct supporting works, first stage; support the delivery of stage 2 of the Cenotaph stair link and commencement of the District sale process, the District being the name given to -

**Ms MASSINA** - A 2.7-hectare parcel that takes into account the gateway, the promenade and the underground.

**Mr FERGUSON** - For financial year 2022-23, the following projects will be undertaken with capital funding of \$28.2 million: commencement of the gateway remediation, former gasworks; delivery of the park stage 1. delivery of the district infrastructure scheme, the Antarctic and science precinct works stage 2; conclusion of the sale process for the District. For financial year, 2023-24 the following projects will be undertaken with capital funding of \$9 million; completion of the gateway; remediation the former gasworks; the Antarctic and science precinct stage 3. Finally, in addition to the capital funding of \$64 million, which I have already broken down, a further \$13.5 million of operating expenditure is applied across those three financial years.

I should add that the Antarctic and science precinct is a very important component of the master plan. It hasn't yet been completed in terms of its having a feasibility and business case currently being developed by KPNG on behalf of both federal and state governments. So, until that work is complete - We, however, are planning the supporting works as I have outlined. If that were to be approved, it would be a game changer for the site and see significant collaboration and relocation of entities to the site, with significant capital works, which is not intended to be captured by any of the numbers that I have outlined already. That would be new investment.

**CHAIR** - Have you had a breakdown for each of those different projects? You gave the high level for each year, but do you have a breakdown of the anticipated cost of each of those works per year?

**Ms MASSINA** - We treat some of that with a little sensitivity because we need to go out into the market. We try not to crib any of the tender processes that are underway for each of these projects going forward.

**CHAIR** - How many would that relate to? How many projects are under tender at the moment?

**Ms MASSINA** - Currently we are about to go into tender for the remediation of all areas, which is the former gasworks. We are about to close the roundhouse tender process. The main sewer line, which we are doing with TasWater, will go out to tender for the diversion of the main sewer line. We are currently in the consultation phase of the park. We are just doing the

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feasibility work for the first stage of the support works prior to going to tender and a development application. The delivery of stage 2 of the Cenotaph stair link will be part and parcel of the process around the escarpment.

**Mr FERGUSON** - I think your point is that most of it is subject to competitive tenders.

**Ms MASSINA** - That's correct.

**CHAIR** - We don't know whether we're getting value for money for what we're doing, that's the thing. We're talking about a lot of money for one project. Let's go to the operating costs. Surely, they are not commercially sensitive. Could we have a breakdown of the incrementals of the operating costs?

**Ms WEBB** - And, potentially on that, an explanation of the increase from this Budget year to the next two.

**Ms MASSINA** - I am happy to provide a breakdown of the operating costs. It's worth noting that as each of the projects come on board, there is a component set aside within the operating budget to take into account the project management and for the process for expressions of interest for competitive bids for sale of land, for example.

**Mr FERGUSON** - If you don't have it presently, are you saying that we can obtain it or do you have it with you?

**Ms MASSINA** - I can give it at a high level, Minister.

**Mr FERGUSON** - Let's go high level and we might take it on notice.

**CHAIR** - I want a breakdown for each aspect of the operating cost so how much it is in each -?

**Ms MASSINA** - Then it would probably be worth taking it on notice.

**Mr FERGUSON** - I will take it on notice. That supports your inquiry and we will provide the level of detail that we can for the vommittee.

**CHAIR** - To clarify that, I want to know how much is allocated towards project management.

**Ms MASSINA** - Certainly.

**CHAIR** - And staffing costs, energy costs, water and sewerage costs. That's what we're looking at.

**Ms MASSINA** - Certainly, I can do that.

**Mr FERGUSON** - It is worth noting that the corporation has already achieved more than 80 per cent of physical remediation on site since work began only as recently as October 2019. It's unfortunate that people can't visually appreciate that that remediation has taken place because what you have now effectively is a remediated clean block of land.

**CHAIR** - That is why I am asking for the breakdown of those costs, Minister.

**Mr FERGUSON** - It disguises the achievement that's been made but this capital injection means that the next stage can be taken to complete the remediation and take more parcels of land to market sooner than was previously going to be the case. We look forward - hopefully soon - to be able to make announcements about the first release of land which, as I say, has already gone to market and is currently being assessed by the board.

**Ms WEBB** - You mentioned that we're currently in a consultation phase on the park component. Can you describe the consultation that's occurring and the time line for that?

**Ms MASSINA** - The corporation went out to tender for experts to assist in that consultation process and design. We have Emma Riley and Associates as our planners and stakeholder managers. We have Cumulus Studio Architects and Playstreet. They are the three expert firms that are involved.

We have about a six-month process to work through quite an extensive level of consultation, both with the Aboriginal community and that sits statewide, as well as key stakeholders such as the Antarctic and science sector, the art sector, cultural sector, et cetera.

Probably of most importance is also hearing from the general public in terms of what they see as important for the park. It is worth noting that the park is 13 000 square metres of space. It is the largest section of public open space to be developed for about three decades so it's quite unique and important.

**Ms WEBB** - There won't be another one like it centrally, will there?

**Ms MASSINA** - No, there won't be. As at this morning, we've had just on 1000 responses to the community survey we've been running for the last four weeks. We had a great workshop with some 50-odd stakeholders so we're very much on track to really gather what it actually means in terms of the development of the park.

**Ms WEBB** - The workshop with the 50 stakeholders, were they members of the public or were there other sorts of stakeholders?

**Ms MASSINA** - They were a mixture. There were some people from the north of the state who had been involved in park development in Launceston. There were elders from the Aboriginal community and then there were key stakeholders such as the Bicycle Network, for example, and the Hobart City Council. So, there was a variety of voices sitting there.

The findings from that community survey fed into some of the major themes that were being picked up during the workshop.

**Ms WEBB** - Is the survey now closed?

**Ms MASSINA** - No, it is still open. The intention of the corporation is to keep it live and it's on the front page of our website if you would like to fill out the survey. We will come back once the first concept design is made public to really test with the community and with key stakeholders whether there needs to be tweaking or whether we have got it right the first

go. When you think about public open space it is the glue that brings together 9.3 hectares worth of land.

**CHAIR** - Any other questions on that? We will leave that line item open because Mr Jaensch has responsibilities under that line item as well. So it won't be closed off until after we have dealt with Mr Jaensch. We will move to 3.1 Housing Services.

## **DIVISION 2**

(Department of Communities Tasmania)

### **Output group 3**

#### **3.1 Housing Services**

**Mr FERGUSON** - While my team is coming I will respond to a couple of earlier questions, the rural cameras initiative will be with Mr Jaensch. I was asked a question this morning about building and construction training policy. Rather than read it out I might just table this for the benefit of the committee. I am not sure if I took it on notice but I certainly committed to responding further.

Thank you Chair and committee, good afternoon I would like to introduce Mr Michael Pervan, Secretary of Department of Communities to my right, and Mr Peter White, Deputy Secretary, Housing Disability and Community Services. I have other staff from programs who are able to join the table if required.

**Ms WEBB** - I just did the overarching one first and I just realised I did not do that with the previous portfolio we just dealt with State Development and Construction. In relation to any of the identified recommendations from the interim PESRAC report from last year's budget that are allocated by department or any from the final report recommendations that are within these portfolio areas. I realised I did not ask that question to the last portfolio area, minister, but I am asking it for that one and for this one.

They were not tabled earlier. There was a table in last year's budget papers that allocated agency responsibility against those interim report ones and I am checking if any of those relate to this Budget.

**Mr FERGUSON** - I propose that we will prepare and come back to the committee with that answer during this session.

**Ms WEBB** - Can I play catch up and say for the last portfolio as well, in case there were any that related to that one?

**Mr FERGUSON** - Ms Webb, I am sorry to do this to you but can you repeat that last question. I have the answer to your first question here.

**Ms WEBB** - I saw that the same question applied to the portfolio area we just covered a moment ago. I forgot to ask in regard to state development and construction - if there were any allocated into that space. It would be the same question.

**Mr FERGUSON** - I will come back to you on that one. I have the information relating to Communities Tasmania in terms of the interim report in my portfolio of State Development

Construction and Housing. The final report had a recommendation around the development of a comprehensive Tasmanian housing strategy, to drive practical actions to deliver more sustainable housing market outcomes across Tasmania for all Tasmanians.

The recommendation then went on to say what the constituent items should be in the strategy. That has recently been launched for consultation. A comprehensive Tasmanian Housing Strategy was committed to at the recent election. The strategy will be developed to address issues such as future growth, affordability, accessibility and ensuring that housing can meet the needs of the most vulnerable, those in the workforce and people as they age. Public consultation for the development of this strategy commenced on 26 August. We expect the final housing strategy to be released in late 2022.

The commitment will replace the existing Affordable Housing Strategy, which is currently dated 2015 to 2025 and encompasses a broader scope that addresses the whole housing market, not just the social housing sector. Two million dollars has been committed for the project, to fund project resources and consultancies. Consultation will be undertaken with councils, community and private providers and community representatives - that is underway.

In relation to the interim report we have three recommendations that relate to this portfolio within communities.

**Ms WEBB** - Can you tell me the numbers?

**Mr FERGUSON** - I will tell you what I have which is no.28, in relation to the roll out of the state government's construction blitz. I can advise projects have been awarded with contracts under development for the delivery of 1 000 homes under three separate tranches. Agreements for the remaining 57 units have now been fully executed. The remaining 38 agreements are progressing through the development and execution process.

I am advised that while agreements are being finalised, organisations are progressing with design and statutory approval processes. The program is on track for delivery by June 2023. The next is no.44, again in relation to the construction blitz. There is a recommendation around apprenticeship requirements. The EOI process for the allocation of \$120.6 million in funding included requirements that 20 per cent of labour be undertaken by apprentices, mirroring the requirements used on Government construction programs. I think Ms Lovell asked me about this this morning. These requirements will be contained in the agreements currently being finalised by Crown Law. Apprentices will be engaged on projects through the construction phase, which will be from July 2021 to June 2023 and so the department reports that to me as completed.

The third and last one in this portfolio in the interim report relates to the Department of State Growth and the recommendation no.53. State Government should use its influence to encourage Government businesses and other public sector infrastructure providers to establish capital project priorities that place a higher weighting on distributing activity toward smaller scale regional projects.

The update is that recent experience in the civil construction industry is that contractors with necessary pre-qualification do not submit tenders for small jobs; but larger projects will and do create jobs in the local community through subcontracting aspects of the works to local

contractors. The Department of State Growth has advised me that it has a work program with a considerable proportion of discretionary maintenance and capital expenditure in the regions. That is reported now as complete.

**Ms WEBB** - You've done that one, Minister. We discussed that one earlier under your other portfolio of Infrastructure and Transport; it was identified there.

**Mr FERGUSON** - I think it has been picked up. It has relevance to both portfolios.

**CHAIR** - Before we move on, did that answer the question that you had earlier about that, Sarah?

**Ms LOVELL** - A follow-up question is who will be taking responsibility for monitoring compliance with that requirement?

**CHAIR** - The apprentices?

**Ms WEBB** - Yes, the apprentices.

**Mr WHITE** - The department will be monitoring that with our community housing providers and then we report to Skills Tasmania on progress.

**Ms WEBB** - Do you have any information on what penalties or consequences there might be for non-compliance?

**Mr WHITE** - We have a contractual requirement in there so we don't have any concerns that those contractual requirements won't be met. There is no specific penalty in relation to that. The agreements we have are with the not-for-profit sector and community housing providers in particular.

I would note that one of those providers - Centacare Evolve Housing - has actually set up its own not-for-profit construction company, St Joseph's Affordable Homes. You may have seen recently how they've been employing young apprentices, particularly from difficult backgrounds and from areas where some of our housing is located. There's are requirements in the agreement and they have to provide the evidence of new apprenticeship training so I wouldn't anticipate any issues in that area.

**Ms LOVELL** - Thanks, Minister.

**Ms WEBB** - Minister, can you clarify the net gain or loss in terms of public and community housing properties, put it together - social housing stock, would be another way of saying it - between 2016 and 2021. Across each of those years, the net gain or loss of those social housing stock. That would include feeding into that the number of properties that have been built less the number that have been sold and are no longer properties within the social housing stock.

**Mr FERGUSON** - The advice I have is that the recent report on government services shows that we're outperforming other jurisdictions to increase our stock numbers. Tasmania is the only state or territory government to grow social housing sufficiently to keep pace with population growth. Overall stock numbers for social housing are increasing, noting the



different ownership and management models. Social housing includes both public and community housing.

Around 73 per cent of our new social housing over the past five years has been provided by our community housing partners. We are building new public housing properties but also improving and realigning the portfolio. This means that some properties will be sold for affordable housing and other properties will be transferred for management or ownership by community housing providers. Community housing providers are better positioned to maintain and invest in properties. They also have access to rental assistance from the Commonwealth and this allows them to ensure that they have appropriate amenity for social housing tenants.

We're predicting an average over the next two years that approximately 50 dwellings will be sold or demolished per annum. The Department of Communities Tasmania advises that a net increase of 549 social housing dwellings over the first six years of the strategy from 2015 to 2021 based on the following two components: a construction, a gross increase of 972 social housing dwellings between 2015-2021, less the sale of 423 social housing dwellings between 2015-2021. You asked between 2016 and 2021, I've given you 2015-2021.

**Ms WEBB** - What was the figure you started with in terms of the net?

**Mr FERGUSON** - Gross increase of 972.

**Ms WEBB** - No, no, the net.

**Mr FERGUSON** - A net increase of 549, sorry, thank you.

A projected net increase of 1279 more social housing dwellings is estimated for the next two years of the strategy, noting that we are already one year in to the three-year strategy, based on: first part construction, an increase of a further 1379 social housing dwellings between now and 2023, of which 972 are complete, less the estimated sale of 100 social housing dwellings between 2021 to 2023, assuming 50 sales per year. A total net increase of 1828 social housing dwellings is estimated over the eight-year period from 2015 to 2023.

I know there're a lot of numbers, but I looked at the *Hansard* from last year and I recognised that the numbers can be difficult to try to scaffold, so we've gone to some effort to put this into perspective.

A total increase of 1828 social housing dwellings is estimated over the eight-year period to 2023, action plans 1 and 2. To 2021, which is now, 549 and to 2023, 1279. Further to all of that, and recognising that while 2027 sounds like a long time away, and it is when you're looking for a house, we've actually forecast and provided the funding to commence the next stage of delivery of a further 2000 additional new social housing homes to pick up the moment we've finished off on those targets to 2023. That's a further 2000 from 2023 to 2027.

It can be assumed that based on sales of 50 dwellings per year, that there would be a net increase of 1800 new social housing homes from 2023 to 2027. This would bring the total net increase of social housing to 3628 dwellings over the 12-year period to 2027.

I've never used those numbers before, but this is an attempt to try to capture all of the actions that have happened in the first seven years of the action plans and what is now in the

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Budget and what is coming in the budget. We've committed to provide an additional 3500 new social housing dwellings by 2027. I hope that information is useful for the committee. No doubt the *Hansard* will prove to be a useful reference point for delivery.

**Ms LOVELL** - In relation to the transfer of some social housing properties into the management of community housing providers, in terms of your strategy and your plan, how many properties are you planning to transfer into management of social or community housing providers? Over what time frame?

**Mr FERGUSON** - I will ask the Deputy Secretary to answer the question. In so doing, I will ask you to reflect on the target that was agreed to by the state with the Commonwealth many years ago, the number already transferred and the number that has just been announced, an extra 2000 between now and December. Try to give us an overall picture of the scope of the transfer, the reasons for it and the benefits for extra funding.

**Mr WHITE** - The initial transfers we had were under what was called the Better Housing Futures program, which was a transfer of around 4000 homes to four community housing providers. That occurred between 2013 and 2014. Now, it has been running for around seven to eight years in total. The Community Housing Growth Program is transferring management of a further 2000 homes to those four providers. Those agreements for the existing portfolios, plus the 2000 new agreements being entered into will run through until June 2040 for each of those providers so we're giving them longer tenure for the management of those portfolios.

The benefit that we have from the additional transfers is that each of the providers then achieves a good scale in their operation. Nationally it is seen that community housing providers need to manage portfolios of 1000 or more properties in order to achieve a reasonable scale. That means that the four that we will have will all be managing in excess of 1000 properties in the state.

As the minister said, there's also the financial benefits we have from this. This program, started around the time of the nation building. The states and territories agreed to look at transfers of up to 35 per cent of their social housing portfolios as part of those agreements which is what our Better Housing Futures program did.

We subsequently wrote to the Commonwealth because of the success of the program. They agreed we could do a further transfer up to around what is now approximately 50 per cent of our portfolio. What we have seen is significant funding coming into social housing because the tenants can access Commonwealth Rent Assistance. The community housing providers charge an income-based rent, the same as public housing and then on top of that receive the Commonwealth Rent Assistance through the tenants. So, in the last year of the approximately 4000 homes being managed that saw about \$11 million come in under Commonwealth Rent Assistance. That number will increase to around \$16 million with each transfer that is taking place now. All funds that come into that program, whether they are rents or Commonwealth Rent Assistance, the revenues received, are reinvested into the portfolio, whether that be to management - and that's why scale is important because the management is then efficient; whether it's community programs such as Tenancy Support and other investments in the community, or whether it's better maintenance and improvements in that space of upgrades of properties, et cetera, and in some cases new supply. Those agreements we have had in place have been very successful, hence the reason of expanding the program. We are just going through it at the moment.

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To answer the last part of your question: those transfers at this stage by mid-November they will have all gone live. The first transfers went live last week, which included New Norfolk in the south. Further transfers will go live from the first week in November through to the second week of November.

**Ms LOVELL** - You mentioned tenure until 2040. Is the state retaining ownership of these properties or is the title being handed over to the providers as well?

**Mr WHITE** - We are retaining ownership of the properties so all those properties will be under what is known as a residential management agreement. As I said, all those properties that are under management will go through to the 30 June 2040.

**Ms LOVELL** - Have all of the properties been identified at this point?

**Mr WHITE** - Yes, they have.

**Ms WEBB** - After the transfer takes place who is responsible for maintenance of the properties and any repairs that might be required?

**Mr FERGUSON** - We can also give the locations.

**Mr WHITE** - The responsibility of maintenance sits with the providers. So, from the rent receipts they receive they pay the outcomes, such as rates. They pay us an amount for the insurance. They are also required to spend the money on the maintenance of the properties, including upgrading, et cetera. With the portfolio transferred to date we have seen a lot of improvements whether it be new kitchens, bathrooms, heat pumps, et cetera.

Minister, you probably have some material there.

**Ms LOVELL** - At the time that the transfer takes place is there an agreed or accepted standard that the property needs to be in? Are properties being transferred that require significant repairs at the time of transfer? If so, who takes responsibility for them?

**Mr WHITE** - We are transferring the properties based on the condition they're in.

**Ms LOVELL** - As is?

**Mr WHITE** - Yes, basically as is. We maintain them right up to the handover, including, for example, if works orders have been issued we would finish those off, whatever they might have been.

Our homes meet the standards of the Residential Tenancy Act. The condition of the portfolios does vary and one of the requirements we have with the new agreements is we run a system of one to five in our condition - a number of attributes in our portfolio across our property. When properties go below a three, when attributes go below the three, the providers have to either replace or repair that attribute to bring it up to a three or better as a condition assessment.

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Overall, we would expect the condition of the properties to improve over time. Our contracts with the providers will require them to do the condition assessments over the new portfolio and then to provide us with that information so that we can monitor that performance and the condition of the portfolio over the duration of those agreements.

**Mr FERGUSON** - I will just supplement. Of the 2000 public housing properties currently being transferred under long-term agreements, the ones that will be managed by Centacare Evolve Housing are properties at Austins Ferry, Berriedale, Brighton, Campania, Granton, Kempton, New Norfolk, Oatlands, Old Beach and Rosetta.

Mission Australia Housing will look after properties in Bicheno, Chigwell, Midway Point, Mornington, Orford, Risdon Vale, Sorell, Swansea, Triabunna and Warrane. Community Housing Limited will look after properties in Carrick, Cressy, Deloraine, Hadspen, Longford, Perth, Prospect, Prospect Vale, St Leonards, Summerhill and Westbury.

Housing Choices Tasmania will manage properties in Devonport or part of Devonport, Smithton, Stanley and Ulverstone, noting that Housing Choices Tasmania already looks after Devonport and East Devonport. That answers your question.

**Ms WEBB** - You described the arrangements with those properties to be transferred, making improvements or maintaining them to a certain standard. Is there also a requirement within that transfer arrangement that certain energy efficiency standards or levels would be either maintained or introduced into those properties as improvements?

**Mr WHITE** - We have insulation through our properties, et cetera, already and we have a continual program of effectively replacing or improving insulation over time. Those sorts of requirements are also part of what the providers must do as part of the asset management plan. We don't specify how much you'll spend on insulation or whatever it might be but certainly those sorts of things are what we do as providers over time, increasing the R-rating of the ceiling. As we said before, the replacement of heaters, particularly those direct electric heaters, has been a key part of what has been achieved under the Better Housing Futures Program to date.

**Ms WEBB** - I was wondering whether it was a requirement that energy efficiency be improved under those transferred properties. I understand things would be happening but is it built in as a requirement?

**Mr WHITE** - It's not a specific requirement but the requirements are - obviously the heating policy now does require for heat pumps to be done. Our projects that we do are all seven-star or better for the construction and, in terms of improving amenity, those things would be picked up.

The providers will provide us with asset management plans which they will work with our department on producing each year. As part of that, a range of things that come under the improvement of amenity and liveability, if you like, for tenants would be picked up. Some of that would pick up things such as energy efficiency of homes and improving where we can.

Some of the homes were built in the 1970s and they are very difficult to bring up to, say, a five or six-star rating but certainly we've seen, for example, new constructions where community housing providers have put in blinds or curtains as part of the package.

**Ms WEBB** - Just to pick up on that, the most recent transfers that are occurring now, that new tranche, do all those properties have full insulation?

**Mr WHITE** - Those properties do have insulation in the ceilings yes, that is correct.

**Ms WEBB** - And they would not necessarily have curtains though, correct?

**Mr WHITE** - We do not provide curtains in most of our properties.

**Ms WEBB** - And the new managers in the sector are they required to provide curtains?

**Mr WHITE** - They are not under the Residential Tenancy Act.

**Ms WEBB** - The transfers that have occurred historically of the large amounts that have already been transferred to the sector, were they all insulated properties when they were transferred?

**Mr WHITE** - They would have been insulated. There is insulation and there is insulation, I am sure you understand. More recently, where we were doing insulation the R4 rating or thereabouts, the R4 rating for batts. Some of the insulation that would have been in previously might have been R2.5. We know that the effectiveness of insulation does deteriorate over time. So we do go through and top-up insulation putting more batts in so certainly our properties are insulated. As I said, in some cases that insulation maybe due to be upgraded or improved as we go through the portfolio. Those sorts of things get picked up in their asset management plans as it is with the asset management work we do with our portfolio.

**Ms WEBB** - Another question to follow up from the member for Rumney's question earlier put me in mind, she asked a question about title transfer. It is clear you are not doing title transfer with these properties you are talking about at the moment. We did experiment with that though in times past with a small - I have forgotten the number of properties we did as a little pilot scheme when we transferred title from the state to the community housing provider. Can you remind me what year that was and how many properties were involved? Was it 16 maybe?

**Mr WHITE** - Can I provide an approximate number as I do not have the material in front of me if you are comfortable with that. There were 330 titles in total.

**Ms WEBB** - That sounds about right.

**Mr WHITE** - Of which we had 300 to Centacare Evolve Housing in the Bridgewater and Gagebrook area and 30 to Salvation Army Housing. Salvation Army built nine new dwellings, I believe it was with their funding. I would have to come back to you on the number that Centacare Evolve constructed.

**Ms WEBB** - The thing I am interested in is not so much what they leveraged and then were able to build, which was positive, but those 330-odd that we transferred the title. Do we know what has become of them? Are they still within the social housing space or have they exited the social housing space as properties? Are we counting them? For example, when I

asked for the total of social housing properties, are those 330 still within that number or have we lost some from our social housing quantum?

**Mr WHITE** - I could not tell you exactly if we have lost some. I would expect that some may have been sold to a tenant or whatever it may be. The agreement we had with Centacare Evolve Housing did allow for some sales to occur over a 10-year period of up to about 60 homes. The numbers reported in the Report on Government Services (RoGS) would include those properties, as will the numbers.

**Ms WEBB** - But not the sold ones, or perhaps including ones have been sold?

**Mr WHITE** - Sorry, it will include the ones that are still owned by the providers. It would not include the sold ones that, as I said, might have gone to a sale of a tenant or whatever it might be. We get notification on those but I could say the number would be less than 10 definitely, I just do not have that exact number.

**CHAIR** - In terms of the portfolio area, Community Housing Growth Program, as I understand it, there is a requirement or an expectation that the community sector will also build properties. So, how many does the community sector build? I just mention some that were built by the Salvation Army but overall what we want them to do. This is the reason for handing over some of these properties - or I thought it was - what have they done with that?

I will take you to the comment that really made me want to question this, it is on page 61 toward the bottom. Critically, the CHGP also includes a growth strategy with the release of around \$100 million in capital grants to construct social housing that will contribute to Tasmania's social and economic recovery from COVID-19. So that is probably more future looking except for this year perhaps. I assume that includes the social or community sector?

Not just -

**Mr WHITE** - Firstly, the community housing growth program, which was the \$100 million provided, that's going towards 1000 new homes that we are building under that program. The \$100 million goes in grants to the community housing providers.

**CHAIR** - Communities Tas are building those?

**Mr WHITE** - No, these are actually being built by the community housing providers themselves.

**CHAIR** - Okay, right.

**Mr WHITE** - There are 1000 new homes to go. That money was supplemented with a further \$20.6 million. For those 1000 homes, the vast majority are being delivered by the community housing providers.

**CHAIR** - So many have been built to date?

**Mr WHITE** - Of the community housing? I would have to get that number. Not many, because the program was only announced last year.

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**Ms WEBB** - To clarify, Chair, as well, that is directly funded through the Government. It is not what they've managed to leverage through having the properties transferred? It would be interesting to know what they've been -

**Mr FERGUSON** - That is a deeper dive. We might be able to pick that up.

**CHAIR** - The question then is, to make it clear, how many properties have been built with the grant funding, but also how many that sector built off their own bat, based on the fact that we handed these leases over to give them an income stream. Yes, they have to fund the maintenance and those other outgoings; but I thought that was the whole intention - to grow the stock.

**Mr FERGUSON** - It is; and to improve the quality of the ones that they do receive, given that they have a greater ability to access funds to maintain them. I think that that is a two-part question. If I could have that on notice, I would be happy to respond further.

**Ms WEBB** - The Government has committed to the 3500 social housing properties by 2027. We know from the figures that that doesn't meet current need, let alone increasing need that will continue across the time between now and 2027. We know from other expert stakeholders that 1000 affordable homes each year is needed across the next 10 years. Can you explain your approach to meeting need, rather than the laudable efforts which are there and funded, but falling far short of meeting need. How will you meet need? Will you commit to what the sector is calling for, which is that 10 per cent of the housing stock in Tasmania should be social or affordable housing by 2030?

**Mr FERGUSON** - Thanks, Ms Webb. I think we accept that more is always better. We have the largest growth in community and social housing than ever before. Perhaps not more than after the Second World War; but I reckon you would be going back that far. It's certainly the case that right now, it would be difficult to see that the building and construction sector has the capacity to build any more than we currently are. I would be prepared to stand by that comment and allow the Deputy Secretary to add to it. But I'm the Minister and we are a government that, if we can see other opportunity areas where we can exceed our targets, then we would be open to possibilities and proposals.

But it would be very difficult, I think it would be fair to say, to exceed the current targets, given that the building sector is running at capacity. Ask anybody in the community how they're going, looking for a builder at the moment. They are in line, even just to get a new bathroom or a new dwelling. Our building and construction sector is running very hot. Particularly as we go through the new Tasmanian Housing Strategy, I expect that we will see new innovative models for stock development. We want to see more supply. One thing that we specifically mentioned in the discussion paper, I think, is the exploration of a rent-to-buy scheme as well, which we have not had in Tasmania before. I would like to explore that. I would like to see if that can offer some opportunity for greater supply as well. I would even be prepared to look at proposals that may emerge in the meantime without necessarily having to wait for that strategy. We are a government that wants to generate more supply.

I will invite the Deputy Secretary to add further if you could to Ms Webb's question.

**Mr WHITE** - Certainly, we do have a significant program over this period of time. As you understand, \$395 million has been allocated in the Budget for capital expenditure under

our capital program. We have allocated approximately \$82 million in 2021-22 going towards the Community Housing Growth Program and new projects, a continuation of the Affordable Housing Action Plan and youth housing initiatives as well. That is also a program, as we have said before, of over 2 300 homes as part of affordable housing strategy and community growth programs through to July 2023. As the minister said, the ability to build homes in the market is obviously constrained by capacity, in terms of labour and materials.

The Tasmanian housing market as a rule runs at about 2 500 homes a year. Our programs at the moment are certainly taking up to 25 per cent, at least, of that capacity. There is a limit to how many homes can be built and we know in the private sector there is significant home building going on with the home builders grant. As the minister said, we have looked at ways of trying to be innovative; certainly, working with the community housing providers and things around the St Joseph's affordable homes initiative has been really good getting more people into the industry.

We obtained the leverage through the capital grant process whereby we are putting in \$135 000 for homes that are costing around \$230 to \$240 000 each to build. In that way we are actually getting more bang for buck with our funding. We have certainly got some innovation with things like backyard units. We have a local company that prefabricates units, and we have been able to put those in the backyards of families where they might have older kids that can have the unit in the backyard. In some cases, we have put them in the back of disability group homes and those types of facilities as well.

**Ms WEBB** - Can you give me a number while you are mentioning those? How many have been put out?

**Mr WHITE** - Backyard units? I know the total we are planning is 104 and of that, I think we have delivered around 49 to date across the portfolio. We have some more of those units being rolled out as part of the community housing growth program; the stimulus money at least.

**Ms WEBB** - Can I come back to the strategy that is currently being developed to supersede what had been the affordable housing plan for the state. When the affordable housing strategy was put in place back in 2015, the work that went into that and the plan included substantial modelling on need and projected need across the life of that plan. Is the new strategy also going to lay out the modelling about the current need and projected need across its duration?

**Mr FERGUSON** - Yes, it is intended to do that because it intends to encompass the entire housing market for the state, not just social and affordable. It is intended to set out a much longer time frame for the achievement of a vision over 20 years to ensure that we have taken account of the broad sweep of what is occurring in the housing industry and in the housing market, and looking to address issues such as future growth, affordability, accessibility, aging, planning and construction and sustainability.

It was also recommended by the Premier's Economic and Social Recovery Advisory Council, and we will be developing that in consultation with the Tasmanian community to build on our current policies while we are implementing and building our current policies to also have a much longer, more comprehensive response as well. It is about looking after the housing



needs of the whole state to boost housing supply for people who are struggling in a very tough housing market at the moment.

**Ms WEBB** - To clarify then - the strategy is going to include, and make therefore visible, updated modelling on housing need, granted as you've said, across the whole suite of housing. That would include modelling on need and demand into the future of affordable social and public housing and general housing.

**Mr FERGUSON** - That is right, that is our intention.

**Ms WEBB** - In terms of the strategy, also one of the things, as you said, from that PESRAC recommendation was that the Comprehensive Housing Strategy would look to provide sustainable, energy efficient housing for all Tasmanians. Looking at budget initiatives that you have in this Budget that relate to energy efficiency, they appear to rely on Tasmanians being able to take on loans to make energy efficiency upgrades to their homes. We know that many Tasmanians on low incomes and renters are not likely to be able to afford to access those schemes. As pleasing as those schemes are and positive in and of themselves, there will be many that can't afford them or access them. We know that so many Tasmanians will continue to struggle with energy poverty and the impact of unaffordable energy because of lack of energy efficiency.

What plans do you have in place to make sure that all Tasmanians, including those who can't access the current opportunities, can move towards energy-efficient housing and homes?

**Mr FERGUSON** - From the outset, the housing strategy can and should encompass those broader issues as well because when we're building more supply obviously with the new building code and a continually evolving building code, energy efficiency is a big component. It's quite challenging for some people but it is fair to say, adding to the cost of building a new home compared to five or 10 years' ago. In terms of our own stock, I don't think that was the thrust of your question.

**Ms WEBB** - I am looking at low income Tasmanians and renters as well. It is not just low-income Tasmanians who have their own home that they are purchasing and their ability to access programs that assist them with energy efficiency that don't require them taking on a loan and whether there is an intention to have that space funded and invested in.

**Mr FERGUSON** - We don't have that in our plans but the housing strategy can and should look at all of those issues. It's our belief and intent to have a comprehensive response but today we are not going to be promising schemes to allow people to draw on the Government for energy efficiency measures in all cases but where we can, we provide support in a targeted way.

I ask the deputy secretary to respond further in noting the Community Development portfolio, and the Energy portfolio and the Premier's portfolio with concessions together have a range of other options that are available to people. We're not suggesting that is the answer specifically to your question.

**Mr WHITE** - In terms of energy efficiency programs, we have \$13.36 million to be expended this financial year on our portfolio. I can't talk obviously outside of this portfolio -

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**Ms WEBB** - Yes, thank you. My focus was outside that portfolio. Can I move on?

In terms of the budget allocation that's been made to implement recommendations from the Under 16 Homelessness Report can you talk me through the investment there, both across capital expenditure and also recurrent or staff ongoing costs for the things that are being built or put in place?

**Mr FERGUSON** - That project belongs to my colleague, Ms Courtney, the Minister for Children and Youth.

**Ms WEBB** - None of the capital expenditure of that comes into your space?

**Mr WHITE** - It certainly may be if there are homes to be built under that program. Our infrastructure team would be responsible to deliver those. At this stage, we don't know what that need is. They may, for example, look to lease properties or buy properties. We'd probably play a role there going forward.

**Ms WEBB** - Under the current allocation in this Budget there aren't new builds, new capital expenditure to be had in that space, just to clarify?

**Mr WHITE** - There's an allocation of budget. We just don't know specifically how those funds are to be expended if you're talking about capital at this stage.

**Ms WEBB** - Right. Okay. Another question I had was a more specific one. Looking at the pods that have been put in place at the Hobart Women's Shelter and Bethlehem House, what was the investment in obtaining, hiring, buying and installing those accommodation units and what is the annual maintenance cost for them in an ongoing way?

**Mr FERGUSON** - From the outset, I will let you know that I've spent some time with the team from the Hobart Women's Shelter and Bethlehem House. They're very grateful for those units and also very positive about the Government's willingness to set them up. The advice is that the total cost for the installation and hire of the accommodation units is as follows: for the Hobart Women's Shelter, \$2.6 million for the pods; for the Bethlehem House site, \$2.1 million for those pods. Also related, there was \$331 000 spent on professional fees across both projects. However, maintenance costs, excluding tenant damage, is the responsibility of the vendor, Royal Wolf in this case.

**Ms WEBB** - Is there a plan to look at that pod option for other locations and other services funded in the Budget?

**Mr WHITE** - We don't have a plan of looking at that at the moment. We've got a number of projects that are underway at the moment. For example, the new Bethlehem House site which will supplement the 24 supported accommodation units we now have on site there at Murray Street. We've got 50 beds planned as a new development there on Harrington Street which will provide for an increased capacity for men. We also have new projects for women in the north, et cetera, as well. Apart from the backyard units, there are some modular. We're not looking at anything further in that space of container-type pod accommodation.

**Ms WEBB** - Is that because that's not deemed to be a suitable solution for other sites around the state that might have a similar need that was identified for the Women's Shelter

down here and Bethlehem House? Is it that that wasn't an appropriate solution that could be applied elsewhere and other solutions are being applied? Or have other priorities overtaken the extension of that maybe?

**Mr PERVAN** - It's a novel solution but the fact of the matter is that they don't have them pre-fabbed and sitting on the dock waiting for us to buy. They are all made to order and they take a little bit longer than an actual house to construct. It is a very hard thing to work with, a shipping container. They are not made to be lived in. The amount of time that it took to have them constructed from the time that we purchased them and then delivered down here and then mounted on the steel scaffolding that was required. It's still a house; it's still a drawing, so you have to go through all the normal planning applications and DAs and so on and because it's non-standard, because it's novel -

**CHAIR** - It would have been cheaper to build it from scratch.

**Ms WEBB** - I was going to say. What did we learn from that exercise? I would absolutely put on the record that I fully endorse and support trying new things and experimenting with new solutions so I'm not criticising us for having done that. But did we learn from that exercise that that model wasn't the most useful model to take forward and replicate elsewhere and, therefore, we're looking at other solutions? Or would we revisit it at some stage if we could access the units?

**Mr FERGUSON** - I will give you a response that's not different to your question which is I agree with you. I think some willingness to be innovative and explore treatments that haven't been used before is a good thing to do so long as you're prepared to learn from the experience. The simple fact is - I don't know - what was the date they were installed?

**Mr WHITE** - About 2020, Minister, it was. Early in 2020.

**Mr FERGUSON** - Early in 2020. The industry then at that particular point in time wasn't as hot as it is now, that is, the building sector but it was still going quite well. It might be that some offshore source of housing might actually be part of the answer in the next few years while our building industry is ramping up to expand its capacity, its capability to build more homes, that is, if we want more homes than we're currently on track to deliver.

But I'm not holding out that our future looks like shipping containers at all but if it can add and supplement to the stock in a way that otherwise wouldn't have been possible, I think we have to be open to that - including the pods and the modular structures that are being built in Hobart at a business-like pod matrix and others. I think it is a good point and I don't think that any of us here would be suggesting that is the future of additional housing. Conventional housing is the intent.

**Ms WEBB** - That is a needs crisis, housing, isn't it, and transitional housing? As an option it is really just a matter of what lessons we learned from that.

**Mr WHITE** - Certainly there were lessons. The process it took us to effectively have the sites shovel ready took us probably as long, or longer, than it would have for any normal development application. On both sides we actually were not the owner of the land. We had to work with - thanks to Hobart City Council for their support with one of those projects. The other one involved us leasing some land as well. What you go through to that process takes

pretty much as long as putting something permanent up. I think the minister is entirely correct. We are looking at long-term solutions. As I mentioned before the new Bethlehem House site, if you have seen the plans you will know how exciting that looks and the amenity that will provide.

**Ms WEBB** - I particularly like the pet accommodation that is available at that site, by the look of things.

**Mr WHITE** - Yes, true. We certainly that's in response to feedback we have about homeless people and pets. There are examples around the state, whether it be in Burnie with new youth accommodation there, Devonport with new men's homeless accommodation, and in Launceston with the expansion of the Launceston women's shelter. We are building new permanent structures with the funding and certainly that is where our preference is. Containers were there to respond to what was seen as a relatively urgent need. Our learnings are that probably cost wise over the long term it is certainly better to be building them permanently. Unfortunately, it does not save you any time with the front end of a project by having some form of modular or container type construction.

**Ms WEBB** - I am wanting to clarify in terms of the numbers when you share with us the numbers of new properties being built across these coming years, knowing that within that sector you can think of there being crisis accommodation, transitional accommodation and then long-term social and affordable housing. Are those numbers relating to grouping together all three categories? For example, the new Bethlehem House, that is crisis and transitional accommodation, it is not long-term housing, is my understanding. I want to understand if the numbers you have provided to us incorporate crisis and transitional or whether they are purely the longer term social and affordable housing properties.

**Mr WHITE** - When we are talking about the numbers we are providing around the 2350 that is actually social housing so they are the long-term social housing. That includes 1000 under the community housing growth program, there are 300 under the debt waiver agreement as well that we are delivering - which we have completed 70 to date - and there were 1051 under the original funding we had for both the Affordable Housing Action Plan 1 and Affordable Housing Action Plan 2.

In addition to that we have 184 new units of homeless accommodation coming online, of which to date 41 have been completed as at 30 June, so 143 more to go. For example, Bethlehem House is one of those, as is the Launceston Women's Shelter, the Burnie Youth. Supported accommodation, we are looking at 181, of which we have completed to date 161 of that new supply, with supported accommodation including places like the Balmoral property. Supported accommodation built at Goulburn Street which is now being managed by Winteringham are examples of that. The total we do is greater and we have been referencing the 1500 which is new social housing supply.

**Ms WEBB** - The Commonwealth debt waiver, that money which has been available through that. That is going into those longer-term rentals for social and affordable housing, not the crisis and transitional?

**Mr WHITE** - There are a mix of programs.

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**Ms WEBB** - Are there? Can you lay that out for me, so that I understand where those debt waiver funds are being directed? Just to clarify, is it \$24.4 million in this financial year, but I can't see how much it is over the forward Estimates -

**Mr FERGUSON** - The question around the composition is as follows. Bearing in mind that the debt waiver makes available \$58.4 million through to June 2023, that equates to around \$15 million in additional funding each year from 2021 through to 2023. That is, of course, being supplemented with an additional \$10 million allocated as part of the Government's construction blitz.

**Ms WEBB** - Could you repeat the last bit you just said?

**Mr FERGUSON** - It's further supported with an additional \$10 million. This includes \$53.6 million to support 300 new social housing dwellings provided mainly through grant funding to community housing providers, and some construction and purchase by Housing Tasmania. In addition, funds made available under the debt waiver agreement will also be provided to support five initiatives: the purchase of the Balmoral Motor Inn, Glenorchy, for use as a supported accommodation facility; the acquisition of vacant land in North Hobart for future social housing development - I have a value of \$1.4 million on that; expansion of the private rental incentive scheme to assist more Tasmanians into affordable housing- \$2 million, the upgrading of the Oakley Court unit complex -\$3 million. What will be the usage of that?

**Mr WHITE** - That is going to be for older people, managed by Wintringham as older persons' social housing with support.

**Mr FERGUSON** - Long-term supported.

**Mr WHITE** - And other land acquisition and affordable housing projects - we have a figure of \$6.5 million against that. It's quite a basket of initiatives to meet the needs of different constituencies of people looking for housing.

**Ms WEBB** - And the land acquisition element, that's part of that, for the purposes of what?

**Mr FERGUSON** - Affordable housing projects, social housing.

**Ms WEBB** - Construction that will be undertaken.

**Mr FERGUSON** - Correct.

**Ms WEBB** - Can you give us some details please, Minister, about the number of homes that have been sold through programs such as HomeShare and Streets Ahead for the most recent financial years, and I think probably from say, 2018-19, 2019-20 and last financial year, 2020-21?

**Mr FERGUSON** - I have a historical data set here which you are asking about, 2020-21, are you asking about the next expected?

**Ms WEBB** - No, I asked about the three previous years, from 2018-19, then 2019-20 and 2020-21.

**Mr FERGUSON** - I have that data here itemised by program. Reading across the table: HomeShare in 2018-19, six; in 2019-20, five; in 2020-21, three homes sales. Under Streets Ahead for those three financial years, in 2018-19, 21 homes; in 2019-20, 14 homes; in 2020-21, 26 homes. Total for those is 27 homes in 2018-19, 19 in 2019-20, and 29 homes in 2020-21. This includes dwellings owned by the Director of Housing and sold under these programs. There are additional dwellings, of course, sold on the open market and people can gain access to those incentive funds. This does not include home share purchases that are new dwellings, or house or land packages have not been included in that data.

**Ms WEBB** - So where would we access that data?

**Mr WHITE** - It is part of the HomeShare program.

**Mr FERGUSON** - Let's start with HomeShare. For house and land packages in 2020-21 HomeShare supported 39 house and land packages. The number of new dwellings under HomeShare was eight. I previously mentioned three which are director-owned dwellings which were -

**Ms WEBB** - The figures you're giving me now are the non-director-owned dwellings, the -

**Mr FERGUSON** - No, they were up until just now when I said that the dwellings that were related to director-owned were three that I had previously provided.

**Ms WEBB** - You don't need to repeat those last ones because it's probably easier.

**Mr FERGUSON** - Sure. For Streets Ahead, I just have a single row of data. Dwellings is the same information that I've provided.

**Ms WEBB** - For only director-owned dwellings for -

**Mr FERGUSON** - HomeShare.

**Ms WEBB** - - as part of that Streets Ahead figure?

**Mr WHITE** - Streets Ahead is only available for where the sale is of a director-owned home. HomeShare can be available for people to either buy a director-owned home or to buy a new house and land or a new home in the market.

**Ms WEBB** - Thank you. I've got those four figures now. Were there targets for those years that I asked about from 2018-19 through to 2020-21 for those programs that had been stated somewhere?

**Mr FERGUSON** - Yes.

**Ms WEBB** - Therefore, were those targets met by the figures you've just given me?

**Mr FERGUSON** - The target data I have for HomeShare in 2019-20 was 56; that was exceeded with the data that I've provided to you. In 2020-21 the target that I have was 57 under

HomeShare for house and land packages and new dwellings. That target wasn't reached. It achieved 47, which you would have calculated yourself, so it's 10 short.

Director-owned, there was a target of nine but it achieved three. In Streets Ahead, there was a target in 2019-20 of 17; it achieved 14 so it was a bit below target. In 2020-21 the target was 31; it achieved 26, which I advised you of earlier. Being that it's demand-driven, obviously targets are an interesting thing to have when it's dependent on the purchaser themselves wanting to do that but that's what the targets were.

**Ms WEBB** - Is there a reflection though from you, Minister, or from the department, about reasons for falling short of the targets? Just to explore what we might have learnt from those processes and what more could be done, if we've set targets, we're obviously in a position to be able to support them to be met. It's positive when we do support them to be met.

**Mr FERGUSON** - I'm wondering why we have targets when it's consumer directed.

**Ms WEBB** - No doubt there are things we can do to encourage people -

**Mr FERGUSON** - Yes, exactly.

**Mr WHITE** - We certainly strive.

**Mr FERGUSON** - How were those targets set, I wonder?

**Mr WHITE** - Yes. The targets were set sort of based on what our expected numbers were, usually based on previous experience. HomeShare over its duration has done around 50 or so homes a year. Obviously, the take-up of HomeShare can be driven by market factors, land availability. The cost of land is a particular key.

HomeShare goes back to 2008. If I fast forward to 2016-17, typically a house and land package in HomeShare had a total value of under \$300 000. Now most of the packages I see would be \$450 000 or more. We've seen a significant increase in land cost as well as construction costs so that can mean that some people just cannot, as much as HomeShare can assist, access that. So, part of the take-up can be related to that.

We had a review done of HomeShare and we found a need for a better distribution of the product. For example, most of the take-up in HomeShare tends to be concentrated around Hobart, Launceston, Devonport and Burnie. Some of the areas, for example, on the east coast, and parts of the west coast, have had very limited take-up and part of that is obviously the market dynamics but also, we think it might be the accessibility of the product. The review we're doing, and how we're going forward with home share, we will be trying to better provide access for people outside the major urban areas to be able to access that product and hopefully to be found eligible for it.

**Ms WEBB** - I also have questions in relation the Private Rental Incentive Scheme, not as it exists as a COVID-19 response. I know it's here as a line item we are going to come to next at 90.1, but that indicates it's a COVID-19 response investment from that line item. In fact, that scheme existed prior to COVID-19 as part of the suite of housing support measures. Do we need to make a distinction in our questions about the private rental incentive scheme

and that which existed prior to COVID-19 and perhaps is still continuing and that which was funded under COVID-19, or do we put those together in the next line item?

**Mr WHITE** - We can put them together. Essentially, we don't administer them separately.

**Ms WEBB** - Okay. I'll let somebody else take the lead on those questions then, in the next line item and add mine if I need to.

**Table 2.10**

**Revenue from Appropriation by Output**

**Output Group 90 - COVID-19 Response and Recovery**

**90.1 Private Rental Incentive Scheme**

**Ms LOVELL** - Minister, I understand around 300 households have been assisted through the Private Rental Incentive Scheme since 2018. Does the department monitor outcomes for these households after the two-year lease has concluded?

**Mr WHITE** - We don't have an active program of that. Obviously the program is fairly recent so a lot of people are still in the program. The households that do come into this program are within our Housing Connect system. We can monitor over time what may occur if those people came back seeking social housing. Because of the two-year duration of the program incentives, we wouldn't provide active monitoring. The people who are offered the Private Rental Incentive Scheme are people who really have more than an affordability issue. That scheme offers them the ability to access a private rental at an affordable rent for them, rather than people who would have other significant issues that require ongoing tenancy support or other supports around them.

The idea of the scheme is that the two-year period provides those households with an opportunity to rent in the private sector, to build up the references they can get from that and potentially to stay in the property at the end of that two years or to find something else in the private market after that two-year period is up.

**Ms LOVELL** - Are you aware of any of the tenancies having ended early? If so, how many? Do you know why? Where that happened, did the property owner retain the full subsidy?

**Mr WHITE** - Through the minister, I'm not aware of any.

**Ms LOVELL** - Is that data collected, Minister?

**Mr WHITE** - We would have to take that on notice to the providers that run the program to see what data they have to see whether that question could be answered.

**Ms LOVELL** - Okay. Minister, your department doesn't monitor or collect that data, or you're not aware of any?



## PUBLIC

**Mr FERGUSON** - Rather than say it's not checked or not assessed, I am certainly able to say neither I, nor Mr White - or the Secretary - are aware of any instances. However, it is a fair question around the integrity of the deed arrangements, not so much between the department and the landlord, but between the community housing providers and the landlord. I will take it on notice because I'd be confident in asserting that there'd be expectations that are documented in the agreements. We will come back to the Committee and indicate what they are, and also how they are monitored.

**Ms WEBB** - I would be surprised if there wasn't some kind of monitoring, otherwise they could all be ending after three months and nobody knows.

**Mr FERGUSON** - Exactly right. From my own experience in other portfolios often a compliance regime might be on an audit basis as well. It may not always be a case by case checking system. Where there is a complaint, it might be where there is a random sample selected and that's investigated. Allow me to take it on notice and I will provide the Committee with a rounded response on that.

**CHAIR** - A follow up from that, if there were cases where someone had vacated early and the landlord had potentially pocketed the benefit, would there be any expectation from your perspective to try and recoup that money?

**Mr FERGUSON** - Our agreements are with the community housing providers so we look to them to then run the program.

**Mr WHITE** - If you had a situation where a tenant for whatever reason moved out of the property earlier, the community housing provider would allocate that property to someone else. They would work to find someone else to move into that property.

**CHAIR** - They would get the benefit whether they needed it or not.

**Mr FERGUSON** - One of the principles of the program is that the end-landlord has a guarantee on rental, even though it's at a lower amount than the market might have otherwise provided so there's...

**CHAIR** - They have taken it over under the same conditions, that's what you're telling me.

**Mr FERGUSON** - Correct.

**Ms LOVELL** - And just for the completion of that original two years?

**Mr WHITE** - The community housing provider has the lease with the landlord. Let's take a hypothetical. If someone after six months moved out of the property for whatever reason -

**CHAIR** - They might have a job in another part of the state.

**Mr WHITE** - Yes. The provider would aim to find someone for that property to replace them. We have clients on the Housing Register so they would look for someone suitable. That property stays in the program for that two-year period so the landlord doesn't turn around and

say - 'I can rent it out to Joe Blow now, and thank you for the money', because the money is paid over the whole two years. It's not all paid up-front or anything like that. The terms and conditions of the rent, et cetera, wouldn't change and obviously the properties are managed in accordance with the Residential Tenancy Act 1997. So, without knowing why a tenant might have moved out - they might have a job somewhere else and had to move, or there might be some other reason - but it would be up to the housing provider to find another person to move into that property if that did occur.

**Ms LOVELL** - The lease with the landlord and the housing provider is two years.

**Mr WHITE** - Correct.

**Ms LOVELL** - So presumably they would find a new tenant for the completion of that two-year period.

**Mr WHITE** - Correct, we would pay that same rent. The rent, et cetera, would be exactly the same. It might sit empty for two weeks while they do that, but that's certainly what would happen. The landlord wouldn't miss out in that case. They get paid their rent on that regular basis.

**Ms WEBB** - If that hypothetical situation occurred and the second tenant comes in, after the first tenant has vacated, to complete the duration of the two-year tenancy - they're getting less benefit from an extended period of time of a low rent and a secure tenancy. If they came in with less than 12 months on the two-year initial tenancy, they then don't have a guaranteed tenancy past the end of that time. If they were there for the final nine months of the two years, they'd be faced at the end of that nine months with a decision of either to continue renting that property from the same landlord but at market rent, or to move; so, they might be faced with not two years of security but a shorter time of security. Is that correct? Am I right in interpreting that, and would we know of examples of those sorts of shifts and changes within tenancies?

**Mr WHITE** - Certainly. That could occur; in which case, the property may be extended into the program - so we'd actually have our properties remain in the program after the two-year period. That might be a possibility in that scenario you've just painted, in which case that tenant potentially could stay there. The other point is that some of the people offered that property would have a choice of whether they could accept it knowing it was for nine months or 15 months, versus other properties that may become available.

Some of this is the person's choice. They might be told 'This property is available. If you want to move in for nine months we potentially can't guarantee anything beyond that'. However, we've had quite a few properties where the landlords have renewed that, in some cases maybe with the same tenant, in other cases perhaps different tenants; so those things are there.

**Ms WEBB** - The renewal would be for another two-year period?

**Mr WHITE** - It would be if we were extending the program; that's correct.

**Ms WEBB** - I have some more questions on that but I'm happy to come back.

## PUBLIC

**Ms LOVELL** - One last question in relation to the line item, the funding for this program. This was part of the COVID-19 response. Is this program ending or was this like a top-up?

**Ms WEBB** - Was this the top-up on top of the existing program?

**Ms LOVELL** - And is the existing program continuing?

**Mr FERGUSON** - It is a continuing program, but it appears to end because we're looking at a special output group, as you've probably indicated yourself in your question 90.1. That is the COVID-19 response output item. The broader program sits within output group 3.1. Can I get a comment on the longevity of the program?

**Mr WHITE** - It's funded into the forward Estimates, Minister.

**Ms WEBB** - The funding amount for the core program?

**Ms LOVELL** - For that component of 3.1.

**Mr FERGUSON** - The advice I have is that \$2.505 million has been expended in 2020-21 across both of those output groups, if you look at the program as a standalone program.

**Ms LOVELL** - I just had one last question on this one.

**CHAIR** - Yes. Sure.

**Mr FERGUSON** - The allocation in 3.1 in future is \$2.8 million in 2021-22.

**Ms LOVELL** - Is there any review or work done around consulting with landlords, but particularly the tenants around the efficacy of the program? In the current market, we know rents are going up by quite large amounts. I can imagine there are probably some people who have been housed through this program unable to pay an affordable rent; but at the end of that two years are still in the same financial situation and then are looking for a rental in a market that has probably increased over that two years.

Is there any review process or any work being done to consult with people who might have participated in this, around how it works for them at the end of that two-year period?

**Mr WHITE** - I'm not aware of any review there, apart from the fact that we always receive feedback when things don't go well, to be honest, and as a rule, we have not had any feedback from tenants on this program. We've found that a lot of the landlords who have been involved in this program have been very eager to extend for another two years, so, we've certainly had very positive feedback.

Obviously in the marketplace at the moment that's something we need to do, because the vacancy rates in the market across Tasmania at the moment, in the major areas, are pretty much all well below one per cent; so, getting properties into this program has taken a fair bit of work. As I said, that has worked well and that tells you that landlords are happy - probably because their tenants have done the right thing too. I've not personally had any feedback from anyone to say that they've reached the end of that two-year period and there have been issues. I just don't have data in front of me for that, though.

**Ms LOVELL** - Can landlords re-enter the program again after that two years?

**Mr WHITE** - Yes.

**Ms WEBB** - You can extend, you said.

**Mr WHITE** - They can extend for another two years.

**Ms WEBB** - And further?

**Mr WHITE** - If it's still suitable, of course, and the demand is there. It's a bit hypothetical beyond that; but let's just say they can go for another two years at the moment.

**Ms WEBB** - But there's nothing in place in the policy that would stop further extensions at this point in time? It hasn't been time limited.

**Mr WHITE** - That's for future funding, I suppose it's what it says, reliant on the funding.

**Ms LOVELL** - Can tenants? Is there anything stopping tenants being housed in another - perhaps not the same one - but another house?

**Mr WHITE** - Nothing to stop them. If there was a change of circumstance, for some tenants obviously, as I said before, they might have had employment or their kids have gone to different schools or whatever it might be. Again, those things would be done on a case-by-case basis. In theory there would be nothing to say someone couldn't go into a different property after the two-year period.

**Ms WEBB** - I'm interested to try to get some more data about it, which you may have available, or may need to be sourced from the community housing providers that are managing it. Perhaps you could confirm that 301 households have been assisted through the Private Rental Incentive Scheme to June 2021, if that's the correct number? What I'm interested in knowing is, from 2018 when it began through to 2021, how many tenancies commenced under the program in each of those financial years, which presumably will bring us up to the 301?

**Mr FERGUSON** - Let us be clear about it -

**Ms WEBB** - The question was, across each of the financial years since the scheme has been in operation, how many tenancies commenced each of those years? Then because -

**CHAIR** - Let us just check the other side of the table have that clear before you go on.

**Mr FERGUSON** - I am happy to take that on notice.

**Ms WEBB** - We have now been utilising the scheme long enough for initial two-year tenancies to have come to an end and potentially either ended or extended. Given that, how many in each of the years that would be relevant have there been an end to the initial tenancies, an exit from the program of that property, or an extension of that tenancy that has come to an end for a further two year period, which would still be within that second extension?

Would that be information we'd be able to get? Let's say the properties that entered the program initially in the 2018 period, this one is 2018, I believe. Well from the beginning of the program then. We have had enough time elapse that initial tenancies that began with a two-year arrangement have come to an end. I'm interested to know how many across the time have ended each year, then that property is no longer in the program?

**Mr FERGUSON** - Like an attrition rate, for example.

**Ms WEBB** - An attrition rate, then the continuation rate, have re-entered another two-year tenancy so we can track that.

**Mr WHITE** - Can I rephrase the question?

**Ms WEBB** - Yes, sure.

**Mr WHITE** - How many properties just had a single term of two years and how many properties had multiple terms? Is that -

**Ms WEBB** - To date?

**Mr WHITE** - Yes, we can only provide it to date.

**Ms WEBB** - How many properties after a single term were no longer in the program? Some will be present at the moment who are in their first term and they're a single term. But I'm not talking about current.

**Mr WHITE** - We don't know whether they are going to renew or whatever post today.

**Ms WEBB** - That's right.

**CHAIR** - What's the question now then?

**Mr WHITE** - I think it's the same question. I think what we're looking for is the number of properties that have had one term of two years, that will obviously include those who may be in their first term now. We don't know whether they are going to be renewed and how many properties have been renewed, i.e. they've had a two-year period, then they've stayed in the program for another two years.

**Ms WEBB** - That doesn't capture the thing I'm interested in, which is how many properties had a two-year tenancy, then exited the program at the end of that, which doesn't include ones that are in their first tenancy now, because they're in their first tenancy now.

**Mr WHITE** - I see what you mean.

**Ms WEBB** - It's back to the attrition idea.

**Mr WHITE** - How many exited? How many returned? Obviously, a separate number would be how many are in their first term that we do not know if they have exited or are returning, yes.

## PUBLIC

**CHAIR** - Before we go I just want to check. You do not have these written down, do you? I just want to clarify the question very clearly.

**Ms WEBB** - I do have a note version of them written down. So, I had better rephrase it if we need to later.

**CHAIR** - Thank you.

**Ms WEBB** - Earlier in our conversation today we talked about tenants who may have exited the program and then potentially come back through Housing Connect. I am interested if we have data on any numbers who might be in that category?

**Mr WHITE** - We would have to see if we can get that out of the system to identify the clients who were in the program.

**Mr FERGUSON** - I think we cannot get that data but we will certainly have a look at what is available and what could potentially be identified. That feels like a dataset that would not be collected right now. To obtain it you would probably have to go through the entire records and create that data. I do not think we can guarantee the answer but I will take it on notice and we will explore the question.

**Ms WEBB** - Minister, you would understand the relevance of the question because it is part of the what we might see as success for this program: helping people into longer-term secure affordable rentals that they might go onto. If they have come back to Housing Connect it would be an indication that we were not successful in helping put them into that situation.

**Mr FERGUSON** - I will tell you what I will commit to doing is that we will, would it help if we looked at a destination sort of check of where 10 people went to after they left the program?

**Mr WHITE** - A random sample, possibly. The only thing is whether we could compare names of people who have been assisted under the program and then do a data match across the current housing register to see if those same names are on there. That is probably what we could look at doing to see if that would work.

**Mr FERGUSON** - I will undertake to ask for a random sample of 10 names of people who have been involved in the program and check the register to see if they are still a client and obviously with no personal information. I am sure I can provide that kind of response which will by no means attempt to cover the field but it might be an indication.

**Ms WEBB** - It comes back to the member for Rumney's question earlier about whether this has been reviewed and evaluated in terms of success for the participants. It would be an indicator of that.

**CHAIR** - If someone had employment and then lost their job because of something outside of their scope - it would not necessarily be a failure of the program, would it?

**Ms WEBB** - I don't think that is the situation I am asking about, Ruth.

**Mr FERGUSON** - For example in another town or suburb. I often sample sizes of 10 not 100 because I think that we are prepared to have the interest but I suspect that the data will be of very limited value but hey, I think we can do that and it is just a bite-sized job. I will probably get into trouble later. You have worn me down.

**Ms WEBB** - On that, is there any other way by which we could measure that element and whether it is successful in achieving the end that the whole scheme is actually put in place to achieve? Is there another metric that we could use to assess that?

**Mr FERGUSON** - I cannot give any new commitments about that right now but what it does is for people who are on the margins of being able to afford a private rental, for them it provides additional supply options. I have only had positive feedback myself about this program both from landlords and the department on behalf of tenants. I have not got any objective empirical measure beyond that, but I think for those people, for them it represents additional supply options, and for that reason we are happy to run the program.

**Ms WEBB** - It certainly provides additional supply for a period of time and yes, there are benefits to that. Obviously, the long-term secure affordable housing is the outcome we are looking for. Is the scheme still open to new landlords and properties entering it and becoming participants in it? Are they actively recruiting properties and landlords to enter the scheme?

**Mr WHITE** - Thank you for the question. There is certainly some scope for more properties to come into the program. At the moment, across the state, we have about 185 properties in the program. We have the capacity for an additional 15 which is that COVID-19 target of 75. We have 60 there and 125 under the original program. So, there are an additional 15 properties that we can have on top of what's already there.

Centacare Evolve Housing have been managing these properties. They advertise, they contact and go through agents, et cetera, to promote the scheme. We've seen a bit of word-of-mouth from landlords who get involved in the scheme and find it works out quite well for them. I am sure you would understand in any of these schemes there can be a bit of a resistance in the marketplace. I personally know of people who are landlords who tell me how good a scheme it is without knowing my job so I can assure you that word-of-mouth works. There's been that aspect to it.

As I said, there are about 15 more homes that we are looking to get.

**Ms WEBB** - From what you have just said, the responsibility for recruiting landlords and properties into the scheme sits with Centacare Evolve Housing as the managers of it. Is that correct?

**Mr WHITE** - Yes, they pass them through to us for our approval before they bring them into the scheme. Things like the location, type and condition of properties are looked at. We obviously don't want to have properties in the program that might be seen as in poor condition so our department approves the properties as the final step once Centacare Evolve Housing brings them to us. If someone came to us with a property, we would refer them to Centacare Evolve Housing for them to do the inspection and have a look at the property and, as I said, that process would then apply.

**Ms WEBB** - Now that the Government is funding a private landlords' advocacy group through this budget, would the expectation be that Centacare Evolve Housing or the department would interact with that private landlords' advocacy group to encourage involvement with this program?

**Mr FERGUSON** - We haven't turned our attention to that question. It's an interesting question. My colleague, the Minister for Consumer Affairs, Elise Archer, has that grant in her portfolio but it would seem reasonable that funded or not funded that might be a nice conduit for the opportunity to be shared with people who have signed up to that organisation so yes, I think we can add that to our to-do list.

**Mr WHITE** - They would be one of a group, like the Real Institute of Tasmania (REIT), those providers would contact to see if they have entries. I don't know anything about that organisation.

**Ms WEBB** - Not many of us do.

**Mr WHITE** - I am sure they would contact them to ask whether they are aware of this program and do they have people in their group who might be interested as landlords.

**Ms WEBB** - No doubt, we will know more now that they're getting funding from the state Government.

#### **90.10 State-wide Safe Spaces (b)**

**CHAIR** - This was a COVID-19 initiative to try to provide access to safe spaces in three major regions. The appropriation only goes for this year and last year. Clearly, this is a need that extends beyond that period. It is very difficult for people living not that far away from some of these areas. You have people on the north-west coast, in Circular Head, on the west coast as well as the east coast and the Tasman Peninsula and other places who find it very difficult to get out of those spaces.

What's the plan with this and has been effective in your mind?

**Mr FERGUSON** - Thank you for the question. It's a good question because the initiative was stood up specifically during the pandemic as a matter of historical record. I don't think I'm being disrespectful when I say it's a very expensive program to offer but it's one that in the circumstances the Government strongly felt needed to be provided. Given the uncertainties of the pandemic, we've run it on for an extra year of funding. That gives some certainty to the current providers and a sense of relief, I think I can put it that way, a sense of relief about the use of those. I have visited those safe spaces. I've visited two of three of them, that is, and they are not ideal accommodation and they are not intended to be, as you would recognise, Chair, but they do work.

I suppose they do fill a niche for people who are without any housing options at all and who otherwise would be sleeping in parks and other inappropriate places. Indeed, it's the case that a number of people that I've spoken to at those safe spaces still do sleep in those other places when they choose to, when they want to or when, unfortunately, there isn't room for them or they haven't made a booking. They sit in an environment where there are a range of other shelters around the state. Is it 17 other ones if it's a total of 20?



**Mr PERVAN** - Yes, 20.

**Mr FERGUSON** - There are 17 other shelters that have more structure and more, if you like, program design around them and are funded sort of over the longer term. I think it's an area where we will keep an open mind about their long-term place in the system. We are determined to help people have a safe place to sleep at night even if it's not ideal.

I certainly commend very strongly the Hobart City Mission, Launceston City Mission, the Salvos in Burnie for being prepared to be part of this innovation with not much notice and making a go of it. I have had complaints about this program. It's not perfect but having complaints doesn't mean that we shouldn't be doing it. It just means that there are a few thorny issues for some people at some of those places.

**CHAIR** - What has been the utilisation rate of each of them?

**Mr FERGUSON** - Very high. I will go to the data if you have it there, Peter. Very high.

**Mr WHITE** - In the Safe Spaces over the year of 2020-21, we've had 1327 individuals who were accommodated. That includes 599 at Hobart, 458 in Launceston and 270 in Burnie. There have been a total of 13 774 bed nights over that same period - 6093 in Hobart and bear in mind Hobart did set up earlier - 4358 in Launceston and 3323 in Burnie.

**CHAIR** - This is a high utilisation rate. I acknowledge the challenges associated with this type of model. How are we going to meet that need if we don't keep funding something like this in the interim until there are more accessible, safe places for people to live or to seek shelter even more dispersed around the state? I think those numbers would not be fully representative of the need because there would be many people who wouldn't have had transport to get to the central places.

**Mr FERGUSON** - We've got a watching brief on this and, as I say, we'll keep an open mind about it. When it was stood up it wasn't intended that it would be a longstanding program in the nature that it currently is. One of the options that we have going forward is if there's a long-term place for it how it can be designed in a way that's more sustainable and maybe with locations that are more appropriate for a longer-term treatment. I'm advised that since the commencement of the Affordable Housing Strategy, apart from the new homes built, there are 133 units of supported accommodation for Tasmanians who are experiencing or do face homelessness. There are currently - how many are in the pipeline of supported accommodation?

**Mr PERVAN** - I'm not sure of that one, Minister.

**Mr FERGUSON** - Anyway, we have more supported accommodation coming through the pipeline which I might just provide to the committee when it's put in front of me. For now, it's needed and for now it's funded and we have no specific plan about its future at this point in time.

**CHAIR** - Wouldn't it better, Minister, to be developing a plan to reduce the need for this shelter and find other mechanisms around the state?

**Mr FERGUSON** - I'll be honest and this must not be misinterpreted as being uncaring about this particular group of people, this is a really difficult cohort to house in any way, shape or form. We really do earnestly hope and work with them for better safe, sustainable and long-term secure housing. As Peter might do better than I can to describe, it's a really difficult cohort to help into that accommodation. Often there's accommodation failure and they come back out onto the street.

What it does point to is that whatever the causes and whatever the pathway, there is a group of people that we need to be able to provide some kind of safe space, that's why we put that program forward in the first place. Our other supported accommodation and shelters, for example, Bethlehem House, is a classic. It's specifically for some of the very, very difficult to house male clients who are often visiting our safe spaces.

**CHAIR** - Clearly the difficulties associated with this cohort of people - to actually house them in safe and secure housing - affordable housing often is multifactorial. There are a whole range of factors. So just shelter on its own is only one aspect of the support and consideration those people need. Surely, it's a more comprehensive approach that needs to be wrapped around these people?

**Mr FERGUSON** - I agree with you. It's one of the reasons, not that I was minister at the time, but I support the intent of the design, which was that to gain access to the safe space you can't just walk in off the street. You actually do need to connect with Housing Connect in the first instance. It's a deliberate design feature to encourage people who are sleeping rough to not just come and make the use of the safe space, but to connect with us. Let us know who you are. Let us know what your story is. Let us work with you. Then the next day come and see us again. That's the intention to build up that bond of trust between the person, the client and the Housing Connect support team so that the intensive support can be provided, rather than just treating people as a statistic.

**Mr WHITE** - There are about 156 units of supported accommodation in the pipeline. That includes the Wirksworth property for integrated aged care at Bellerive, which will provide 50 units of accommodation to be managed by Wintringham. It also would include the youth area expansion, or Youth2Independence Program, expanding around the state as well. The project in Launceston has just commenced construction, expansion of Thyne House, a new one planned at Burnie through Youth2Independence near the TAFE, and a further one being planned in Hobart next to the TAFE as well, in Campbell Street.

**Ms WEBB** - While we are talking about the supported accommodation new builds, but also thinking of the existing supported accommodation suites that exist statewide, do any of those properties allow pets? It comes to mind because of the new Bethlehem House we just spoke of and the excellent initiative there to accommodate pets to some extent. That's crisis and transitional. Do any of our longer-term supported accommodation properties allow for pets?

**Mr WHITE** - I'm not aware of them allowing pets as a rule. They probably allow for a bird or something like that, I guess. I believe sometimes people might turn up with what they call assistance dogs. They are obviously eligible, but I'm trying to think of the word where someone might visit with a dog quite regularly to places just for their own comfort or whatever it might be. It's not their pet dog but it's dogs that just visit places. But to the best of my

knowledge again I couldn't give you 100 per cent here but dogs, cats et cetera would not typically be permitted except for the case of an assistance dog or similar.

**Ms WEBB** - Do we have a specific policy that bans pets, doesn't allow for them? Has there been consideration given to that?

**Mr WHITE** - When you're considering anything to do with pets, certainly we do allow pets in social housing. There are times when we may put controls over that. It depends on the nature of the properties. If you're thinking about supported accommodation, typically there are rooms with ensuite; some have a little kitchen; but there is not a lot of private open space for people to have a dog or other pet. At times, we can design it in, as we are doing at Bethlehem House. The consideration needs to be around the client and their needs, but also the other residents of the property. It is not a straightforward area.

**Ms WEBB** - Cats, for example, would be much easier prospects, wouldn't they? I am thinking of a family member who lives in an apartment and has an indoor cat that lives there so that would fit that profile, would it not?

**Mr WHITE** - It is tricky. As someone who is allergic to cat fur I can tell you it isn't much fun. My point is that facilities involving multiple people on site are different to unit complexes. A lot of things can arise that can make it difficult to have pets and more importantly design a policy that works for everybody, given different health or other issues people may have.

### **Capital Investment Program (b)**

**Ms WEBB** - I am trying to see if there is anything there that we have not covered with our conversation already. I think we have covered it relatively well.

**CHAIR** - We thank you, Minister, for your team in this portfolio area. We will now move to Science and Technology which mostly sits under DPAC.

## **DIVISION 9**

Department of Premier and Cabinet

### **Output Group 3**

#### **Electronic Services for Government Agencies and the Community**

#### **3.1 Information, Technology and Digital Services Strategy and Policy Development**

**The committee suspended from 6.18 p.m.**

**The Committee recommenced at 6.23 p.m.**

**CHAIR** - To our final output group, Science and Technology - Information Technology Digital Services Strategy and Policy Development. Did you want to introduce your team, please Minister?

**Mr FERGUSON** - Good evening to the committee. I introduce to you on my right, Mr Justin Thurley. He's the Acting Chief Information Officer, Digital Strategy and Services.

**CHAIR** - Has Glen left, has he?

**Mr FERGUSON** - Glen is on secondment interstate. To my left, Mr Andrew Smythe who is the Senior Director of Business Tasmania. I have a statement - not very long - to share with the committee. We have already touched on some science and technology initiatives during the finance output earlier in the day so this overview can be brief. The 2021-22 State Budget is a winner for the science and technology sectors and has been welcomed and praised by the peak body for ICT, TasICT.

Across all agencies we see an investment of well over \$145 million into ICT infrastructure and service delivery; a very significant amount, noting that whole of government fund is largely financed through Finance-General in Treasury and the Finance Department. This is about providing Tasmanians with the government services that they expect and deserve, keeping them safe and keeping the data that governments hold safe as well.

This year's Budget delivers over \$8.5 million worth of initiatives in the science and technology portfolio. These initiatives have been carefully and deliberately targeted to boost our digital economy as well as making it easier to connect Tasmanians to the government services that they need.

This is headlined by the \$4.3 million fund to begin development of a digital Service Tasmania portal, which I mentioned previously. This will be a game changer for our state. We are very excited to take this first important step to deliver more services for Tasmanians in a digital way for those who wish to use them wherever and whenever they wish.

There's also \$2.18 million to continue skills development through the extension of funding for the now long-running Digital Ready for Business Program. Also, we deliver the Project Springboard program in partnership with TasICT as well as the Enterprize innovation startup hubs in Hobart and Launceston and an additional satellite hub to service the north west coast is on the way.

In line with PESRAC recommendations, we're investing significantly in digital infrastructure and we're partnering with the Commonwealth, local councils and telcos to make our investments go even further. This includes \$1 million for telecommunications infrastructure upgrades on King Island. We want that to mirror some of the great outcomes that we've achieved on Flinders Island. This is intended to deliver better mobile coverage, faster data speeds, unlocking access for residents to better health services, better education services, better emergency management, helping businesses to grow and assisting visitors to the island with the latest communications tech. We are also transitioning nine regional school sites from limited bandwidth wireless NBN to highspeed optical fibre connections. This is all about removing geographical locations as a barrier to learning.

We are also doubling funding to our newer program which we call Digital Ready for Daily Life. It is doubling to \$700 000 through to 2025. We've designed this program and we'll continue to ensure that Tasmanians are not left behind in the digital age, providing them with tools to upskill and better participate in this digital revolution, thinking especially of older people, people who are not as comfortable with technology, people with lower literacy. Also, we're progressing a very exciting initiative to make Tasmania, for the first time, a significant contributor to the nation's ambitions in space research and development through our Team

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Tasmania Program alongside our partner, Hensoldt and the University of Tasmania. Hensoldt which has recently opened a brand-new office in Hobart.

With that overview I'm happy to take your questions.

**CHAIR** - I want to go to a couple of areas under this area.

Before I go to some of the other points I want to raise, I will pick up on a couple of things you spoke about in your opening comments. You talked about nine schools having an upgrade to fibre-optic rather than the wireless substandard broadband.

Which schools are they?

**Mr FERGUSON** - We are doing this in partnership with the Department of Education. This is to achieve fibre broadband. It's working in partnership with Telstra. It includes Wesley Vale, Bagdad, Dunalley, Forest, Glen Huon, Molesworth, Nubeena, Yolla and Sheffield. Murchison is the big winner out of that list, I can't help but notice.

**Ms WEBB** - They were the ones that were suffering so long beforehand.

**CHAIR** - They've been suffering enormously. This leads into digital literacy. Digital literacy needs to go with upgrades. That sort of thing is an important aspect, obviously. Almost by accident the check-in app on the phone has helped a lot of older people to become digitally literate. The number of people who have checked into my office to download the app and set them up has been very good. It gives them confidence. That's only a really tiny part but it makes them realise that there are all these sorts of things that they can do.

Under your portfolio responsibilities here, Minister, what actions are you specifically taking to enhance digital literacy right across our community, particularly in disadvantaged regions, where access is not always brilliant because of the substandard internet access?

**Mr FERGUSON** - That's a more infrastructure-type question.

**CHAIR** - It's not just infrastructure, it's about enhancing digital literacy once you have access.

**Mr FERGUSON** - Yes, it's both.

We actually have significant runs on the board, principally through partnering with the federal government on its mobile black spot programs. I think they've run now three rounds. We've participated in all three of those. We've been able to do what some other states haven't done, which is tip in towards those funds. It's assisted Telstra, Vodafone, Optus to leverage up their own proposals. We've been able to get better outcomes for the state.

Through the current set of initiatives that we're outlining, we're investing almost \$1.6 million across the State Growth and Education portfolios in Tasmanian digital infrastructure development through its partnerships with the Australian Government and Telstra under the Mobile Black Spot and Regional Connectivity Programs. That's quite a new program. It's the one under which King Island has already been announced.

With respect to that, a total of 60 Tasmanian black spots have now been funded. I said three, it's in fact over six rounds announced to date, of which 39 have been completed. The Tasmanian Government's total contribution to this program is so far \$862 400, which has funded four base stations. I wouldn't like to overlook that. Funding those base stations has been taken into account to get more other applications funded that we're not specifically contributing to.

Under the Australian Government's regional connectivity program, five Tasmanian projects have received \$7.8 million. We're providing just over \$1.4 million towards those three. I've mentioned King Island. Then there is the Bisdie Tier telescope in the Southern Midlands area. The nine schools comprise the third application. In addition to all of that we're also partnering with Optus to provide better coverage on the Great Eastern Drive. That, when established and when completed, also provides the opportunity for Telstra, if they're so motivated, to be able to use the common access provisions of that new infrastructure to extend their own coverage area as well.

You asked, not just about infrastructure, but also about digital literacy. That's been an area of particular focus for me in this portfolio. Telstra, who are very corporate citizens, came to the Government and said that they think we can be doing a better job. It was Michael Paterson, who deserves a lot of credit. He approached me and said that he really felt a digital literacy program is in order. Quite separate to that, since we came to office Tasmania has actually improved its digital index by about eight points; but we're still behind the pack and we have a long way to go. We want to beat the rest. Since that great idea from Telstra, we've developed it with my department and we've now established a program which I referred to in my opening statement and we call it Digital Ready for Daily Life. It has been a real positive but, unfortunately, we started it just when a certain pandemic came along and so it was seriously disrupted and we're now back to re-establishing it.

**CHAIR** - You have to argue, Minister, that it became actually more important during COVID-19, because Digital Ready for Daily Life means kids at school or kids having their education delivered at home as well as isolated people seeking information and advice.

**Mr FERGUSON** - Older people

**CHAIR** - Yes.

**Mr FERGUSON** - The original design for Digital Ready for Daily Life was face-to-face supports - visiting at your local library, online access centre, your local community group but, given the pandemic, people couldn't go. My wonderful department staff, a very small unit in State Growth, pivoted very quickly to switch that program around so that it was more targeted and made very user-friendly, short videos that people could watch: how to set up my email; how to use FaceTime on my phone so that I can be in touch with my grandkids. Was there one developed for how to set up the federal COVIDSafe app? I think there was. Was there one for the COVIDSafe app that we developed? I'm getting nods. I think the point I'm making -

**Ms WEBB** - Was there a video on how to watch a video online? To learn how to use things online?

**CHAIR** - It's called a telephone.

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**Mr FERGUSON** - I accept that; but we had to do something to make the services and instructional material as available as we could, in an environment where people were told they had to stay at home. I have had incredibly good feedback about that; but the program is now being bolstered with a doubling of its resource going forward.

**CHAIR** - What is the focus of the program now?

**Mr FERGUSON** - The focus of the program from the beginning, and continuing, is people on the margins of technology; people who are not as comfortable with it and haven't grown up with it; people who, in some cases, resent it; and in particular people on low literacy - thinking, for example, of people who are more comfortable paying a bill in person at the post office but who might be interested in this if there was good support.

**CHAIR** - Some of those aspects relate to confidence in the security, particularly when you talk about banking; even though you could argue that doing it at the post office is just as risky as doing it online. However, older people in particular don't see it that way a lot of the time. In terms of the cybersecurity -

**Ms WEBB** - Before you move onto that, Chair, can I ask questions about the Digital Ready for Life or Digital for Daily Life?

**CHAIR** - Okay.

**Ms WEBB** - In relation to those videos that were produced, do you have data on how many views have been had of each of those videos?

**Mr FERGUSON** - I'm sure we can get that. I think they're hosted on YouTube, aren't they; but they appear on our own website so it would be very easy for us to get that for the committee.

**Ms WEBB** - That would be interesting. That would be a proxy, I suppose, for what reach they have had in the Tasmanian community, knowing that some people may have watched twice.

**Mr FERGUSON** - Yes.

**CHAIR** - What are you asking for? Just the number of views on each of the -

**Ms WEBB** - Yes, the data on number of views for each of the videos that have been produced.

**CHAIR** - How many videos were there, just so we can be clear?

**Mr FERGUSON** - Numerous. I'll get the full viewership for the videos that have been created.

**Ms WEBB** - Beyond the videos, were there other tools that we could get data on in a similar way?

**Mr FERGUSON** - I'll answer the question in a way that covers the field as much as possible, not just the videos.

**Ms WEBB** - Thank you. In terms of that, deriving from that PESRAC recommendation about improving digital inclusion in the state, PESRAC did recommend KPIs to help drive faster progress on improving our digital inclusion measures. I'm just wondering, Minister, if or when the Government will establish some clear KPIs to, as PESRAC suggests, drive progress faster.

**Mr FERGUSON** - My advice is that recommendation sits with the lead agency, in this case being education.

**Ms WEBB** - Education is the agency that has carriage of the broader issue of digital inclusion for the state? I am not talking about just for school students.

**Mr THURLEY** - The original PESRAC interim report asked us to look at what was going on across government and we pulled together all the different areas of government that were acting and helping with community with digital literacy and inclusion. The major area was in libraries and their access centres and areas within libraries; they had a good reach and they had a lot of people coming through. The idea was to leverage those programs within education and within the library areas. We took off from there, through the current activities and building up on what has already been done to enhance that delivery to the community.

**Ms WEBB** - Back to my original question. For a start do you know which recommendation this was, because at a quick glance I only see one that was allocated to the Department of Education in last year's budget as lead agency and it is not that one relating to digital literacy. It is to do with strategies to deliver improved educational outcomes. Which one is the one relating to digital inclusion that we are speaking about here? I know I should be able to see it readily myself.

**Mr FERGUSON** - To clarify and correct my earlier answer, DPAC in fact is the lead agency but it seems that DoE is doing a lot of the work based on the answer from Mr Thurley earlier around libraries and the online access centres; and 55 is the number I have been provided.

**Ms WEBB** - In terms of the narrative from PESRAC recommending that KPIs be put in place to help drive faster progress, that is not something you are able to speak to? It is a question for DPAC or are you able to speak to that?

**Mr THURLEY** - Only that it is being developed as we speak.

**Ms WEBB** - The KPIs are being developed?

**Mr THURLEY** - Yes.

**Ms WEBB** - With interaction from stakeholders in this space?

**Mr THURLEY** - Yes, I believe so. There is also a pending report on the digital inclusion index which we would be looking towards spring-cleaning as well.



**Ms WEBB** - That is coming out shortly?

**Mr THURLEY** - It should be. I am not sure of the exact date but there is one due this year which will pick up COVID-19.

**Ms WEBB** - I have one further question around digital inclusion. Minister, we know that a lack of affordability is a key barrier to digital inclusion. Tasmania's population includes many people on low incomes and having to pay a disproportionately large proportion of their income on telecommunications, for example. In this day and age, telecommunications - and that digital connectivity that we achieve through it - is an essential service. Has your government considered providing a concession to Tasmanians on low incomes to access telecommunications as an essential service, in the same way that we would for energy?

**Mr FERGUSON** - No, that hasn't been part of our plan. Not to try to shift the focus away, but it would principally be an area of responsibility for the Commonwealth given its responsibilities for communication policy. Our own contribution to digital infrastructure has been precisely to trigger greater investment in technology so that more people can get access to it. It is our contribution to helping the Commonwealth fulfil its responsibilities with telcos and get better outcomes. In terms of an actual subsidy or a contribution or a concession for people's internet access, that is not something that the state is looking at.

**CHAIR** - I want to just look at the cybersecurity matters particularly. It's noted in our book of information that this output provides coordination development and implementation of whole-of-government information management, including cybersecurity, strategies and policies. I want to go to page 265, where it's actually listed there under the capital investment program. It says it's the second year of a four-year project to fund a centralised uplift program to build for the Government to prevent, respond and recover from cybersecurity incidents. If the work is done to make sure that it's futureproofed, I guess that's what we're talking about. I'll come back to that in capital investment.

Then when I go to the revenue from appropriation, that's on page 268 with a footnote on 269. It says, the increase in information technology and digital service strategy and policy development reflects funding for the cybersecurity initiative. There's a slight increase over the forward Estimates there in the appropriation, but the funding falls away for the cybersecurity in the capital investment.

I'm trying to understand if this is a one-off project, then how is it going to ensure the longevity? As soon as you think you have something covered in this area you will be superseded by the next hacker. We look at the performance information on this, it would be interesting to know how many threats you believe you might have thwarted in terms of the cybersecurity. I'll come to that in a minute. I would have thought it's more an ongoing thing, not just a point in time approach.

**Mr FERGUSON** - I'm well prepared on this. It's been a big area of interest and concern for us, if I can put it that way. We are careful not to be disclosing or discussing details of any security incidents. If we had a major one we would put in place our action plans and Mr Thurley can speak to that. We are very private about these matters because we're more than aware of the threats and the nature of those, including the fact that they listen to things like today's hearing.

I can inform the Committee that a significant cybersecurity incident requiring a whole-of-government coordination has not occurred. In the context of the national threats that have been well documented with the state actors playing havoc with political parties and government systems around Australia, in particular the federal parliament. We've been involved in safety mechanisms that have been developed by the National Cybersecurity Centre. I must say that we've pulled up very well out of that. However, you can never be complacent.

Last year we put in place significant new funding for cybersecurity. In a moment I'm going to throw to Mr Thurley to disaggregate the capital from the recurrent funding here. We provided funding of \$4.9 million over four years for what we call the cybersecurity program, the Tasmanian Government Cybersecurity Program. That is our commitment to cybersecurity and ensuring the resilience of government services in the face of increasing cyber threats. It's not just about more robust systems; it's also about educating our workers and the people who use our systems, so that they can be more informed and aware of potential threats and what to do if they feel as though they might have clicked on something they shouldn't have.

The aim of the expanded program is to improve the Government's ability to protect Tasmanian's data, and importantly to minimise the potential disruption to government services that would occur if we had a major threat.

This will be done by a range of actions which I'll briefly summarise: building cybersecurity incident response capability by integrating it with national arrangements; supporting Tasmanians who have been affected by identity theft by introducing a new service delivered through IDCARE, which will provide advice on the steps that should be taken to minimise further risk of identity misuse. Other actions include increasing cybersecurity awareness across government to ensure staff understand their role in reducing cyber risk; implementing role specific cybersecurity training that will enable staff to recognise cybersecurity threats that are likely to occur in their day-to-day work and to respond appropriately. Cybersecurity professionals across government will be upskilled with the latest techniques; reducing the impact of malicious actors and aid rapid remediation by detecting vulnerabilities in government services at the earliest opportunity and finally, targeting the needs of agencies with a team of specialists to rapidly improve cyber security maturity.

I won't go into the detail but if the committee wanted me to, I will. The federal government is also providing funding to an organisation based here in Hobart and Launceston which is providing a tool kit which they're rolling out to businesses across Tasmania. We're very attracted to that. We're very excited about it and from memory, that tool kit I believe is being designed to assist a small number of businesses, in the hundreds. But in a state with 38 000 businesses, that organisation is designing their tool kit in such a way that it can be rolled out right across the state so that's something that we're exploring.

**CHAIR** - That is for businesses to take up in terms of cybersecurity?

**Mr FERGUSON** - Yes, it is for them to implement. It is an educative piece and it helps to equip those businesses with the knowledge and some of the skills that they will need to put in place their own cyber security plan.

The Project Lab has been funded by the federal government. It is a great local outfit.

**Mr THURLEY** - A combination of capital and recurrent costs is in staff and in staff to run the projects associated with the capital costs. Staffing over the four-year period is about \$1.8 million, it represents about 37 per cent and we have some viability management: we have half a million dollars at the moment. For incidence response we have \$1 million. In agency guidance or awareness, we're educating public servants to understand their obligations and the risks associated with cybersecurity, which is a really important area of cybersecurity, that is at \$1 million and 20 per cent of the whole program. Training and awareness are also on top of that at \$0.6 million and 13 per cent of the overall spend. They are the major breakdowns of it.

**CHAIR** - How many staff are in this area, Minister, on this particular matter?

**Mr FERGUSON** - We will provide an answer to the question but if any further interest was expressed we would be prepared to discuss that off the record.

**Mr THURLEY** - Centrally, we have five staff completely to this program with DPAC but that also includes participation across all the agencies with their cybersecurity staff who are numerous. We have a working group that works together to implement the program and be part of the overall change and capacity improvement over the whole public service.

**CHAIR** - To clarify, are there other employees who work in Health, in Education, in Justice, and you work with them?

**Mr THURLEY** - Yes.

**Mr FERGUSON** - I need to emphasise that the resource that Mr Thurley has referred to is a new and additional resource that supports all of the IT professionals across government.

**CHAIR** - Could I have a breakdown of the gender mix of that team?

**Mr THURLEY** - Of the central team? We have two females and three males.

**CHAIR** - Very good. We do not see very many women in the room today.

**Ms WEBB** - We've seen two at the table today.

**CHAIR** - I know, I have been watching.

We have a problem in our parliament with the lack of women in IT. It is an absolute absence rather than just a lack, so well done you on having that percentage.

Does anyone else have any more questions on cybersecurity?

In terms of the performance measures here, we have a performance measure that is a percentage of Tasmanian departments that are adopting key digital policies. The target is 100 per cent on this year and next year.

What are the key digital policies and is this a meaningful measure?

**Mr FERGUSON** - It is a very meaningful measure. I will ask Mr Thurley to outline that range of digital policies, one of which is the cybersecurity set of policies. Another will be around procurement, would it not?

**Mr THURLEY** - This particular policy is maintained by Treasury and Finance in those areas but we also coordinate them within DPAC as well. The other major ones are the cloud policy which is organising the transition from infrastructure to cloud services to gain the benefits and opportunities that come with that. We also have the information management framework which is a framework for managing and securing information. We have already mentioned cybersecurity policy and a range of standards within cybersecurity against which we measure the implementation of the policies, a range of standards that we ask the agencies to maintain.

**CHAIR** - Does your department undertake an internal audit of all the departments to ensure that they have actually complied? Obviously, you've measured it in some way.

**Mr THURLEY** - We regularly review and update that with the agencies to protect the [inaudible] every six months. It's to see how they comply with the cybersecurity policies and that they're complying with the cybersecurity standards policies that we have in progress.

**Mr FERGUSON** - Could you advise the committee about the ICT policy board as well?

**Mr THURLEY** - We have governance arrangements within government, the government arrangements for digital services. We have a digital services board.

**Mr FERGUSON** - It's a new name.

**Mr THURLEY** - Yes, I knew what you meant after I had twigged.

We have a digital services board that sits in with the heads of agencies. We have the digital services deputy secretary's committee which brings together a lot of the corporate services and IT services from other agencies so we know that we've got that link with the chief information officers and other agencies. Then we have another advisory board, which is made up of all the CIOs from various government departments. We meet weekly and talk to each other about various options, opportunities and issues that are coming up. So, it's quite dynamic, it has been pretty active since COVID-19 and it's done pretty well.

**CHAIR** - With COVID-19 there has been a necessarily greater focus on and access to telehealth. Particularly when you've got something respiratory, GPs don't want you to go anywhere near a doctor's surgery, which is quite sensible.

We now have a fairly scary mountain bike track in the Queenstown area. I don't intend to ride down it. I don't know if anyone else does. You might, Bastian.

**Dr SEIDEL** - Yes, I'm tempted.

**CHAIR** - Tempted, are you?

**Mr FERGUSON** - I thought you might have advised against it.

**CHAIR** - Physician, heal thyself, I say, when you fall off. However, it is pretty scary.

There are very limited health services available in Queenstown. The medical professionals who are there are quite concerned about that. In order to get urgent advice from a specialist elsewhere for a more serious injury than just perhaps a broken arm, there's very limited capacity at the Queenstown Hospital. Is this part of your thinking in terms of not just Queenstown, which is an example, but where it could become very apparent that there's a lack? Even at Scottsdale Hospital, where there are other mountain bike trails nearby and our more regional centres where you could avoid the need for long-distance travel if there was better access to visual consultations.

**Mr FERGUSON** - I'm the wrong person to answer that. It's a great question for my colleague, the Minister for Health. I can immediately say to you that one of the claims that I could have made earlier was our great achievement by partnering our Tasman networks with NBN Co. We got fibre to Queenstown about three years ago, so the availability of bandwidth is possible now and it's because of our Government, this parliament, and the federal government, of course.

**CHAIR** - It wasn't about getting them to appreciate that satellite wasn't perhaps the best thing with the weather down there?

**Mr FERGUSON** - But the bigger problem was more the backhaul provision that wasn't possible until we came along. It has been a terrific outcome as a result of that collaboration. Further to that, and I only know this because of my experience as Health minister, we put in place computers on wheels where you can have Telehealth, not just the device but also a clinician who can stand with the patient and have a consult, for example, to a Launceston or a Hobart specialist. I would say that some of the key ingredients are there. It will be a great line of inquiry for my colleague minister to explore.

**CHAIR** - As part of the digital infrastructure that we are talking about, surely that is an area that you would have an interest in?

**Mr FERGUSON** - What we have done is provided that architecture to allow that kind of service to be provided now. I would be surprised if it is not already happening.

**CHAIR** - There is access but not to the level I am talking about.

### **Capital Investment Program (b)**

**CHAIR** - You didn't specifically answer the question I asked. This is funding that is diminishing over time and no funding in the forward Estimate for 2024-25. Is it a point in time exercise or is there ongoing work?

**Mr FERGUSON** - It is. It is a \$4.9 million project that has already had one year of expenditure. Mr Thurley?

**Mr THURLEY** - It is a capability building exercise in itself. We are building a capability within the Tasmanian public service to establish our cybersecurity capabilities within the agencies as much as it is in a central perspective. Whilst the sum central capability is being built as well, mainly the idea is that we develop capabilities within our agencies to help them

facilitate the things that they need to do from a risk-based perspective which is really what our policy is. It is about managing cybersecurity risk.

We believe that most of the programs we put in place, particularly the training and awareness and some of the work with the agency guidance that we are giving out is helping them to build instant management capabilities, understanding what the best practices are and developing understandings of tools and different technologies and how to use them. That is a really big one. We are trying to build our maturity in this area. This has really developed in recent times with all the work that the federal government has put in as well.

**CHAIR** - Over time there will need to be updates because technology changes quite rapidly. Will that all be met under the operating budget after that?

**Mr THURLEY** - After four years there is \$988 000 per year, almost a million dollars per year, that is ongoing.

**CHAIR** - That is in operating?

**Mr THURLEY** - Yes.

**Mr FERGUSON** - To pick up on a previous question, I am sorry I forget who asked me, but in relation to Digital Ready for Daily Life, in recent times the program has prioritised assisting Tasmanians with using the Check in Tas app, holding pop-up sessions in 11 community shopping centres around the state during July. Sessions were held in Burnie, Prospect, Kings Meadows, Riverside, Bridgewater, Claremont, Glenorchy, Newtown, Kingston, Howrah and Sorell. The public feedback was overwhelmingly positive and direct assistance was provided to almost 600 people.

The daily life program has also developed a series of videos that explain how to download and register for the Check in TAS app from both Android and iPhone platforms. These instructions are also available as a printed booklet which has been distributed to Libraries Tasmania and Service Tasmania locations as well as retail locations for download from the program website. That response is for those who might not have known how to get to the videos.

**Ms WEBB** - Has just one video been done for the Check in TAS app or was there a series that you mentioned earlier?

**Mr FERGUSON** - The Check in TAS is the one that has been converted into a printed booklet.

**Ms WEBB** - How many videos have been produced on different topics relating to digital information?

**Mr FERGUSON** - Quite a number but I will provide that in the answer that I took on notice with the reviews. I will also provide the name of the video in my answer. We do not know how many videos are at the table but when I provide the answer it will be evident.

**CHAIR** - Thank you, Minister, we will finish for the day.

## **PUBLIC**

**Mr FERGUSON** - I am at the parliament's pleasure.

**The committee adjourned at 7.05 p.m.**