

Thursday 21 June 2018

Mr President, **Mr Wilkinson**, took the Chair at 11 a.m. and read Prayers.

**TAXATION RELATED LEGISLATION (HOUSING AVAILABILITY AND
PAYROLL RELIEF) BILL 2018 (No. 18)**

Second Reading

Mrs HISCUTT (Montgomery - Leader of the Government in the Legislative Council - 2R) - Mr President, I move -

That the bill be now read the second time.

Today, the Government is delivering on its promises to support more apprenticeships and traineeships, create more jobs in regional Tasmania, promote increased employment and economic growth across the state, and improve Tasmania's rental market and home ownership.

Following the 2018 Tasmanian state election, this Government committed to introduce legislation to give effect to its suite of tax reform initiatives within its first 100 days of government. These initiatives included -

- a new tax bracket with a lower payroll tax rate;
- a regional business relocation payroll tax exemption;
- an extension of the Payroll Tax Rebate Scheme for apprentices and trainees in targeted areas of skills shortage;
- a three-year land tax exemption for new long-term rentals;
- a 50 per cent duty concession for first homebuyers of established dwellings;
- a 50 per cent duty concession for seniors downsizing their homes; and
- a foreign investor duty surcharge.

In response to the housing summit on 15 March 2018, the Government further committed to introduce a land tax exemption for short-stay accommodation listed for long-term rental in the Greater Hobart area. Lastly, the Government announced on 20 May 2018 it will extend the \$20 000 First Home Owner Grant for newly constructed homes by one year from 1 July 2018. This bill delivers on all of these commitments within the first 100 days of the Government's second term as promised.

This Government's number one priority is jobs and we have listened to businesses that have argued that payroll tax is an impediment to job creation. Now the Government has balanced the budget and is in a strong fiscal position we are able to address this issue. This Bill therefore amends the Payroll Tax Act 2008 to introduce new arrangements that reduce the rate of payroll tax paid on taxable wages between \$1.25 million and \$2 million per annum to 4 per cent. A payroll tax rate of

6.1 per cent currently applies to all wages above the tax-free threshold of \$1.25 million. This change will potentially save a business generating taxable wages of over \$2 million per annum more than \$15 000 a year, freeing up funds to invest in the business or to boost employment. For example, around 650 new jobs would be created if only 25 per cent of those businesses currently paying payroll tax were to create one extra job as a result of this measure. The new payroll tax arrangements will apply from 1 July 2018 and continue this Government's commitment to having among the most competitive taxation arrangements in Australia.

The Tasmanian economy is now performing strongly under this Government's leadership. However, we know the benefits of our growing economy are not being felt in some regional areas of Tasmania. To help address this, the Government is providing payroll tax incentives for mainland businesses to relocate to regional Tasmania. Consequently, this bill further amends the Payroll Tax Act to introduce a three-year payroll tax exemption for mainland businesses that relocate to Tasmania between 1 July 2018 and 30 June 2021 and establish their operations in a regional area. This increase in business will not immediately impact on the budget, as businesses that relocate to Tasmania would not have been paying Tasmanian payroll tax. However, after three years there will be a positive revenue impact on the budget in addition to the added benefit of regional economies being supported by the relocation of people and plant to those areas. This measure will be subject to eligibility criteria designed to establish that a business relocation has occurred and the business or any part of a related corporate group does not already have employees in Tasmania.

This Government is committed to rebuilding the number of apprenticeships and trainees in Tasmania. To support our local businesses that invest in an apprentice or trainee, the Government intends to extend the successful Payroll Tax Rebate Scheme for apprentices and trainees from 30 June 2019 to 30 June 2021. The extended scheme will focus on addressing identified skills shortage areas of the Tasmanian economy. This bill therefore amends the Payroll Tax Rebate (Apprentices, Trainees and Youth Employees) Act 2017 to provide that businesses that employ apprentices and trainees from 1 July 2019 will be eligible for a two-year rebate of the payroll tax paid for those eligible apprentices and trainees employed in the areas of building and construction, tourism and hospitality, and manufacturing. This will ensure a more productive workforce, now and in future, to the benefit of both young people and businesses.

Six of the nine measures in this bill are directed towards improving housing access and security for all Tasmanians by increasing housing supply, managing demand in the housing market and making housing more affordable for those seeking to enter the market as property owners. Under this Government, business confidence is high and the population is growing. Since this Government was elected, Tasmania's population has grown by more than 8 000 people, of which more than half are new arrivals to Tasmania. There is no doubt that the attractiveness of Tasmania as a place to live and work is driving strong demand in parts of Tasmania's property market.

The Tasmanian Government has set a target to grow Tasmania's population to 650 000 by 2050. This is an ambitious target and it is key to underpinning Tasmania's continued economic growth. Growing our population will deliver significant benefits for Tasmania. However, we recognise growing our population requires a greater supply of housing, including affordable long-term rental accommodation. As promised, this Government is introducing measures aimed at improving Tasmania's rental market. This bill amends the Land Tax Act 2000 to provide a three-year land tax exemption for all newly built housing made available for long-term rental for up to three years. This measure is aimed specifically at encouraging the construction of more long-term rental accommodation. To be eligible for the land tax exemption a property must -

- be a new dwelling that has not been previously occupied;
- have an Occupancy Permit issued between 8 February 2018 and 7 February 2021;
- be rented for a minimum lease term of 12 months or, where the property is in between tenants, be untenanted for no more than six weeks each financial year; and
- be rented out entirely.

If the criteria are met, the land tax exemption will be provided the following financial year. This is in keeping with the current application of exemptions under the Land Tax Act which determines land tax liability based on usage as at 1 July.

The success of Tasmania's tourism industry has encouraged the growth of the private short-stay accommodation market, through companies such as Airbnb and Stayz. While this Government continues to support growth in the tourism and hospitality industry by embracing the sharing economy, it also recognises the composition of the rental market has changed with the introduction of short-stay accommodation sharing. Following the housing summit held on 15 March 2018, the Government announced that it would implement a one-year land tax exemption to encourage short-stay accommodation properties to be made available for long-term rental accommodation within the Greater Hobart area, to assist with Tasmania's housing shortage. This measure will be subject to eligibility criteria, and similar to the land tax exemption for newly built properties, will be provided in the form of a land tax exemption in the following financial year. The exemption will be available between 15 March 2018 and 14 March 2019.

The Government will also increase housing supply and improve the accessibility of the housing market by encouraging more first homebuyers to build residential housing or purchase newly built homes. To do this the Government will extend the \$20 000 First Home Owner Grant for a further year. Without the Government's intervention, the grant amount of \$20 000 will fall to \$10 000 on 1 July 2018. This bill therefore amends the First Home Owner Grant Act 2000 to extend the grant of \$20 000 for eligible first homebuyers who enter an eligible transaction for the purchase of a newly constructed home or construction of a new home from 1 July 2018 to 30 June 2019 inclusive. This means Tasmania will continue to have one of the most competitive home owner grants offered by any jurisdiction in Australia. The Government's continued focus on the construction of new homes will promote employment and increase new housing supply, supporting the Government's population strategy.

To manage the increasing demand of foreign investors in Tasmanian property and to assist local buyers to remain competitive in the housing market, this Government is introducing an additional duty on foreign acquisitions of residential and primary production land in Tasmania. This bill therefore amends the Duties Act 2001 to impose a foreign investor duty surcharge. The foreign investor duty surcharge imposes an additional duty of -

- 3 per cent on residential property that is acquired by a foreign person; and
- 0.5 per cent on primary production property that is acquired by a foreign person.

The Government believes this surcharge will level the playing field for Tasmanians and ensure foreign investors contribute their fair share to our state. The surcharge will commence on 1 July 2018.

First homebuyers who are not eligible for the First Home Owner Grant will now also benefit under the Government's housing strategy. As part of its election commitments, the Government announced a 50 per cent duty concession for first homebuyers purchasing an established home with a dutiable value which does not exceed \$400 000. The concession, which will apply retrospectively from the date of the Government's announcement on 7 February 2018, will be available where the transfer or settlement occurs during the 12-month period from the date of announcement until 6 February 2019. This measure will be implemented by providing a concessional rate in the Duties Act, and will be subject to certain eligibility criteria. This measure will provide assistance to eligible first homebuyers who purchase established properties as their first home. However it will not apply to: vacant land purchased with the intention to build; newly constructed homes; spec homes; or owner-builder homes, as first homebuyers for such properties may already be eligible for the \$20 000 First Home Owner Grant.

This bill amends the Duties Act to provide a 50 per cent duty concession for eligible pensioners that downsize their existing home to a home or unit at a lower cost. The concession will be available for the purchase of an eligible home if a pensioner's existing home is sold and settled within the 12 months from 10 February 2018, and again will be implemented by providing a concessional rate of duty subject to eligibility criteria to ensure the concession targets the intended taxpayers. Key eligibility criteria include: the purchased home having a dutiable value which does not exceed \$400 000; the purchased home costing less than the dutiable value of the existing home upon sale; and the sale of the existing home occurring within six months of the purchase of the downsized home. This measure will help seniors to downsize, freeing up larger, family-style housing for growing families and allowing pensioners to move to homes that suit their lifestyles and require less maintenance. This measure will apply retrospectively from the date of the Government's announcement on 10 February 2018.

Both the duty concession for first homebuyers of established properties and the duty concession for seniors downsizing will be reviewed in the lead-up to the 2019-20 state Budget prior to any decision to continue or modify the measures beyond their original 12-month availability. This bill gives effect to the Government's suite of tax reform initiatives and affordable housing commitments in accordance with the Government's 100 Day Plan. It implements measures that promote employment and economic growth in Tasmania; provide incentives to increase the supply of housing, including affordable rental accommodation; and level the housing affordability playing field in Tasmania.

This bill reflects the Government's commitment to improve the life of Tasmanians and their families. I commend this bill to the Council.

[11.21 a.m.]

Ms FORREST (Murchison) - Mr President, it hardly needs to be said that the time given to scrutinise this bill is completely unsatisfactory. I know some people believe we should just tick off everything the Government states it has a mandate for, but I am not one of them. To suggest that because this was a pre-election promise - or predominantly pre-election promises - it should be simply accepted and passed without full and proper scrutiny denies the role and importance of this House.

Any government policy that requires legislative change must come through and be approved by the parliament. If it is bad policy, one that does not or will not achieve the stated aim or may not be in the best interest of Tasmanians, it may be rejected when subject to full and proper scrutiny. This is regardless of pre-election promises.

I note that this year hundreds of election promises were made. Some were shared with the people of Tasmania, making it impossible to know what the broader community thought of each one. In addition, we did not see about 100 election promises that the Premier seems to believe he still has a mandate for.

Mr President, we must do our job. The approach of undertaking full and thorough scrutiny of all matters that come before this House is what I do. It is my job. It is what the people of Tasmania want members here to do and it is what the people of Murchison elected me to do.

As members know, we are taking this bill under suspension as it needs to be dealt with before the end of this financial year. The delay is partly due to the March election, but regardless, full and proper scrutiny of such a detailed and complex bill is necessary.

To try to expedite this, the Treasurer wrote to the Leader, who passed his letter on to us, about the impending bill. It was helpful and I contacted him immediately when I received this letter, seeking a briefing and a copy of the bill as soon as possible.

The Treasurer agreed to a briefing before the bill was tabled, but would only arrange for this for a time one hour prior to the budget being delivered and the bill being tabled in the other place.

This made it more difficult as within two hours of that briefing we had 650 pages of budget papers to read in preparation for this and next week.

I certainly appreciate the briefing provided and the opportunity to further discuss my concerns and thoughts on this bill, but we really are under pressure to fully consider the significance of this very complex bill.

In his letter of 7 June 2018 addressed to the Leader, the Treasurer says the measures are not controversial. The measures cover three of the taxes that we rely on to raise our own source revenue. At the very time when we are in grave danger of losing some of our 65 per cent revenue that comes from the Australian Government, we need to start looking at how we might survive. Or do we wait for the apocalypse before we try to find plan B?

What if we had to raise another \$100 million in state taxes - how would we do it? Which of our taxes are fair? Which taxes are efficient? What is an efficient tax? We need to have a better understanding of our tax system. Normally a bill like this would give us opportunity to canvass these matters. We should be looking at each proposal in the bill, of which there are many, to try to understand how it satisfies the benchmarks of being fair and efficient. All taxes result in a loss by a person burdened with the tax, but the reason for raising state taxes is to fund services which people want and in some cases have a right to demand as part of a civilised community.

Most people would agree this includes a roof over people's heads, but if the contribution of one person in this place in the budget reply is any indication, this may not be a universally accepted view. The reality is that taxes have different impacts, including the three taxes covered by this bill - they are payroll, stamp duty and land - which I will come to shortly. The other matter in this bill is the First Home Owner Grant and proposed concessions, which I will consider first.

Whenever this matter comes before us, I always remember a quote which I will read to you -

It's hard to think of any government policy that has been pursued for so long, in the face of such incontrovertible evidence that it doesn't work, than the policy of giving cash to first home buyers in the belief that doing so will promote home ownership.

These are the words of the respected Mr Saul Eslake who is often quoted by members in this place. He made the point in his often quoted speech, 'Saul Eslake: 50 Years of Housing Failure'. These words were also included in his submission to the Senate economics reference committee and were recorded in the *Australian* in January 2014. Mr Eslake continues in his speech -

... cash handouts for first home buyers have simply added to upward pressure on housing prices, enriching vendors (and making those who already have housing feel richer) whilst doing precisely nothing to assist young people (or anybody else) into home ownership. For that reason I often think these grants should be called 'Existing Home Vendors' Grants', because that is where the money ends up, rather than First Home Owners' Grants.

Ms Armitage - It is disputed by many in the industry, and having been a real estate agent myself, I have found many first homebuyers -

Ms FORREST - I am quoting an economist. I will keep going with my comments and you can comment on this in yours. Mr Eslake concedes that since grants have been confined to new homes only, the effects are not as bad, as they tend to add to our housing stock and do provide some stimulus to the construction sector. With regard to this he said -

I have no doubt that some of the increased grants to first time buyers of new homes will end up boosting developers' or builders' profits but I accept that at least some of it will induce a supply side response to any resulting increase in demand for new homes, while considerably fewer taxpayers' dollars will be wasted inflating the prices of existing homes.

It was very pleasing to see the Treasurer was on a unity ticket with Mr Saul Eslake in 2014. I am sure members recall Mr Gutwein's comments soon after taking over the important role of treasurer. When he gave his second reading speech, which was repeated by the Leader in this place when we were debating the First Home Owner Grant Amendment Bill 2014, the Treasurer said -

It, [meaning the bill] is supportive of concerns that broadly-based ongoing first home buyer assistance does not make housing more affordable for first home buyers but may instead inflate the price of property. It also better targets the assistance to more directly stimulate housing construction and increase housing supply.

I reiterate what Mr Saul Eslake said: the decision back then was to confine the assistance to new houses. The extension of the first home builder grant, which provides for the building of new homes in the current bill, does come at quite a cost. I asked to be provided with a financial modelling last week, in the briefing of Thursday last week and again early this week. We were provided with the briefing a short time ago and that is appreciated.

The table provided is helpful and I seek leave to have it incorporated into *Hansard*. As it is a table, it is difficult to read but it is relevant to my comments.

Mr President, I seek leave to have it tabled and incorporated into *Hansard* of my speech.

Leave granted.

Cost of measures in the Taxation Related Legislation (Housing Availability and Payroll Relief) Bill 2018

Policy	Costing (\$ million)					TOTAL
	2017-18 Estimated Outcome	2018-19 Budget	2019-20 Forward Estimate	2020-21 Forward Estimate	2021-22 Forward Estimate	
New payroll tax rate and new threshold	-	8.5	8.7	8.9	9.1	35.2
Three year payroll tax exemption for migrating businesses	-	-	-	-	-	-
Extension to Payroll Tax Rebate Scheme [#]	-	-	0.6	2.0	2.5	5.1 [*]
Three year land tax exemption for newly built housing	-	0.1	0.3	0.6	0.6	1.6 [*]
One year land tax exemption for former short-stay accommodation properties	-	0.1	0.2	-	-	0.3
Extension to First Home Owner Grant [#]	-	2.1	1.2	-	-	3.3
Foreign Investor Surcharge [#]	-	(6.2)	(6.5)	(6.8)	(7.2)	(26.7)
Duty concession to first home buyers	0.5	6.8	-	-	-	7.3
Duty concession to eligible pensioners that downsize their home	0.1	1.9	-	-	-	2.0
TOTAL	0.6	13.3	4.5	4.7	5.0	28.1

[#]Negative numbers represent additional revenue or reduced expenditure.

^{*} The cost of these measures represents the additional cost of the extension to these schemes under the Bill.

^{*} Total cost over the life of the tax measure extends beyond the Budget and Forward Estimates period.

Ms FORREST - I note some of the costings. Most are revenue forgone rather than new revenues, except for the foreign investor surcharge. The impact of the extension of the First Home Owner Grant or builder grant on new properties is \$5.1 million over three years. That is the ongoing impact.

Prior to having this information, I was able to glean something from Finance-General, volume 2 of the budget papers. It states that the budget for 2017-18 was \$13.4 million for this particular area. Leader, what is the estimated outcome for that outlay? That was in the 2017-18 Budget. There is not a line for the estimated outcome in this area so is the Leader able to provide that? This budget year coming, 2018-19, includes costs of \$9.1 million and \$4.7 million in 2019-20, followed by \$2.9 million in each of the last two years of forward Estimates.

Mrs Hiscutt - Could you ask your question again? Exactly what are you looking for?

Ms FORREST - In the Finance-General chapter in budget paper 2 of this year's Budget, on page 103 under the administrative expenses, it tells you how much the first home builder assistance is. This current year we are in, the budget - it was \$13.4 million - and then the forward Estimates are there, but I am interested in what the estimated outcome is. The estimated outcome is not listed in this.

Is that what the first home builder grant measure, as contemplated by the bill, will cost? Are these figures what it is expected to cost? What it will cost may be clarified by this information we have been given, but I only received this a very short time ago.

Given that the first home builder grant extension was a promise made before the full extent of the housing crisis was apparent - it was made apparent after the election, not before, as it seems to have been suggested - we were informed it was made as a budget promise in the briefing following the Housing Summit. Regardless, I disputed the Treasurer's assertion this is not controversial, given what we know about it. We have not had much information about it, except this morning when we were given this costing at the briefing.

I am not sure that the extension is the best use of the scarce funds we have or the revenue forgone in the current climate. In the table I have referred to, it means an extra \$3.3 million of revenue forgone, which is revenue we need to find from other places to provide services that perhaps would be better spent in other areas of housing. That is only an opinion, but it is not an insignificant number.

I move on to the duty provisions in the bill. One relates to concessions for first homebuyers for a 12-month period. According to the calculation of concessions, on page 86 in budget paper 1, this will cost \$6.7 million. Again, this is a lot of money and I am not sure everyone will consider this as an uncontroversial matter. It will apply to existing residences.

Whether assistance to first homebuyers of existing homes is given by the way of grant - which is what we used to do and the current Treasurer got rid of in 2014 - or a duty concession, the effect on prices is the same. We have that on no lesser authority than the Treasurer in 2014. The proposal before us will have the same effect as the First Home Owner Grant, which we agreed to remove in 2014. It does not increase the available housing stock. It will make the current housing stock, especially homes under \$400 000 at the threshold, more expensive as a result of the inflationary nature of this policy on house prices, as noted by the Treasurer in 2014. At least one member here may argue this is not the case, but the Treasurer has said this sort of measure on existing homes, rather than assisting people into home ownership, may inflate house prices. This has been supported by Mr Eslake and many other economists Australia-wide.

The majority of first homeowners in our regional areas will be looking to buy a home under \$400 000. In my electorate, apart from the west coast, you will not find a house over \$400 000, particularly when they are seeking to enter home ownership. They are not looking for properties over that value. They are looking for something at the lower end of the market where they can possibly buy in. The inflationary nature of this policy risks pushing more houses up in price within that bracket. Some will be pushed out of the price range as a result. Vendors will see there is the opportunity that these people will receive this money so they will push the price up. Even those houses below \$400 000 will have prices inflated to the point that they may be pushed out of the reach of someone who could have afforded it had it not been subject to such inflationary considerations. I accept it may only be in place for one year. There is provision in the bill to enable it to be extended by way of a disallowable instrument.

We know in this place that once it is in, under the same government and effectively the same parliament, it will not be easy to remove, regardless of the effect on property prices. This is bad policy. If it was bad back in 2014, it is even worse now. The Government is actively inflating the price of houses. This is bad policy.

Another duty concession in the bill is the reduction of duty for pensioners if they downsize to a smaller home. This is estimated to cost \$1.9 million according to page 86 of the budget papers. I note the table we have today says \$2 million, so I was fairly right. A slight difference but not a lot. At a time when we are spending more overall, we should be spending more time discussing the virtues and vices of particular taxes rather than chipping away at them and narrowing the basis of so many.

Conveyancing duty is only triggered on the change of property ownership. This gives a very narrow base of ownership transfer costs. Some people hardly ever pay conveyancing duties because they remain in the same place. They do not sell the house. They do not move. Some people pay a lot if they need to move for employment, for example. A narrow base leads to a high rate of

conveyancing tax. All state governments have been addicted to conveyancing taxes, including us. There is a disincentive for home owners to move because of high rates of conveyancing tax. This means housing stock is used less efficiently than it would with greater mobility. Conveyancing tax is not efficient. The move to reduce the duty for pensioners is based on sound economic arguments in broad terms and for that reason I do not disagree with it.

Where I have a reservation is that the bill only relates to pensioners. If the tax as it currently applies is inefficient that inefficiency affects everybody. It is not only pensioners who have to move or downsize. If the current arrangement discourages mobility for pensioners, it probably discourages mobility for everybody, including those wanting or needing to move for whatever reason, whether it be jobs or family - it could be for any reason.

When we talk about taxes we all need to try to be on the same page instead of just ticking off a measure proposed during an election campaign. Pardon my cynicism, but this potentially could be seen as a way of buying votes and being politically populist, rather than necessarily fixing a bad tax. If it is a bad tax, I suggest we need to take a different approach.

Offering concessions to what is a bad tax might help a few people who benefit from the concessions, but it continues to disadvantage people left paying the bad tax. I am speaking in relative terms, but that is what happens when you have taxes with narrow bases. Those who pay are at relative disadvantage. Tinkering at the edges of a bad tax often only makes it worse.

I do not have any concerns with the extra duty on foreign purchases of property. I understand this is being imposed in other jurisdictions as well. I have a couple of questions on that. They were covered in the briefing, but I hope the Leader can respond in her reply. Why are there different rates for residential properties and primary production land? How much will it raise? According to the table provided, the foreign investor surcharge over the four years from 2018-19 to 2021-22 is \$26.7 million. I know that is an estimate and we do not really know; that is the Treasury modelling over that period. I have the answer to that now.

I notice these changes, particularly to the foreign investor surcharge, should have been included as policy changes in the policy and parameters statement in the budget papers. The footnote in budget paper 1 in the policy and parameters statements said that they were parameter changes. How can a change of policy be a parameter change? It is a policy. Maybe the Government did not want people to think it was actually increasing any taxes. It is increasing them for foreign people, not Tasmanians. But how can it be a parameter change when it is clearly a government policy? If these are parameter changes, we would not be here discussing the bill; we do not have any control over parameter changes. They are policy changes. We expect to know, and I thought it would have been in the policy and parameters statement, what the impact will be.

Three measures in the bill propose changes to payroll tax. Payroll tax was handed to the states by the McMahon government in the early 1970s. Since then, the base has narrowed and the rate has risen. A once reasonably fair tax has degenerated as all states have fiddled with the rate and the thresholds, trying to make their states more competitive. It is only applied to a few in fundamentally what has been a race to the bottom.

Now only large employers pay; small employers and self-employed persons do not. It is widely regarded as anti-employment and it is probably, in my view, beyond repair where we have gotten to. As Saul Eslake pointed out in his recent opinion piece in the *Mercury* -

We need to stop fetishising small business - it isn't the engine room of the Tasmanian economy, its share of employment in Tasmania has dropped from 56 per cent to 45½ per cent over the past decade.

The payroll tax threshold is designed to help small business, but just as the First Home Owner Grant, which we got rid of in 2014, was supposed to help increase home ownership, it has failed. As I pointed out, the payroll tax system designed around helping small business has failed. The percentage of people employed by small businesses has fallen.

Because the current payroll tax base is too narrow and the rate too high, I can hardly complain about reducing the rate to 4 per cent for payrolls between \$1.25 million and \$2 million. I would like to know what the effects on government revenue will be. They are policy changes and they were not determined as policy changes in the policy and parameters statement. In the information we were provided in the briefing we see that will be \$35.2 million.

I would like the Leader to explain the figures on page 85 of budget paper 1 in the tax expenditure statement, if she could.

Mrs Hiscutt - Is this a question for Estimates?

Ms FORREST - It could be matter for Estimates. It directly concerns the bill and it would be helpful to have the answers now. The cost of the tax-free threshold for 2018-19 will fall - that is in the table on page 65 of budget paper 1. How is such a large fall possible? The threshold has not changed. What is the cost of the reductions flowing from reductions in the rate from payrolls between \$1.2 million and \$2 million? The policy and parameter statement changes include the payroll tax changes due to the threshold but these are policy changes. I ask the Leader to reconcile the figures - the cost of the proposed change by reducing the rate for payrolls between \$1.25 million and \$2 million with the concession calculations.

Mrs Hiscutt - We will try to look at that, but could you keep your question aside to put to the Treasurer if we cannot answer it now?

Ms FORREST - It is relevant to this bill. The big question with payroll tax is a narrow base. There is nothing inefficient about a tax on labour. If it was applied broadly, it would be fair and efficient for large employers and everyone in receipt of income from labour. We personally do not carry the burden of any payroll tax, yet employers and employees of large companies do. How is that fair? If we cannot fix the inherent problems of a tax with such a narrow base, perhaps it is time to scrap it completely. I wrote an opinion piece about this recently. If we continue to erode and destroy it, which we have basically done, we should get rid of it. We should negotiate with the Australian Government to help implement a lower rate on all labour earnings. That is what the PAYG system does, and it would be much fairer. I know some people are attracted to higher GST as a solution but GST is a tax when money is spent.

A low rate when money is earned is as efficient. It brings money into government earlier and it does not distort patterns of employment between small and large employers or between the employed and self-employed. It is a low rate tax applied when it is earned rather than when it is spent. It is fairer because it is more progressive. It is well known that high income earners save more and spend less on a relative basis than lower income taxpayers, hence a tax on earnings is fairer than a tax on spending. I have less concern with payroll tax rebates for apprentices and

trainees, except that if the system was broadly based to the lower rate, we would not have to fiddle around the edges as we constantly do, or if it was removed altogether.

The same argument applies to the payroll exemption that applies to relocation of businesses to regional areas. Do they work? The recent Vodafone experience puts doubt in my mind about the effectiveness of such relocation incentives. I am not violently opposed to them, but do they work? Is it a case of big businesses blackmailing governments to hand over some cash or let the businesses keep more in their own pockets through foregone revenue? That is a rhetorical question.

Finally, to the land tax changes. As any student of economics knows and as the Henry review pointed out, land is an efficient tax base because of its fixed supply and its immobility. It does not move and we are not making any more of it. A low rate across the board does not affect investment decisions - every landowner pays. We are talking about unimproved land. Land taxes were introduced for the very reason of promoting economic efficiency, to discourage speculators from sitting on land banks waiting to make windfall gains rather than putting the land to more productive use. Land taxes are reviled by some because we have narrowed the base and increased the rate. Rates are property taxes like land taxes and more efficient. They cause less distortions because there are fewer exemptions than with land tax.

The current system discriminates against land use for commercial purposes, which is the exact opposite of the rationale for the introduction of land taxes in the first place. Productive activity was to be encouraged, rather than land speculation.

Our current land tax exemption system distorts economic activity by granting land tax-free status to principal residences, and that viewpoint is anything but an efficient tax because it promotes speculative activity in residential housing.

The one-year land tax exemption for newly rented, former short-stay accommodation properties acknowledges, in my view, that the current land tax arrangements are not equitable and distort activity. It makes absolutely no sense to limit this exemption. If we are going to have it, why have it just in the Greater Hobart area?

On the east coast, in the member for Prosser's electorate, access to rental properties, especially in the summer months is next to impossible. This is at a time when workforce demand increases with tourist numbers swelling in that area. Workers have to live somewhere. They cannot get accommodation and sometimes people are forced out of their homes.

It is not a problem related to Hobart or the Greater Hobart area. We do not see the *Mercury* or the *Examiner* publishing front page stories about people up the east coast. The member for McIntyre will talk about this problem. It may not be quite such a problem in parts of my electorate, but it is on the east coast, where there has been more growth in tourism, particularly during summer months.

People wanting to work in these areas cannot find accommodation because many rental houses are now in the short-stay market. Often they are closed over the winter and not used at all. Owners have made enough money over the summer with full occupancy at high rates, and they go and have their own holiday somewhere in the north.

I am not criticising the people doing that. That is what is happening and it is okay, but if you are going to try to incentivise people, why restrict it to the Greater Hobart area.

Why was this narrowing exemption made? I hope the Leader can provide a good reason for it, otherwise I am not sure whether I would support this section of the bill.

I know the member for McIntyre has proposed an amendment. She will speak about it herself. Perhaps the bill does not provide enough protections to avoid rorting. We need to look at the whole matter.

It is 100 pages of legislation. Not all of it relates to this particular part, but it requires close scrutiny to ensure no loopholes exist.

The land tax changes proposed in this bill are not totally objectionable, but would not be necessary if we had a fairer system of land taxes with a broader base and lower rate. The current land tax regime and income tax system encourage the activity the proposed changes in this bill are designed to address.

All the changes in the bill are patch-up jobs for a state tax system which is in need of a complete overhaul, but no-one wants to talk about. Too politically sensitive.

If this bill is about addressing some of the housing affordability and accessibility challenges facing many Tasmanians, we need to look far more broadly and be willing to engage across the political divide to fix our broken tax system.

If anyone wants to argue with me that it is not broken, I will have to disagree with them. If they argue it is not broken, why do we have a bill like this delivered in such haste? Why do we keep tinkering around the edges in the guise of making it better? The old saying is that you cannot make a silk purse out of a sow's ear.

These measures do not make it better, fairer or more sustainable.

In Saul Eslake's article, *The causes and effects of the housing affordability crisis, and what can and should be done about it*, published on 2 May 2017 on John Menadue's Pearls and Irritations website as part of the 'Making Housing Affordable' series, he made a number of suggestions about what the states and territories could and should do. Mr Eslake has spoken considerably about this issue. He is well regarded in economic circles and by members of this parliament, who quote him regularly. He said -

State and Territory Governments can contribute towards enhancing people's capacity to become home-owners by:

- scaling back cash grants and tax exemptions or concessions for first-time buyers which simply allow buyers to pay more to vendors than they otherwise would;

The first point, and we are not following it. The second -

- replacing stamp duties with a more broadly-based land tax (with no exemptions for owner-occupied land, but with appropriate transitional provisions to avoid double taxation of recent purchasers) so as to eliminate the disincentives which stamp duties create for people to move

home as their needs change, as well as provide State and Territory Governments with a more predictable and stable source of revenues;

What do we do? We tinker around the edges. The third point -

- reducing up-front taxes and charges on land developers and builders for the provision of suburban infrastructure, permits and inspections (or simply revenue-raising) - whilst recouping revenue foregone through increased municipal rates or land tax, and working with the ACCC to ensure that reductions in up-front taxes and charges are passed on to new home buyers;

The next two -

- reforming planning laws to reduce the scope for frivolous or vexatious objections to redevelopment of existing residential sites at higher densities; and
- increasing investment in urban transport infrastructure to improve access to and from new suburbs to places of employment, entertainment and recreation.

According to Saul Eslake and others, the solution to housing affordability, and access to homes in the rental market, is much broader than tinkering around the edges of some of our least efficient and least fair taxes. It includes planning reform and investment in infrastructure to link our communities. By ramming this bill through parliament in this way, this Government epitomises the complete disinterest of governments past and present to have meaningful discussion on tax reform.

While I will not be voting against this bill, I am considering an amendment related to the eligible first homebuyers concession for established homes under the value of \$400 000 to remove this section, which had to be part seven of the bill due to its inherent inflationary impact on housing valued at \$400 000 or less. I will decide whether I proceed with that amendment after I have listened to the whole debate. It is not in the best interest of first homebuyers; it is in the interest of vendors and property agents who collect their percentage based on the value of the property. I agree with that, as do many people in this country much more knowledgeable and skilled in this area, including many economists. I quoted Saul Eslake and I could have quoted many others. That is the reality. I will listen to other members' contributions, but we are going back to the future. The Treasurer has gone back on his sensible decision of 2014. I commended him at the time, I continued to commend him every time we have looked at extending the first home builders grant. This will have a marginal inflationary impact but not to the extent the First Home Owners Grant for existing properties does. Mr President, I cannot believe we are doing it.

[11.58 am]

Ms RATTRAY (McIntyre) - Mr President, I acknowledge we had an extensive briefing this morning on this taxation and related matters. I appreciate the briefing I had yesterday on the amendment I have proposed to clause 13, regarding the Greater Hobart area. I will speak about that as I move through my contribution.

I read the Treasurer's letter that was sent around, and I appreciate it being made available to members, explaining the reasons for dealing with this bill today. Sometimes we are asked to take bills under these arrangements in this place. I did not indicate any issue with that, acknowledging it is 100 pages. We heard this morning in the briefing that 40 of the 100 pages relate to one section with numerous parameters around what is able to be taken up, when various sections of this relate to taxation matters.

The reduction of payroll tax for wages between \$1.25 million and \$2 million for small to medium businesses - this would be appreciated by businesses in our community anywhere in Tasmania. It is significant. We need to do whatever we can to support businesses. We do not have a huge number of large businesses in our state and we rely heavily on small to medium businesses. I certainly support this initiative.

The three-year payroll tax exemption for business in regional Tasmania and seeking to incentivise the move from city-based areas to regions - the three-year payroll tax exemption is significant, but it would cost significant dollars to relocate a business. We would love to see more relocation to the regions, but we should understand that technology-based business can face challenges when relocating, although some smaller communities have NBN facilities. A number of business are orientated to physical labour.

The salmon producing areas near Scottsdale have about 13 employees with shift rotation to have someone on site 24/7. People have to work on a seven-day shift rotation, but we are pleased these opportunities are based in regional areas.

The three-year land tax exemption for all newly built homes will be made available to long-term rentals. Will this attract people to build a lot of homes to put into the rental market? CatholicCare Tasmania and others are already incentivised by government and local government. In the Dorset municipality the council gifted CatholicCare a number of residential blocks that were gifted from the state Government. The member for Derwent will know George Street where one particular block will have three units built on it, with planning application ready to go. A number of those vacant blocks around the township of Scottsdale have been gifted to CatholicCare. They have been incentivised fairly heavily by the people of Dorset, and effectively by the people of Tasmania because those blocks previously came from the government's crown land stock. If that works, I do not have an issue with it.

I move on now to the one-year land tax exemption for short-stay accommodation properties made available for long-term rental accommodation within the Greater Hobart area. When I heard that government policy being announced, I again wondered whether there would be much uptake of that, whether people would take their properties out of the short-stay accommodation market and put them back into the long-term rental market. I certainly did not understand it was only to be for the Greater Hobart area. We have been told that the Greater Hobart area consists of the Clarence City Council, the Glenorchy area, the Kingston area and the Hobart area.

My question is: how widely known is it by the general public that it is only those four southern-based areas of Greater Hobart? I have heard people talking about the initiative, which I thought was a positive. The member for Murchison talked about the east coast because she also knows that area reasonably well. I can cite the Derby community. Derby is only 25 minutes from Scottsdale; it is not far. If you are a health worker and you are also a mountain bike user, living in the Derby area would be quite desirable - but are there any rental properties in Derby? There are none. They are all short-stay accommodation. They have all been geared up for the short-stay

market. There are probably people sitting in the Leader's reserve who have been to Derby and ridden their mountain bikes. They probably have used those short-stay accommodations.

Ms Forrest - You have seen them up there?

Ms RATTRAY - I have seen them up there. Not necessarily the ones we have with us today, but I have seen and spoken to people who work in Hobart and have gone to Derby for the weekend with their mates or families. I met up with a couple at Branhholm having dinner one night and they were there for the weekend. One of the people in their group had fallen off his bike and broken his arm, so they spent a bit of time at the Scottsdale Hospital, as you do.

Mr PRESIDENT - Short stay?

Ms RATTRAY - Short stay. Another short stay at the Scottsdale Hospital. He was still up to having dinner that night. He had been to the hospital during the day, had the plaster cast put on and was back having dinner with his mates, so no bike riding on Sunday for that person.

Regarding some of those properties that may not necessarily gain the patronage that was expected because so many properties are now available for short stays, I am beginning to wonder whether they have been overcommitted in putting their properties into the short-stay market.

Having this incentive outside of the Greater Hobart area would be a useful tool to test. We know this is an incentive the Government is not sure will be a success. I know the member for Murchison tabled the document but the one-year land tax exemption for former short-stay accommodation properties over the 12-month period is anticipated to be around \$300 000, so \$150 000 each year. That is what the Government has anticipated it will commit to this. That is a guess at best - the Government wondered, 'What number can we put into this initiative?' I suggest it could still be up to that, but you are spreading opportunity across the state.

I want to share an example from the Bridport area, where I live. It is the same as the east coast - you cannot find a parking spot in the street, let alone a seat at a coffee shop, during the summer period. During the winter there is almost no-one around. It is a sought-after place in the summer peak period but very few people are using those accommodations during those months from March to November. They are often second properties for a lot of people and not their primary residence. I do not rent mine out; I allow friends and family to stay but I do not take any money for it as long as they look after it. I suggest it is another area that could benefit from an initiative I believe could help people looking for long-term rentals in our communities. They might not be homeless, but if they are, it would be even better.

It was suggested by my good friend and colleague, the member for Elwick, that this system is open to rorting. Anything we do is open to rorting. What about your tax? Every year the tax department changes the rules around tax because some smart accountant has been able to work around the rules. It happens year in, year out. Ever since I began paying tax, something you could claim for last year is out the door this year.

Mr Valentine - That doesn't mean it has been rorted; it is like tax avoidance in the place of tax evasion.

Ms RATTRAY - There are ways and means of working around the rules set in place.

Mr Valentine - Tax avoidance.

Ms RATTRAY - Tax avoidance. Somebody may gain an advantage through this that they might not necessarily be fully entitled to. I suggest we have the wherewithal to bring those to account. If somebody uses this incentive by removing their property from the short-stay market - because, I do not know, they may be sick of washing the sheets, turning up at ten o'clock to make sure there is milk in the fridge and whatever else you need to do for short-stay people - and putting it back onto the rental market, they will benefit from this policy. If they do what we consider is the wrong thing and put tenants out, I expect we will hear about it. People will ring my office saying, 'I was under the understanding I had a long-term rental, but my landlord was getting an incentive payment out of it and I have been put on my way.' You can go through the rental agency or what I think is called the tenancy union and let them know. They tell you what your rights are as a tenant.

Mrs Hiscutt - Yes.

Ms RATTRAY - They do, so they will know what the rules are if you have a rental tenancy agreement. I suggest nobody in this day and age would go into a rental property without a proper rental agreement in place. You would not do it. It is there to protect the owner and the tenant. We have the State Revenue Office which does an excellent job. I have had dealings with it; I know how studious its officers are with the roles they undertake. They know that in Tasmania; everybody knows everything about everyone. It is the nature of living in small place.

I will put my amendment forward. I ask my colleagues here to reconsider if they already have a position, which I believe they do. This amendment will be well received in the wider Tasmanian community. I would not put it forward if I did not think it had any merit. The \$300 000 it is expected to cost is not a huge amount in the budget, in the scheme of things. We will talk about the millions and billions next week. I would like to see that initiative being rolled out across the state.

The extension to the First Home Owner Grant - people appreciate the \$20 000 they receive when they build a home. I have seen it in my own family. It is significant to build a home these days. I know a few of us have. It will knock your socks off, I can tell you that. It cuts the shoe-buying down considerably.

Mr Valentine - I find that hard to believe.

Ms RATTRAY - It happened, a whole 12 months and I might have bought one pair of shoes while I was building my house. It is serious business.

Mr PRESIDENT - You are sponsored by now, though?

Ms RATTRAY - No, that does not happen. I am careful not to do any of those things because I would have to declare it in that disclosure of interest. You have almost have to write down what time you go to bed these days.

The foreign investor duty surcharge - I have the utmost respect for our New Zealand cousins but I do not understand why they are exempt from this. Is it reciprocal? I do not know whether they have that policy but are we treated so well and fairly in New Zealand if we want to go there? I do not think you can buy anything in New Zealand.

Mr Willie - There are a lot of reciprocal things, such as not needing passport if you go there.

Ms RATTRAY - You do not have to pay the \$90 to exit any more. You had to pay \$90 to leave New Zealand in previous years, but they have taken that away.

Mrs Hiscutt - I am told it is a federal law and it applies to special visa holders who are New Zealanders. It is a federal thing and that is the way it is.

Ms RATTRAY - For quite some time New Zealanders in the agriculture sector have come to Tasmania to buy farms because it is almost impossible for them to buy agricultural land in New Zealand.

It is a federal law and we cannot change it, but I find it difficult to comprehend that a Chinese investor can incur this duty surcharge - and I do not have any issue with it. It is a reasonable policy given what we see with some of the very large properties around the state. I cited the Rushy Lagoon property recently. I believe its sale to a Chinese consortium is currently proceeding and the present owner is a New Zealander. I do not have the full details. We cannot change it.

Mrs Hiscutt - All we can do is note your concerns.

Ms RATTRAY - Yes. A level playing field is always a reasonable approach.

There has always been some commentary in this place on whether the 50 per cent duty concession to eligible first homebuyers inflates house prices. There are some very qualified opinions on that. It continues to be enquired about through my office; I do not know if other members receive queries as well. They are often from parents looking for some help to help their children in buying a house.

Ms Forrest - Getting them a house as opposed to helping them out financially?

Ms RATTRAY - Both. The 50 per cent duty concession is not a bad incentive. As for inflating the price, I am not an expert. I do not know whether real estate sellers look at that and suggest to a vendor to put an extra \$20 000 on it or put an extra \$7000 because they will get this incentive. I do know that any relief of the duties would be good as they are on top of the purchase price and the financial institution establishment fee and then the ongoing monthly fee, and the interest rates are low but they can only go one way and that is up, some time. I do not think we are going to see these very low rates forever. I remember buying -

Ms Forrest - Wouldn't it be better to get rid of stamp duties altogether?

Ms RATTRAY - We were going to do that a long time ago.

Ms Forrest - No, it was not one of them. It was not one of the deals with the GST. It is inefficient and unfair.

Ms RATTRAY - If that tax review had ever been completed, members of this House might have had a report and we might have had something to -

Ms Forrest - The current Treasurer was the one who pulled the pin along with the former treasurer.

Ms RATTRAY - Two treasurers met and it just did not work out.

As for the last measure, the 50 per cent duty concession to eligible pensioners to downsize their homes, again, it is a case of watch and see. We do not know how much of an incentive that will be to people. Usually, selling the family home and downsizing is a big deal for most people, particularly if they have been in that family home for a long time. Whether that gets them into a residential home care situation like wonderful Northbourne Park in the north-east or Glenara Lakes at Youngtown, it is often a family decision and everyone makes it together. We should be pleased if it frees up some opportunity for people to purchase a family home and is a reasonable outcome. I ask members to carefully consider their support for my proposed amendment. That would be worthwhile government policy because it could well have more far-reaching effects than the Greater Hobart area. I support the bill.

Mr Valentine - What is the rental vacancy rate on the east coast? In Hobart it was down as low as 0.3 per cent.

Ms RATTRAY - The Treasurer quoted about 2 per cent this morning. In Greater Hobart it is one point something. In Bridport and Derby, it is 0 per cent. Obviously, a lot of places elsewhere perhaps have some opportunity -

Mrs Hiscutt - Hobart has 1.4 per cent, Launceston 2 per cent and it is 3 per cent on the north-west coast. I do not know what it is for Derby.

Ms RATTRAY - There are a number of places in between those three areas. I do not know anyone from my area or anyone who actually went to the Housing Summit. With all due respect, nobody asked me what I thought. This is the only opportunity I have had to have input into the outcomes of the Housing Summit. You cannot invite everyone to be represented, however much of a broader voice was heard at the Housing Summit to come up with this Greater Hobart initiative.

[12.27 a.m.]

Mr WILLIE (Elwick) - Mr President, I thank members for their contributions. The member for Murchison was very comprehensive in her contribution -

Ms Rattray - Mine was pretty comprehensive

Mr WILLIE - It was and I will listen to your arguments when your amendment is before us.

Tinkering around the edges is a true statement when it comes to this bill. How effective will many of the measures be? Seven of the measures are election commitments contained in the Liberal Party's policy documents; these are supposed to help seniors, create more jobs in regional Tasmania and payroll tax cuts to boost jobs. How much research has the Liberal Party and the Government done looking at the motivations? Talk to tradies, who say putting in an apprentice incentive is not enough. It is a bonus for their back pockets, but a number of other factors to a decision go into putting on an apprentice.

How much research has been done into motivations? In the briefing I questioned motivations around downsizing backed by research. The Australian Housing Institute says that things such as lifestyle preference, inability to maintain a house's garden, children leaving home, retirement itself, relationship breakdown and death of a partner all come before financial gain. If people have other motivations and are going to do it anyway, it is just a bonus in their back pocket. How effective

are they as incentives is the question. I will be interested to hear the Leader of Government Business in this place rebuttal of the argument.

The Labor Party supported the bill in the lower House. I will have a number of questions that will highlight that some measures will be probably better than others.

On the reduced rate of payroll tax, the current rate is 6.1 per cent and it is going to be reduced to 4 per cent as stated in the second reading speech. We are in good economic times. Yesterday I said that when in government we had the Global Financial Crisis and a high Australian trading dollar at US110 cents - the Australian economy relies on its exports. Those were difficult and challenging times for a Tasmanian government to manage its way through. This Government is very much a 'minding the store' government. I ask: can members point to any economic reforms? I know the Treasurer was asked that question in the other place and he could not. He said, 'majority government balancing the budget', and that is not an economic reform.

Mr Dean - That is your take on it.

Mr WILLIE - You tell me of an economic reform if you want to defend the Government.

Mr Dean - I am not defending the Government, but I am aware of many economic reforms. I will bring them all your way if I can.

Mr WILLIE - There is not one that comes to mind and that is the point.

Mr Dean - More economic turnover and more employment - it has helped with that, hasn't it?

Mr WILLIE - It is not an economic reform. That is managing government. You cannot name one - that is my point. I often have this conversation with rusted-on Liberal voters. When they seek me out in the street and want to give me an earbashing, I say, 'Tell me of an economic reform they have presided over?'

Mr Armstrong - The forest industry.

Mr WILLIE - What is the economic reform in the forest industry?

Mr Armstrong - They have done a lot of work. They took it away from the previous government.

Mr WILLIE - You are highlighting my point because you cannot name an economic reform the Government had presided over. We are in good economic times - why is the Treasurer not brave enough to start a conversation around tax reform?

Mrs Hiscutt - I will take that as a question.

Mr WILLIE - Good economic times.

Mrs Hiscutt - I can't answer that here, and you don't expect me to answer that there.

Mr WILLIE - No, I am making the point. We are in good economic times, why is the Treasurer not brave enough to start a conversation around tax reform?

Mrs Hiscutt - Put the question to him.

Mr WILLIE - We are tinkering around the edges with payroll tax.

Mr Dean - I do not recall too many reforms in your 16 years in this place.

Mr WILLIE - Seven-day trading, and water and sewerage reform. At least I can name some. The member for Windermere cannot and is trying to defend the Government.

If I can move to the payroll tax exemption for businesses that migrate to regional Tasmania, is it enough of an incentive for those businesses to move to Tasmania? The Government says it wants to spread jobs growth. As the member for Elwick, I question how this is to be done, if they believe in this measure, across the state. The Treasurer was keen to point out that jobs growth in the south has been strong. The 'Greater Hobart area' was the term used and that is defined as Kingborough, Hobart, Glenorchy and Clarence. If you separate out Glenorchy, we had a 9.06 per cent unemployment rate in the last December quarter. Launceston has a 7.44 per cent unemployment rate, so a lower unemployment rate, yet Glenorchy is being separated out in this measure. You can compare Glenorchy's unemployment rate of 9.06 per cent to Greater Hobart, which is 5.62 per cent.

Mrs Hiscutt - Youth unemployment is just under 12 per cent.

Mr WILLIE - You are talking about youth unemployment. That is not comparing apples with apples, it is apples with oranges. If you compare Glenorchy's unemployment rate of 9.06 per cent to Tasmania, it is 5.8 per cent. As the member of Elwick, I question why Glenorchy has been separated out of this measure if the Government believes it is going to make a difference, and if the Government believes it is going to create 650 jobs. Leader, why is my community missing out on that?

Moving on to the extension to payroll tax scheme. How many people were supported under the previous scheme? Has that been evaluated by the Government? I am expecting a significant number for it to continue. The Government has decided to target specific industries, such as construction, tourism, hospitality and manufacturing. My questions to the Government are: What about other growth industries, such as aged care? What about the disability sector, with the National Disability Insurance Scheme - NDIS - rollout nearly halfway through? The Government stated in the past and the current disability minister has said that there will be 2000 more jobs in the disability sector - why has it been narrowed down to those industries? Why not other growth industries?

The three-year land tax exemption for newly built rental properties is one of the better measures in the package. It may help with supply. It will definitely help with jobs in the construction industry. It says they need to be rented out under a long-term lease. The Government is defining a long-term lease as 12 months. That is not a long-term lease and it is not considered a long-term lease, globally. That is a short-term lease.

Mr Dean - When they say long-term, they might be comparing that with the B&B situation.

Mr WILLIE - You do not sign a lease with Airbnb. It is not a lease.

Mr Dean - No, for a day or two days.

Mr WILLIE - It is a payment for accommodation. It is not a lease.

Mrs Hiscutt - It was a policy decision. It is a question you need to put directly to the Treasurer. We thought we would try it to see how it worked. Hopefully it will work a little bit, but your question is, why? Well, that is the decision the Government made.

Mr WILLIE - Yes. You have missed an opportunity. You have a three-year land tax exemption for newly built properties. Security of tenure is a huge issue in the private rental market. There are vulnerable cohorts, particularly the over-55s and women, who really struggle in the private rental market. This was an opportunity to say that if you sign up to a three-year lease we will give you a land tax holiday. It is a win-win for everyone - the landlord and the tenant, who has some security of tenure and a bit of stability in their lives. We know housing instability can also spill into other areas of government, whether it be the health system through mental health - I often have constituents come into my office who are extremely worried about their tenancy arrangement. They are worried they are going to be kicked out at the end of their lease -

Mr Dean - Twelve months is not very long.

Mr WILLIE - It is not. I am saying this is a missed opportunity. They could have offered three-year leases and it would have been a win-win for everyone. A 12-month lease is not a long-term lease and it should not be stated to be a long-term lease.

We have the one-year land tax exemption for newly rented former short-stay properties. In the briefing it was stated that the land tax average for the Hobart area is \$1100. It is not a great incentive to convert your property back into a rental property if it is on the short-stay market in Hobart, where it is extremely lucrative. They attract up to three times the revenue, and this is according to the Real Estate Institute. I heard Tony Collidge talking on the radio one day. Up to three times the revenue can be generated by a short-stay accommodation property. He listed a few examples while he was on the radio.

In the scheme of things, \$1100 is not going to have an impact. That said, we are happy to let that one go through. I question the effectiveness of this. I question how it will be policed. Is it self-reporting? If you are a landlord and you convert your short-stay accommodation into a private rental, you have a 12-month lease in place and the tenant decides to leave or for some other reason the lease is broken, is it a self-reporting mechanism? Do you have to do yourself in and say you do not have a tenant in there any longer and you have this on short-stay again? I seriously question that. That is the problem with potentially extending this outside Hobart, particularly in holiday areas. I will get to that in a minute.

Much of this is self-policing, too. I question how you are going to make sure that the eligibility requirements are maintained and that taxpayers' dollars are being acquitted in a responsible way. It is forgone revenue in many instances.

On the extension of the First Home Owner Grant, if you are going to have a first home owner grant on new builds, it is probably the most effective and the most sensible way to do it. As the member for Murchison said, it is not only about housing. There is an economic factor to this. It can create jobs in the construction industry, and it is generally the motivation of governments to have that in place, as we saw after the GFC. Previous governments introduced first home owner grants on new builds to stimulate the economy. I think that was the real reason. The letter was very quick to talk about housing supply and the impact on the housing sector, but if we are honest about it, that is where it will have the most impact.

On the foreign investor duty surcharge, again there are some policing issues. How will the indirect acquisition of land be policed? How will the Government monitor that? I asked this in the briefing and I would like it on the record. How many properties were sold to foreign investors last year? Could I have that in a breakdown of residential and primary production properties? If I could have it for the financial year before as well, that would be good because we might be able to see whether there has been any growth and the reason for this decision. I am interested in the Government's motivations.

Mrs Hiscutt - Do you want to wait until the summing up or do you want it now?

Mr WILLIE - You have it for the current year but not the previous one? That is interesting.

Mrs Hiscutt - We only started collecting it on 1 July 2017, so there is nothing from further back.

Mr WILLIE - We have one year of data but we are introducing a new tax. How do we track the growth of that? I seriously question the motivation behind this when we have only one year's data, Leader of the Government.

Mrs Hiscutt - It is a policy.

Ms Forrest - It should have appeared as a policy change in the policy and parameter statement, not as a parameter change.

Mrs Hiscutt - You can talk to the Treasurer in Estimates.

Mr WILLIE - The member for Murchison is very sceptical about the 50 per cent in duty concession to eligible first home owner buyers. The Labor Party will support this measure because it will be reviewed after 12 months. We are happy to let this one go, given there is a 12-month review. That said, I have found that real estate agents and other people selling their houses know the rules quite well.

Ms Forrest - A real estate agent's job is to maximise return for the vendor, not the purchaser.

Mr WILLIE - When we are talking about housing, social housing and housing supply, it is always important to take it with a grain of salt when you hear about solutions from industries that profit from the housing sector. That is their background and that is fair enough; that can be good for the economy. It is about managing that growth in a sustainable way and not having a huge social cost - that is the issue. Whenever we are hearing contributions to the housing debate, people who profit from the housing sector are coming from that background.

To the 50 per cent duty concessions to eligible pensioners who downsize their home, on a home of up to \$400 000 there will be a saving of \$7000, and that is 50 per cent of \$14 000. We were given some costings for this element of the package in the briefing. The costing is \$2 million and it is expected 400 households will choose to downsize. What protections are there for people who downsize and the sale of their property then becomes part of the asset test for their pension? Are there risks to people's financial security into the long term? There are some federal incentives such as moving some money into superannuation. My caution to anybody thinking about downsizing your property is: please get advice.

Mrs Hiscutt - It was a policy decision and those people, with or without this policy, would still have to consider those things when they sell their home and move anywhere. It does not matter whether this is in place or not, they still have to consider these things when they have a pension and how it will affect them.

Mr WILLIE - Yes. The point is a vulnerable person who has seen your policy and gone 'Great, I am going to maybe do that' may not understand the complications or the unintended consequences.

Mrs Hiscutt - That is there with or without this policy.

Mr WILLIE - That is a good point. Much of this package is appealing to the electorate. Clearly the Liberal Party was keen to state these policies in the campaign because they sound appealing. However, when you delve further, there are questions around whether they will be effective, whether the incentives are enough and whether other motivations cause these decisions. It was good politics from the Liberal Party to talk about these in the campaign, but how effective they will be is another question. I have serious concerns about how effective they will be.

There are other factors for people choosing to downsize. This policy is really a taxpayer bonus for anyone considering downsizing for lifestyle preference, inability to maintain a house or garden, children leaving home, retirement of self or partner, relationship breakdown or death of a partner. For any of those factors that outweigh financial gain, this is a taxpayer bonus to people making those decisions. Again, it sounds good to the electorate. How effective is it as an incentive? The Government needs to answer these questions.

I have shredded a lot of this in my commentary as in being negative. The Labor Party supported it downstairs but it is tinkering at the edges. We are not going to stand in the way of this bill, but a number of questions need to be answered by the Government.

[12.48 p.m.]

Mr DEAN (Windermere) - Mr President, I had a discussion with a real estate agent about available properties and rental properties and what this bill is about. This real estate agent has been in the business for 15 years. They are local to Hobart and said it should not be forgotten that the Residential Tenancy Act itself has been a cause of some of the problems we are now confronting with available rental properties. Some landlords say it is now too hard in this market. They are getting fed up with the property requirements and maintenance they have to do to their properties, the fire alarms and everything else. I am in that market and understand the problems landlords confront. There are other things: the criteria they must meet, their rights in relation to moving bad tenants on, recovery of rent, damage, visitation arrangements, and the list goes on. I understand a number of people are looking at more changes to the Residential Tenancy Act. It is not surprising that many people want to move out of that market. As this real estate agent said, many of them are looking at B&Bs or other ways of getting an income from that property. He said in many instances they are selling and those properties become permanent residences for other people.

Ms Forrest - That is not a bad thing.

Mr DEAN - It is a bad thing inasmuch as we are looking at rentable properties for people who are supposedly homeless and looking for affordable properties. From that point of view, it is a bad thing. That is that real estate agent's position, which he asked me to put forward, which I have done. In my view, this should not be overlooked.

The bill is quite a good bill. I am not saying it will satisfy all concerns, but it gives some relief in a number of areas. There may be some issues with it. We are told there will be a review of most of these things in 12 months. We were told this morning that if things are not working, they will go back to the drawing board, look at those issues and make changes if necessary. There is nothing wrong with that. This is an attempt to make things better, which is what people want. All these things were strongly referred to by the Liberal Party at the election. None of it is really news.

I am not saying it is the be-all and end-all. I am saying it is a start. Depending on how it goes in Committee, I will support the bill.

[12.52 p.m.]

Ms ARMITAGE (Launceston) Mr President, first I thank the Leader for the information that has been provided and the briefing. They were very good. I will be supporting the legislation. The extra information, particularly these sheets, cleared up many of the issues and made it easier.

Ms Rattray - It saved making notes.

Ms ARMITAGE - I still made a few notes, but it certainly did make it a lot easier.

Ms Rattray - It was a big bill.

Ms ARMITAGE - It certainly is appreciated. Many of the areas have been covered so I will not go into too much depth but will look only at some of them.

Reducing the payroll tax for wages between \$1.25 million and \$2 million certainly will help some businesses, providing a three-year payroll tax exemption for wages paid by businesses to their employees in regional Tasmania. With business relocations to Tasmania, Leader, would it be considered more likely for a business to relocate from an area such as Hobart to a regional area? That is not listed at the moment, but it is probably a more likely scenario.

Mrs Hiscutt - Is this a suggestion? It is a suggestion to relocate from the mainland.

Ms ARMITAGE - I appreciate that, but I am not sure that a three-year payroll tax exemption is a sufficient incentive for a business to relocate from the mainland. It certainly might be for a business to relocate to a regional area within Tasmania.

Mr Dean - A go-ahead one like Launceston?

Ms ARMITAGE - Well, I was thinking that Launceston is classed as regional, or even the north-west -

Mr Valentine - Trying to cut us out by stealth, I can see that.

Ms ARMITAGE - Or even the north-west coast, or any of those areas that seem to have higher unemployment. That might be more of an incentive to those businesses as opposed to someone coming from the mainland.

Looking at some of the others: I have a question on providing a three-year land tax exemption for all newly built housing made available for long-term rental. If there are many blocks and a spec builder builds a house purchased by someone who is going to make it available for long-term rental,

do they still receive the three-year land tax exemption even though they did not build the house? Do you have to have built it to receive that? Can you purchase it from a spec builder, make it available for long-term rental and still receive the three year land tax exemption?

Mrs Hiscutt - I am trying to understand your question. For example, if you bought a house, a spec home -

Ms ARMITAGE - For example: I did not build the house, I bought it from a builder and I am going to make it available for long-term rental. Is it purely for people who build a house to make it available long term or can it also be for someone who purchases the house from a spec builder? It is not clear but I wondered about that.

There is a one-year land tax exemption for short-stay accommodation. I agree with the member for McIntyre and I will be supporting her amendment. I do not like discrimination and I believe that discriminates against other regional areas that have problems as well. I will be supporting that we change the term 'Greater Hobart area' to 'Tasmania'.

In extending the First Home Owner Grant of \$20 000 - I appreciate that for first home owners of new homes, this is an extra incentive. It helps other industries, particularly the building industry, so I do not have a problem with that. I noticed it provides for a 50 per cent stamp duty concession to first homebuyers of established homes. I understand some members do not agree with that. That is their option. Having been in the industry and having dealt with real people, I think that is the difference. I am not looking at the figures that economists may have come up with, or listening to different groups who may have said this affects things in different ways - I have been on the ground dealing with real couples, real people, who had not had a first home and who wanted to buy their first home because they were in the rental market on a treadmill they could not step off.

I know from my own experience that when they were given \$5000 or \$7000, it was more a grant than a stamp duty. It enabled them to have a deposit. There was one lady who worked at one of the banks who would deal with that, and she was absolutely marvellous at working it out. That money helped people with their deposit and helped them get off that rental market treadmill and into home ownership.

Mr Willie - Banks want to see a savings history so I do not think the First Home Owner Grant can be counted as a deposit. You have to demonstrate a savings history as well.

Ms ARMITAGE - I can assure you it was counted as a deposit. I do not know about their savings history. On many occasions, I sold homes to young first home owners. In this example, this lady was the person who organised the money that came through for them and that became their deposit. They may have had some other funding. I do not know how it worked but it really assisted them and put them into their first home.

In other ways, and some people do not agree with this, it also frees up the houses they were renting. We have a shortage of rentals, so if we can assist people get into home ownership there are benefits all round. Some people say it inflates the price. I have never had a vendor come to me and say, 'Gosh, there is a home ownership grant out there, I think I will put the price of my house up by \$10 000'. Never. People always ask more than they think they can get and they will always try to get as much as they can, regardless of whether there is a grant. It is ludicrous to me. I have read the different economic opinions. I see where they are coming from, but having been on the

ground and having sold houses, I have never seen it happen. I have seen a lot of people get into a home because of a home ownership grant, and I think that is absolutely wonderful.

I commend the Government for doing something for first homebuyers. I have said in the past that I believe they have been discriminated against. I appreciate first home builders receive more, but there is also more flow-on to other industries. I am pleased to see that even though it is 50 per cent, around or up to \$7000, it will help a lot of people. I would rather help people on the ground, the real people, rather than look at figures and say, 'Gosh, the Government could put that into something else.

Sitting suspended from 1 p.m. to 2.30 p.m.

QUESTIONS

School Bus Services - Seatbelts and Bus Age

Ms FORREST question to LEADER of the GOVERNMENT in the LEGISLATIVE COUNCIL, Mrs HISCUTT

[2.31 p.m.]

Regarding passenger transport services that transport children to and from schools, broken down by locality - for example, north-west coast, west coast, east coast, south-east and so on - and urban, for example, Launceston, Hobart and so on -

- (1) How many schools utilise contract school bus services?
- (2) How many schools utilise Metro Tasmania bus services?
- (3) How many contracted bus services provide buses fitted with seatbelts?
- (4) How many of the Metro buses providing transport for school children are fitted with seatbelts?
- (5) Of those that do not provide buses with seatbelts, which schools do they service?
- (6) Of the buses without seatbelts, what is the breakdown of the age of these buses?
- (7) What incentives are in place or being considered to encourage contractors to upgrade their bus fleet to include buses fitted with seatbelts?

ANSWER

Mr President, I thank the member for Murchison for her questions; I think we have answers to nearly all of them. Before responding to the member's specific questions, I advise that as Jeremy Rockliff is now both the Minister for Education and Training and the Minister for Infrastructure, he has asked the secretaries of the departments of Education and State Growth to work collaboratively on current seatbelt and standing passenger standards as they apply to school transport.

In addition, they will consider how the Government can build on existing public education efforts to promote safe road behaviour around buses, noting that incident history and crash statistics clearly show that the risk of injury is greatest prior to boarding and after alighting from the school bus. Now to the member's specific questions -

- (1) 211.
- (2) 98.
- (3) School bus operators are not currently required to have buses fitted with seatbelts, except in the case of small buses with an adult seating capacity of between 18 and 25. Therefore, the Department of State Growth does not collect this information.
- (4) None. Metro Tasmania buses meet contractual, regulatory and legislative standards. Metro operates large and extra-large buses. These buses are rated for both seated and standing capacity. Buses are rated for standing capacity where they meet minimum dimensions and have appropriate handholds. A bus rated for standing capacity is exempted from the requirement to be fitted with seatbelts.
- (5) Most school bus services servicing the majority of schools do not have seatbelts.
- (6) Information about which buses do and do not have seatbelts is not collected. In regard to the breakdown in age, there are 492 buses in the general access and school bus fleet, including buses used by Metro and Merseylink in the Hobart, Launceston, Devonport and Burnie urban areas. The oldest vehicle in the fleet is 31 years. As at 5 June 2018, the average age of the fleet, excluding urban buses, is 14.9 years and the average of school buses is 16 years. The Government is actively working to reduce the age of the bus fleet across the state, and one example is our contract to build 100 new Metro buses that we announced in 2017. Some of that will be happening in the member for Murchison's electorate -

Ms Forrest - Not to pick up schoolkids. No.

Mrs HISCUTT - This is a start to get them there.

- (7) Bus operators are not required to have buses fitted with seatbelts, except in the case of small buses with an adult seating capacity of between 18 and 25. The contracts for rural school buses require that all small buses introduced to a service must be equipped with seatbelts. This is not a regularity requirement, but arises from a contractual decision. I said earlier, Mr Rockliff is both the Minister for Education and Training and the Minister for Infrastructure, and he has asked the secretaries of the departments of Education and State Growth to work collaboratively on this.

The Liberal Government takes school bus travel seriously and continues to focus its efforts on increasing safety awareness as students embark and disembark buses. 'Back to School' is an ongoing public education program to promote safe road behaviour around buses and the school environment.

Through the contract payment system introduced in 2008 the Department of State Growth has taken positive steps to ensure the Tasmania's bus fleet is progressively updated. This has seen

the replacement of many older, smaller buses with new models as well as the progressive introduction of modern, larger buses.

School Bus Services - Seatbelts and Bus Age

Ms FORREST - Mr President, I have a supplementary question for the Leader. While she answered most of my questions, I did ask for a breakdown by locality in terms of the number of schools in areas that provide contract school buses. I believe there is more in the regional areas than in the cities because Metro buses provide -

Mrs Hiscutt - For ease of paperwork, would the member mind providing me with that?

Ms FORREST - Same question, no different. I will pass the whole thing straight over.

School Bus Services - Seatbelts and Bus Age

Ms FORREST question to LEADER of the GOVERNMENT in the LEGISLATIVE COUNCIL, Mrs HISCUTT

[2.37 p.m.]

- (1) Regarding passenger transport service to transport children to and from schools, while the school buses are not fitted with seatbelts - I understand that none probably are except for the small ones -
 - (a) Have any children suffered any injuries, minor or major, as a result of falling off a seat or being required to stand in the aisle?
 - (b) If any injuries have occurred -
 - (i) what actions were taken to assist the child, and
 - (ii) what actions have been taken to prevent the recurrence of injury?
- (2) How many buses transporting children to and from school are carrying more children or passengers than they are licensed to carry, as described in regulation 20, schedule 1, operational capacity of the Passenger Transport Service Regulations 2013?
 - (a) How many passengers over the regulated capacity are they operating - the maximum and minimal number over?
 - (b) Which schools do these buses service?
- (3) What action is being taken to address this, acknowledging bus drivers avoid leaving children at the side of the road if numbers are exceeded for child safety reasons?

ANSWER

Mr President, I thank the member for Murchison for her questions. The precursor again is that before responding to the specific questions, I can advise that Jeremy Rockliff as the Minister for

Education and Training and as the Minister for Infrastructure has asked the secretaries of those departments to work collaboratively on current seatbelt and standing passenger standards that apply to school transport. In addition, they will consider how the Government can build on existing public education efforts to promote safe road behaviour around buses, noting as I did before that the incident history and crash statistics clearly show the risk of injury is greater prior to boarding and after alighting from school buses.

- (1) The Department of State Growth has no records of any children suffering injuries as a result of falling off a seat or being required to stand in an aisle.
- (2) While a number of services across the state operate close to capacity and utilise the three for two seating rule or standees, State Growth is not aware of any service which exceeds its operational capacity.
- (3) State Growth works closely with bus operators when advised by the operator or the public that the service is close to exceeding capacity. This will typically involve detailed passenger number reports being requested from the operator, including information about the number of students boarding and disembarking at each bus stop. State Growth also regularly receives requests from operators to assign different buses to particular contracts to better cater for capacity. Many of these requests are typically received at the beginning of the school year, as any changes in enrolment patterns become apparent.

TAXATION RELATED LEGISLATION (HOUSING AVAILABILITY AND PAYROLL RELIEF) BILL 2018 (No. 18)

Second Reading

Resumed from above.

[2.41 p.m.]

Ms ARMITAGE (Launceston) - Mr President, earlier I was speaking about the stamp duty concession to first home buyers of established homes. While not wishing to labour the point, I thank the Government for this incentive for first home buyers. I appreciate that some economic commentators do not believe this is in the best interests of the Government in saving money or the best way to spend taxpayer money. Many of the incentives in this bill are not there for that reason. They are there to encourage businesses to relocate to Tasmania, to encourage businesses to take on apprentices, to help the building industry and to help the rental market. I see this as being along those lines. I disagree with the views of some of our economists and others in some instances. Having dealt with first home buyers, and all people are equal, why should some people -

Mr Dean - They love figures and play around with figures all the time; that is all it is.

Ms ARMITAGE - People can play around with figures, but I would rather not discriminate against anyone. Someone who cannot afford to build a new home and can only afford to buy an older home is equally as important as somebody who can build a new home, or a business that receives a tax incentive.

I thank the Government. While some people may consider this a waste of money or that the money could be spent better somewhere else, I see it as money well spent if it is helping a couple,

whether young or old, get into their first home. If they had been renting in the past and that house is available for someone else to rent, that is a good point when we have a shortage of rental properties. I hope the Government continues it past the 12 months.

I have not covered a couple of other issues relating to apprentices. It is a good move to extend the payroll tax rebate scheme relating to apprentices and trainees. We all know of the skill shortage and it would be good if we could encourage more people to get into apprenticeships and traineeships. Not everyone is cut out for university. I have two sons who are in trades - without tradesmen, where are we? Having been married to a tradesman in the past and not being married to a tradesman now, I notice the difference in having to pay for things to be done when it used to be free.

Mr Dean - I like to hear a good, positive approach.

Ms ARMITAGE - It is a positive approach. Fortunately, I have a good relationship with the ex-husband, but now he charges me. You appreciate a good tradesman and encouraging people into trades is worthwhile.

Short-stay accommodation - we have an inquiry on foot and we will look at that much more closely as the year goes on.

Leader, I see these as good moves, they do not discriminate and they are helping a wide range of people. I will be supporting the bill.

[2.44 p.m.]

Mr FARRELL (Derwent) - Mr President, the member for Elwick gave an adequate assessment of the Labor Party's feelings on this bill. In the second reading speech, the Leader said -

To manage the increasing demand of foreign investors in Tasmanian property and to assist local buyers to remain competitive in the housing market, this Government is introducing an additional duty on foreign acquisitions of residential and primary production land in Tasmania.

When asked about his source for the one year of data, the Treasurer stated in the other place -

The State Revenue Office. From 1 July 2017 to 30 May 2018, there have been 480 properties purchased by foreign persons. There are 451 residential properties, 87 purchases of vacant residential land, 364 non-vacant residential properties, 19 rural properties and 10 other properties.

That is during the period of one year. Leader, how can the Government state it is increasing when the data was collected only over a one-year period?

[2.46 p.m.]

Mr ARMSTRONG (Huon) - Mr President, I support this bill. We need to support industry so it is able to grow its business, and reducing payroll tax is a good start. Payroll tax has always been a thorn in the side of business. This legislation will give business a reduction in payroll tax from 6.1 per cent to 4 per cent. That could give business a tax relief of more than \$15 000 per annum. This has to be good for business and give it the ability to increase employment, possibly of apprentices or trainees, or to expand their business.

Another positive is the extension of the First Home Owner Grant. I know families who received this in the past. It was possibly the difference in them purchasing a home at the time or having to wait to save more money. I had my time in real estate and witnessed buyers who were dependent on the First Home Owner Grant. The member for Launceston is right - it helped people to get into their own homes sooner. Different first home buyer grants have operated over the years and have helped many families purchase their first home. I know of many in my electorate, and friends of mine would not have been able to get into their home for 12 months or longer had those grants not been available. During my time in real estate I did not see any inflation of prices because of those grants.

As the Leader said in her second reading speech, six of the nine measures in this bill are to improve access to housing. This is a positive move. We have people moving to this state for different reasons. Some may be cashed-up retirees who have sold up on the mainland and others are professionals. I witnessed this particularly in the aquaculture industry. Then we have the young families who have moved here for employment and lifestyle.

The bill supports pensioners wanting to downsize. This is brilliant legislation. I know of couples in my area who currently want to downsize and stamp duty is a real worry for them. If they sell their properties, it will free up the bigger homes for the family people we are talking about.

Other members have comprehensively covered this bill. It will be good for businesses and families in Tasmania.

[2.50 p.m.]

Mr VALENTINE (Hobart) - Mr President, I broadly support the bill. We would be complaining if the Government were not doing anything. At least it is having a go. The question is whether this is the most effective way to go. No-one could ignore the problems and issues in the various areas this bill is trying to address.

If we look at payroll tax relief, we are talking about an amount of something in the order of \$15 000 or more. What guarantee is there that businesses will employ more staff? That is always an issue. I do not see a downside other than revenue being lost without a possible corresponding growth in business. Is there going to be any attempt to measure its success and whether this initiative has worked? You can put initiatives in place but if you cannot measure their effects, you do not know whether they were the right thing to do.

Mr Dean - Isn't that what the later review will do? It will look at its success or otherwise.

Mr VALENTINE - It can be reviewed, but you have to have things in place to measure, even during that review, whether it has been successful. Business growth can happen as a result of many factors, but unless there is some attempt to measure the success of policy implementation such as this, we will never know whether it was the key to growth.

Mr Dean - They had no measurement of the \$60 million for the foxes, so why worry about this?

Mr VALENTINE - Sorry, what was that?

Mr Dean - I think we should move on.

Mr VALENTINE - Are you throwing out a bait?

Ms Forrest - He is talking about foxes, which are completely irrelevant.

Mr VALENTINE - Oh, I am with you. Okay. Yes, one would hope that being able to measure the success of this is not as elusive as the foxes have been, member for Windermere.

Mr Dean - There was no measurement. It did relate to what you were saying.

Mr VALENTINE - That is okay. You can have a bit of a say later, or have you already had your say?

Mr Dean - No.

Mr VALENTINE - The second part is payroll tax incentives for mainland businesses. I generally support that. It is about spreading the love and encouraging businesses to move to the regions. Have we tightened it enough to stop large corporations from creating business entities that are technically isolated and cannot be traced back to them? That is always going to be something that happens. We have clever corporations that are able to move in and take advantage of these incentives without being tracked down. I am sure Treasury has thought it through reasonably well. I hope it has closed off most of the loopholes or opportunities to subvert this. We will have to wait to see how that goes. It should be easy enough to track the number of businesses coming into the state as a result of this and it could be reasonably easily measured. I support that.

The apprentice and trainee payroll tax rebate scheme is a critical need for tradespeople. We need tradespeople to stimulate the economy. It lifts the demand for trained tradespeople. The difficulty arises when businesses are stimulated as a result of major projects, which can leave them with a problem when those projects are completed. I suppose they have that problem all the time. It is a bittersweet thing - how they manage their staffing. If we can somehow concentrate on the long-term jobs as opposed to the fits and starts of project demand, we could improve the state's economy in the long term, which is good. There are on-again, off-again cycles and long-term jobs are more desirable. A classic example of this is Incat. If you look at Incat's employment over the years, that demand is so important for them to keep that huge number of staff, the 500 or 600 people they have had from time to time.

Mr Willie - It would be 500 or 600.

Mr VALENTINE - They need those orders coming in for them to keep those people gainfully employed. Handling the workload must give them a headache sometimes. It must be an HR nightmare. I do not envy them that particular task.

Looking at the three-year land tax exemption for the newly built housing made available for long-term rentals with a median price of about \$400 000, land tax exemption could give you something in the vicinity of \$750 to \$1100 depending on where you are in the state. The Government limits this to new homes because of the finances it has available to dedicate to it. It has to draw the line somewhere but whether it is enough of a rebate to cause a change in direction remains to be seen. There should be easy ways to measure its success, but my big question is: how do you police it? It is all very well to have the system in place and to offer the exemption for houses being made available for long-term rentals, but you somehow have to police it and make sure they are not signing up, and then turning around and telling people they have changed their minds and

are moving to Airbnb because it is more lucrative. What will Treasury or the State Revenue Office do to ensure these long-term rentals stay that way for the period?

Mrs Hiscutt - The answer would be as simple as other laws - the State Revenue Office has the power over policing. There are always some that slip through, but it does a good job of policing what is has to.

Mr VALENTINE - Is it going to scan the Airbnbs and Stayz of this world to find out whether -

Mrs Hiscutt - Do you want its actual processes?

Mr VALENTINE - No, I am asking how they will to do it. How will they know whether Mr Dean, for example, who signed up for this and receives his rebate, has suddenly decided he is going to kick the tenants out and go for Airbnb and Stayz?

Mr Dean - It is a good point.

Mr VALENTINE - How does the State Revenue Office find out? There might be a simple answer to that. If the Leader has an answer, I would like to hear it in her response.

Mr Dean - It could be a part of the contract. It is a position they sign into, to take that rebate and do what they said they are going to do. It might be there. I do not know. If it changes -

Mr VALENTINE - Is there a law that says there is a penalty if you do that?

Mr Dean - You would think there would be.

Mr VALENTINE - It is a question I would ask.

The one-year land tax exemption - again, you are talking about \$700 to \$1100 to encourage short-stay accommodation properties to be made available for long-term rentals within the Greater Hobart area. There is definitely an acute shortage here at the moment. Who wants to move for 12 months?

I would hate to go into a property and be kicked out after 12 months because the owner had decided to turn it into a so-called long-term rental. I wonder about the one-year time frame. I wonder if it should be three. If it is three, you would have the problem of how it impacts the general revenue of the state. I agree with having a proper review of our taxation -

Ms Forrest - And the other measures, such as planning and infrastructure development - all of that.

Mr VALENTINE - All of that. No, you cannot do it in isolation. It has to be a broad look at this. Nevertheless, you are playing with people's lives and one year might not be sufficient. I am not going to stand in the way of it. These are measures to try to alleviate the present situation. Maybe in that review it will be found that this is too disruptive for people and it needs to be either longer or stopped, and other, more effective measures put in place.

It is about newly built properties only. One imagines it is the availability of dollars that limits this to new properties. The overriding issue is properties available for rental. Why not say 'any property' rather than 'only new ones' if we are really trying to make rentals more affordable in Hobart and make a greater number of them available to lift that vacancy rate so that people have a fair chance of getting a property?

To be honest, I have never been in the situation where I have had to rent a property, but it must be soul-destroying to have to go round and wait in line on a property that has 20 or 30, even 40, couples lining up wanting to get a house, and it is the first one who gets it.

Mrs Hiscutt - I know of people in Sydney who have to bid on a rental, and it goes to the highest bidder. That is fairly harsh.

Mr VALENTINE - That is wrong, too, in a way. That is very difficult. I hope we do not get to that point.

Again, is one year long enough? Policing it is the issue. Unless there is some way of checking, the \$750 to \$1100 will not be a real incentive, but the Government has chosen to go down this track and it will be measured against its successor. My plea is for three years rather than one. One year is too short for families.

The First Home Owner Grant extension will help people get into new homes and will up rentals as well, so it appears to be a double benefit - but is it as rosy as it looks? It encourages new homes to be built, which adds to the housing stock, but on the whole that could devalue it - not the property but the whole stock - if demand reduces. I appreciate there is high demand at the moment so this might work quite well, but I have always argued that the new home owner grant is a double-edged sword. When demand is lower, it may not be effective. In this case, it will free up a house that could be rented if someone is going to move into a new one, but it also might raise the value of the house to the tune of the \$20 000 grant. We have all heard those arguments.

In a sense, they cancel each other out. For individuals it will be effective because it will possibly give them some extra dollars in their pocket if the builder is kind to them and does not jack up the prices accordingly.

Mr Dean - It's like a rollercoaster - it doesn't always stay the same.

Mr VALENTINE - No, that is right. I support these measures. If the Government sat on its hands and did nothing, we would be carping at it from left, right and centre. From what I have read of the bill and considered in the short time we have had to consider it, there is a degree of merit in some parts. I will support it.

[3.04 p.m.]

Mr FINCH (Rosevears) - Mr President, I am in lockstep with the member for Hobart. Please do not read into it that our little walk at lunchtime to TMAG had anything to do with where I am going with this.

Mr Valentine - No, we did not speak about the bill, although we did share a scallop pie.

Mr FINCH - Yes, I remember. This debate has been interesting. I have not had time to do as much research into this bill because of the budget Estimates. When I get into budget Estimates, I

will blame my poor performance on the research I had to do on the Taxation Related Legislation (Housing Availability and Payroll Relief) Bill.

However, I have listened carefully to members' contributions. We play an important role in cases like this. We have people from Treasury talk to us; the Treasurer has an opportunity to hear what we have gleaned from our communities. We will send these messages back for consideration on this bill, through our observations of what is going on in the workplace, where people live, and what people are thinking and doing in our communities.

The member for Murchison, echoed by the member for Elwick and member for Hobart, mentioned the fact there should be a bigger picture regarding taxation. As the member for Windermere said, we are getting something done.

Ms Forrest - I was opposed to only one area. I made a positive comment about the rest.

Mr FINCH - That is right. There have been good contributions made in this place today that will help me take a positive attitude towards what is occurring in this legislation. I sought some advice and I want to put those observations on *Hansard*. The advice is that the bill is a step in the right direction, but the one-year exemption from land tax where a place is rented after having previously been used for short-term accommodation is short-sighted. We have heard that comment, particularly from the member for Hobart, that the one-year time frame is not long enough.

It is an unfortunate situation to be in when you are trying to secure your living accommodation - you have a one-year opportunity that could be over at the end of that year.

Ms Forrest - That is not strictly true. If you do it during the year, you still get the benefit for a year.

Mr FINCH - Yes, I am talking about the person doing the renting and the precarious position they are in. My younger son, David, is moving up to the Sunshine Coast, and he is in the circumstance of being in a queue of 20 or 30 people trying to rent property - accommodation that here you would not sneeze at, but up there you are desperate to find somewhere to live.

Paraphrasing the advice I received, I understand that rents on Airbnb properties well and truly cover the cost of land tax every year, not just one. The land tax may well be tax deductible. I have not had the chance to investigate. Where is the encouragement to convert from short-term to long-term rental? There is the issue Airbnb users do not damage properties or fall behind in rental payments -

Ms Forrest - They do.

Mr FINCH - I was going to say I hear stories. I have not witnessed it. I am helping somebody with a Stayz operation. The people have been exemplary. You are covered because renters have to pay by credit card, and have to pay a bond that they will not get back if a claim has to be made against them. The owners have the credit card details should they need to make a claim against people. People generally are very good.

Again, this goes to the member for McIntyre's amendment, why is it limited to properties in the Greater Hobart area and not statewide? I quote further -

The payroll rebate for apprentices extension should be welcomed by many.

Reduced payroll tax for business with \$1.25 and \$2 million may encourage businesses to expand, but it is necessary to consider bracket creep.

The provision relating to relocation to regional areas ... is a step in the right direction, but I cannot see many businesses jump at this with the costs of transferring a business ... In other words it looks good on paper but that is as far as it goes. There needs to be greater incentives than just 3 years exemption from payroll tax.

The first home owners scheme continuation is welcomed but with house prices today I believe the figure of \$400 000 needs to be reconsidered.

He says the foreign investment surcharge needs to be reconsidered - that is, 3 per cent and 0.5 per cent. He believes we should be giving greater consideration to our farmland than 0.5 per cent. We have seen deals done with foreign investors like Mount Cameron with Ken Fujii and Woolnorth. A higher percentage may get greater commitment from foreign investors and would provide a greater revenue for the Government, so 5 per cent across the board would be justified. Why discriminate?

He says the downsizing provision seems okay, but how many pensioners will receive the benefit and how many houses valued at \$400 000 or less will be available? If properties are readily available, why are they not being made available for long-term rentals? We continually hear there is a shortage of homes.

There are a few comments there in the closing paragraph which I will not put in *Hansard*. Suffice it to say, it says 'it does look good on paper'. I will listen during the Committee stage and contribute if I am able to do so. I support the initiative.

[2.42 p.m.]

Mrs HISCUTT (Montgomery - Leader of the Government in the Legislative Council) - Mr President, I thank all members for their contributions. A couple of common themes came through and I hope I can address them. It is a good bill. I will try to give members some of the answers they seek.

Starting with the member for Murchison, I will read the question first and then the answer.

What is the estimated outcome in the year 2017-18 for the First Home Owner Grant? The estimated outcome for the First Home Owner Grant in 2017-18 is \$12.6 million.

The next question was about the foreign investor duty surcharge: why are there different rates for residential property versus primary production property? The residential rate was chosen as being at the more competitive end of the range imposed by other states and territories. The primary production rate is a new and innovative measure. The rate reflects the generally higher value of agricultural transactions and has been set at that level to avoid any unforeseen adverse impacts on the market. It is to level the playing field for Tasmanian buyers and ensure foreign buyers pay their fair share in taxes, not to deter foreign investment. We will always review the effectiveness of our tax measures and refine them based on observed experiences.

How can the foreign investor surcharge be a parameter change in the Budget, not a policy change? This is a matter for Estimates. That was an easy answer.

The next question is a matter for Estimates. The member talked about page 65, budget paper 1 and asked us to reconcile the costs of concessions with the cost of payroll tax exemption. I am sure the Treasurer will be able to sort the member out with that one.

The member then asked why the first-year land tax exemption is narrowed to Greater Hobart only. This measure arose from the Tasmanian Housing Summit held on 15 March 2018. A number of solutions with the overarching intent of increasing the supply of social and affordable housing across Tasmania were broadly endorsed for action by the Government, Labor, the Greens and community groups. They included land releases, land release fast-track legislation, building code compliance survey, statewide planning scheme introduction, Tasmanian housing stock match, planning awareness campaign, data sharing partnerships, and rental vacancy data. The Government's commitment is to invest up to \$300 000 to provide a 100 per cent land tax exemption to property owners as an incentive to immediately list up to 500 existing properties currently used for short-stay accommodation for long-term rent in Greater Hobart. This measure is specifically targeted at rental accommodation in the greater area of Hobart because, although there has been a tightening in the property market statewide, the problem is most acute in the Greater Hobart area.

The member for McIntyre asked how widely known was it that the first-year land tax exemption for former short-stay property is within the Greater Hobart area? This was made clear in the Government's announcement on 15 March 2018 following the Housing Summit. Information on this measure is also available on the Housing Summit website, which forms part of a targeted awareness campaign undertaken by the Government. A fact sheet about the eligibility for this measure and how to apply for it is also available on the State Revenue Office website.

I admire how you fight for your electorate, member for Elwick, but in government you have to look at the whole state. That is why some of these measures are being implemented.

Mr Willie - That is not an answer to my question.

Mrs HISCUTT - No, I have answers to your questions here, just wait. How effective are the measures? What research supports them? The Government's election policies were based on Australian Bureau of Statistics - ABS - and other data and research. Labor had no tax policies except to sack -

Mr Willie - That is a lie.

Mr PRESIDENT - That is unparliamentary.

Mr Willie - I will withdraw the comment but what the Leader said is misleading. There was no shack tax in our housing policy. I take issue with that. The Treasurer is carrying on about this in a deeply misleading way.

Mrs HISCUTT - You have the Treasury Estimates?

Mr Willie - Yes, and I will take it up with him. Sorry, it is a political comment and I am going to respond to it.

Mrs HISCUTT - I want to clarify unemployment rates: in the north-west, the yearly average unemployment rate to April 2018 is now at 6.2 per cent. In Launceston and the north-east, it is 5.8 per cent; and in Hobart and the south-east, it is 5.8 per cent.

So, to your answers, member for Elwick. Why is the Treasurer not talking about broader tax reforms? The Government took these measures to the election to target specific issues and believes these measures support Tasmanian businesses and address housing supply and availability.

Regarding the payroll tax exemption for migrating businesses, you asked why Glenorchy was excluded. Hobart and the south-east have experienced strong employment growth under the Hodgman Liberal Government. While all areas experienced growth, the benefits have not been evenly spread and the Government's aim is to boost the regional economies. I reiterate: the north-west unemployment rate is 6.2 per cent, higher than other areas of the state.

Mr Willie - Glenorchy's is 9.06 per cent.

Mrs HISCUTT - I can cite some Burnie figures, but I will not.

The member asked about the payroll tax rebate scheme: what has been the take-up? As of 31 May 2018, 867 rebates were commenced, spread between 768 apprentices and trainees and 99 youth employees. To date, the total rebates claimed are greater than \$1.4 million because payroll data is submitted in the month following payment. These figures only cover rebates until April 2018 and also do not capture employers that lodge annually, which will be submitted in July 2018 for 2017-18. Over 110 businesses have registered for the scheme. It should be noted that because eligibility for the rebates spans two years, the employers already claiming will continue to claim for up to two years, while employers that employ new or additional apprentices or trainees will continue to join the program until the end of the eligibility period on 30 June 2021.

On the payroll tax rebate scheme extension, the member asked: why not other industries? The scheme has been successful, but the Government has decided to concentrate its assistance after 1 July 2019 on areas where the greatest need for skilled workers exists to ensure the best return. Skill shortages can act as a bottleneck to the economy and drive up wages and prices faced by the consumer. To ensure Tasmania is able to grow without constraint, the Government is creating incentives for businesses to invest in the future of their businesses and to invest in skilling up our economy.

Another answer for the member for Elwick. How will land tax exemptions for former short-stay accommodation be enforced? If the eligibility requirements are met as at 1 July, the exemption will apply. There is no need to self-report if a tenant leaves because the exemption applies for the financial year.

What is the level of foreign residential investment in Tasmania? Based on data collected by the State Revenue Office from 1 July 2017 to 30 May 2018, 480 properties were purchased by foreign persons. That was split into 451 residential properties; 87 vacant residential properties; 364 non-vacant residential properties, which is land with a house; 19 rural properties; and 10 other properties. The SRO was required to collect additional information, including information about foreign purchases of land, and report that information to the Australian Taxation Office. The Commonwealth requirement commenced on 1 July 2017.

Ms Forrest - For the residential properties purchased, do we know whether the foreign owners move into them or were they put out to rent?

Mrs HISCUTT - I do not think that information has been collected, no.

How will the FIDS be enforced? As with many taxation measures, the SRO conducts compliance activities based on information it collects and from other sources, such as the ATO and other government departments.

What are the protections for pensioners who downsize, and what is the impact on their pension? The Government encourages anyone downsizing to seek their own professional advice. That advice is available through both the Commonwealth Government and their own financial advisors. There are a number of avenues through which people can seek that advice.

The member for Elwick also asked about what the Government has done. What is our list of achievements?

Mr Willie - Economic reform.

Mrs HISCUTT - Economic reform. I have about four pages of them here, but -

Mr Dean - Can you please go through them?

Mrs HISCUTT - I will not go through them all: the TasWater memorandum of understanding; securing joint ownership; capped prices and a faster fix for water and sewerage; the TasWater headworks; incentives for increased supply of property for housing; the established Coordinator-General's Office, which is securing millions of dollars in new investments; the year 12 school extension program; the statewide planning system; reduced red tape and compliance; and capped wholesale price increases for regulated electricity customers, to protect them from volatility in mainland markets. If anybody wants that, please come and see me. I will give them the whole list. There are four pages, I only read a few.

The member for Launceston asked about the payroll tax rebate scheme and whether the Government would consider allowing businesses to relocate from Hobart?

Mr Valentine - Would you table that list?

Mrs HISCUTT - No.

Mr Valentine - You cannot?

Mrs HISCUTT - I do not want to. It is all on the website, I am sure.

The answer is, encouraging businesses to relocate from the mainland will generate additional employment in Tasmania. In particular, employment will be generated in regional Tasmania where it is currently most needed. If the exemption was available for businesses in Greater Hobart, this would encourage businesses to relocate to regional Tasmania from the Greater Hobart area, potentially creating adverse effects for that area.

Over the past five years, the Tasmanian population has grown by around 9000 persons, though with wildly divergent trends across Tasmania, including population declines in some areas. The largest population increase in absolute numbers over the period was in Clarence with 2500 people, and Kingborough with 1800 people. Over the same five-year period, 15 out of the 29 local government areas experienced negative growth. In absolute terms, the largest decrease in population over this period was experienced in Burnie, down by 800 persons, and the west coast, down by 600 persons.

The general trend has been a contraction in population in the west and north-west region, some mixed trends in the state's north, with some areas of quite strong growth, including Latrobe, and much greater growth in the state's south.

Another question was from the member for Launceston. If someone purchases a spec home, can they get the newly built rental land tax exemption? The exemption only applies to dwellings which are new dwellings, which means a home that has not previously been occupied or sold. Typically a spec home is a home built with the intention to place the home directly for sale. The land tax exemption is for newly built housing used for long-term rental.

Ms Rattray - So, yes, that would apply.

Mrs HISCUTT - I do not think so. I think the member meant that if she bought it and then rented it out to someone else -

Ms Forrest - I understand that is the case. If you build it and live in it yourself, you get the first home builder's boost.

Mrs HISCUTT - I will get clarification on that one.

The member for Derwent, on the foreign investor duty surcharge. How can the Government say foreign investment is increasing when it only has one year of data? It is the Government's understanding, given the Foreign Investment Review Board data and the year-to-date data provided by the State Revenue Office, that there is, on average, increasing demand from foreign investors in Tasmanian property. It should be noted that it is difficult to compare the two data sets.

The member for Hobart asked: how will the State Revenue Office ensure compliance and the land tax exemption measures? The SRO has a variety of information sources at its disposal to ensure compliance with the tax laws it administers. Specifically in relation to this measure -

- (1) Eligible landholders need to initially apply.
- (2) The SRO will use this list of landholder data matched with its various information sources, for example, ATO rental information, Rental Bond Board information, information to be obtained from short-stay accommodations, utility connections, motor vehicle registrations and so forth.

Mr Valentine - Thank you, I appreciate that.

Mrs HISCUTT - I will seek some more information. Back to the question from the member for Launceston, if a property is built to be sold, there is no exemption, that is, a spec home for sale. The builder would receive the exemption if they were to sell it to rent.

Ms Armitage - I do not think so.

Mrs HISCUTT - No? I will read it again. If a property is built to be sold, there is no exemption - that is, a spec home for sale - if property is built to be rented, there is an exemption. Usually you build spec homes to sell them, not to rent them.

Ms Armitage - It is a bit of a shame for someone buying that spec home who cannot claim the exemption. With the first home builders grant, someone can build it, and if you buy it from the spec builder, you still receive it. You do not have to build it yourself. As long as you buy the property -

Mrs HISCUTT - There is no exemption if the property is built to be sold. That is typical of spec homes. They are built to be sold, not to be rented.

Ms Armitage - I was talking about the person who rents it out, who is buying it. I thought it may have been the same as the first home builders grant. From memory, the first home builders grant applies even if you are buying from a spec builder and have not built it yourself and it is a house that has not been lived in. I would have thought this should work the same way. If you are building a new home that has not been lived in by anyone, to rent it out, you still should receive that exemption.

Mrs HISCUTT - You understand, but you do not agree with it. Is that what you are saying?

Ms Armitage - I do not think it is fair. I will have a word with the Treasurer.

Mrs HISCUTT - Yes. Members, thank you very much for all the input. It has been a fairly interesting debate and you have done all your homework, even those who reckon they have not. I will share a little quote with you before you make up your mind on all these things. You would all know Neale Daniher, the footballer with MND - he said something I would like to quote. He was asked, 'How do you keep going during adversity? How do you keep going?' His answer was, 'I ask myself: Do you give up? Do you give in? Or do you give it all you have?' This is what the Liberal Government is trying to do. We are trying to give it all we have. We have come up with a raft of measures in this bill. I hope members will let us have a bit of a go at it.

Bill read the second time.

TAXATION RELATED LEGISLATION (HOUSING AVAILABILITY AND PAYROLL RELIEF) BILL 2018 (No. 18)

In Committee

[3.33 p.m.]

Clauses 1 to 12 agreed to.

Clause 13 -

Sections 19D, 19E and 19F inserted

[3.35 p.m.]

Ms RATTRAY - Madam Chair, I move my first proposed amendment, that -

Clause 13, proposed new section 19E(1)(a) -

Leave out 'the Greater Hobart area'.

Insert instead, 'Tasmania'.

Speaking to this amendment, we have had a reasonable amount of discussion. I will reiterate a couple of points I believe are fair and reasonable. I suggest it is rare for anyone to rent the system or do the wrong thing. It would be rare to rent a property past 12 months. Most people I know who go into rental properties can only ever get a 12-month rental agreement. You might be given an option after that but you will not usually be offered a firm agreement for anything past 12 months. People might be able to put somebody out, but once you have a rental agreement in place, you have to honour it. There are some penalties and it negates that argument.

This is \$300 000 over two financial years. It is not the biggest ticket item in this Budget. We need to be reasonable in looking after all Tasmanians, not only those in the Greater Hobart area, which we know is important. We need to look at the whole of Tasmania. I note the Leader in her reply congratulated the member for Elwick on his passion for his community, but said the Government needs to look at Tasmania as a whole. I ask the Government to look at this as a whole-of-Tasmania initiative. I ask members to support my proposed amendment.

Mrs HISCUTT - This is a policy decision and the Government will not be voting for this amendment. It was a policy decision of the Government to put a raft of measures in place to help all areas of the state. It was identified that the Greater Hobart area, which is defined on page 29, will be helped by this initiative in the policy. We have plenty of other measures in place to help other regional areas. This is where we are comfortable. This is a policy decision and I urge members that this amendment is not necessary. Everything is reviewable in time.

Ms RATTRAY - In response to the Leader's contribution, I acknowledge some measures to support the more regional areas of Tasmania have been put in place. If we are talking about increasing businesses in those areas, their employees will need somewhere to stay, somewhere to live. That supports the argument to expand this area of support to the Greater Hobart area and to all Tasmanians. I appreciate your contribution. It supports what I am trying to achieve. I acknowledge it is a policy decision but the Treasurer is in the other place. If this Chamber is willing to support this measure, the Treasurer and the Government, Leader, can decide about whether they want to support this in their Chamber for all Tasmanians.

Mrs HISCUTT - I see what you are saying but at the moment the policy decision has been to target policies toward different areas of the state. This one is confined to the Greater Hobart area at the moment. All these things can be reviewed in due course. If it is needed, it will certainly be looked at. For the moment, I urge members not to vote for the amendment.

Mr GAFFNEY - Continuing from the member for McIntyre, it is a policy decision. What impact would it have if it did go through to the whole state? What is the Government concerned about, if it is only for the Greater Hobart region? I am happy to support the Government in its stance, as long as we know why it has chosen this, not just saying it is a policy decision. That does not give us any information other than the Government sat around the table and came up with this, even though it has come from a summit.

At this stage I will be voting for this amendment, because the Leader has not given me any information other than to say it is a policy decision. Why should I support the Government in this? I need some facts and figures about the impact of it being extended, or the reason why it is just consigned to those four Government areas.

Mrs HISCUTT - The advice I have received is the measure was broadly supported by Labor, the Greens and community groups in the Housing Summit, to address the acute issues observed in the Hobart area. That was where the policy came from. The Government also provides the Housing Connect incentive statewide. This provides upfront financial incentives and guaranteed minimum rent for short-stay accommodation. The data available shows rental vacancies are much lower in the Hobart area, hence the reason for the initiatives in this bill being targeted.

Mr WILLIE - Labor will support this amendment for a couple of reasons. First, we acknowledge the housing shortage across the state. The Minister for Housing has spoken openly about that and I tend to agree with him. This amendment addresses the housing shortage, in particular the private rental shortage, across the state. We are happy to broaden this out, taking on board the member for McIntyre's arguments.

The key point here is that the Government deregulated short-stay accommodation without putting in place any data capture that would be useful for policy decisions. You have it back to front, you finally reached an agreement with Stayz and Airbnb well after the fact and well after it is widely acknowledged by a whole range of stakeholders it is having a significant impact on the private rental market. That should have been done first, before you changed the regulations.

Mr GAFFNEY - I appreciate the response because it is clearer. I am now a bit confused because on one hand we are saying that Labor, the Greens and the Liberals supported the initiative, but now Labor has changed its mind. It believes the argument put forward by the member for McIntyre.

The issue is, if they want to trial it in the Greater Hobart area, I understand the rental situation and how it is not as difficult in other parts of the state. Is it a matter of having the finances to cover that initiative? Is it a budget issue? I suppose that is what it comes down to. If the review is going to take so long and they find that this is a good thing, should we introduce it earlier to the other areas? At the moment I am still inclined to go with the member for McIntyre but I see where the Government is coming from. Now, if Labor has thrown its weight behind an amendment, which means it is a stronger bill, I will be interested to see how the Government responds to that.

Mrs HISCUTT - The short answer is we are not sure what the financial impact will be, other than to reiterate what I have said about why that is there as it is. There has been no financial modelling on that statewide.

Mr DEAN - I listened to the arguments. Have there been any projections done at this stage as to what will happen if it remains as it currently is for the Greater Hobart area? Are there any projections on the number of cases that might come forward for this exemption? I would have thought, if you are putting legislation together like this that, you would have to have at least some idea of what it might do, on the information currently available.

Will the money set aside for this open up the flood gates and bust the bank? The Treasurer said this morning that it really is only a trial period to see how it works. It is not locked in and it could change, looking forward, if it needs to be widened to outside the Greater Hobart area. I am

aware that in the Launceston area there is a need for housing - the number on the housing wait list is quite high and some people have been on it for a long time. I am not sure whether it is any greater than it is down here, it probably is not. Could I just have an answer?

Mrs HISCUTT - The money provided for in the Budget is estimated to cover about 500 houses in that particular area. There has been no serious modelling, because it was a policy from the summit and we are trying to get it started.

If we give it a go for a year, it will be reviewed. If it is working and the money is there, we will keep it going across the state. At the minute it is in here not to exclude anybody, but as a starting point. This was the biggest issue put forward at the summit.

Mr VALENTINE - I was at the summit and heard much discussion. Last year, I quizzed the Treasurer about not allowing Airbnb to be standalone properties and he was not interested in interfering in the market. Here we are today with a one point whatever percentage vacancy rate.

I understand the member for McIntyre has concern that it should be state-wide. The critical area at the moment is Hobart. It might not work so it is better to trial in one area than state-wide rather than water down the effect and not know what the impact is likely to be. I expect there is a cap on the money. The Leader says it has not been modelled, so I am disinclined to fiddle with it. This is trying to plug a hole in the dam. It threatens to break the dam and would be better to try it in a small place.

It ought to be up to municipalities to decide about Airbnb and Stayz, tailored to suit each municipality. You are saying the east coast has a problem because there are a number of shacks. It might benefit a town like Bicheno to have Airbnbs in those shacks. It might be beneficial if the municipalities were looking after it as opposed to a one-year land tax exemption across the whole state. It might not be needed in some areas and you are throwing money where a fix is not needed. That is my difficulty with this.

I am inclined to support the Government on this.

Mrs HISCUTT - I remind members of the vacancy rates. Hobart has the lowest, with 1.4 per cent; the Launceston area has 2 per cent and it gets higher as it goes up north for vacancy rates; the north-west coast is 3 per cent. Hobart is identified and most particularly, the Greater Hobart area - Hobart, Glenorchy, Clarence and Kingborough - as having a rate of 1.4 per cent. It has the biggest area of need so that is why it is being targeted.

Mr WILLIE - The communique released at the Housing Summit was obviously prewritten by the Government, and they tried to get stakeholders who attended to sign up. It might have been amended slightly from what the Government was hoping. That was its agenda; it was trying to produce something tangible out of the summit. I am saying that broadening it will still support this principle.

That said, my personal opinion is that this will have minimum impact. In the second reading we talked about \$1100 of tax concession in the Greater Hobart area. That is not much of an incentive when short-stay accommodation is so lucrative. Across the rest of Tasmania, \$700 is not much of an incentive when you are talking about highly lucrative short-stay accommodation, particularly in holiday hotspots. It is not going to have a huge impact. I would not worry about the financial impact of this because I do not think many people will sign up for it. Why discriminate?

The Housing minister has acknowledged that the housing shortage is a statewide issue and I agree with him, so why are we limiting this to Hobart?

Mrs HISCUTT - I will not labour this any longer, except to say that this area was identified as the greatest area of need at the summit. It was discussed and has been put into this bill as a policy issue. Providing all this across the state has not been looked at nor costed yet. It will be reviewed to see how it is going. If it works well, I am sure the Government will look seriously at ways forward.

Mr GAFFNEY - I recognise it came out of the summit and that there is a greater need in Hobart. That is not a bad thing; in many ways it shows there are people moving into the area and we have heard that.

I am a bit concerned about using the statistic of 1.4 per cent compared to the north's 2 per cent compared to 3 per cent. From my point of view, if there was a percentage in there, if this occurs in another area down the east coast where it gets to 1.5 per cent rental properties available, that scheme could then be meted out to that community. At the moment, the reason for doing this is there is a percentage here in Hobart.

Mrs Hiscutt - Are you talking about satellite towns?

Mr GAFFNEY -Yes, I mean if something happens somewhere else where that town falls below the 1.5 per cent and that becomes critical, that community could access the same money if it is found to alleviate the problem. I suppose you are saying give it a 12-month review and that is fine, but to target one area out of the summit when possibly most of the people at the summit were from down the south, knowing that is where the greatest concern is, you are swaying me as there is a need in Hobart for that to occur -

Ms Rattray - That will not go away.

Mr GAFFNEY - It will not go away but I am just worried that most of the funding available should go to the Hobart area because of the immediate need, so I do appreciate that point of view.

Mrs HISCUTT - I will not labour on anymore. It is in the bill. This is our starting point. It will be reviewed. The finances have not been checked to go any further yet, so members, I urge you not to vote for this amendment, bearing in mind that it will be reviewed in a year's time. The member for Mersey's idea of satellite outlooks is a very good way to look at in the review, in my opinion, but we cannot put it into the bill at this stage. Madam Chair, I urge members to vote against this amendment.

Mr DEAN - I accept what the member for Mersey is saying and what other members have said. There are some very valid points. In looking at this, you have indicated that there is a certain amount of money budgeted for in relation to this - correct me if I am wrong. If it were opened up to the state and there were a number of applications taken, say, from the north and the north-west of the state, and we get to a position where the budget funding runs out, does that end the program or is it ended by time? Is it in place for a certain period of time? The commissioner has a say on whether they meet the criteria. It would be a terrible situation. I take on board what the member for Hobart said. He was spot on. Hobart has been identified as having the greatest need for this support at this time. It would be a tragedy if we made an amendment to this bill that could see Hobart not gain the properties that you are aiming for, to relieve this problem you currently have.

That could happen if it were opened up to the state at this stage. We need to satisfy this area. There is no need for parochialism here. I know we have problems but I cannot support that. This is the area of greatest need and it has come out of the summit we have referred to. There is no argument.

I would be extremely reluctant to support an amendment that could jeopardise any of this. You have set aside a certain amount of money, so really money does not come into it. If you have a million people coming forward and wanting to build properties in these circumstances, you have to accept it, is that it? Can the commissioner simply say -

Mr Valentine - Can they say they have run out of money?

Mr DEAN - That is right. Can the commissioner say, 'We have run out of money, we have no more money, we cannot support any more'?

Mrs HISCUTT - The bill is for a specific time; that would be law. The money would blow the budget; you would see a RAF and we would go through the debate again. It is not costed. The money is available for about 500 houses, which we presume will be the number in this area.

Mr WILLIE - It is important to remember this is foregone revenue.

Mr Dean - It is what?

Mr WILLIE - It is foregone revenue. It is a tax, it is a revenue stream. Taxation revenue streams go up and down all the time. This is foregone revenue and is not a budgeted item. What they are saying is there will be \$300 000 of foregone revenue. Land tax may go up by much further than that this year, even with this measure in place. It is not a cost; it is foregone revenue. That is what this measure is. It is not coming out of the Consolidated Fund, it is a revenue stream.

Mrs HISCUTT - There is only one thing left to say: Labor supported the bill in the other place.

Mr Willie - As we have said before, we are entitled to amend it in this place.

Madam CHAIR - Order.

Ms RATTRAY - In regard to some of the contributions, thank you very much. I appreciate that members are taking this amendment seriously. A review in one year's time will mean very little to people looking for something to rent now. To say we have this trial in Greater Hobart and we will see how it goes, people might be lucky and have their opportunity next year. That is a 12 month wait if you live in the north of the state, in Launceston, Devonport or the east coast.

It is no wonder people outside Hobart sometimes wonder whether this place revolves around Hobart. I do not say that lightly. We are often accused of that when we are home in our patches. People ask, 'Do they understand how we live outside of the Greater Hobart area?'

This was a housing summit for Tasmania, not only for the Greater Hobart area, with all due respect. I was not at the Housing Summit, and now I wish I had been because I would have asked if anyone had stories about people not being able to find long-term rental accommodation in areas outside the Greater Hobart area. I would be surprised if there were not some pretty ordinary stories

and people coming to our office saying, 'We heard you will be able to find us somewhere to rent.' 'I am really sorry', I often say to them, 'I do not know of anywhere to rent.'

I told the story here about a person who sat in my office for a whole day while I rang around everywhere I possibly could to find somewhere for that person to go. I had to send him to the Longford Caravan Park. His 15-year-old son had to leave the Scottsdale High School, thankfully he has started at Cressy High School. He had a bit of part-time work at the Bridport Wreckers, the car repair place, but he had to leave that because there was nowhere to rent and he could not put his caravan in any of the caravan parks around the Dorset area.

I am a bit emotional because it is not good enough to say it only matters in the Greater Hobart area. I understand there would be terrible stories around here as well. To narrow this down for the sake of possibly \$300 000 of foregone revenue is not good enough today or any other day. These initiatives are budgeted to cost around \$13.3 million. Is \$300 000 of lost revenue or thereabouts enough to worry about and not put this initiative right out to the rest of Tasmania? I suggest it is not. I cannot do any more than put the amendment and encourage members to support it. I thank members who have spoken in favour of the amendment. I am not sure how others who may not support it can go back to their communities and tell them their areas were not worthy.

Mrs HISCUTT - I would like to make a couple of comments on that heartfelt plea. You indicated in your contribution we did not care about the rest of the state and that is not true. We worry about all of the state. During the summit it was identified as the greatest area of need, and in the bill there are other incentives for relief in other regions. The tax relief for businesses to move to regional areas -

Ms Rattray - Who will need a house to live in when they grow -

Mrs HISCUTT - Those incentives are for other areas. This incentive was for this one, which was identified as the area of highest need in the state at the moment. That is why it is what it is. I am terribly sorry.

Mr VALENTINE - I do not know how many times I have stood here behind this little piece of wood and supported regional areas as a city dweller from the country. I have always supported the country. That 1 point whatever percentage of rental available is stressful. It is very difficult when you have someone wanting to find a rental. When you are talking about spreading the love, I would be the first person to spread the love, but there is a finite amount of love that can be spread and Hobart is really suffering.

It is time for the regional people to show a bit of attention on this big city, which quite often shows attention on the regions. I am asking members to vote for the Government.

Mr DEAN - I feel hurt statements are made putting that sort of pressure on. How are we going to go back and front our communities, our electorates, if we do not support this amendment? Well, that is one reason I will not support it. The summit took evidence from around the state. The accuracy of the data you are relying on having this or that part in the legislation about the Greater Hobart area is factual. I want to be assured that it is not something suggested. The suggestion was made by the member for McIntyre that perhaps the whole thing was stacked and not a fair representation -

Ms Rattray - Point of order, Madam Chair.

Madam CHAIR - I ask the member for Windermere to take a seat for a moment. You need to make a point of personal explanation?

Ms RATTRAY - I did not, at any stage say the summit was stacked. I did not use those words.

Mr DEAN - The member did not use the word 'stacked' - that is my word - but she, as I understand, implied there was not a good representation from the other areas at this summit because she -

Ms Rattray - I did not know what the representation was.

Mr DEAN - That is my point. I want to know who was at this summit and where the information and evidence came from. We had the tents situation at the showgrounds. We have had the tents situation out here - at which I understand there were only a couple of genuinely homeless people. The fact is that we have had the issues brought to our attention in a harsh way in the need for affordable houses. I do not want to sit down at this stage, but if I can be told -

Madam CHAIR - I think you need to give the Leader a chance to answer your question. You have asked a specific question and the Leader is going to answer it. She has the information in front of her, so if you could take your seat, the Leader will resume -

Mr DEAN - Then I will not have another time to speak, Madam Chair. If the Leader could answer for me from where she is, I would appreciate it. I do not want to lose my chance to comment further.

Mrs Hiscutt - I am happy to do so if the ruling is there.

Mr DEAN - Can you answer me from there?

Mrs Hiscutt - Can I?

Madam CHAIR - It is quite an extensive list. Does it needs to be tabled so we can all see it?

Mrs Hiscutt - No, there are names on here I do not want to read out - personal and private individuals - and it would be not right, so I will read it out.

Starting from the top, the attendees at the summit were the Department of Education, Anglicare Tasmania Incorporated, Baptcare Tasmania, Centacare Evolve Housing, Colony 47, Community Housing Ltd, Hobart City Mission, Housing Choices Tasmania, Housing Industry Association, Local Government Association of Tasmania, Master Builders Association, Mission Australia, Property Council of Tasmania, Shelter Tasmania, TasCOSS, the Salvation Army Tasmania, Hobart City Council, Glenorchy City Council and Launceston City Council, UTAS, Airbnb, Commissioner for Children, Tenants' Union of Tasmania, Australian Property Institute, Clean Energy Finance Corporation, Planning Institute, Hobartians Facing Homelessness Action Group, Expedia Australia Pty Ltd, EIS Property, Department of Premier and Cabinet, Department of Health and Human Services, Department of Treasury and Finance, the Minister for Human Services, the Treasurer, the Leader of the Greens and the Leader of the Opposition.

Mr DEAN - Thank you very much for that answer. That identifies there has been a representation at that summit from organisations that understand very clearly, and better than probably any of us, the housing needs in this state.

If you look at Anglicare, it is represented throughout the state. The Property Council and a whole raft of other organisations attended. They are saying this area has the greatest need for affordable housing. At this time, the Greater Hobart area has been identified, which covers those municipal areas of Glenorchy, Clarence -

Mrs Hiscutt - The Greater Hobart area is Hobart, Glenorchy, Clarence and Kingborough.

Mr DEAN - That is what these groups have said very clearly in that summit: this is the area of the greatest need right at the moment.

This is a trial to see how it works, to see what response they get, whether it will alleviate the housing issues here in this area, the area of the greatest need in this state. I have no problem with the member moving the amendment at all. It has been a good, healthy debate. We ought to let the bill proceed in its current form. It is a trial period only. If it works, it will be moved out to all the other areas. I am of that view and I cannot support the amendment.

Mrs HISCUTT - Besides this extensive list I have just read out, the numbers were limited because it was a facilitated workshop to engage with expert community groups for solutions. Even though the numbers were limited, an extensive range of people were still there from across most parts of the state.

Ms ARMITAGE - I support the member's amendment and note the large range of people and organisations present at the summit. Leader, do we have actual numbers of short-stay accommodation in those four areas?

Mrs Hiscutt - We do not have the data on the short-stay accommodation. That is the houses.

Ms ARMITAGE - We do not have the data on the short-stay accommodation so we do not know how many people there are in those areas. We have an allowance of 500. Personally, I find it very unlikely that 500 people in those four areas would find it beneficial from one year's land tax exemption to get rid of their short-stay accommodation if there are that many in that area. My understanding is short-stay accommodation people can demand a reasonable amount. Possibly they could pick that up in one or two weeks. We have enough money for 500. A conservative estimate is that we would be lucky if we pick up 100 people in those four areas of Hobart. I agree with the member for McIntyre, the electorate of Launceston is a reasonably affluent electorate; however, we still have a lot of homeless people looking for rental accommodation.

There is a review in one year. One year is a long time if you are homeless. One week is a long time if you are homeless. I would like to go with the member for McIntyre's amendment. Let us see if we pick up the 500. It would be fabulous if we do. It is unlikely an incentive of one year's land tax exemption to stop short-stay in your property will be taken up by 500 people. We do not even have the figures for how many family short-stay accommodation venues there are in those four areas. I support the amendment.

Mr FARRELL - An article in the *Examiner* on 16 November 2017 titled 'Airbnb and Stayz says other factors are key drivers in the Northern rental market' says -

Launceston is at risk of following Hobart into a highly stressed and competitive housing rental market, according to Tasmania's peak body for affordable housing.

In the article Meg Webb said -

Based on what we have seen in our Rental Affordability Snapshot over the past couple of years, we believe that Launceston, like Hobart, is facing an increasingly competitive rental market and what appears to be a loss of private rental properties to the short stay accommodation market.

This issue goes beyond the Hobart centre. Some may feel that is discriminating against other places in the state.

Mrs HISCUTT - The Government has not said anything like that. I make that clear. At the summit, the priority identified as the area of greatest need was the Greater Hobart area. The Government is acting on the recommendations from the summit. We have decided there are about 500 houses there. There is money to support that. There will be a review of how it goes, but at this time the Government is not in a position to support this amendment. I am sorry.

The Council divided -

AYES 8

NOES 6

Ms Armitage
Mr Armstrong
Mr Farrell
Mr Finch
Ms Lovell (Teller)
Ms Rattray
Ms Siejka
Mr Willie

Mr Dean
Ms Forrest
Mr Gaffney (Teller)
Mrs Hiscutt
Ms Howlett
Mr Valentine

Amendment agreed to.

Ms RATTRAY - Madam Chair, I move my second proposed amendment, that -

Clause13, proposed new section 19E(3), definition of 'Greater Hobart area' -

Leave out that definition.

Given the vote taken on the first amendment, this will remove the definition of Greater Hobart so that it will now include all of Tasmania. I place on the record my sincere thanks to all those who supported the amendment.

Mrs HISCUTT - I am advised that the drafting of this amendment, by adding 'Tasmania' to it, will make it inconsistent throughout the bill. Is it possible to set the clause aside while we continue and have that checked with OPC?

Madam CHAIR - To review this more thoroughly, I ask the member for McIntyre to withdraw the amendment, so we can then can postpone the clause and move onto other parts of the bill. We will come back to this amendment.

Mrs HISCUTT - Before the member for McIntyre gets to her feet, I assure her that the vote we just had will be honoured by the Government.

Ms RATTRAY - Madam Chair, obviously when we receive amendments we can only be guided by OPC and what it presents to us. That amendment has been around since yesterday so I think that if it was inconsistent with the intent of the first amendment, I would have heard about it, but I understand the Leader needs to clarify that. I also appreciate the indication that the Government will honour the vote on the first amendment, so in light of that -

I seek leave to move to withdraw the second amendment.

Leave granted.

Amendment withdrawn.

Mrs HISCUTT - Madam Chair - I move -

That amended clause 13 be postponed.

Motion agreed to.

Clause 13 as amended postponed.

Clauses 14 to 31 agreed to.

Progress reported; Committee to sit again.

CONSOLIDATED FUND APPROPRIATION BILL (No. 1) 2018 (No. 16)

CONSOLIDATED FUND APPROPRIATION BILL (No. 2) 2018 (No. 17)

Noting of Budget Papers

Resumed from 20 June 2018 (page 80)

[4.35 p.m.]

Mrs HISCUTT (Montgomery - Leader of the Government in the Legislative Council) - Mr President, I have a lengthy response to some of the questions asked by members on these bills. I thank my staff for doing this, some of which could have been left to Estimates, but we have answers for members.

We start with the member for Murchison: why are we not reporting the cash reserve run down? Information on cash and deposits is reported every year and the balance sheets and cash flow statements included in the budget documents, the Revised Estimates Report and the Treasurer's annual financial report. This cash flow statement highlights the cash at the beginning and end of the budget year. No state or territory uses the cash surplus/deficit as its key financial measure.

If we are running down cash reserves, how are we building a buffer for the future? The net operating balance includes all cash and non-cash costs such as the cost of the consumption of capital - that is, depreciation - and occurring superannuation entitlements. It therefore includes a broader range of operating expenditures than the cash flow statement. The operating position reflects the cost of the provision of services by the Government. In the event the net operating balance is in a surplus position, it shows the Government has a 'buffer' to address a situation in which revenues decrease or the cost of service provisions increases.

If we produced an Australian income statement similar to the federal government's AIS, we would be running a deficit. Why do we not produce an AIS? The Australian Government cash flow statement and the cash flow statement published by the Government for many years in the budget papers, revised Estimates reports and the Treasurer's Annual Financial Report are both prepared under the Uniform Presentation Framework, with the basis for the preparation being the Government Finance Statistics and Australian Accounting Standards. The Australian Government makes some amendments to the bottom-line cash balance figures to highlight the impact of the operations of the Australian Government's Future Fund. As such, these changes are not relevant to the state Government's position. The operating statement, balance sheet and cash flow statements all provide different information and it is important they all be considered when analysing the financial position of an entity.

Early learning centres, Working Together For 3 Year Olds program and Early Childhood Education Centres, ECECs - the member asked: how many children were engaged in the Working Together for 3 Year Olds initiative last year, as this is the second year of the delivery? Once implemented in 2020, this initiative will provide up to \$10.5 million per annum to support a preschool delivered by the ECECs. Will the ECECs be able to access the funding? Have they been identified as yet and if so, where are they located? This Budget also delivers on our commitment to provide more access to early education for more Tasmanian children through the \$31.3 million toward implementing the Working Together for 3 Year Olds initiative, providing fully subsidised preschool for eligible three-year-old Tasmanian children from 2020. Further, \$2.3 million of this funding will be invested in 2018-19 to co-design the initiative in partnership with the ECEC sector. It is anticipated existing ECEC providers will be the primary providers of this initiative once it is implemented from 2020. The initiative is currently being co-designed between the department and the ECEC sector. No children have been engaged in the program yet, but the delivery is not set to begin until 2020.

Inclusion of religion in the Budget. The member asked about change in the description in expenditure purchases in budget paper 1. She said that in previous years under 'Other expenditure', other expenditure had included, among other things, recreation and culture. She also referred to me as mentioning in contribution that expenditure is being apportioned over various areas, and that I had talked about recreation and culture. She said that this year the same group contains religion, and asked: How much does the state spend on religion and for what purpose? How much of the \$150 million allocated to recreation and culture and religion is spent on each? She said she would have thought the separation of church and state would not see taxpayers funding religion, and she hoped the Treasurer could shed some light on that because next week a question will be asked about it if there is no response now.

The answer is that the Budget and forward Estimates do not include any allocation for religious purposes. Table A1.16 of budget paper 1 presents a line item for expenditure on recreation, culture and religion, which is budgeted to be \$149.7 million in 2018-19. This item is comprises \$72.3 million in recreational and sporting services and \$77.4 million in cultural services. The line

item includes 'religion', as the presentation of Table A1.16 is based on the new Classification of the Functions of Government - Australia framework introduced by the Australian Bureau of Statistics - ABS - from 1 July 2017. The table is a standard presentation required to be presented by all jurisdictions in their budget papers under the Uniform Presentation Framework. For comparative purposes the previous presentation, Table A1.17 presents expenditure by GPC as used for the 2017-18 Budget.

The member asked about the employment rate in north-west coast region: Is the improvement in the unemployment rate due to decreased participation because of the decline in the working age population? Can we have a comparison of participation rates of the north-west versus state versus average for the country?

According to the ABS, the unemployment rate on the west and north-west coast peaked at over 9.2 per cent in the year to February 2014 and declined to 5.6 per cent in the year to July 2017. Treasury advised that 12-month data should be used because the ABS does not provide trend or seasonally adjusted labour force data at the regional level. Much of the recent decline in the unemployment rate for the north-west coast was because of the decline in labour market participation. In late 2015, the participation rate for the north-west coast was 61 per cent, using the 12-month average, which was very similar to the statewide participation rate at the time.

Since then, however, the participation rate for the north-west coast has been falling in contrast to other regions in the state. For the 12 months to April 2018, the participation rate for the north-west coast was 58.1 per cent, almost three percentage points lower than in late 2015. Until recently, the population of the north-west coast has been in modest decline. The working age population of the north-west coast in the year to April 2018 was lower than in the year to April 2014, having fallen from 91 600 to 91 400, 200 persons fewer. The fall in the unemployment rate was also due to an increase in employment. When the unemployment rate was at its lowest, in mid-2017, around 1000 more persons were employed than three years earlier.

The most recent estimate for the participation rate for the north-west coast, for the year to April 2018, is 58.1 per cent. The equivalent estimate for Tasmania is 61.1 per cent. For Australia, the equivalent estimate is 65.6 per cent.

Treasury provides regular briefings on Tasmanian economic data, including regional labour market data, on its website. The most recent release, issued on 24 May 2018, includes the most recent ABS data as at April 2018 for Tasmania's three regions, including employment, unemployment and the participation rate.

The member for Murchison also asked why a special dividend from the TT-Line is included in income but then no equity put back in is included, given we will need to invest in future upgrades for TT-Line. The answer is that in the 2018-19 Budget, all special dividends have been classified as revenue. This treatment is in accordance with the Australian Accounting Standards.

The member for McIntyre talked about policing. She asked: Will the funding for 31 - that is, 125 over four years - new officers per year into the system be a new net addition or do they just replace existing officers leaving? She asked whether we would actually be seeing a net increase in - additional - police officers. The answer is that the current Tasmania Police establishment is 1233. The funding for the new police officers is additional to this establishment. The recruitment program over the next four years aims to take into account attrition rates to ensure that 125 additional police are recruited.

The member asked when the Avoca police station will be put back in. The answer is that at this time there are no plans to establish a police station at Avoca. The Avoca region is currently covered by police officers from Fingal, St Marys, Campbell Town and Scottsdale stations.

The member asked when the St Helens police station will be refurbished or redeveloped. In the 2017-18 Budget the Hodgman Liberal Government committed \$10 million to construct new purpose-built police stations at New Norfolk and Longford. In regional areas, police stations are particularly important and help build a positive working relationship between police and the community they serve. The new stations will be contemporary, well-equipped bases for policing activities.

There is \$12 million to build a new emergency services hub at Sorell, in recognition of the rapid growth of the south-east region and Sorell in particular. This is in addition to a further \$5 million to continue to upgrade police housing statewide to provide police officers with suitable secure and contemporary accommodation in regional and remote areas.

In regards to other police stations, any significant refurbishment or redevelopment proposals are considered through the Structured Infrastructure Investment Review Process - SIIRP - as part of the overall budget process.

The member asked about the \$24 million allocation for out-of-home care - whether this would provide more resources for foster carers, encouraging people to open up their homes for people who need care. The answer is that the Tasmanian Government is investing an additional \$24 million in funding to support the redesign of the child protection system, employing more child safety officers and other frontline staff and assisting vulnerable children with very complex needs in out-of-home care. This is on top of the \$51.2 million in increased funding for out-of-home care and the redesign of child and safety services that we already committed to in our first term. In addition to this, we are delivering on our election commitments which will provide \$4.35 million over three years to ensure that young people transitioning from out-of-home care are ready and supported, with \$3 million to extend care up to the age of 21. Furthermore, \$1.2 million has been allocated for an incentive payment of \$2500 to both the foster carer and young person on successful completion of the young person's TCE or equivalent to encourage them to continue their studies. A sum of \$900 000 over three years will be allocated to strengthen the permanency of placement process to avoid children being continually moved between multiple foster care homes.

The member also asked why we needed a new agency, Communities Tasmania, and asked: should not all agencies be doing this? She then said more details would be appreciated, in addition to how much money is allocated. We recognise the importance Tasmanians place on their essential public services in Health and Human Services. The new Department of Communities Tasmania incorporates Human Services, Housing, Disability Services, Community Development and Sports and Recreation. Communities Tasmania will provide an even greater focus on enabling individuals, families and communities to achieve better outcomes and will bring together staff with their skills, knowledge and expertise to tackle disadvantage, help vulnerable Tasmanians and deliver great outcomes in community programs. The new department will be established by 1 July 2018 and will allow both sides of the existing departments of Health and Human Services and Premier and Cabinet to put maximum focus on resourcing their respective areas of responsibility. Consultations are currently underway with staff, unions and stakeholders on these changes, and all changes are being made within current budget allocations.

In response to the member's question about the allocation of \$7.5 million for Ashley upgrades, it was an election commitment of the majority Hodgman Liberal Government to keep Ashley Youth Detention Centre - AYDC - open on its current site, protecting jobs in the local community. The investment of \$7.28 million is for the major redesign and upgrade of the facility to make it fit for purpose and to continue to improve the model of care as part of the modern, integrated, statewide therapeutic youth justice model. In regard to location of the northern prison, the Department of Justice has development siting principles and evaluation guidelines to facilitate the identification of suitable sites. A siting project manager has been appointed.

The member asked where the agricultural centre of excellence will be located. The agricultural centre of excellence will be based at Burnie's Freer Farm.

A new correctional facility in the north has been allocated \$45 million. The member asked: Where will the new facility be? What community consultation has been undertaken? The Department of Justice has developed siting principles and evaluation guidelines to facilitate the identification of suitable sites for the location of a northern prison. A siting project manager has been appointed to establish a multidisciplinary panel to conduct targeted consultation with local government representatives and property experts to identify and evaluate a list of potential site locations and recommend suitable sites for decisions by the Government by early 2019.

How will the \$35 million allocation for free preschool services be allocated? Will existing facilities be involved in this funding? What impact will this allocation have to existing early education and care facilities? This Budget also delivers on our commitment to provide more access to early education for more Tasmanian children through the \$31.3 million put toward implementing the Working Together for 3 Year Olds initiative, providing fully subsidised preschool for eligible three-year-old Tasmanian children from 2020. A portion, \$2.3 million, of this funding will be invested in 2018-19 to co-design the initiative in partnership with the ECEC sector. It is anticipated existing ECEC providers will be the primary providers of this initiative once it is implemented in 2020.

The member for Windermere asked questions regarding grandfathering of feed-in tariff rates for rooftop small-scale solar: When does the grandfather provision end? Will the Government extend the feed-in tariff to affected households? What price will households receive when the grandfathering tariff ends? The feed-in tariff grandfathering period finishes on 31 December 2018. The Government committed to review the feed-in tariff arrangements and that review is underway. Public submissions will be sought through this process. The feed-in tariff price at the conclusion at the grandfathering period will be determined throughout the review.

Will private ownership be considered of the new jail or, when built, for at least one of the two jail facilities? The answer is no.

When will funding be made available for electronic monitoring breach offences of bail offenders, and when will electronic monitoring be implemented for people on bail? Alternative sentencing legislation that allows for electronic monitoring and home detention passed last year and funding of \$4.3 million per annum is in this year's Budget to implement it.

What is the status of amendments to the Bail Act 1994 to allow for electronic monitoring? The Government is currently undertaking work with regard to review of our Bail Act.

The member asked some questions about the Launceston Regional Tennis Centre: Who owns the Launceston Regional Tennis Centre? Who is it sub-leased to? Who controls the centre? How do they relate to the state Government? Is this funding for new clubrooms? The centre sits on what was crown land but when the first development was done in 2011, the title was transferred to the Launceston City Council. Tennis Tasmania has a lease agreement for its day-to-day operations. There is now no relationship to the state Government besides this funding commitment, which is contingent on federal support. The proposed development is for a new clubroom, function meeting space, shared community area, a pro shop and cafe with kitchen, physiotherapist and other allied health consultation rooms, and an undercover viewing deck to centre court and show court 4.

The Government's aim is to reduce the smoking rate to 10 per cent by 2020 and 5 per cent by 2025. The member for Windermere thought this seems unrealistic and asked: what are we doing to bring down these numbers? The Government is committed to reducing smoking rates in Tasmania and this is evident through our Healthy Tasmania Five Year Strategic Plan. The 2018-19 Budget provides ongoing funding of \$1.1 million per annum to support the Healthy Tasmania Five Year Strategic Plan from 2020-21 after current funding ceases. This funding and other initiatives such as increasing the licence fee to sell tobacco, regulating the sale, use and display of electronic cigarettes, increasing penalties for tobacco supplied to children and introducing fit and proper checks for tobacco seller licence holders, will contribute to reducing smoking rates.

In addition, targeted campaigns through Quit Tasmania information will be provided at the point of sale, while increasing compliance and education initiatives with tobacco retailers will ensure the new laws and regulations are understood and acted on. A tobacco sellers online licence system will be established, and, for the first time, information will be collected from tobacco and electronic retailers on the volume of products they sell. This is to inform targeting and interventions at a more local level than is currently possible. There will be a focus on smoking cessation and high-risk smoking population groups, including pregnant women, people with ill mental health, people in low socio-economic areas, Aboriginal people, middle-aged males and young people. A further \$100 000 is allocated to pilot a project to increase smoking cessation by pregnant women through improved screening referral and counselling in southern Tasmania.

Additional funding of \$340 000 provided to Cancer Council Tasmania for best practice smoke-free campaigns will be included in a renewed funding agreement for 2019-22.

Another question was about funding of \$53 million for road upgrades. The Lindsay and Goderich streets intersection near Charles Street Bridge and Invermay Road is now a major point of congestion, and the member asked whether some of this funding is for an upgrade to the intersection.

The funding commitment includes the upgrading of Charles Street Bridge and the Lindsay and Goderich streets intersection. It will also provide for an upgrade to the East Tamar Highway and Gleadow Street intersection, which, in conjunction with council investment in a new north-south link road between Lindsay and Gleadow, will provide an alternative egress for developments west of the East Tamar Highway. This will ease demand at the intersection of Goderich and Lindsay streets.

Questions were asked about the eastern bypass for Launceston: Is this option off the agenda? The member had not heard any news about this. The answer is that transport modelling undertaken by the department and the Launceston City Council in 2012 shows the proposed eastern bypass was not a high priority response to addressing traffic issues in Launceston.

The cost of constructing a bypass greatly exceeded the benefits to be gained. That work identified localised works, including Charles Street Bridge, the Lindsay and Goderich streets and East Tamar Highway and Forster Street intersections, that would provide more immediate benefit extending into the medium to long term. More recent modelling associated with the UTAS Inveresk development has confirmed the localised priorities.

Traffic lights for the Mowbray connector. The member asked: why is a roundabout not being considered? The department modelled a number of alternative solutions for this intersection, including a roundabout. While a roundabout will provide a reduction in crash severity compared to the current intersection arrangement, the modelling showed that traffic flows would be significantly and negatively affected within a short time frame. This is due to the unbalanced traffic flows on each approach, with the right turn movement having a significant impact on through traffic in peak periods. For example, right turns into Mowbray in the morning peak would cause major disruption to city-bound traffic flows.

The department has also observed theoretical traffic flows and levels of service at roundabouts are not achieved in practice in Tasmania. The proposed signalisation of the intersection will provide greater control over traffic movement during peak periods and improved level of service, particularly for East Tamar highway traffic.

The member for Launceston asked a question about funding for more health workers. The answer is: of the 180 nursing graduates, 20 in the north showed as funded, but 60 are meant to be for the north.

How many nursing graduate positions are actually funded in the north? I can advise there will be 60 additional graduate nurses in northern Tasmania over six years. That is 10 per annum over and above the usual recruitment numbers.

Housing. The member asked: what support is there for the first home buyers? Among other things, we provide the Streets Ahead Incentive program for first home buyers. The Streets Ahead Incentive program can help you buy a home from Housing Tasmania. Streets Ahead is now available to all public housing tenants. Tenants who rent a Housing Tasmania property are exempt from income and asset limits under the scheme. Of course, you still need enough income to make repayments to your loan.

HomeShare reduces the cost of buying a house. It also reduces the monthly cost of owning it. Under the scheme, you share the cost of buying a home with the Director of Housing. This means you may be able to buy a house you otherwise could not afford. Under HomeShare, you own at least 70 per cent of your home. You will need a deposit and you will need enough money to be able to make repayments. The director contributes up to 30 per cent. This share needs to be paid out before 30 years.

On delivering affordable housing for Tasmanians in need, the Hodgman Liberal Government is delivering on our strong plan to provide an additional 1500 new affordable homes for Tasmanians to assist around 2000 households. This is part of our \$125 million investment over five years - the second stage of our Tasmanian Affordable Housing Strategy. In response to increasing demand, the additional \$25 million per annum investment has been brought forward, starting in this Budget. This brings our total investment in affordable housing to nearly \$200 million over eight years, which is the largest ever Tasmanian government spend on affordable housing in the state's history. So far our Affordable Housing Strategy has helped more than 500 new households into affordable,

secure and safe homes. Together, stages 1 and 2 of the strategy will bring a total number of new affordable homes to 2400, with about 3600 households assisted.

As part of our investment into affordable housing, \$20 million over three years will be quarantined for purpose-built homes for people living with disability.

The Hodgman Liberal Government's Affordable Housing Strategy addresses the entire housing spectrum, including home ownership, affordable rental, public and community houses, and crisis accommodation, across all demographics in all regions of the state.

The actions taken as a result of the Housing Summit were:

- (1) government-owned land release to identify land potentially suitable for residential development;
- (2) land-release fast-track legislation to fast-track zoning changes and accelerate affordable housing;
- (3) building code compliance survey of local governments and building surveyors;
- (4) finalise implementation of the new statewide planning scheme and bring forward the review of the residential planning provisions (PD4.1);
- (5) immediate new one-year land tax rebate providing 100 per cent land tax rebate for property owners for long-term rental;
- (6) Housing Tasmania stock match to better match existing tenants with appropriate properties;
- (7) new planning awareness campaign to inform Tasmanians about changes to Tasmania's planning scheme;
- (8) data-sharing partnerships between the Government and Airbnb and Expedia/Stayz;
- (9) research rental vacancy data to better understand trends in Hobart's rental market.

On pain services in the north and north-west, while I acknowledge the Tasmania Health Service is working to address the gaps in north and north-west Tasmania with regard to a persistent pain service with a steering committee established to look at a number of recommendations put forward by the Musculoskeletal Clinical Advisory Group in 2016, with no time frame set for this and the THS focused on developing a statewide model of care, what is the Government doing in the interim to address the issue of no pain service in the north and north-west of the state?

Ms Forrest - This has been raised for more than the last few years.

Mrs HISCUTT - The answer is: while the THS continues to progress planning for improved pain services in the north and north-west, care is mostly managed by patients' local general practitioners with specialist referral relevant to the condition, including referral to the multidisciplinary statewide pain service in Hobart, if appropriate. Members should be assured that the Government has a strong commitment to improving services in the north and north-west as part of our six-year \$757 million health plan, including for pain.

For the north-west, key initiatives include funding to establish Community Rapid Response in the north-west, a full rehabilitation ward, dedicated palliative care rooms, a greater range of outpatient services at the Mersey, and eight new beds at the North West Regional Hospital. In the north, we are getting on with the job of redeveloping Ward 4K and the broader hospital, easing the car-parking pressures and establishing a new 32-bed ward.

On mental health services at the LGH, another promised project for the LGH is the addition of specialist services for mental health, a much needed service for the north of the state, one I have no doubt would be well utilised. Could the Leader please advise where this is at.

The answer is: on 14 May 2018, the minister announced that a \$10.2 million contract for Launceston General Hospital Ward 4K redevelopment had been awarded to Fairbrother. This important project will deliver a brand new, contemporary 36-bed facility that will meet the latest in modern standards and ensure our staff have the space they need to deliver the highest quality health care. Once open, it will be the first time ever that Tasmanians have had access to specialist paediatric inpatient mental health facilities, filling a longstanding service gap and enabling better care for young people across the north and north-west. Works will commence onsite next week and are expected to be completed in 2019. The operational funding for the beds has also been confirmed in both our election commitments and now in the 2018-19 Budget.

There were some comments about New Norfolk police station from the member for Derwent.

The New Norfolk police station was built in 1958. Due to its age it does contain some asbestos, as with most buildings of that age, but the building is deemed safe for use. Is that the one with the crack? The current design of the station is inefficient and not conducive to modern policing activities. It is poorly heated and ventilated and does not provide adequate office accommodation. A new police station will provide the capacity, space and facilities for a modern policing service.

That sums up my summing up. I thank members for their participation in this and all the questions they have asked. For what is not delivered, I hope that you will be able to get your answers during Estimates.

Mr President, I move -

That the budget papers and the Consolidated Fund appropriation bills (No. 1 and No. 2) 2018 be referred to Estimates Committee A and B of this Council.

Motion agreed to.

TAXATION RELATED LEGISLATION (HOUSING AVAILABILITY AND PAYROLL RELIEF) BILL 2018 (No. 18)

In Committee

[5.14 p.m.]

Postponed clause 13 -

Mrs HISCUTT - Madam Chair, advice is that the first amendment agreed to for clause 13 brings about an inconsistency in the drafting sense. A fresh amendment redraft is required. To facilitate I am advised that the procedural machinery motion is required.

Madam Chair, I move -

That the first amendment to clause 13 moved by the member for McIntyre and agreed by the Committee, be now disagreed as to allow a revised amendment to be moved by the member for McIntyre in lieu thereof.

Motion agreed to.

[5.15 p.m.]

Ms RATTRAY - Madam Chair, I move my revised amendments -

First amendment

Clause 13, proposed new section 19E(1)(a) -

Leave out 'located in the Greater Hobart area'.

Second amendment

Clause 13, proposed new section 19E(3), definition of 'Greater Hobart area'.

Leave out that definition.

By explanation, it was highlighted after the first amendment had passed that having the word 'Tasmania' in was inconsistent with the rest of the act. It was decided while we had an opportunity in this place today, we would make it consistent. We do not need 'Tasmania' because the reference to 'general land', which remains after we removed the 'located in the Greater Hobart Area', is of course Tasmania. General land means Tasmania. The 'Tasmania' reference was not necessary and made it inconsistent. So rather than having to revisit any of the previous debate, I move the amendments be agreed to.

Amendments agreed to.

Clause 13 as amended agreed to and bill taken through the remainder of the Committee stage.

Bill reported with amendments.

Bill read the third time.

NATURAL RESOURCE MANAGEMENT AMENDMENT BILL 2018 (No. 7)

First Reading

Bill received from the House of Assembly and read the first time.

Mrs HISCUTT (Montgomery - Leader of the Government in the Legislative Council - 2R) -
Mr President, I move -

That the second reading of the bill be made an order of the day for Tuesday next.

Motion agreed to.

ADJOURNMENT

Mrs HISCUTT (Montgomery - Leader of the Government in the Legislative Council) - Mr President, I move -

That the Council at its rising adjourn until 9 a.m. on Friday 6 July 2018.

Motion agreed to.

Mrs HISCUTT (Montgomery - Leader of the Government in the Legislative Council) - Mr President, I move -

That the Council do now adjourn.

Schoolchildren - Safety on Buses

[5.21 p.m.]

Ms FORREST (Murchison) - Mr President, I wish to make a contribution regarding the safety of our children, particularly schoolchildren on the north-west coast. I know this is a problem around other parts of the state and for the children who attend the Boat Harbour Primary School. I am disappointed that the member for Huon did not stay to listen because I am sure it affects children in his area too.

This matter was raised with me many times by constituents and parents at the school over a number of years. I have written to previous ministers and the current minister. I wrote to the current minister's office a few weeks ago. His office called me last week, saying they would have a letter from him by the end of this week. I know it is not the end of the week yet, one more day to go, but I have not received a response. The answers I received to one of the questions I asked today answers some of it.

This matter is serious. I will read you part of an email from one of the representatives of the school that outlines what the problem has been over the years. I will talk about why it is such an issue and what I need the Government to do.

Early in the 1990s, the Preolenna School closed and all children and equipment were transferred to the Boat Harbour Primary School, and a bus for children for Boat Harbour Primary School was guaranteed. The bus service included Flowerdale, Bass Highway and Preolenna. In the early 2000s, the pick-up place for this bus route was changed from Flowerdale on the Bass Highway to York Street, which is on the edge of Wynyard, as the highway was too dangerous. This has caused problems with traffic congestion in York Street for local businesses and residents, and the local council has refused to erect a safety barrier.

I note the Leader's comments, in her reply to my question, about the biggest time of safety risk for children being getting on and off the bus. Since then, ongoing issues of safety and overcrowding have occurred, which I have written to the minister about previously and again recently.

Contact has been made by the principal, the school's P&F and the school association, with ministers, politicians other than me, with the Department of Infrastructure, Energy and Resources, as it was, and now State Growth. The current situation is that the legislation and regulations allow for 57 adults on the bus used, but the regulations provide for 80 children sitting on that bus - which is three over two, which means three children on a seat meant for two - plus 17 standing, a total of 97 children on a bus registered to transport 57 adults.

These are primary schoolchildren, yes, but I do not know if you have visited primary schools recently, particularly those in the country. These children are not obese. They are the normal up-to-11 years old children we are talking about and that is what the regulations stipulate. Three 11-year-olds on a seat for two - you have to be kidding. Three eight-year-olds on a seat built for two is not necessarily appropriate either. It is terribly dangerous. The bus is a large old bus, with no seatbelts and has limited handles and support rails, despite the regulations requiring hang-on spots on the bus. This road, particularly around the Preolenna/Flowerdale area, and onto the Bass Highway is a very busy section of the highway. The small, narrow country lanes frequently carry log trucks, big farming equipment and milk trucks, not to mention normal residential vehicles and utes.

There have been frequent incidents of hurt children on the bus. I asked the Leader if there have been any reports of injuries. She said she was not aware of any. There have been. The most recent one was last week or the week before, when a child fell off the seat as the bus had to swerve off a narrow section of the road, to avoid collision with a log truck. How can this be okay in our current state for our children? One child sustained a cut lip, another a cut head and a serious bump on their head. I cannot believe we have not acted sooner. What do we have to wait for?

Currently, on a bus registered to legally carry 97 children, 104 Boat Harbour Primary School children regularly travel on this bus. They are not all on the bus every day. Current counting shows between 75 and 85 children each day. It is not okay. The last two Saturdays, when my partner and I have done a morning walk, we have run into a group of four men who walk early on a Saturday morning. Both times they have seen me coming, they have pulled me up and said what are you doing about our kids?

What are we doing about our kids? I am hoping the letter from the minister, which I believe will arrive tomorrow, will tell me what he is doing. It is his electorate too. I am sure he cares about these children as much as I do. His message to me was they wanted to come up with a solution, not some half-baked response to me. I appreciate this, because he knows what would happen if they sent a half-baked response.

These children travel on this bus for a variety of reasons. People ask why there so many on the bus. There are issues with extended and blended split families, issues to do with child care, and behaviour transfers from another school to Boat Harbour Primary School. The school is receiving weekly reports of congestion regarding local businesses and residents in York Street, in the bus shelter area, with parent parking and children waiting. It is not safe, it is not okay.

I fully support the solution proposed by the school to split the current bus route into two, providing two safer, smaller buses with seatbelts. The Leader said the smaller buses have the

seatbelts. Bus one would do the Bass Highway/Flowerdale/Preolenna area and continue with the current contractor's bus lines, which would be approximately 40 children. That could be managed. Bus two would do the Flowerdale/Bass Highway/York Street. That could be contracted to a separate bus to run services in the area that has a large depot in York Street. These children could actually be taken off York Street, rather than blocking the street and causing a problem. They could wait in the bus depot if that bus line is the one who provides the service. It is a safe waiting place for children and parents.

This is an urgent problem. It was raised on ABC Radio. One of the parents was so frustrated she rang Leon Compton. He was mortified. We did hear other calls from other parts of the state. I am sure all of you in your electorates, particularly if you have rural areas, will probably have similar things going on. This has been raised time and time again. These roads are winding and dangerous, and used by log trucks, milk trucks, and farm equipment. The Bass Highway is a very heavily utilised section of road. Just pulling out onto it can be a nightmare in a car, let alone a bus full of kids. Let us see something happen pretty urgently to protect our children before the worst thing that can happen does. A head injury is enough, a cut lip is enough. Let us not wait for something worse.

The Council adjourned at 5.30 p.m.