



PARLIAMENT OF TASMANIA

TRANSCRIPT

LEGISLATIVE COUNCIL

ESTIMATES COMMITTEE A

Hon. Michael Ferguson MP

Monday 5 June 2023

MEMBERS

Hon Luke Edmunds MLC;
Hon Nick Duigan MLC;
Hon Ruth Forrest MLC (Chair);
Hon Mike Gaffney MLC (Deputy Chair);
Hon Dean Harriss MLC; and
Hon Sarah Lovell MLC.

IN ATTENDANCE

Hon. Michael Ferguson MP, Deputy Premier, Treasurer, Minister for Infrastructure and Transport, Minister for Planning

Ministerial Office

Daniel Gillie	Chief of Staff
Richard Wilson	Senior Adviser, Infrastructure
Jodi de Cesare	Senior Adviser, Transport
James Abbott	Senior Economic Adviser
Nicole Wolfe	Senior Financial Adviser
David Palmer	Senior Adviser, Planning
Simon Behrakis	Adviser, Finance

DEPARTMENT OF TREASURY AND FINANCE

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

Tony Ferrall	Secretary
James Craigie	Deputy Secretary, Budget and Finance Division
Fiona Calvert	Deputy Secretary, Economic and Financial Policy Division
Jonathon Root	Deputy Secretary, Revenue Gaming and Licensing Division
Abigail Shelley	Deputy Secretary, Corporate and Governance Division
Danielle Harris	Director, Budget Management Branch
Susan Peterson	Acting Director, Government Finance and Accounting Branch

DEPARTMENT OF STATE GROWTH

Administered Expenses

Kim Evans	Secretary, Department of State Growth
Gary Swain	Deputy Secretary Transport and Infrastructure
Denise McIntyre	General Manager State Roads
Martin Crane	General Manager Road User Services
Ben Goodsir	Acting Chief Executive Officer, Infrastructure Tasmania
Angela Conway	Acting Deputy Secretary, Business Services

Capital Investment Program (CIP)

Kim Evans	Secretary, Department of State Growth
Gary Swain	Deputy Secretary Transport and Infrastructure
Denise McIntyre	General Manager State Roads
Angela Conway	Acting Deputy Secretary, Business Services
Ben Goodsir	Acting Chief Executive Officer, Infrastructure Tasmania
James Verrier	Director, Transport Systems and Planning Policy

Marine and Safety Tasmania (MAST)

Lia Morris	Chief Executive Officer MAST
Kim Evans	Secretary
Angela Conway	Acting Deputy Secretary, Business Services

Output 2.1 Infrastructure Tasmania

Kim Evans	Secretary
Gary Swain	Deputy Secretary Transport and Infrastructure
Ben Goodsir	Acting Chief Executive Officer, Infrastructure Tasmania

James Verrier	Director, Transport Systems and Planning Policy
Angela Conway	Acting Deputy Secretary, Business Services

Output 2.2 Road User Services, 2.3 Passenger Transport

Kim Evans	Secretary
Gary Swain	Deputy Secretary Transport Services
Martin Crane	General Manager Road User Services
Babette Moate	Director, Passenger Transport
Angela Conway	Acting Deputy Secretary, Business Services

Output 6.1 Shipping and Ferry Subsidies

Kim Evans	Secretary
Gary Swain	Deputy Secretary Transport and Infrastructure
Martin Crane	General Manager Road User Services
Angela Conway	Acting Deputy Secretary, Business Services

Output 6.2 General Access Services, 6.3 School Bus Services

Kim Evans	Secretary
Gary Swain	Deputy Secretary Transport and Infrastructure
Martin Crane	General Manager Road User Services
Angela Conway	Acting Deputy Secretary, Business Services

Output 6.4 Construction of Streets in Towns

Kim Evans	Secretary
Gary Swain	Deputy Secretary Transport and Infrastructure
Denise McIntyre	General Manager State Roads
Angela Conway	Acting Deputy Secretary, Business Services

DEPARTMENT OF PREMIER AND CABINET

Output

Todd Crawford	Acting Deputy Secretary, Policy and Intergovernmental Relations
Brian Risby	Director, State Planning Office

DEPARTMENT OF JUSTICE

Output

Ross Smith	Deputy Secretary, Regulation and Service Delivery
John Ramsey	Chairperson and Executive Commissioner

The Committee met at 9 a.m.

CHAIR (Ms Forrest) - Welcome, minister and your team to our first day of Budget Estimates for your Treasury and Finance portfolios. We intend to have a break at about 11 a.m. for 15 minutes and hopefully finish by 1 p.m. with Treasury and Finance, and Finance-General. I invite you to introduce the members of your team at the table for the benefit of Hansard and then make an opening comment if you wish to.

Mr FERGUSON - Good morning, Chair and your Committee members. I am joined at the table here by Tony Ferrall, Secretary of the Department of Treasury and Finance and Fiona Calvert, Deputy Secretary Economic and Financial Policy Divisions, supported by my Chief of Staff, Daniel Gillie, but he will not be speaking to the Committee. I am happy to commence with a short overview.

The 2023-24 Budget delivers on the Government's key priorities of stronger public finances, stronger public services, responding to demand pressures and continued strategic investment in long-term infrastructure. I am sure the Committee will agree, there are challenging economic headwinds being experienced around our country today with rising mortgage rates putting pressure on household budgets, and the RBA acts to bring inflation under control. Our economy here in Tasmania has experienced significant growth in recent years, which has been great to see and to be a part of, and our strong economic position has placed us well. This Budget ensures that despite a softening national economy we will continue to provide essential services, support Tasmanians in need and provide a stable business environment that encourages investment. I am pleased to advise that the Budget delivers significant cost-of-living supports, together with significant investment into health, housing and education. Over the Budget and forward Estimates, we are investing a record \$12.1 billion into vital health services across Tasmania, almost a billion dollars more than was allocated across the Budget and forward Estimates in last year's Budget. This equates to almost \$8.3 million each day. Taken together with education now, this means that more than 60 per cent of total public expenditure is for health and education.

The Budget also continues our strong track record of investing in job-creating infrastructure - infrastructure that deals with legacy under investments but also infrastructure that is targeted at setting up our state for future success. In the face of strong inflation and rising mortgage, we are now seeing economic headwinds at both a state and a national level. The impact of this is already felt in our state revenues with significant write-downs of conveyance duty, for example.

Our GST relativity is forecast to decline over the forward Estimates, highlighting the volatility of this important revenue source and the critical need to make the 'no worse off' guarantee permanent. Despite the reductions in forecast revenue, a result of the careful and considered decisions that we have made in framing this Budget will chart a pathway back to surplus over the forward Estimates with the fiscal position improving as well and the operating surplus forecast of \$12.7 million in 2025-26 and \$61.2 million surplus in 2026-27. Over to your questions.

CHAIR - Thanks, Treasurer. I will come back to some of those points that you have mentioned there later on and other areas.

1.1 Debt Servicing, Finance General

We are going to stay in 1.1 Debt Servicing, in Finance General. Your key focus in your role of Minister of Finance and Treasurer is to oversee the management of the state's financial assets and liabilities, meet the Government's pension and other superannuation liabilities, manage state debt and develop policies and budgets to meet the service delivery needs of Tasmanians. I think that is a pretty fair description of your role.

Therefore, with regard to the decision to commit \$375 million to the Macquarie Point Urban Renewal that adds to our debt and significantly to our financial risk, as outlined on budget paper 1, pages 19 and 20, related to the debt servicing cost. What advice or input did you have as Treasurer to that decision?

Mr FERGUSON - Into the decision that relates to our budgeting for these projects, I have had a lot of input into these decisions. As a member of the Government and member of the Cabinet, while I am not able to speak about any Cabinet matters, naturally, as you will understand, as we work through the Budget process, I have taken an extensive interest in honouring the Government's commitments that we have made in partnership with the Australian government in terms of our contribution to the capital component of the Macquarie Point urban redevelopment Urban Renewal Project. The budget provides \$230 million over the budget and forward Estimates towards that project for capital and then also to honour financially the operating costs of the AFL team which has been honoured in the budget as well.

To answer the question directly, I have taken quite a proper interest and role in this and making sure that the Budget delivers on the commitments that the Government has been entering into, noting that there is a lot of work yet to do in respect of both the establishment of the team as well as the task of building the capital project at Macquarie Point.

CHAIR - Okay. That sounds like the work that you have been focused on is after the decision has been made and the agreement signed. Did you have any input into the agreement that was signed, noting that there are significant financial penalties in clauses in that that would impact on the state?

Mr FERGUSON - I will be able to give a limited answer here. I am certainly not in a position to discuss the role that I have played as a Cabinet member along the journey. The negotiation with - the question is about the AFL agreement, that agreement has been led by the Premier with the support of the Department of State Growth and with my input along the way as well.

CHAIR - When you say, 'Input along the way', what are you talking about? Did you see what was being proposed before it was agreed to and tick off from a financial point of view on behalf of the state?

Mr FERGUSON - There's been a Cabinet process and I am not in a position to discuss that.

CHAIR - But the whole agreement surely wasn't a Cabinet process as we heard in a response to a question I asked about who the key negotiator was and it said there was a whole range of people across a range of departments who were providing input into it. I am talking about that process, the front-end process. Then as Treasurer, seeing what we were actually signing up for, what input did you have into that?

Mr FERGUSON - I have answered the question to the extent that I am able to but I have had extensive input and advice that I have provided in meetings and verbally to the Premier and others. I have been involved in that sense but the negotiations, as you know, have been led by the Premier with the support of his own team and the Department of State Growth, which is quite proper.

CHAIR - Did you see the agreement before it was signed by the Premier?

Mr FERGUSON - I have answered these questions in other forums as well and I am not in a position to discuss what ultimately has been a Cabinet process.

CHAIR - So you are suggesting that the agreement went to Cabinet?

Mr FERGUSON - I am not suggesting anything about that. I am simply reflecting the circumstances and the way that government makes carefully formed policy and considers it and protects the public interest as we negotiate those sorts of arrangements.

CHAIR - So when we look at the risk chapter then in budget paper 1 where it mentions Macquarie Point as a risk, page 19 it is, budget paper 1.

Mr FERGUSON - Look, and thank you for that. If I can just set the theme for the day, it is enormously helpful if when you and your colleagues ask a question, if you take us to a page number to help us -

CHAIR - We always try to do that. You know that.

Mr FERGUSON - Thank you. I am with you.

CHAIR - There is commentary there about the Macquarie Point Urban Renewal Project but I will also come to the removal of the waste, sewerage.

Mr FERGUSON - Yes.

CHAIR - That is further on 22. But this one in particular, this is in the expenditure risk clearly outlined in the budget papers. Obviously, it is a new risk because it wasn't there last year and wasn't notionally on the table last year. Comment has been made publicly, it is a large infrastructure project with the scope yet to be fully defined, so we don't know. There is this figure of \$715 million as this is how much it will be, even though it clearly says we don't know how much it will be. It may be subject to ongoing supply constraints, which is highly likely in the current environment and we have seen other cost escalations and supply constraints impacting other publicly-funded projects. In terms of the risk, how is that risk assessed from a budgetary point of view? Is there a point where you say that this is just beyond the state or is it just going to plough on regardless?

Mr FERGUSON - Okay. So we are going to plough on with regard to managing the project. I think to quote the Premier, 'Within an inch of its life'. So very actively managing the project together with its risks. Just an overview comment on risks, here in the budget papers Treasury, with its black hat, quite appropriately is raising for me, for you, for the community

an awareness of the range of activities of government and the risks that you want and need to have visibility of.

In previous years budget papers, for example the Bridgewater bridge was raised as a risk in a similar way to identify areas as you work through the commencing stages of a project. As you progress through, at each step try to de-risk the next step you will be taking, for example at procurement. In this case, we would be looking to a precinct plan at Macquarie Point Development Corporation to lead that work. Then to engage in design works and as you then move to actual procurement of a contractor. As you progress through the project you are mitigating and de-risking as you work through.

I am pleased Treasury have provided this guidance. It is a way of ensuring not just the Government and parliament can have its eyes open about the areas that need to be carefully managed as we step through the project. I would not agree with the comment at this stage that the \$715 million figure has been cast aside -I know that was not your exact words Chair -but the point is that is the best estimate we have at the moment about the anticipated cost. Those costs have been estimated on the advice of the team supporting the Government at a point in time when escalations were well understood and had already been materialising across the country with major infrastructure. It still is today our best estimate of costs, but we can all acknowledge that as the Treasury guidance and the risks section deals with any large infrastructure project, there are risks of cost escalations that need to be actively managed as we work our way through.

CHAIR - When we look at that risk in association with some of the others like the commission inquiry response on child safety where I know there has been some money put aside - \$30 million - one would imagine that will not touch the sides.

Mr FERGUSON - I did not wish to interrupt you, but we want to be able to do exactly that to deal with any immediate urgent items the commission might raise with us. Even though we are not in possession of the report's recommendations at this point in time, we know it will be presented during the financial year. We wanted the Budget to have the capability to see that we would not have to come back to parliament for example, for an appropriation bill we can immediately be in a position to respond.

CHAIR - What I am talking about is the risk.

Mr FERGUSON - We accept that there will be a need, most likely a need to do more. Potentially, much more when the recommendations are known.

CHAIR - When we talk about risk and trying to de-risk projects, it is easier to de-risk a project where you actually know the piece of infrastructure at the end at well value over its lifetime. But, when you are adding some of these other risks, like the response to the commission inquiry rightly so will carry quite significant financial burden for the state. I do not think anyone is shirking for now and that is appropriate. Then we go to budget efficiency measures which we will come to a bit further on, we have seen that tried before and rarely meets the targets. These are the things that do not necessarily give you any lasting benefit depending on what you do there. The health demand expansion you have talked about in your opening statement about the significant uplift in funding for health, which is again still remain to be seen if it actually meets the demand, probably unlikely once you open the door with health more people come in.

Mr FERGUSON - I realise you are running through a list of them, but let me make the point the risk that has been raised with health demand and expenditures is not just about potential for growing demand, but in fact the risk of the Australian government's payments keeping pace because of the cap and the National Health Reform Agreement that contains-

CHAIR - I asked that before and you had to ask the health department about whether we are over 6.5 per cent growth, do we know?

Mr FERGUSON - I am happy to provide you with any information we can. I do not personally have that knowledge in front of me

CHAIR - Can we get that from you? I can ask health tomorrow? The funding escalation is above the 6.5 per cent growth that the Australian Government paid. Noting that the National Health Reform Agreement ends this year, or next year? I think it runs out - I've forgotten, sorry.

Mr FERRALL - On the cap, just to clarify. All we could do is get a forecast. We won't actually know until it is measured retrospectively.

CHAIR - Do we know last year's figure?

Mr FERRALL - I don't have that detail.

CHAIR - Whether last year's growth was over the 6.5 per cent?

Mr FERGUSON - We can take it on notice, is what I think the secretary is saying. We will do our best to provide that through the day.

Mr FERRALL - Whether or not we will exceed the cap in the future will only be a forecast.

CHAIR - I accept that, yes. We can look at what happened last year, whether it exceeded the cap? We can look at the forecast -

Mr FERGUSON - If I may, it depends on when the reconciliation is actually performed as well. We will take it on notice, and my team will obtain this information from Health. We will provide it to the committee today if we are able to.

CHAIR - Thank you.

I will go then to the Macquarie Point wastewater treatment relocation. This is obviously being managed through TasWater. The Government has already committed \$100 million to support that work. It does say in the final comment on that risk:

Under the terms of the established agreement, a proportional increased contribution will be required to be made by the [state] government to meet project cost overruns.

Can you give more detail about what that actually means? What are we talking about? How much?

Mr FERGUSON - I will ask the secretary to assist me as and when needed.

The Government has provided significant support to TasWater across a range of areas, not just narrowly towards the Macquarie Point wastewater treatment plan. In relation to that particular project, \$100 million in grant funding has been committed to TasWater to support the relocation of the treatment plan, to maximise the economic potential of Macquarie Point. TasWater itself has also committed \$40 million.

Secretary, if you could just confirm that we've agreed in writing with TasWater through the initial deed, of, I think, \$3 million? There it is. The Government has provided an initial grant funding of \$3.5 million to TasWater to fund plant relocation design and planning works.

The corporate plan of TasWater from 2022-23 includes a capital expenditure forecast for the relocation project, which takes it out to 2025-26. The grant deed that I have reflected upon, of which the initial \$3.5 million has been funded, includes a commitment of cross-sharing if the costs would exceed the \$140 million budget in the same ratio as the initial commitments.

CHAIR - We pay a lot more of it, then, if they are only paying -

Mr FERGUSON - We have agreed, because this is really a state-initiated project, to see those wastewater plants relocated. We are on the ratio of 100:40. If it exceeds the budget, we would meet our cost share on the same proportionate basis.

CHAIR - On a 60:40 basis, we are talking?

Mr FERGUSON - I have 71.4 per cent.

TasWater has advised that its board has approved the preferred option in the detailed business case for the relocation. Work is underway on the development of a target out-turn cost, which I understand is scheduled for board approval in November later this year. We don't have any numbers that I'm aware in front of us, if it were to have a cost overrun - and that is not confirmed.

CHAIR - It's likely, though. Everything else is blowing out.

Mr FERGUSON - You may say that, but we don't know. That is something TasWater - they are our expert authority on these matters. They are exploring that work. My advice is that the target out-turn cost, which no doubt would also include contingencies already - and I hope the project can live within its existing contingencies - but we'll know at the end of this year what the more precise picture would look like.

CHAIR - Does this set a bit of a precedent for dealing with that stormwater and sewerage issue in Launceston, in the member for Windermere's river? I'm sure there is a lot of pressure there. Are we looking at the same sort of deal to be struck there?

Mr FERGUSON - In relation to that element, that is one of the three areas where it provided significant support to TasWater. That is \$42.5 million in grant money to TasWater

PUBLIC

to progress the Tamar Estuary River Health Action Plan as part of the Launceston City Deal, to improve the amenity and health of the Tamar River. In fact, Mr Duigan has been instrumental in engaging and supporting the Government through those works as part of his parliamentary secretary role. The Government is providing those funds. Construction work has commenced on those projects. I do not believe that I have any concerns about that project at this point in time. I note that there was a need for additional budget. That was met by Launceston City Council. I do not have any different advice on that.

CHAIR - In a broad sense, as Treasurer and responsible for the government businesses overall, as a shareholder and minister of all of them, when we are putting so much money from the state into these government businesses, and particularly with this focus on TasWater, is there a case that we should own it?

Mr FERGUSON - TasWater?

CHAIR - Yes.

Mr FERGUSON - Chair, we have been through this. We tried to take it over.

CHAIR - That was the former government who tried to take it over.

Mr FERGUSON - The Liberal government attempted to take over TasWater ownership. I am pretty sure that the Chamber in which I am sitting said no.

CHAIR - The first iteration was done with the Labor government, it was Michael Aird.

Mr FERGUSON - I see what you mean. Well, the Government has had a policy of taking over ownership of TasWater, but it was blocked in this Chamber in which I am sitting.

CHAIR - In light of the ongoing buckets of money going in, is there an intention to try that again?

Mr FERGUSON - No, there is not actually. What we have done though, when we came to the point that proceeding with that policy if you like, came to an end, we worked through a different process with TasWater. Through a deed arrangement of grant as well as equity, a mixture of grant funds and equity funds, and in exchange for that a progressive, partial ownership that would be held by the state Government on behalf of Tasmanians.

CHAIR - What percentage is that at now?

Mr FERGUSON - I think 7.5 per cent. We can get that for you. We will get you the current percentage. It increases each year based on the level of equity. The grant funds are excluded from that. So, 200 equity funding and 100 in grant funding has been part of a new arrangement that was struck in - from memory - approximately the middle of 2018. This was done to put us on a more positive cooperative path with TasWater that does not involve a threatened takeover. In exchange for that, the Government was able to negotiate with TasWater to accelerate a range of its upgrades, particularly for potable water. At the same time, through an agreement that was reached, not just with the board, but through the owners, being local councils, an agreement that in exchange for the equity funds that the state would take a small

equity share in the business. We are just seeking the current - we will have that for you during the morning for sure.

CHAIR - Thank you.

Mr FERGUSON - Chair, we will check this, but my notes indicate that we currently do hold a 7.5 per cent interest in TasWater. But it does depend on the timing each year of the annual meetings, or the meeting of the - what is the name of the group, the owners' committee, the owners' group?

Mr FERRALL - The Owners' Representatives Group.

Mr FERGUSON - Thank you, the Owners' Representatives Group. From time to time they meet to confirm an increase in equity and allocation to the Tasmanian government. Through the agreement everything I have said is correct. It will ultimately lead to a 10 per cent equity take of the total shares on issue by TasWater by 2023-24. In fact, we are approaching that completion.

CHAIR - So we get 10 per cent of the dividends back then?

Mr FERGUSON - I think we have agreed that we would not be taking dividends from TasWater. That was part of the MOU. No doubt, that was a key element of seeing the other 29 owners come to an agreement on that.

CHAIR - I will just go to another area, Treasurer. After you delivered the budget you were reported as saying that our borrowings were very small in comparison to other jurisdictions, per capita. If you just have a look across the waters at Victoria and what they are doing. You would not want to be in their shoes. That is what you said in one of the post-Budget events that were held.

When you made the comment and the comparison you were using, which suggested the same measure that is based on overall net financial liabilities, which include all liabilities to be paid, like unfunded superannuation and employee entitlements, not just net debt. When you are talking about that, do you acknowledge that Tasmania has a much higher level of unfunded superannuation liability than Victoria?

Mr FERGUSON - I will have to ask for the advice on that in absolute terms or in per capita terms but both of those elements are captured within the fiscal strategy and all of them are reported in the Budget in terms of our cash emerging cost basis of meeting our traditional and long-standing unfunded superannuation liability.

The comments that I continue to make reflect that our net debt is reflective of, in the main, the infrastructure program and the COVID-19 period of time where we took a significant revenue hit and put a lot of cash back out the door. It is to help the Tasmanian community understand the decisions that we have taken and the level of net debt. Not only is it the lowest but you would expect it to be the lowest because we are the smallest state but then to more fairly capture how we are relative to other states, we represent that per capita and we are the second lowest.

PUBLIC

CHAIR - Then do you agree in the 2023-24 estimated net financial liabilities for Tasmania, if you look at Victoria as well on a per capita basis they are actually very similar. I am talking about net financial liabilities. Victoria is at just \$32 000 per capita, near enough and Tasmania is at about \$31 000 per capita. Our liabilities are growing faster because we have that higher unfunded superannuation liability per capita. In the four years, we will actually pass the Victorians in this. Do you think it is fair to make that comparison when you are not actually comparing apples with apples?

Mr FERGUSON - I certainly do. I will ask the secretary, Mr Ferrall to add to my answer. I certainly do believe that because one of the things that is virtually unchangeable throughout the period, not just of the pandemic but also our infrastructure program has been dealing with and ensuring that we are providing for the long-term emerging cost basis of superannuation. That has been a steady and virtually unchanged feature of the budget, with the exception of the fact that we did previously have a superannuation provision account which was spent by the previous government. I think that held about \$1.5 billion. That has been a steady and a relative constant.

The only thing that changes is the net present value of that super fund but it does not change the forecast cash emerging cost of superannuation liabilities. In explaining to the Tasmanian community, who quite naturally want to see debt exposure being carefully managed, we very respectfully and honestly explain why we have debt, why we have taken on borrowings. It is for the reasons that I have outlined and we are very competitive compared to nearly every other state. I wonder if you could to that in respect to super.

Mr FERRALL - I might make a comment on the superannuation. The superannuation arrangements differ in different jurisdictions. They are not all the same. I think one of the things you need to take into account when you are doing this sort of calculation that you are doing in taking into account the superannuation arrangement, our peak cost in our currently known superannuation cost occurs in about 2034 and then it starts to decline. You need to be a bit careful in doing a straightforward measure of your superannuation and your debt stock and adding those together. What we have done in the fiscal strategy is look at the emerging cost of superannuation and the cost of debt and we have presented metrics that relate to that as opposed to using the superannuation debt stock.

CHAIR - I am talking about the Premier making comparisons with that, not comparing apples with apples.

Mr FERRALL - There is a range of comparisons you can do across debt metrics, asset metrics, net debt. Your valuation of superannuation is highly variable because of using the discount rate. If you looked at superannuation on any year, as you can see from the past budget papers in terms of its stock, it varied, in some cases, by billions of dollars. So again, I don't think it's necessarily a good measure to use. It is a measure and it is a legitimate measure but I don't think -

CHAIR - Anyway, that comment is about the comparisons. Just on that point, if I might, Treasurer, the -

Mr FERGUSON - I still wouldn't like to swap with Victoria.

CHAIR - Okay, you can stay here then.

Mr FERGUSON - For a range of reasons.

CHAIR - We know how variable the superannuation liability can be, depending on the discount rates, but if the interest rates stay high, then ultimately that liability is going to have to be paid whatever the interest rate or the discount rate is at the time.

Mr FERRALL - The way we are dealing with the superannuation liability is to meet the emerging cost and we report the emerging cost in the budget. When we get to whatever it takes it to - another 70 years, we will have kept meeting the emerging cost, which reaches a peak in about 2034 or thereabouts, then it declines over time and as that emerging cost is met, the liability will fall to a point in the future when it will become zero.

CHAIR - Same as Victoria, theirs will do the same. Anyway, I will move on to another area. Going to the income statement, page 169, budget paper 1, I am always a little bit puzzled as to why the numbers here are always less than borrowing costs in the income statement. I understand this item includes the interest on leases - you referred to that last year in budget Estimates. So does that mean - and feel happy to correct me if I am wrong - that leased items are treated in the income statement as if they were owned but subject to a loan and thus an interest component is claimed and an item is depreciated? So when you calculate the fiscal balance, you actually add back the depreciation - is that how it works? I'll put the question maybe slightly differently. Does the principal component of a lease payment get included when calculating the fiscal balance or is the fiscal balance understated by the principal components of lease payments?

Mr FERRALL - It has been indicated that it is included.

CHAIR - So the principal was included?

Mr FERRALL - I might get James to answer that question in terms of how it's calculated.

CHAIR - He might need to come to the table.

Mr FERGUSON - Chair, I introduce Mr James Craigie, deputy secretary, Department of Treasury and Finance.

Mr CRAIGIE - In a cash flow perspective, the cash flow of the rental payment on the lease is recorded but the accounting standards require quite a complex treatment, so you recognise a right to use asset and you recognise the ongoing liability, and in the recognition of those through the profit and loss statement or the comprehensive income statement, there is an amortisation component of both. You write down the right to use asset over time and that would be reflected through the operating statement.

CHAIR - Okay. Going back to this sort of area still, Treasurer, last year you provided a table of borrowing cost assumptions - in the question on notice that you took - and this was the borrowing cost of assumptions related to the General Government Sector borrowings and interest rates. Can you provide a table along the same lines this year or have you already got that information with you, where the revised assumptions relate to interest rates, knowing that

there has been further rises since then, the level of borrowings, move in assumptions and move in borrowing costs? You may not have it with you.

Mr FERRALL - The interest rate assumptions applied to estimated additional borrowings as we go across the forward Estimates. For the 2023-24 Budget it is 4.68 per cent. For the 2024-25 forward Estimates, it's 4.9; for 2025-26 it's 5.15; for 2026-27 it is 5.38.

CHAIR - That is just from the General Government Sector, are they in the paper ...

Mr FERRALL - Yes.

CHAIR - What page?

Mr FERRALL - Page 151.

CHAIR - Page 151. I don't assume there's the whole state sector there on page 151.

Mr FERRALL - No.

CHAIR - Is it possible to get it for the Total State Sector?

Mr FERRALL - We don't hold that level of information, so we would need to go back to each of the GBEs and SOCs and pick up what their assumptions are for their future borrowings. We just don't hold that level of information.

CHAIR - Don't they all apply through TasCorp, so it'd be a similar arrangement? Am I wrong on that?

Mr FERRALL - It's not that simple, because it depends on when they've done their borrowing assumptions. It varies. It also depends on when they are borrowing. The rates that we've assumed relate to the general government borrowing, as we work with TasCorp to come up with those estimates. But the GBEs and SOCs would have other inputs and other points in time in terms of what their borrowings are. We would need to go to each of the GBEs and SOCs and then unpack their assumptions.

CHAIR - There might be a bit of work on that, I imagine. The point is the Total State Sector is where a lot of the debt actually sits, over in the GBEs, as we know. A lot of the movement there can make a big difference, obviously, because of the interest rates.

Mr FERRALL - It is likely that their assumptions are consistent, but they wouldn't be identical.

CHAIR - Can I go to some of the other risks? We've talked about a few of these, but the other one that's coming down the line fairly fast is the end of the Mersey Community Hospital funding. We are not going to get the full \$100 million, roughly, in the last year. I think it was \$12.5 million or \$12.7 million.

Mr FERGUSON - I think it was \$24 million.

CHAIR - What's the plan? You talk about record investment in health, but this is not actually our money as such, not our own revenue. It was provided by the Commonwealth, put over into TasCorp to be drawn down on annual basis until it ran out, which is soon. What's the plan to deal with this risk?

Mr FERGUSON - I'll bring in the secretary in a moment on this, but the plan is that we have been very successful in getting a 10-year funding commitment to last the distance. It's been a successful strategy. That hospital might have closed or it might have been a fully taken state liability to run the hospital if we'd taken it on inappropriate terms like, for example, a dollar. The plan in the final year is TasCorp pays out the forecast dividend amount, which I believe is 27.4 million.

That is the forecast. That could change. Naturally, that is in the final year of the 2026-27 forward Estimates. As we get closer to the date, we will have a greater ability to plan. We'll then move to an activity-based funding model for the Mersey, because up until that future date, it is excluded from activity-based funding on the basis that the Commonwealth provided \$730 million.

But we are excluded from activity-based funding and we'll be able to then re-enter activity-based funding for the Mersey from whatever point the fund is completely expired.

CHAIR - That will be a bit of each - that last year of funding from the TasCorp money.

Mr FERRALL - In the 2026-27 year where we have a receipt effectively of \$27.4 million from TasCorp, we already have the full cost of the Mersey built into that year.

Mr FERGUSON - The Health forward Estimates assume that amount of dividend and the rest that the state will need to meet.

CHAIR - Are you suggesting that the activity-based funding that will be paid - based on the activity, obviously - will meet the shortfall?

Mr FERGUSON - No, I do not think I am saying that, because the state will then need to pick up a 55 per cent share of future costs of activity. We would expect the Commonwealth then to start meeting that 45 per cent share. Ideally, by then we should be 50:50 if the Australian Government will find its way to change that policy.

CHAIR - That is assuming they do not, for now. If they do, there is still going to be a component where the state is going to have to find additional money to ensure the Mersey can continue operating at its current level.

Mr FERGUSON - Correct. They are the terms of the original deal.

CHAIR - That is what is factored into the forward Estimates - the so-called dividend coming in.

Mr FERRALL - In 2026-27, we already have effectively factored in a difference between the cost of the Mersey operating and the \$27.4 million.

PUBLIC

Mr FERGUSON - If I can put it another way, the secretary is expressing that the Mersey's fund in that year is based in part on the dividend return in the year, and the Government funding the balance.

CHAIR - On page 20 there is a comment about unfunded commitments. Commitments made subsequent to the finalisation of 2023-24 Budget. This is again -

Mr FERGUSON - You are in BP1, I think?

CHAIR - Sorry, yes. Do we know what these unfunded commitments are? What the commitments are? Or we do not know what they are, or do not know what the funding requirement is? Which commitments to these refer to? Are they commitments we have not heard about, or are they commitments we know about, but do not know how much they are going to cost?

Mr FERGUSON - It is a forward-facing statement by Treasury. It is probably in every year's budget, actually. I am not aware of any at the time, but from time to time the Government does respond to emerging issues in the community. We will make commitments. What the Treasury is saying - this is in the risks section, of course - is simply reflecting that any spending commitments that are made that are not documented in this Budget would be picked up in the RER.

CHAIR - Okay. I am not sure if this fits here. You have brought forward legislation to amend the TASCORP arrangements for the GBEs. Correct me if I am wrong - I have been reading a whole lot of other stuff rather than that legislation. To me it seemed this was to underwrite all the GBEs and entities, rather than having letters of comfort issued. Is that the purpose, effectively?

Mr FERGUSON - Yes. It is to provide a very clear and legislated position that the Government stands behind TASCORP finance corporation.

CHAIR - So it is behind TASCORP, rather than behind the individual entities?

Mr FERRALL - Effectively it is providing a guarantee for the entities' debts to TASCORP.

CHAIR - When we look at some of the new ones, like Homes Tasmania and Stadiums Tasmania, who could take on a large debt, ultimately for infrastructure with Homes Tasmania that the state particularly needs, is that just basically giving a guarantee that whatever debt they take, we will back it and underwrite it?

Mr FERRALL - I think you are probably missing the point that TASCORP will still do an assessment of the entities in terms of their capacity to fund the debt. Also, the Treasurer has to approve the borrowing level.

CHAIR - So who sets the limits, if you like - obviously the Treasurer?

Mr FERRALL - Yes.

PUBLIC

CHAIR - They are assessed individually. Obviously, companies like Hydro have much better capacity to repay their debt than, say, Homes Tasmania, will be. So it is an individual assessment for each one?

Mr FERGUSON - Do not assume that just because of the size of the organisation, they have -

CHAIR - Their revenue-generating capacity -

Mr FERGUSON - Everything is relative, of course. We will determine borrowing limits. I will take advice, then establish borrowing limits for any relevant entities, so that it is carefully managed and affordable, and we do not run into future problems. That is the whole argument that is being made - about making it consistent. The previous approach has worked fine, but this is a more contemporary approach in providing effectively a guarantee behind the borrowings of our businesses.

Mr FERRALL - For Homes Tasmania, there will effectively be two steps. Under the legislation, the Treasurer approves the level of borrowing for Homes Tasmania under Homes Tasmania legislation, and then the guarantee is a separate approval process.

CHAIR - Are all those approvals public?

Mr FERRALL - They will be.

Ms CALVERT - On commencement - assuming it commences - the existing limits will just transfer over. At the moment they are published in all businesses' annual reports, and should the legislation go through, the intention is that once again they will continue to be published in businesses' annual reports.

CHAIR - After the event, effectively?

Ms CALVERT - That is correct.

CHAIR - One last area of risk at this point is on page 21 - significant energy risks. It says here that the Government has signed a non-binding letter of intent with the Australian Government in relation to initial project positions on issues such as concessional finance and equity contribution arrangements. However, further work remains to be undertaken to reach final agreement on these and other important issues. The revised memorandum of understanding by the Australian and Victorian government is in the process of being negotiated, including more detailed arrangements.

Obviously, this is a massive deal. Treasurer, this is in Budget Paper 1 as a significant risk to the Budget. You're not necessarily the lead minister in negotiations around this, and I know there is going to be regulatory change, but can you tell us how all this progressing and how is Tasmania looking to be not paying more than its fair share?

Mr FERGUSON - Great question. I will ask the secretary or deputy secretary to assist me. If I may please differ from your question, I do not think Treasury is saying it is a significant risk. They are saying it is a risk that is associated to a very significant energy project.

Correct me if I am wrong, but it has been identified here as not just government GGS expenditure risks, but also risks that are associated with government businesses that we own. Where we are at with process right now is precisely as has been documented here.

The Tasmanian Government is negotiating with the Australian Government and the Victorian Government in relation to a proposed formal memorandum of understanding that has not been achieved yet. I understand it is being led by the minister for energy and renewables, Mr Barnett and his team at ReCFIT, but similar to a previous conversation we have had, I take a significant interest in it as Treasurer, but also as a shareholder for those energy businesses. We want to get a great deal for Tasmania.

We are not financially committed to building Marinus until we go to a final investment decision, which is currently expected at the end of next year. As we work towards that, an intervening step is that MOU, which will more formally document commitments, including cost share arrangements that would continue into the future. If we can get this enormous opportunity for our state over the line, it will be a really good outcome for our state.

CHAIR - When do you expect the MOU to be finalised?

Mr FERGUSON - I do not have a date in my mind. I believe this calendar year is the intention, but I would defer to my colleague-

CHAIR - Will that be made public?

Mr FERGUSON - That would be a decision for the parties at the time. I do not have that information. Do you know?

Ms CALVERT - No. That is being negotiated by ReCFIT on behalf of the Government.

CHAIR - Whether it is going to be public or not or?

Ms CALVERT -No, sorry, the actual agreement is being negotiated by them.

CHAIR - Could you see any reason why this would not be public? This is a big deal for this state in terms of risk and financial risk.

Mr FERRALL - I do not think we can comment on that. There are other parties involved in the agreement.

CHAIR - Okay.

Mr FERGUSON - It is a fair and reasonable question. Any member of parliament in this House, whether they are Government or non-government, has an interest in financial success for our state.

If we can get this project over the line - not just Marinus, but then Battery of the Nation, which of course have a lot of interdependence - it will be extremely good for our state, not just from the energy security point of view, but also drought-proofing our state.

We have all lived through episodes where the state has suffered low rainfall and on one occasion we suffered low rainfall and low storages when the current interconnector was unserviceable. But, it would also produce huge economic opportunity and thousands of jobs in our state, together with giving us the capability to then grow our generation capacity to be able to sell energy across Bass Strait and make money for Tasmanians. Ultimately, that is a whole set of interrelated goals. All of what I have just said is subject to a process of effectively testings costs versus benefit, which will be established as part of the final investment decision at the end of next year.

CHAIR - It also depends on who pays for the power purchase agreements and where that money goes.

Mr FERGUSON - That comment you've made is a direct input into the MOU negotiations. That question.

CHAIR - The power purchase agreements?

Mr FERGUSON - How it would work for users of that future possible asset, the cost share basis -

CHAIR - I am talking about power purchase agreements for new wind farms and other generators. Is that what you're referring to?

Mr FERGUSON - No.

CHAIR - No. I didn't think so because they are completely separate to that.

Mr FERGUSON - That would be right. Power purchase agreements would be between generators and -

CHAIR - Whoever's buying the power.

Mr FERGUSON - customers. Yes.

CHAIR - Where we have had some pretty onerous contracts in the past on those.

Mr FERGUSON - You would be, for example, reflecting power purchase agreements or for want of another term, there are a number of terms, but Aurora and Hydro with -

CHAIR - Off take agreements.

Mr FERGUSON - wind farm proponents.

CHAIR - That's correct.

Mr FERGUSON - Yes, that is quite separate to the comments that I have made.

CHAIR - I was talking about the power purchase agreements. If we then go to the fiscal strategy. I must say, this is a much welcome change. I thank Treasury for that. I'm sure Treasury put a lot of effort into this.

Mr FERGUSON - Treasury did all the work, but I wanted them to do it and I had to be prepared to explain and defend it when occasionally, it might be questioned or even under attack. It is about setting up the future for fiscal sustainability, knowing that not if but when one day there will be another shock on our economy, whether it is a pandemic or some sort of financial crisis that's occurred in the past, we want to be preparing ourselves for that possibility in the future.

CHAIR - If we can go to strategy number 2, page 51. You have looked at the gross debt per capita in the general Government sector there. Can you provide the same information in chart 3.1 on page 51 that shows the total state sector?

Mr FERRALL - The simple answer is yes, we can calculate gross debt per capita on a state sector basis. The fiscal strategy, the way we have put it together at the Treasurer's request, effectively covers a broader range of issues than the previous fiscal strategy, as you will be aware. It also has particular measures included now which do go to the total state sector, the measure relating to the state credit rating effectively puts a focus on the total state position, also we have other measures related to the Government Business Enterprises and Security Operations Centres.

One of those included is the Government Business Enterprise state-owned companies impact on the general Government sector financial position. We looked to have a positive impact on that. We have also included a further fiscal strategy component which goes towards effectively looking at the per capital expenditure by GBEs and SOC's. In terms of your original question, yes, we can calculate that, but we have not included that as a particular measure in the fiscal strategy, because we're using other measures. In relation to the overall fiscal strategy, we did make the comment we were effectively looking at a range of measures and there was no perfect or specific indicator of sustainability and we have picked a range of measures.

CHAIR - It is a lot more descriptive.

Mr FERRALL - We also do include the total state sector fiscal balance as well.

CHAIR - It is a major improvement. I have said that. I appreciate that. We can send that to you on notice, or -

Mr FERRALL - We should be able to get that for you.

Mr FERGUSON - The data is easily available. The question is, have we charted it? Perhaps not, but we can produce it.

Mr FERRALL - We can produce it. If you want a chart similar to that -

CHAIR - Yes, or overlay, whichever.

Mr FERRALL - With a state line on that chart, we can produce that.

Mr FERGUSON - Because we're taking this on notice, we may be able to produce it through the day, but I think we'll need some interpretation on that because it will show significant borrowings in the Total State Sector -

CHAIR - That's my point.

Mr FERGUSON - which are asset-backed by businesses that yield income for the state. I make that general comment for the -

CHAIR - Hence my point about Hydro earlier. We have talked about the net debt figure, but I wonder why you don't use the net financial liabilities figure as a measure. That is on the bottom of every balance sheet. I wonder why you don't model it with the net financial liabilities there.

Mr FERRALL - Are you talking about in terms of the per capita measure?

CHAIR - Yes, relating to this graph still.

Mr FERRALL - Our per capita measure is - it's titled 'gross debt', but we go broader and we pick up the broader financial liabilities. That figure is in that gross debt, or that chart 3.1, does go toward the broader question you've asked about other financial liabilities. They are picked up in that metric.

CHAIR - Which ones are picked up in that? That wasn't clear from the description to me.

Mr FERRALL - It is probably not clear from the description, but effectively we take -

CHAIR - On that point, Treasurer, it says in the comment that:

The Government's defined benefit superannuation liability is not included as a measure.

Mr FERRALL - We take out the defined benefits superannuation liability for the point I've made earlier about the highly variable -

CHAIR - Volatility.

Mr FERRALL - high volatility of it, but we pick up other financial liabilities in that measure.

CHAIR - The lease liability?

Mr FERRALL - Yes.

CHAIR - And what else?

Mr FERRALL - I'll give you a list if you bear with me.

To calculate the gross debt per capita, we effectively take the total liabilities. We add the Homes Tasmania borrowing. We are ensuring that is being included. Then we take out the defined benefit superannuation liability. If you go to the assets and liabilities chapter, you can see the total liabilities and those other liability components that we do include. It is a broader

measure than effectively just gross debt, which people ordinary assume is just borrowings. We pick up the other liabilities. The importance of the measure is not so much what the absolute level of it is, but what we are trying to do is portray the impact of the liabilities over time.

You can see from the chart that comparative sense, for some time, it was a relatively low figure on the back of the increased challenges we have had post-COVID-19 and other things, where we've had to borrow, you can see it's increasing. It's really about trying to provide a measure which probably has greater resonance to an ordinary person in trying to put some context around 'what does this mean in terms of debt per capita?', as opposed to some of the other metrics that you utilise in terms of debt, which tend to be a little more difficult for an individual to understand what they might mean at their level.

Mr FERGUSON - We made a deliberate decision to include Homes Tasmania borrowings in this calculation, even though it's outside of GGS.

Mr FERRALL - We include the lease liabilities in it, and employee entitlements, payables and other liabilities. Effectively, we are picking up a much broader measure of liability.

CHAIR - It seems to be included in Homes Tasmania and not others.

Mr FERRALL - We have included Homes Tasmania in all of the measures effectively because Homes Tasmania is supported from the General Government Sector. Where we have utilised a General Government Sector measure, we have effectively picked up Homes Tasmania's impact as well.

Mr FERGUSON - Its borrowings are supported by grant payments via DPAC as a grant to Homes Tasmania. For that reason, we felt, given that Homes Tasmania is not a profit-making entity, that we would be able to recover and then surplus its borrowings by increasing rents, for example. They are supported by direct grants from GGS via DPAC to Homes Tasmania. We included it.

CHAIR - Okay. I will go to strategy 4, the cost of debt, including defined benefits superannuation to cash receipts. You have got there the table that shows that it is a 10-year target that might be met in the first year, but it seems that it will be very difficult to meet in the future. You talk about in all of these measures that the Government is doing things directly to address this. What are we doing here?

Mr FERGUSON - I will ask the secretary to jump in. As the opening page of the Fiscal Strategy makes clear, there may well be legitimate reasons to breach, to exceed or to not meet certain actions in certain years but taken as a total, all of the 11 strategic actions are about giving us a more holistic view on the health of our sustainability going forward as we work to rebuild our fiscal buffers. The table that is presented there in 3.4 reflects a similar scenario from last year's budget papers as well.

Tony, would you agree? I will not ask you to look it up but I believe it did forecast that this particular action would be breached in future years. Despite some commentary which I believe is not from this table but I believe is demonstrably incorrect, this measure is a carry-over from the previous strategy. It has been brought forward and continued.

CHAIR - You have now got a target for it, but it just seems that the target is notionally unreachable.

Mr FERRALL - It is identical to the previous Fiscal Strategy target and that was 6 per cent as well. That was established when the original or the current Government Fiscal Strategy was established, when they came to power. As the Treasurer indicated, we have indicated in prior year budgets that it might be exceeded. Again, that is further into the forward Estimates on an actuals basis. You can see from it because we are reporting in season the TAFR, the metric has been met to date. What we are really doing is flagging the obvious that it is increasing due to the pickup of debt. Over a longer period of time, the Treasury view is that we should try to get that back down below 6 per cent.

Mr FERGUSON - That is my view, that is the Government's view. This is as much as anything a visibility and accountability exercise for us all, for Government or non-Government MPs and the community to be able to see what is expected to be coming up. Not everyone is an expert in reading financial tables but most literate people would be able to manage with an overview from the Fiscal Strategy to try to determine, is the Budget and the forward Estimates, are we likely to meet some of these target amounts -

CHAIR - As long as we do not move the targets.

Mr FERGUSON - We are not. What we have done is expanded the range of targets to give us all a better view of it.

CHAIR - So you have.

Mr FERGUSON - Yes. In this particular one, knowing - and we have known now for some time - that because of the infrastructure program and the fiscal deficit that has been established in the forward Estimates now for some considerable time, that we are borrowing to build and that, taken together with superannuation liability and even Homes Tasmania supported borrowings, that we are currently meeting the Fiscal Strategy in relation to that measure and will continue to watch it very closely in years to come.

CHAIR - One last question from me before we go to 1.2, as others have questions. I'm not sure whether I asked you, or whether you didn't answer, but going back to the lease principal amounts, is that included in the measurement of the fiscal balance principal?

Mr FERRALL - I would have to go through the detail of how that's calculated. There isn't really a principal with a lease, as you can understand. It's not a loan, so you amortise effectively the right to use asset and the liability on the other side to effectively capture that in the fiscal balance. But, similarly to debt, there isn't a pure principal that you're talking about, in terms of debt. There isn't an interest cost and a principal. Whereas a lease cost, you have a defined stream which is the total lease cost. So you don't separate it into principal and interest because under a lease you don't own the asset.

CHAIR - It is the right to use.

Mr FERRALL - Yes.

CHAIR - Okay.

Mr FERRALL - Which is captured.

Ms LOVELL - Thank you, Chair. Treasurer, I want to go back to something that you touched on earlier but just specifically to ask whether Treasury has provided or been asked to provide any advice about the impact on the budget of the AFL deal or the stadium build?

Mr FERGUSON - Yes, we have been and as a member of Cabinet, I'm not in a position to discuss the Cabinet process. However, I can say that quite obviously the Budget contains the outcome of reflecting the deal in respect of a budget response both for capital and operating costs.

Ms LOVELL - Just to be clear: Treasury didn't provide advice to Cabinet on those specific matters?

Mr FERGUSON - I'm not in a position to outline advice that any department or even me as a minister would provide to Cabinet in terms of recommendations. I think it is on the public record that there has been advice provided to Cabinet. That's been provided by description, I think I can put it that way, in an RTI in the last couple of weeks.

Output Group 1

Debt servicing and management

1.2 Interest on sundry deposits

Mr DUIGAN - Treasurer, there has been something of an uptick here in funding provided for interest on sundry deposits. I'm wondering if perhaps you could give us an explanation for that and some context about it?

Mr FERGUSON - I'll ask the Treasury Secretary to help me if I miss anything here. We do hold deposits and they earn income and as noted in the papers, the increase in that line item is primarily due to forecast higher interest earnings rates, together with higher account balances. There is an interest rate that, as Treasurer, I'm asked to prove and ultimately, the rate that is paid as interest on sundry deposits. Members might have noted that there's been a jump in the funding profile for this line item.

We are all naturally, painfully aware of the increase in rates that the RBA have been setting from an official government cash rate perspective over the last 12 months. When we met here last year, we'd only had one, maybe two, rate rises. It's turned out to be 11 and the cash rate at the time of last year's budget was at a very low 0.35. The RBA's decision to increase the cash rate is now on the record over a number of months. There have been quite a number, which is the bank trying to slay the inflation dragon, arguably which is starting to show signs of success although it is pain for families and businesses.

That rate is 3.85 per cent currently with another potential increase in the rate tomorrow. The rapid increase in interest rates has certainly been an important factor in the movements in this line item, which is significant for members of the committee. Members will recall that in the Supplementary Appropriation Bill that was debated in May last year, there was an appropriation for Finance-General of \$105 million for the Tasmanian Risk Management Fund.

This allocation was included to increase that cash balance within the fund to reflect the most recent actuarial assessment of increasing liabilities relating to workers compensation. As we have been, across government, seeking to improve the health and wellbeing of our workers, one area of particular interest has been first responders and emergency service personnel, who do have it in quantity and in the nature of those exposures. They are, in many cases, needing additional support. The funding injection has particularly been seen through that lens. The TMRF needs to have an appropriate level of financial assets to meet its liabilities. We have seen the liability rise.

The funding has increased the level of the AP funds, the special-purpose account, which receives interest. That has been reflected as well in the budget line item. I am happy with that, thank you.

CHAIR - It is a massive change from last year.

Mr FERRALL - I might just add, when you look at the interest on sundry deposits, last year's budget we were looking at forward rates going from 2023-24 across the then-forward Estimates 2.25, 2.3. In the 2023-24 Budget we are looking at 3.74 in 2023-24, then estimates of 4.07 and 4.43 and 4.7 across the forward Estimates. As the Treasurer indicated, commensurate with the increasing cash rate and the forward rates change in a similar manner, we are projecting higher capacity to provide greater returns on those sundry deposits.

CHAIR - Just to be sure of what we are talking about here, I note there is a massive jump. Last year's budget papers, forward Estimate for this year we were looking at in the Budget this year was only \$11.8 million, now it is \$24.9 million. Similarly, it was \$14.6 million, now it is \$27.83 million for the next year. The footnote describes part of that, in that higher interest rates happening both sides of this situation here. I presume that the cash balances we are talking about here that attract the interest in this Special Purposes Account. Is it entirely the Special Purposes Account or are there other amounts of money somewhere? Is it actual money in the TRMF, or is that just appropriation?

Mr FERGUSON - It is an asset that sits there.

Mr FERRALL - It offsets a liability as well.

CHAIR - That attracts interest though. The TRMF, the special -

Mr FERGUSON - Our funds are all cash-backed.

Mr FERRALL - There is a range of accounts that effectively do receive interests. Things like Tasmanian guardianship fund, patient trust and bequest account.

CHAIR - Whoever needs special -

Mr FERRALL - Not every single account receives interest, but we have a range of them that do. They are the accounts that will be receiving the interest effectively that I mentioned in terms of likely interest rates.

CHAIR - Are you able to provide a list of all the accounts that do attract interest then? I assume most of them are in the SPA. Others like TMRF and any other -

Mr FERRALL - We can give you -

CHAIR - I assume the forecast interest rates are the same as we spoke about earlier. That was interest on debt.

Mr FERRALL - This is earnings.

CHAIR - Do you have any forecast rates over those years for those balances?

Mr FERRALL - Yes, those were the rates I indicated a moment ago.

CHAIR - They were the rates you were referring to, right.

Mr FERRALL - Effectively the sundry deposits get the - what we call the Treasurer's approved rate - so those rates are for 2023-24 is 3.97 per cent, for 2024-25 it is 3.56 per cent, for 2025-26 it is 3.39 per cent and for 2026-27 it is 3.52 per cent. Now, they are obviously estimates going into the out years. They go up and down effectively across the years, so 2024-25 is lower than 2023-24-

CHAIR - Why is that?

Mr FERRALL - it is effectively just looking at the forward rates we receive from TASCORP and then utilising those to make those estimates. They are estimates and they will -

CHAIR - Yes, I know they are estimates; who knows what will happen.

Mr FERRALL - And every time you have a revision to the Reserve Bank cash rate, you get a change in forward rate. Markets have movements based on their views as to what the forward rates might be. We, effectively, pick up these rates from the market, as opposed to us guessing it for lack of a better description.

CHAIR - But you can provide a list of the accounts?

Mr FERGUSON - We will provide a list of accounts that attract interest and perhaps, a small number do not.

Mr GAFFNEY - I know they are guesstimates I suppose, how close have you been over the last three or four years with that prediction on the information you have with percentages?

Mr FERRALL - I cannot tell you how close we are, but they are fundamentally driven by the Reserve Bank cash rate, which the changes made by the Reserve Bank are probably difficult to predict by anybody.

Mr GAFFNEY - With the fluctuations we are seeing at the moment with the Reserve Bank, what is the worst-case scenario could happen for what you are predicting there. All your interest rates are going down over your forward percentages predictions. Do you look at worst- and best-case scenarios based on current workings of the RBA and how that impacts on the government making decisions.

Mr FERRALL - When we are looking at either our borrowing costs or our interest earnings effectively as we are putting the budget together, we get a forward rate from TASCORP, which reflects what the market is seeing going forward. That is volatile and can go up or down. You also see strange things when you have a normal yield curve or an inverted yield curve, but we utilise that at a point in time to do our estimates for both interest cost and interest earned. We do not put an overlay over that if you are asking in terms of do we add or subtract to that, we effectively utilise that as our base or our best case.

Obviously, by way of explanation if you look at the point we are now where there is a range of views as to what the Reserve Bank might do tomorrow, whether it will or will not increase its cash rate you would see across the forward rates variability, depending on the market assessment as to whether it is more or less likely the Reserve Bank move cash rates and how that might move across the forward years.

Mr GAFFNEY - If a decision by the RBA regarding that happens, do you then go 'oops' we are going to have to look differently over our forward years. Do you do that automatically or do you just wait for it to-

Mr FERRALL - We do not change the budget that was our best assessment of a point in time, but when we do the revised Estimates report we would go through a similar process and update those rates at a closer point to the publication of the Revised Estimates Report.

Mr GAFFNEY - Thank you.

CHAIR - Anything else on 1.2? We'll go 2.1 then.

Output Group 2

Employee related costs

2.1 Superannuation and pensions

Ms LOVELL - We've looked at this in previous years. There's not a lot that generally changes in this line item, but I have a question about the output group expense summary on page 46. The revenue from appropriation by output doesn't change, that sits at \$350 000 over the forward Estimates. But there is a significant jump on page 46 in the first 2023-24 from the previous year of \$75 million and then it drops by \$5 million a year. Can you explain that variation and why that's happening?

Mr FERRALL - It's effectively driven by the discount rate. The components that have changed in terms of - just to make sure I'm on the same page, you're on 46?

Ms LOVELL - That's right.

Mr FERRALL - So, 2.1, Superannuation, and pensions? Employee-related costs?

Ms LOVELL - Yes.

Mr FERRALL - If you look at the difference between the 2022-23 budget and the 2023-24 Budget, the biggest driver of that change is the nominal interest on superannuation underpinning these numbers, which has changed from \$191 million in 2022-23 to \$289 million

in 2023-24. That's effectively driven by changes in the most recent actuarial assessment, which is ultimately driven by changes in the discount rate and the bond rate they use.

Ms LOVELL - Thank you. That's all I have.

CHAIR - I think you asked what I was going to ask. It does flow-on from that in the discount rate and the interest rates are obviously impacted by that. How is the jump in interest rates as they affect the defined benefits superannuation payments the nominal superannuation interest impacted on the fiscal balance and the state cash positions noting the fiscal balance is \$100 million worse off each year, and the defined benefit cash outlays also increase, because they don't fall when interest rates fall? That has an impact on the fiscal balance, and then the cash position.

Mr FERRALL - I might cover this broadly instead of trying to go into each individual line. There has been a change in the emerging cash cost over the forward Estimates. That is driven really by changes in wages effectively. If you look at the emerging cash costs, it is driven by how many people take lump sums, how many people take a pension, et cetera. All of those things keep altering as you do actuarial assessments.

One of the drivers is the assumptions in relation to how much effectively a pension will be indexed, which is driven by the higher of WOTI (World Ordinaries Trade Index) or CPI. Because we have had a high CPI, we are actually seeing a higher cash cost for some of those pensions as they emerge, which ultimately in terms of the way the actuary does the assessment, does alter that diagram of emerging cash costs and pushes that higher over time in a cash cost sense. There are impacts against that estimate that again are driven by current conditions in relation to wages and other economic conditions.

CHAIR - If revenue grows less than CPI, we are talking about the defined benefits payments are indexed at CPI, then do you accept that it's likely to push it up and make it more challenging to meet it in the future?

Mr FERRALL - Yes, it's a mathematical equation you're putting forward that if your expenditures grow quicker than your revenues.

CHAIR - It's a bit like a hump on the Government really, isn't it?

Mr FERRALL - Then the gap between the two gets larger.

CHAIR - You may see a more humpier whale.

A member - Noted.

CHAIR - Noted? Yes. Noted.

Mr FERGUSON - That is the legislated scheme, right?

CHAIR - I appreciate it is.

Mr FERGUSON - The cost is the cost.

CHAIR - But it is highly variable, as we can see from the figures.

Mr FERRALL - Yes, and we are going through the period now where, when you look at the 'whale chart' effectively, you are moving up to a peak over the next sort of 10 years and then it will decline over a long period of time.

CHAIR - We do need to keep the 'whale chart' in. We had to fight to get that back some years ago. You might recall that. Any other questions on that line? Otherwise we will move to Sustainable Timber Tasmania.

Output Group 3 - Government Businesses

Sustainable Timber Tasmania

Mr GAFFNEY - This will not take long. I realise the output is to maintain firefighting capacity and assist with fighting wildfires. This contribution has been constant for the last years and into the future. Is there a reason why these are not indexed as would seem to be normal government practice for such items? Or is it simply regarded as an additional subsidy for an established government business for \$2 million from the past and into the future?

Mr FERRALL - It is treated as a CSO for Sustainable Timbers Tasmania. This is the \$2 million contribution that was established under - I will check with Fiona - a CSO agreement some time ago. That is how the amount has been established, effectively through a negotiation with Sustainable Timber Tasmania.

Mr GAFFNEY - My question then would be: do you ever have to ask for a breakdown of what that \$2 million is spent on?

CHAIR - Or how much they spend of it?

Mr GAFFNEY - Yes, how much they spend. Or is it just \$2 million flatlined every year? Is it a 'suck it up and see' thing?

CHAIR - Do they only get it if they need it, is that the question?

Mr GAFFNEY - Yes.

Mr FERRALL - Not the CSO because, effectively, it is paid regardless but they do have to justify it periodically under the agreement.

Mr GAFFNEY - With that justification, is that an itemised account of how much money is spent in different things or is it just, say, 'yes, we still need this \$2 million'? Is it an itemised \$2 million on so many firefighters, so many fires, this is what happened, this how it was spent, that sort of thing?

Mr FERRALL - I would have to take it on notice how much detail we get. Fiona, can you address it?

Ms CALVERT - Yes. I think we would need to take it on notice. There is actually a new agreement that is in the process of being negotiated, which - we are dealing with STT on

that at the moment. It is based on a calculation that relates to their costs and past costs in terms of firefighting. We can come back to you in terms of the actual reporting.

Mr GAFFNEY - Could I ask for a breakdown for the last two years, so that I could see the difference in one year and the next year about where that cost is associated?

Mr FERRALL - Maybe this will clarify it. This is a CSO; we pay them to ensure they maintain a firefighting capacity. From an organisational point of view, STT would only maintain a certain level of firefighting capacity, from a purely commercial point of view. This is effectively a CSO to enable them to provide or maintain a greater level of firefighting capacity than they might otherwise do if they were operating purely commercially. This does not meet the annual cost of wildfire-fighting or anything else because that is dealt with quite separately.

Mr GAFFNEY - That is fine. I suppose my interest would be if they are going into a new agreement, as just mentioned, then they would have to justify what they would want out of that agreement. Therefore, there would have to be some indication of where the \$2 million was spent within the organisation, just not as an overview.

Ms CALVERT - We would need to come back to you on what level of detail we have got.

CHAIR - Can I just clarify the question here, if I might. I do not know if we have to get this from you or whether we need to get it from Mr Ellis, or maybe from Sustainable Timbers Tasmania at a later time of the year. But a breakdown of how that CSO funding is allocated in terms of how many people they employ under it. That is what I am hearing you say, Treasurer, that they get this \$2 million to ensure they have additional firefighting capacity. I would have thought that was people that actually can fight fires. Equipment?

Mr FERGUSON - It might be some [inaudible] support as well.

CHAIR - Equipment?

Mr FERRALL - It could be a range of things.

CHAIR - The question is, how is that money spent? How is that \$2 million spent to increase their firefighting capacity?

Mr FERRALL - Or maintain their capacity.

CHAIR - Or maintain it, yes.

Mr FERRALL - Again, we can get whatever detail we have in relation to the CSO, so that we can underpin that.

CHAIR - You'd think if they were renegotiating the deal, they would have actually told you how they'd spent it, but anyway.

Mr FERGUSON - There is an agreement, so I think we certainly can take the question on notice.

Mr FERRALL - There would be an agreement, yes.

Mr FERGUSON - and provide the committee with more insight into the nature of the expenditure and what's included.

CHAIR - Okay. Any other questions on that one? Otherwise we'll move to 3.2, State Fire Commission.

Output Group 3 - Government Businesses

3.2 State Fire Commission

Ms LOVELL - I have just one question on this one. The funding for the State Fire Commission hasn't changed for a number of years. Why is that? Why is that funding not indexed or increasing? Is it that it's expected to - that there's no increase in costs?

Mr FERRALL - There's a couple of bits to it. There's \$790 000 for bushfire mitigation. There's \$1.8 million in annual funding that's made in accordance with section 101 of the Fire Service Act and then there's \$10 million included in that number, which is effectively for excess firefighting costs. That's a sort of an allowance for for potential excess firefighting costs. If you have a particularly challenging bushfire season, then effectively we RAF additional funding if needed. At this stage, we could review it but it's just an estimate - that \$10 million is probably the biggest driver of this, which is for the excess firefighting costs.

Ms LOVELL - I accept that that's probably hard to predict where and how much might be needed; how has that worked over previous years? Have there been many years where we've exceeded that \$10 million?

Ms CALVERT - Sorry, just in addition to that funding that's included in here, the Fire Service is obviously funded by the Fire Service levy, in the contribution and the motor vehicle levy. This is more just additional funding on top of that.

Mr FERRALL - The current estimate for 2022-23 cost is \$8.8 million?, so it's actually less than what we've got budgeted across the forward Estimates because there's been less impact in that excess firefighting cost.

Ms LOVELL - Have there been many years where we've gone over the \$10 million?

Mr FERRALL - I'd have to check when we pushed it up to \$10 million. I think for some time it was a lower figure. I think it might have been at \$2 million or something similar and then we pushed the estimate up to \$10 million - but we can get a couple of years' figures if that helps you.

Ms LOVELL - Yes, that would. Would you like me to put that on notice, Treasurer?

Mr FERGUSON - Or we're going to have it.

PUBLIC

Mr FERRALL - The current estimate for 2022-23 is \$8.8 million. The cost in 2021-22 in total was \$17.7 million; the cost in 2020-21 was \$8.7 million, and in 2019-20 it was approximately \$29 million. So it's quite variable and obviously with bushfire costs, they're not predictable.

Ms LOVELL - I just have one further question on that breakdown of the funding. Is the \$1.8 million in annual funding in accordance with the act a specified amount in the act? What does the act prescribe in terms of the funding that needs to be provided - it's probably not a question you know off the top of your head.

Mr FERRALL - Not off hand, no.

Ms LOVELL - I'm happy to put that on notice.

Mr FERRALL - If it helps, it's section 101 of the Fire Service Act.

Ms LOVELL - I might be able to look it up myself. Thank you.

Mr GAFFNEY - It's interesting when you said 'depending on the volatility of the fire season', when you said the \$29 million, which is well in advance or much greater, does the Fire Service then ask for extra funds? Is that how that works, is that the process? Take, for example, if this year's budget - I think you said something like \$8.8 million or projected - the volunteer fire force that we sent to Canada or to other places or to the mainland, would that come out of the \$10 million or would that be extra funding that they request to provide that service? I am interested to see how that works.

Mr FERRALL - I do not know how they fund that.

CHAIR - Wouldn't they be receiving country state pay?

Mr FERRALL - I can give some general comments, but I do not have detailed knowledge of how that works.

Mr GAFFNEY - Does the \$10 million cover that, if you only projected \$8.8 million - or do they request further funding from another source?

Mr FERRALL - It could be a combination. They could request further funding, possibly. But also, depending on the nature of the deployment, there are arrangements where there are recoveries as well. I think it is clear, but with the detailed question, you would need to go to the Fire Commission to actually address that.

Ms LOVELL - I have just had a look at the Fire Service Act. Thank you for that reference. Section 101 states that the Treasurer must pay to the commission out of money appropriated by the parliament for the purpose such amount as the Treasurer determines is appropriate towards defraying the operating costs of the commission.

How do you make that determination, Treasurer? What things do you take into consideration to make the determination?

Mr FERGUSON - I would answer that by saying that at this point in time, 13 or 14 months into my role, I do not think I have been challenged with that question before. It is obviously based, perhaps, on a fair bit of precedent. I wonder if that is the case. Second, if the corporate planning side of the commission itself would approach me, I would have to seek advice from the Treasury on how to respond.

Mr FERRALL - We can check how often it has changed from a budget perspective. My recollection is it probably has not altered much. We would be, in a practical sense, giving advice to the Treasurer on that. Our advice coming through the budget process would have been that it is \$1.8 million, but if the Fire Commission raised with our budget people effectively that we need to address that, then we would provide advice to the Treasurer.

Ms LOVELL - They have not asked for that to be reviewed?

CHAIR - There is not a scheduled review - a five-yearly review, or anything like that?

Mr FERGUSON - It would seem not.

Output Group 3 - Government Businesses

3.4 Government Businesses

Mr HARRISS - Treasurer, that line item, 3.4 Government Businesses, decreases significantly in the forward Estimates down to some \$9 million in 2026-27. Can you provide some detail about the major impacts on that decrease?

Mr FERGUSON - It would not be fair to simply say it is down to infrastructure and equity contributions, but it is largely down to equity contributions and the profile that has been agreed already between government and our various businesses. I am going to look to the secretary here.

Mr Harriss, thanks for the question. The profile reflects really the change in grant and other non-equity funding to government businesses. Of course, when we do partnerships with our businesses, if we are actually supporting a particular initiative with public funds, in the main we would seek to do that through equity contributions, to something that will bring forward an asset that will be enjoyed by the community and hopefully future generations.

The biggest comment I would offer, the secretary will assist in a moment, is that you do tend to see that the heavier contributions are in the budget year in the closest forward Estimates years, because they are the projects that are the more matured. Best example might be newer irrigation projects which can only go ahead because we have been able to secure federal funding support, maybe some water sales have been successful and we have been able to proceed with those confidently.

I am looking at a range of projects here where some are quite stable and static across the forward Estimates for example: contribution made to racing through the Point of Consumption Tax. Whereas, most of the others are reflective of the individual projects individual profiles being delivered in a certain time frame.

That would be the broad answer and did you want to add?

Ms CALVERT - No, the Treasurer is correct, it is largely driven by charge 3 phase 1 irrigation schemes being in the development stage at the beginning of the Budget and forward Estimates, grant funding is provided for business cases. We do not provide equity for the business cases. Those business cases are done, the funding is provided and they move into the development stage which is when the equity funding comes through.

CHAIR - Looking at budget paper number 1, table 6.2 page 124, this is infrastructure investment which we are talking about as opposed to equity funding. Hydro Tasmania; the Australian government committed \$42.2 million for the redevelopment of the Tarraleah Power Station. This in the table, table 6.2 this is the state contribution to hydro for infrastructure. The [inaudible] provides the federal money.

This question might relate to the year particularly with Hydro, but looking at infrastructure investment in the [inaudible] in this appropriation you have alluded to but we know Hydro has a lot of aging assets. It has a whole heap of projects it needs to be doing including dam wall strengthening and shoring up and a whole range of aging assets that need some difficult work. Wouldn't you expect to see a bit more infrastructure funding going to these things or is that all going to be under the Battery of the Nation?

Mr FERGUSON - Okay, we will take this in two pieces. First of all I would like if the secretary would clarify: Fiona if you might address the state and federal contributions to the Hydro asset just so we are all clear and then we will move to the investment program and which balance sheet that should sit on for Hydro.

Ms CALVERT - This table 6.2 includes Commonwealth and state funding so that Hydro Tasmania is \$42 million. In terms of funding for Battery of the Nation and Marinus Link, as the Treasurer said earlier Marinus Link final investment decision is the end of next year and obviously, no funding is in there in advance of that. Hydro is still working on their business cases as well for the Battery of the Nation project so, once again any funding that might be provided by the state is not in there.

CHAIR - Despite their need to spend significant capital on their aging assets, am I to assume then they will all be called up in the Battery of the Nation project to deal with that?

Ms CALVERT - Sorry, are you talking about general maintenance for Hydro's assets? No, sorry that is not actually provided as equity, that is part of their general infrastructure program.

Mr FERRALL - They manage their asset maintenance largely through their own balance sheet and their own revenues and does not get reflected generally in budget papers.

Ms CALVERT - As does TasNetworks.

CHAIR - There are some pretty aging assets that do need a lot of work.

Mr FERGUSON - Quite right, they have acknowledged that and is part of their - if I can use that term - business as usual. It is part of its responsibility to keep its assets in good condition. Where they need to grow the capacity of that business, it is at that point they might

be able to have a conversation with, for example us and look for other support whether it be equity or through some line of credit through TASCORP.

CHAIR - Anyone else?

Mr HARRISS - I have one more just about the Port Arthur Historic Site Management Authority. It just mentions support from recovery from COVID-19. Is that general, or is that support in specific areas? Page 49 is the reference.

CHAIR - In budget paper 2?

Mr HARRISS - Budget paper 2, yes. I wonder whether it's general funding support or is it -

CHAIR - Was this the extra money they got?

Ms CALVERT - This is general funding support related to the fact that no-one was visiting COVID-19.

Mr FERGUSON - That would have been similar to what we did, for example, with Metro, where we recognised that with lack of patronage, we would need to top them up. Is it a similar arrangement that you are describing with PAHSMA?

Ms CALVERT - Yes.

CHAIR - Anything else?

Output Group 4 - Miscellaneous

4.2 Treasurer's Reserve

Mr EDMUNDS - How much of the Treasurer's Reserve has been expended in this financial year?

Mr FERGUSON - In 2022-23? We deal with that at the end of June. The answer is that it's a reserve that's used - people often perhaps misunderstand, not you Mr Edmunds, but people sometimes misunderstand that perhaps the Treasurer's Reserve is expended throughout the financial year. It's dealt with at the end of the financial year, not just in new spending initiatives, which is often perhaps the thing that people associate it with, but making sure that our agencies are able to balance budgets at the end of the financial year.

Tony, could you put some meat on those bones?

Mr FERRALL - Ordinarily the Treasurer deals with requests for additional funds towards the end of the financial year. The Treasurer can deal with them through the year, but to date there has been no request for additional funds approved by the Treasurer against the Treasurer's Reserve for this year. When we put the estimated outcomes together - I have been corrected. Approximately \$500 000 has been approved to date. Sorry, Treasurer.

CHAIR - It was not \$150 000 for the -

PUBLIC

Mr FERRALL - So, \$500 000 has been approved to date. When we put together the estimated outcome for 2022-23, we do effectively invent an assumption that all of the Treasurer's Reserve will be utilised in the year. We don't budget for a saving. We conservatively estimate that it will all be utilised.

CHAIR - By way of requests for additional funding RAFs -

Mr FERRALL - Yes.

CHAIR - It is good to see it has gone back to the plain 50 this year.

Mr FERGUSON - I said I would do that. I sat at this table last year -

CHAIR - I know you did, yes.

Mr FERGUSON - Of course, you never really know what next year will bring. If the circumstances had called for a higher amount, I would have been open to it. But this is part of our discipline of returning now to more normal levels of Treasurer's Reserve. It's something that we all have to work toward achieving.

Mr EDMUNDS - The year before was the same figure. That's correct, isn't it?

CHAIR - So 150 yes.

Mr EDMUNDS - Yes. That was all utilised.

Mr FERRALL - I would have go back and check exactly how much was utilised in 2021-22 when it's tabled in parliament.

CHAIR - We also have the supplementary appropriation because there wasn't enough, as I understand, for the health-related costs.

Mr FERGUSON - We also had a large supplementary appropriation for the TRMF even though that was cash. Nonetheless, we wanted to make sure that it - oh, and Homes Tasmania.

Mr FERRALL - I don't have the figure of how much from the previous year. We can get that.

Mr FERGUSON - It would be in the annual report.

Mr EDMUNDS - Yes. No worries. We can hunt that down. When we get to 30 June, how do we find out what it was actually used for? Is that disclosed?

Mr FERGUSON - We have a process of reporting in the Treasurer's Annual Report.

Mr FERRALL - All of the Treasurer's RAF approvals go to the Auditor-General. The Auditor-General can then effectively utilise that for when he's looking at individual agencies' accounts and then they're tabled in the Supplementary Estimates reporting of Preliminary Outcomes Report and then subsequently are reported in the TAFR.

Mr FERGUSON - Treasurer's Annual Financial Reports.

Mr FERRALL - Yes.

**Output Group 4 -
Miscellaneous**

4.3 Miscellaneous

Ms LOVELL - Thank you, Chair. Treasurer, I had a question about last year's line item which included \$180 million for the continuation of time-limited programs. The time limit has come up, it seems, and that funding is not continuing in this Budget. Are those programs no longer being funded or how was that decision made?

Mr FERGUSON - Thank you, Ms Lovell, for the question. The provision that we included last year in the budget, you may recall that I was Treasurer for a small number of weeks before the budget had to be locked down. We included this provision in last year's budget because I recognised that there were quite a number of programs that are important to you and me and the Government and the community that were time-limited.

Some of those were reflective of election commitments and initiatives that were funded only for four years and then as the years go by, three, two and one. So, the provision didn't include the budget year last year. However, it was a demonstration that we wanted to be able to continue programs. So we've actually now done that. While the provision comes out of the budget, it was never in the budget year in the first place but, in a large number of cases, we have specifically extended programs and given them some further funding certainty.

Ms LOVELL - Have all of those programs, are they now funded through agencies or have they been picked up elsewhere or -

Mr FERGUSON - They've been picked up in agencies, yes. I think that's fair, isn't it, Tony? In the Policy and Parameter Statement, you'll see where those decisions have been individually made. I will pick one example, tourism marketing, \$6 million - you'll see it in a single year in the profile in the Policy and Parameter Statement but, of course, what it means is that it's got two, I think perhaps three, years of funding certainty as a result of the extra year being added to it.

Every program that has had a funding extension is documented and we recognise that even with last year's provision, from memory, of \$20 million, \$40 million and \$60 million, we recognise that even that didn't fully provide only for extension of time-limited funding. We also said we didn't know what was going on with the pandemic and we wanted a further capacity in the budget in case circumstances had changed. I think I used the words, 'external shock'. The Budget is now before you and the actual allocations have been provided in agency and they, therefore, no longer belong in Finance General. So, the Treasurer's Reserve now is the sole place of unallocated recurrent spending that's available there on a year-by-year basis.

CHAIR - This one also picks up the Energy Bill Relief Fund but we can talk more about that under Treasury and Finance probably. That's where it sits, doesn't it?

Mr FERGUSON - I'll just mention it if I may. It's in Finance General and, as you can see, it's plainly in 4.3. You may be interested to know why we don't have \$45 million in 2024-25. It's because most of our funding for the - okay, so the two governments, state and federal, are co-funding two years of energy relief, \$500 per household over two years and \$650 for small businesses in one year. We are fully funding our share of that business support in the first year and, therefore, most of the state funding sits in the 2024-25 year, to meet the second-year allocation for householders.

CHAIR - That is listed on page 295, under Treasury and Finance. See \$11.375 million in this coming year, and then the \$34.25 million in 2024-25.

Mr FERGUSON - You have that. It is not to be cute, that is just how the two governments negotiated their bilateral in order to make sure that the business support would not be running over one year.

Mr FERRALL - Just to add, in the 2021-22 year, we used \$143.6 million of the Treasurer's Reserve.

CHAIR - Not much left then, was there? Even after the appropriation.

Output 4 Miscellaneous -

4.4 Payment to Australian Tax Office: GST Administration

CHAIR - I might ask this here. There are other questions later on regarding intergovernmental financial matters; I will come to GST matters there as it is more appropriate there. Has the Productivity Commission review of the operation of the GST distribution commenced? I know you said last year it had not commenced, but was due to commence in December 2026. Are you not bringing that forward, in light of all the pressures we are facing?

Ms CALVERT - Not at this stage.

CHAIR - No. We will carry on. Any other questions? We will move on.

Output Group 4 Miscellaneous -

4.7 Property Management Services

Mr DUIGAN - I note there is a substantial reduction in the allocation of property management services. It may be due to the fact that I am moving from Henty House to salubrious premises out to Invermay, which will be fantastic. I am looking forward to it. Treasurer, I note that the Government has a commitment to centralising leases. Could you provide an update on how that is progressing?

Mr FERGUSON - Thank you, Mr Duigan. This was actually an early action by the Government. The Government does have a longstanding commitment to centralising property management services across agencies, mindful of the taxpayer's dollar. Since 2014, there has been a strategic approach to centralising those major leases through the Treasury. This is enabling more efficient and effective management of the Government's leased office

accommodation across the state. The onus then sits with the Treasury team to minimise vacant or unutilised spaces and maximise value.

We are continuing to consolidate tenancies in the existing Crown-owned and Crown-leased buildings, as opportunities arise with the expiry of leases. The leasing is governed by a Treasurer's instruction, and this requires that all major lease contracts and lease extensions are approved, negotiated and executed by Treasury.

Not everybody loves this policy, Mr Duigan, but it is about managing our resources, and ensuring agencies still have their business needs supported and are getting good, modern and properly equipped offices for their staff.

When you have this more centralised awareness in Treasury, we are in a far better position to make sure we minimise waste. Major leases are defined as those being at least 400 square metres in Hobart in the CBD, and in excess of 150 square meters in the rest of the state. Treasury's target is to minimise vacancies to less than 1.5 per cent of the total portfolio. Treasury's portfolio now has a net-lettable area of 123 902 square metres. I am advised that we have the vacancy rate down to just 0.55 per cent of the portfolio.

In the Hobart CBD, the major lease portfolio compromises 39 leases over 25 buildings. On the fringe of Hobart, the major lease portfolio includes seven leases over seven buildings. They range from a small office, 150 metres up to 5225 square metres. In Launceston, the CBD major lease portfolio comprises 13 separate leases over 12 buildings. They range from 150 square metres up to 4713 square metres, including the lease of the C.H. Smith Centre, which replaced accommodation owned and leased by the Government in central Launceston. Briefly, in the north-west, the portfolio has 10 leases over seven buildings, the largest of those being 2500 square metres. It is about more efficient and effective utilisation of the Government's leased office accommodation across the state. I do not have the figure to hand; the secretary may have it. I know that our vacancy rates were much higher prior to embarking on this strategy.

I am pleased to note that the first and second phases of government commitment to a centralised management and coordination of major office accommodation leases for government within the Hobart CBD and Launceston have now been fully implemented. The current focus is on reviewing major leases in Hobart, with a number expiring over the next three to five years. Our team, naturally, will work carefully and sensibly to get not just what our department needs or our various departments need for their staff, also for public-facing roles, but also to make sure that we protect every dollar, as I said in my Budget speech, watch every dollar being expended to make sure that we are getting maximum value for our money.

CHAIR - The Treasury Building is not for sale then?

Mr FERGUSON - The Treasury Building is not for sale. I have been quite clear about that.

CHAIR - It was a bit of rhetorical question.

Mr FERGUSON - I am happy to take the question. I like getting this question and I like being able to say that while we are always open to greater public enjoyment and opportunities for some access of such special buildings - we do not just want Treasury to enjoy it.

CHAIR - Perhaps when Mr Ferrall retires you might be able to look at it.

Mr FERGUSON - It is not for sale, and nor are the public buildings in Launceston. I hope Hansard got that..

CHAIR - We will take a 15-minute break. We will come back to the next lot, which is 4.8 Infrastructure Investment Project Planning.

The Committee suspended from 11.00 a.m. to 11.15 a.m.

Output Group 4 - Miscellaneous

4.8 Infrastructure Investment Project Planning

CHAIR - There are not a great deal of questions on this either, Treasurer. Are you able to tell us how many and what projects are in the early planning stages that are being supported through this provision?

Mr FERRALL - In the 2023-24 Budget we are proposing expenditure for the Health and Wellbeing precincts in St John's Park that we have done on that. There are also two projects for the Department of Police, Fire, and Emergency Management. One is enhancing Tasmania's emergency response, that is emergency services training facility. Also, Kingston emergency services infrastructure planning. And pleased about this one, there is also one for Legislator-General, strategic asset management plan for parliament.

CHAIR - That is an actually infrastructure per se.

Mr FERRALL - It is to do initial work on infrastructure projects particularly, so you can develop a proper project and ultimately, can consider that as part of the normal investment program.

4.9 Ex-Gratia Assistance

Mr DUIGAN - I have a question on the amount of funding allocated which comes substantially down from \$300 000 to \$100 000.

Mr FERGUSON - This is governed by the new legislation. It has been in place for a few years now. The approval of ex-gratia payments in the past was fairly discretionary. That is now no longer the case and it is now specifically subject to legislative provisions the parliament has set out or has agreed to. Under this approach, the Government would consider an ex-gratia assessment payment where it is believed a person requesting assessment had been unfairly disadvantaged by the unintended effects of something in some legislation may have done or even a government decision.

I am advised most requests for ex-gratia were and still are in the context of state tax obligations. The proceeding policy attempted to treat taxpayers fairly by assessing requests against a number of informal guiding principles, but following the commencement of the FMA in 2019, the provision of ex-gratia assistance is now governed by section 55, and is explained

in Treasury's instruction FC13. Section 55 of the act permits me as Treasurer to authorise the payment of ex-gratia assistance, but only if I'm satisfied that it's appropriate to do so because of special circumstances. Section 55 also allows me to impose conditions. Rather than assessing the request against the previous guiding principles, the primary limitation is that use of the terminology 'special circumstances', that they must exist. The process and considerations in determining that those special circumstances exist are complex and may vary depending on specific requests and situations.

The Treasurer's Instructions requires that advice be sought from the Solicitor-General before a request to approve an ex gratia payment is forwarded by an agency, for example, for my consideration as Treasurer. This means that the process is much more rigorous and objective. In fact, the FMA generally has adopted that intention. The funding profile in the Finance-General chapters reflects Treasury's expectation of a lower level of payments across the budgeted forward Estimates, based on the reduced number of authorised payments in recent years. But nonetheless, having an allocation that's available - or that at least would recognise that there may well be some in the future to anticipate, although in practice the amount and timing of requests naturally varies from year to year. Before you ask or somebody else asks, I can advise members that to date, no ex gratia payments have been authorised in 2022-23 in my time as Treasurer, nor were there any payments authorised in 2021-22 financial year.

CHAIR - Were there any requests? Payments are different from requests, surely?

Mr FERGUSON - Yes, we do get requests. However, most of the requests that we receive - I'll ask the secretary to jump in here - would specifically say that would be from a letter from a constituent or even an MP where they have thought, 'this should be an ex gratia'. That would be the only occasion that it really comes to my mind where I've had them.

Mr FERRALL - As the Treasurer indicated, we get specific advice from the Solicitor-General on any requests. For full disclosure, we have had one this year which we - as in Treasury - went to the Solicitor-General to see if it would meet the test. I suppose, on occasion, Treasury effectively instigated requests if we think there might be a particular reason why there might need to be an ex gratia payment in relation to a tax or another matter. We might pre-empt that by seeing the Solicitor-General earlier. We have had one of those that I am aware of this year but again, that didn't meet the test that we would go forward with an ex gratia payment.

Output Group 4

Miscellaneous

4.11 Budget efficiency dividend -

CHAIR - We'll move then to 4.11, Budget efficiency dividend and noting that there is no expectation of that being achieved this year.

Mr FERGUSON - Not in the budget year.

CHAIR - No, not in the budget year that is now. Briefly, forward gazing a little bit, I note this sits in Finance-General but I'm reading the budget papers. In your speech on the Budget, Treasurer, you made the point that this will be discussed with other departments. How do you intend to actually identify where efficiencies can be made and where and how you intend to do that?

Mr FERGUSON - Yes, thank you for the question. It's too early to say in respect of how it will be put into effect in practice. We have been quite careful in designing this budget efficiency dividend - and by the way, I note that nearly every other state around the country are doing efficiency dividends, and some not just efficiency dividends but also specific savings measures uniformly applied across their government departments as well.

We have been quite careful in tailoring this to suit the times as well as to give the necessary level of comfort around frontline services that Tasmanians rely on, that they should be protected. Also, which has been quite different to previous efficiency dividends, this one has a delayed commencement of some 13 months before it would actually commence on 1 July 2024. It does amount to a total return to budget of \$300 million over three years and at this point, we haven't even commenced, or started to imagine how that will be, what kinds of specific strategies within individual agencies will be engaged upon.

However, for example, we have pointed to the investment that we make in digital transformation. We have highlighted this particular realm, where, by investing in digital transformation it should lead to less manual paper handling, for example and the better use of resources to be more efficient in government. We would see that as an example. No agency has yet been asked to come forward with their strategies.

CHAIR - So, it is really just crystal ball gazing at the moment as to getting to this amount of money?

Mr FERGUSON - It is not crystal ball gazing. It is applying an efficiency dividend that is quite modest. As I have variously heard it said, it is only 60 cents in \$100, or six cents in the \$10. It is smaller than other jurisdictions are doing by a fair margin, also with a 13-month planning period. We believe that it is very achievable.

I note that Treasury - and you picked this up, Ms Forrest, in your earlier questions about budget risks - that the Treasurer identified that it needs to be delivered in order to deliver the budget outcomes. We are quite positive that agencies, particularly with the time that they will have to identify their own strategies to address their share of the budget efficiency dividend, is quite reasonable, particularly in contrast to other jurisdictions.

Mr EDMUNDS - You are not issuing any instructions to departments on how to deliver this?

Mr FERGUSON - I will, but I have not yet. When you ask me about instructions, there will certainly be some guidance to agencies at some point. We will be looking to individual agencies to identify the areas where they can make a structural budget efficiency dividend decision. But at this point in time, no, we are concentrating on this Budget. The budget year does not have a savings measure in it or a budget efficiency dividend for the budget year. It certainly does give opportunity for us to carefully work with agency secretaries in the months ahead and give them the opportunity to work through their own options and to weigh them up, particularly through the lens of protecting services that Tasmanians rely on.

Mr EDMUNDS - Do you think there will be a requirement that an amount is met by, say, executive staff?

Mr FERGUSON - I would not like to pick out a particular - I am sorry, do you mind if I could ask you to clarify the question? Do you mean reducing executive staff, or do you mean being implemented by executive staff?

Mr EDMUNDS - No, reducing them.

Mr FERGUSON - Okay. I would not dare to predict what the outcomes might look like. For a government that has strongly grown our workforce and has significantly increased services to Tasmanians, we would certainly see that those areas of service delivery need special care and special protection. But agencies are more than capable of coming up with more efficient ways of performing their duties and running their organisations and a return to taxpayers as a response to that.

You asked me would I think that a reduction in executives in departments, is that part of the answer? I would not like to rule it out, but it is not that we directing agencies that that is where they need to go.

Mr EDMUNDS - Those instructions, it might be my words, not yours, but when would you be intending to pass that feedback on to take advantage of the 13 months that you rely on?

Mr FERGUSON - I think we will need to work through that probably once the budget is actually passed. Then in the new financial year, we might commence that process of inviting agencies to start putting together their proposals. That certainly has not commenced yet.

Output group 89

Public building maintenance program

89.1 Public building maintenance program -

Mr HARRISS - I note there is no appropriation for this; it is just \$356 000 tidying up, I suppose, bringing it to a close. The projects covered in this and previous funding of this, were they additional projects, or were they just on the general building maintenance program side of it.

Mr FERGUSON - I might ask the secretary to jump in. In some cases they were new projects that were not ever funded or might have been identified as works that were one day needed to be done, particularly in some of the public building spaces that might not have been involved in, for example, service delivery where there have been elements of the building maintenance that has been not kept up with. That was a bring-forward of that kind of work and giving it the opportunity, as far as I am aware in most cases being funded for the first time. I wonder, Tony, were any of them brought forward of existing proposals? I suspect not, but there might have been some.

Mr FERRALL - There may be some. Originally it was a COVID-19 response, as you would be aware. There could be some element of bring-forward, say, for - maybe Treasury has a maintenance program; it knows what needs to be done in relation to buildings that we manage or maintain, so you could say there is an element of bring-forward if we had a project that we thought we might be doing in a year or two's time and we brought that forward. But this is really just the residual of the initial program allocation that was \$50 million and there

was an additional \$20 million that was added to that to a total program of \$20 million so this is really just the tailing off of some of those last projects.

Mr FERGUSON - A total of \$70 million. That is certainly my understanding as well, Mr Harriss. Particularly to your question, I would suspect that in each of those agencies that received funds through their relevant allocations, there would have been some that would have been, 'Oh, now we are able to do this' and they would have been hoping for it or would have been budgeting for it in a future year. The real objective was not just to get the public buildings across all those different portfolios modernised or in some cases improved or new assets, but the policy objective along the way, of course, was to stimulate work. I seem to remember the previous premier talking more about less about shovels and more about paintbrushes and screwdrivers and it certainly did have the desired effect.

Mr HARRISS - If they were mostly new projects, were there - I suppose - selection criteria on that or was just an allocation to departments for them to go and spend all - not whatever, but -

Mr FERGUSON - I think the question goes to how the allocations were broken up.

Mr FERRALL - We received a range of requests from departments - and this is going back a couple years, obviously - and we have made initial allocations across departments and subsequent to that, as the additional \$20 million was approved, we made further allocations. At a high level, someone like Communities Tasmania as it existed then ended up with an allocation of about \$12 million. Education, Children and Young People ended up with an allocation about \$16.5 million; Health ended up with about \$16 million. We considered projects being ready; there was an issue with dispersion across all of Tasmania as well, trying to ensure that those projects that were available were spread across all regions.

As I said, it was a couple years ago but it was, 'Are they ready?', 'What can they do?', 'Where is it?', 'Are we getting a reasonable allocation of \$50 million originally and then the \$70 million right across the regions in Tasmania?' and whether the project was capable of being dealt with by the particular agencies - some of them were too big and not necessarily in that sort of paintbrush-ready type criterion because we were looking for small projects that could be delivered as quickly as possible and were ready to go.

CHAIR - We will move on to 90.2 government \$200 million interest free loans

Output Group 90 - COVID-19 Response and Recovery

90.2 Local Government \$200 million Interest Free Loans

Mr GAFFNEY - The footnote says there is a decrease in that program to \$286 million. I was just wondering, have any councils expressed difficulty in repaying the loans extended to them under this scheme?

Mr FERRALL - No.

Mr GAFFNEY - If that is the case, they are not under financial pressure. That is fine. No more questions for that one.

Output Group 90 - COVID-19 Response and Recovery

90.8 Tasmanian HomeBuilder Grant

Mr EDMUNDS - How many grants were paid in total, and what was the total value?

Mr FERGUSON - The answer I have is that 2078 applications have been approved - we use the words 'conditionally approved' - as at 30 April 2023. Of the 1868 that have already been paid out, 210 are yet to be paid, but are conditionally approved. That for is the Tasmanian HomeBuilder Grant.

The cost I have here would reflect as follows. This is also as of 30 April; I believe this is as at the same date. The estimated cost of Tasmanian HomeBuilder Grant in 2020-21 was \$12.58 million. In 2021-22, \$19.54 million. In 2022-23, the estimated outcome is \$6.5 million. We have budgeted in 2023-24 for \$2.88 million.

Mr EDMUNDS - Were any people found to have breached the terms of their grants?

Mr FERGUSON - Of those that were approved? Not that I am personally aware of. There may be some who do not yet meet the commitments they made in seeking the grant in the first place. I am taking some further advice.

Yes, that is the answer, as I previously said. There have been no individuals, at this time, apprehended for having breached the terms of the grant, because it does have some strict conditions attached to it - including, for example, your eligibility and residency, but none at this point.

Mr FERRALL - To clarify an answer I made to Mr Gaffney, in relation to the local government loan program, we did have one request from Glamorgan-Spring Bay to have the repayment waived, but that was not because they could not repay it. They did not want to repay it.

CHAIR - The secretary is indicating the answer was no.

Mr FERRALL - So far, it is no.

Mr GAFFNEY - Thank you.

Grants and Subsidies

Mr GAFFNEY - I am interested in Table 10.14, page 286, the conveyance allowance. I hope it goes there.

CHAIR - Which one and where? Are you in Treasury and Finance, rather than Finance General? We will come to Treasury and Finance later.

Mr GAFFNEY - Grants and Subsidies.

CHAIR - They are under Finance General. These are on pages 57-59.

Mr FERGUSON - I will jump in if that's alright, Chair. I will be able to take that question in Infrastructure and Transport portfolio today.

Mr GAFFNEY - Thank you.

CHAIR - I might ask here about the Qantas support, the payroll tax reimbursement. I understand this was a deal to secure that Qantas Contact Centre in Hobart. I assume that is ending. Is there any indication that will be renegotiated, particularly in light of the massive profit that Qantas just reported?

Mr FERGUSON - Thanks, Ms Forrest. The state entered into that agreement with Qantas limited over 10 years from 2014-15, as you say. It entitled Qantas to payroll tax relief on wages paid to employees employed at its Hobart contact centre. You didn't ask, but the total amount paid to Qantas' reimbursements is \$7.8 million, as at 26 April 2023.

CHAIR - That is the total of the whole 10-year deal?

Mr FERGUSON - So far. That is right. The agreement includes funding that is limited to the sum of \$1 million in any one financial year, or the amount of payroll tax paid in that year, whichever is the lesser. I am advised as at 31 March, 103 full-time equivalent employees were employed and working at Hobart Contact Centre. In terms of the future, we will watch this area closely. We would expect Qantas as a good corporate citizen to continue its commitment to Tasmania and to its workforce, but we cannot know what their future plans are, only that we take a strong position we have supported that business and we have supported them remaining in Hobart, and we would expect they would remain here. They are decisions that business will need to consider.

CHAIR - With or without a payroll tax exemption?

Mr FERGUSON - We have an agreement and we would expect them to retain their contribution and their commitment to Tasmania and to their workforce.

Ms LOVELL - Treasurer, have there been discussions about the future of that contact centre beyond the ending of this deal?

Mr FERGUSON - We are not in that portfolio, but it would perhaps be a question for another portfolio in State Development with the support of the Office of the Coordinator-General that negotiate investment attraction arrangements like these ones. At the same time, while saying that the door's always open to conversation, I want to send a strong public message we expect successful businesses that are committed to Tasmania to show that in the future and not always expect the taxpayer will be there to provide ongoing subsidies.

Capital Investment Program

Mr GAFFNEY - It says at 3.2 page 51, the total of \$3.93 million has been allocated over the next two years for office accommodation for the expansion of the House of Assembly to 35 members. What exactly does this cover and by what date will it be ready in case we were to have an early election?

CHAIR - In the most unlikely scenario.

Mr FERGUSON - Members of the Legislative Council are not normally worried about elections, because -

CHAIR - Yes, we are. We are very worried about these things.

Mr FERGUSON - you are on very generous six-year terms. Anyway, I jest. Mr Gaffney, there will not be an early election, for a start. But we are budgeting for the expansion to accommodate for the new membership of 35 members. I will certainly pass to the Treasury secretary, who has been more involved in this than me in terms of making plans around 10 additional offices.

Mr FERRALL - This is work effectively associated with Parliament Square to make those arrangements. The timing of the works is proposed to meet the next scheduled date of an election. We have to move some existing occupants, we have to double-step in terms of trying to deal with the accommodation. This effectively is funding the fit-out changes are needed to create those additional offices.

Digital Transformation Priority Expenditure Program

Mr GAFFNEY - Thank you. That explains that one for me, because I have more questions later in the House of Assembly.

Table 3.2 page 51 as the new cyber-security initiative will be coming under the \$25 million a year, the Digital Transformation Expenditure Program, has the cause of the recent IT security breach and what was the final cost of resolving that intrusion? Does that come under that funding? What was the cost of resolving that?

Mr FERGUSON - I will ask you to explain the way that that fund works and how we then support agencies with their digital transformation costs. The actual question, Mr Gaffney, I might suggest may be better asked at the DPAC hearings with the minister, Ms Ogilvie, in respect of the whole-of-government response to the data breach.

CHAIR - Including the cost of it.

Mr GAFFNEY - But where the cost come from?

Mr FERGUSON - I can certainly provide it to the extent we can today.

Mr FERRALL - It depends which part of the costs. In general terms, it has been met within individual agencies. Even though Treasury was not directly involved per se, there are costs associated with it that Treasury is meeting internally. [Inaudible] had the major potential impact. There are costs there, but there are also some central costs that have been met through Premier and Cabinet.

Mr GAFFNEY - Further to that, in future years though, we have this funding here now, would that be where, if something else happened along the line, say next year or the year after, that this is what this budget part is for?

Mr FERRALL - Not necessarily, no. The Digital Transformation Priority Expenditure Program currently is funding a range of things. In 2023-24, in terms of cyber, there is an investment in the total item, ICT infrastructure from Premier and Cabinet, \$605 000. But the actual Digital Transformation Fund is not really designed as a fund to meet an emerging cyber problem, if that is what your question is.

CHAIR - Any other questions on capital investment?

DIVISION 13

Treasury and Finance

Output Group 1

1.1 Budget Development and Management

CHAIR - Again, as I stated earlier, I appreciate the rewrite of the Fiscal Strategies. Some of them I thought fitted better under this than under the Finance General portfolio. I will try to avoid doubling up. If we take you to Fiscal Strategy 5, the fiscal balance. Both the General Government and the Total State Sector needs to be a break-even - we did touch on this briefly earlier - on a four-year rolling basis over 10 years. One big plus for the fiscal balance compared to net operating balance is that it includes all capex. It overstates the position of capex grants channelled into the GBEs' equity contributions. We know that a lot of money goes across there.

In 2023-24 there are over \$120 million of these grants to Hydro Tasmania for Tarraleah, TasRail, Tas Irrigation. If receive a large grant to put into saving into Stadiums Tasmania or even a larger grant to, say, TasNetworks for Marinus, arguably that would make the fiscal balance look good; it will improve it. Is that how it would work?

Mr FERRALL - Well, it depends on the equity. It depends how it is funded and where it is going to, in part. Equity transactions are effectively on the balance sheet. They do not ordinarily, or do not impact on the GGS per se. If the state made an equity injection into Hydro as per your example, you would not see it in the fiscal balance.

CHAIR - You would agree that all equity contributions into the GBEs don't affect the fiscal balance, but they do affect net debt?

Mr FERRALL - Yes, there's a cash impact because effectively you have to have cash or assets to make the equity injections, yes, they do impact debt.

CHAIR - It does state that on page 21, budget paper 1. Is it the case that federal grants intended as equity contributions into GBEs should be excluded from the fiscal balance as they overstate the fiscal balance's sustainability measure?

Mr FERRALL - Are you flagging that?

CHAIR - Equity contributions from the feds to GBEs should be excluded.

Mr FERRALL - The federal government does not hold any equity in the GBEs.

CHAIR - It doesn't provide equity contributions though.

Mr FERRALL - They are not owners.

CHAIR - It comes to us and then we -

Mr FERRALL - Yes. They are not owners of those entities and only an owner can make an equity contribution.

CHAIR - That is the problem in that it comes in as money from the feds, but it doesn't show up on the way out as an equity contribution from the state to the Government-owned business.

Mr FERRALL - Yes, you are correct in terms of how it is dealt with and accounted for. If the state receives funding from the Commonwealth for which is going to go to TasNetworks or Hydro, and then it is put into that entity as an equity contribution, then it would show as revenue to the state. Effectively, it will show in the operating balance and the fiscal balance and you won't see the payment, you will see the adjustment in the balance sheet of the equity going into the entity. The important point is you see all of that transaction, they're all on the balance sheet, but you only put equity in when it meets the tests of being equity. The Treasurer is required to designate a contribution as equity and there are a set of tests and advice we give to the Treasurer on that as to whether it should be treated as equity.

CHAIR - The point I am trying to make is that if there is money that has come from the federal government that then is transferred as an equity payment by the state to the GBE, shouldn't that be excluded from the fiscal balance?

Mr FERRALL - The fiscal balance is an accounting measure. It is presented in accordance with effectively Australian accounting standards and so we don't take those to use for comparisons right across the country, we deal with them appropriately in terms of the accounting treatment and we don't unilaterally decide what we'll put in or out, in terms of how those measures are accounted for. If you started to go down that path, you go back to a long time ago when all state governments did what they wanted around this sort of space, in terms of presenting their statements. Now we have a position where across all jurisdictions they present their statements on a similar, if not identical, basis.

CHAIR - To rely on the fiscal balance as a sustainability measure then, because of that exclusion or lack of exclusion perhaps, is not really a sustainability measure.

Mr FERRALL - It is and we make the point in the fiscal strategy there are a multitude of measures and you can't ever rely on a single measure to give you a complete picture. When we make an equity injection, if it has an impact on debt it will end up being reflected in some of the other fiscal strategy measures we've presented. We have also, in terms of the contribution to or receipts from the GBEs and SOC's, in terms of that particular fiscal strategy measure, you'll see in that as well. If we are making greater contributions to the GBEs and SOC's than they are returning to the general government sector, then you will have a negative position against that fiscal measure.

We have presented a range of measures that work better than the previous measures in the strategy. They are more comprehensive, numerically greater. They cover the general

government sector equivalently, as well as the state sector, and we have gone broader in terms of including things like the rating agency assessment. The point you make about any individual measure looked at in isolation may not tell you the full picture is absolutely correct. Any individual accounting measure has that problem. That is why we present a full detail in terms of operating statement via present balance sheet, and why we present a fiscal strategy which provides an analytical basis across the measures.

CHAIR - That is much better overall, yes.

Mr FERGUSON - That is what we wanted to achieve.

CHAIR - Under the commentary on Fiscal Strategy 5, Fiscal Balance, it says that this is reflected in current physical balance deficits. The Government is, however, also taking action to improve the fiscal balance over time, as demonstrated by the fiscal measures indicated in the Budget.

What specific fiscal measures or actions are you are taking with this strategy? There is a comment along those lines in most of them, so what specific actions are being taken?

Mr FERGUSON - First of all, point to the evidence that the fiscal balance is improving. We forecast a fiscal deficit in 2026-27 of \$189 million, coming off a position of about \$1 billion fiscal deficit. We are moderating our expenditure growth, and still strengthening public services while we do so. We took a revenue hit, naturally. It could have been far better if the RER figures had survived into this Budget, but they do not, because of the change to our relativities. That is one to watch for us.

Also, you are also seeing the Bridgewater bridge flowing through the forward Estimates, and you are seeing the infrastructure program. Whereas last year I would have talked about a \$5.6 billion infrastructure program, this year I talk about almost \$5 billion.

You are seeing some normalising of the infrastructure investment, because I have made the public case on numerous occasions that this has been an essential strategy for our economy over the last four to five years. Even before COVID-19 we embarked on this. You cannot always - you cannot forever - borrow to build, so we are more normalising in that space as well.

Mr FERRALL - Well, the proposed efficiency dividend yield will impact -

CHAIR - If you can achieve it, as with all things, isn't it?

Mr FERRALL - I might add, on your commentary on the fiscal balance, we are including under Strategic Action 5 the total state sector fiscal balance. That actually includes effectively the capex expenditure of GBEs and SOCs. Your comment in relation to the GGS impact is correct, but we are covering that off as well with the total state sector fiscal balance rolling measure.

CHAIR - It was a welcome addition to see the GSS there. If we go to Fiscal Strategy 6, which is the total general government sector-owned source revenue as a percentage of expenditure, we are currently about 32 per cent. I am just wondering how we are going to increase that by 5 per cent in 10 years and what happens if we do not?

Mr FERGUSON - Bearing in mind that this is a 10-year strategy, and it is not reflective of an intention to increase or create new taxes, fees and charges. It is about identifying what is in the long term sustainable. In the strategy on chart 3.2, we actually do demonstrate what, over the years, that proportion has been in the past. You can see that the future prospects are for it to begin again to approach that 37 per cent.

CHAIR - But not get there?

Mr FERGUSON - No, not get there, but it starts to approach it. It is about maintaining a focus on making sure that we do, without putting an unfair burden on Tasmanian families and businesses, protecting our revenue base. That is how I would express it, particularly as our economy is forecast to continue to grow, we anticipate that state-sourced revenues including taxation levies and fees and charges that as our economy grows and our population grows, we would hope to start to a return to the budget to allow us to deliver on the Fiscal Strategy goals.

CHAIR - Without any direct change to our own-source revenues?

Mr FERGUSON - This Fiscal Strategy is based on that proposition that we are not planning any new or increased taxes for Tasmanians. At the same time, you can see how that proportion of own-source revenue has fluctuated from as high as \$39 million to as low as maybe around \$32 million or \$33 million. Ideally, we would like to see it trend back as forecast, closer to \$37 million.

CHAIR - I note this year, and probably next year, the so-called Mersey Hospital money comes in as a dividend and it is included as own-source revenue, even though technically it really isn't, except perhaps the interest we've earned on it - maybe you could count that. Why is that included in our own-source revenue? Doesn't that inflate the picture a bit?

Mr FERRALL - It is own-source revenue for the GGS because it is coming from TASCORP, which is not in the GBS.

CHAIR - It was given to TASCORP by the Commonwealth government.

Mr FERGUSON - The principal was.

Mr FERRALL - This is effectively the return of that dividend from TASCORP, so it's no different to a dividend we receive from Hydro or a dividend received from TasNetworks, which are own-source revenues.

CHAIR - When that runs out - during this period on this graph here, chart 3.2 - we talked earlier about this - we're going to rely more on Commonwealth funding under activity-based funding models. Won't that make that look even more concerning? Or have you factored in here that initial lack of the money coming from TASCORP as the Mersey money?

Mr FERRALL - In the last year it only allows for the dividend that is being paid, which is, from memory, \$27.1 million or thereabouts. We've already allowed for -

Mr FERGUSON - It's \$27.4 million.

Mr FERRALL - Yes, \$27.4 million. We have allowed for that in there. I think if -

CHAIR - And that is the end of our so-called own-source revenue. Then it's all activity-based funding and whatever else funding the state needs to put in.

Mr FERRALL - Yes, and numerically - I am using it hypothetically - if the Mersey Hospital was costing \$100 million and we've got \$27 million in that last year, we have the difference already included in our expenditure, and then in the following year, if -

CHAIR - Not as own-source revenue, though.

Mr FERRALL - No.

CHAIR - That is the point I'm making here.

Mr FERRALL - But in the following year, if there's a component of the activities in the hospital that contract activity-based funding, then we receive that as revenue. But it's not -

CHAIR - But not own-source. That would be federal.

Mr FERRALL - That is correct. It would come in as activity-based revenue. Yes, it will change the numerics of it, but it's probably a relatively small number. You are talking, average GST, when you talk about \$3.5 billion, and the component of activity-based revenue would -

CHAIR - A smaller amount, yes.

Mr FERRALL - It might be \$40 million in that. It will possibly move that a little bit, but I do not think you will see it within the thickness of the line, no.

CHAIR - Other challenges might. Anyway. Jumping on the next one.

Mr FERGUSON - If I may, as we approach that year, the Fiscal Strategy will continue to show what future years' forecast should look like, and with more strategic actions going - how many did we have before, six or seven? - now to 11, with that broader picture of the health of the finances going forward, plus an accountability measure that you actually get to see each year, and how we're tracking.

CHAIR - If we can go to Fiscal Strategy 9, Government Business Infrastructure Investment, does this apply only to businesses and not the General Government? This is what it's talking about here?

This is the Infrastructure Australia Assessment Framework, I should have said. To give more clarity, it provides a comprehensive basis for the determination of a benefit or cost of major infrastructure project to be undertaken by government. The intention is to improve the rigour of cost-benefit analysis in relation to investment decisions. That does apply to just businesses, not the general government? When will that actually apply from?

Mr FERRALL - What we have flagged as a fiscal strategy is, by the time we get to 2032, we would expect 100 per cent of all investment decisions over \$50 million to have applied that sort of test. We will build up over time. I do not think that in the next year we

will have every single investment decision that will apply that sort of test at that point. We will work through that over time. We have to develop some guidelines about how this is the right framework and how this is going to work within the GBEs and SOCs and we will present that next year. That will provide some guidelines as to which particular project will need to satisfy that test.

CHAIR - When you talk about GBEs and SOCs, are we also including Homes Tasmania and Stadiums Tasmania? Or are they outside of this?

Mr FERRALL - They are outside of that, at this point, but it is intended to include those.

CHAIR - Why would you not include those? Otherwise potentially the stadium at Macquarie Point gets a free kick and does not have to apply this more rigorous cost-benefit analysis process?

Mr FERGUSON - Here we are just saying that this is about broadening the reach of fiscal strategy into the government-owned businesses because that is a source of equity growth over good investments. Secondly, hopefully yielding profits and dividends to the state budget. The health of this is an indication of our progression to more sustainable and stronger fiscal outcomes in the long term, noting that, as the secretary has indicated, this is a strategy that says what should be the case by 2032-33.

In the meantime, just to pick up the particular example, we have, in fact, already qualified and received \$240 million from the Australian government off the back of the business case that the Premier took to the Prime Minister. In the sense, it was not necessary in that particular case for this fiscal strategy strategic action to get the result that was desired, to get the funding from the federal government. We have achieved that. Over time, this needs to become the norm, particular for large projects in our businesses.

CHAIR - Is my understanding correct then, I thought all cost-benefit measures were positive. The question is whether they are greater or less than zero, is that right? How the cost-benefit analysis should be?

Mr FERRALL - Benefit-cost ratio, it could be negative.

Mr FERGUSON - In the past, my familiarity with this is the BCR, so a benefit-cost ratio of greater than 1 is the ideal. If you switch it and make it a cost-benefit analysis it would be a different ratio. It would be an inverse of that.

Mr FERRALL - You do always attempt to get greater than 1, in terms of a benefit versus cost. Where you would get a negative would be effectively whether you ended up with a dis-benefit. It is possible.

CHAIR - Not a benefit anymore, is it?

Mr FERRALL - It is possible but ordinarily you would have something from zero running through to a benefit-cost ratio of 2, 3, 4 or some higher-level interval.

CHAIR - One of the reasons I am asking is because in the Public Accounts Committee, we have heard that the cost-benefit ratio for the Macquarie Point Stadium could be as low as

0.3, being only a 30-cent benefit in every dollar spent. Has Treasury actually done a full cost-benefit analysis based on the information that was provided? That is in the documents that have been provided now publicly?

Mr FERGUSON - Again, this is work that has been done by the Department of State Growth, supporting the Premier in his dealings with the Prime Minister.

CHAIR - The question is, has Treasury done one, a cost-benefit analysis?

Mr FERGUSON - I can really only refer to my earlier answers in the day. The work that Treasury has done in advising Cabinet, I am not able to discuss.

CHAIR - Has Treasury done a cost-benefit analysis?

Mr FERGUSON - Again, I have to refer to my earlier answer.

CHAIR - Surely that is not - you have either done a cost-benefit analysis or not. I'm not asking you what it said. I'm asking you was it done?

Mr FERGUSON - But it has been done and I think you -

CHAIR - Done by Treasury, is the question.

Mr FERGUSON - I think you may be aware that it's been done but it's been done within the Department of State Growth portfolio and the work that Treasury has done, which has been the subject of an RTI, so it's well understood that there has been advice provided. I'm just not able to discuss that.

CHAIR - I'm not asking for the advice. I'm asking was a cost-benefit analysis done by Treasury? Clearly, there's been some done in State Growth, that's the information that we've got. It's publicly available but you can't say whether Treasury did a cost-benefit analysis?

Mr FERGUSON - I just confirm my earlier answers.

CHAIR - We also heard that Macquarie Point land is assigned a zero cost, where it was used as a measure to compare with other projects competing for scarce money. At the very least, the land should have a cost of opportunity or an opportunity cost for what is possibly the best-sited block in Tasmania. You can't really apply the terra nullius and give the land a value of zero when working out a cost-benefit analysis, can you? That's what appears to have been done by State Growth. Is that how you would approach it?

Mr FERGUSON - I don't wish to speculate on those assessments and assumptions that have been made in that piece of work. I feel that would be overstepping my portfolio in this space but we have put forward to the Australian government a business case on best advice, which puts forward the costs and the benefits and the opportunity of some urban renewal and development there. We were pleased to see that the Australian Prime Minister saw fit to agree to significantly fund the stadium and the Urban Renewal Projects at Macquarie Point.

CHAIR - The cost-benefit analysis and the work that was provided to the federal government for their consideration, I assume that is the information that has been provided to

the Public Accounts Committee and more recently, there was some more information provided by order in the House of Assembly. Is that the information that was provided to the Commonwealth, to the Australian government?

Mr FERGUSON - I don't want you to think I'm distancing myself from that because I'm not but that is my understanding. That has occurred in another portfolio with Guy Barnett and minister for State Development supporting the Premier in that work but your understanding is consistent with my understanding.

CHAIR - If that's the case, so many of those documents - not having read every word of all of them yet, obviously the ones provided to PAC I have - but there are so many assumptions, things that are really just guesstimates by the sound of it, nothing clear on that. Clearly, there's a lot more work that needs to be done. What will Treasury's role be in the future here in assessing the cost-benefit analysis of the proposal, knowing that we don't even know what sort of roof it's going to have? Allegedly it's going to be a fixed roof -

Mr FERGUSON - I hear the question. I understand the question. I think we'd use the usual mechanisms of government to de-risk the project and take it to its next successful step, as I articulated earlier in the day. The current stage is to get a new precinct plan done for Macquarie Point and to refine and do the work around more detailed design works. As you continue to work through, you do that with close visibility of what the emerging cost implications may be, even maybe opportunities to save some money along the way before you then take it to a procurement process and get a competitive process relating to costs.

That is probably jumping a bit ahead there but that's something I've got some experience with, for example, with the Bridgewater Bridge. We start with a plan, it is conceptual, it starts with best advice about expected costs, you take that business case to the Australian government. We were funded and then as you refine the designs - noting that the designs for the Bridgewater Bridge were only actually finalised when we selected a bidder because we had the early contractor involvement methodology of procurement which the state had never done before.

It was very successful and we didn't actually get down to the final design until we had a final winner, which came forward, not just with a cost base but also with their engineering design solutions, all based on our functional user requirements. So, if that's anything to go by to provide some comfort, I hope that's helpful. As you commence any large project, you have to start with best advice as to costs and then work through from there with your funding partners.

CHAIR - Acknowledging this is being managed through another portfolio, it is clear there are significant financial implications for the state. What role will you play, as Treasurer, in this process?

Mr FERGUSON - I chair the budget committee. The budget committee has played a key role. I play a key role, as the Treasurer, in presenting the Budget, as I have done, which I believe faithfully represents what the budget year and forward Estimates years require, not just for the stadium and Macquarie Point precinct, but also for the establishment of the team costs.

Output Group 1.1

1.2 Financial Management and Accounting Services

CHAIR - This picks up some of the things we have touched on and we have covered some of it. This output refers to support of a range of risk mitigation strategies with a new fiscal target. We talk about some of the specific actions you will be taking to meet the targets, noting throughout chapter 3 on fiscal strategy there are comments along those lines. I refer particularly to fiscal strategy 5 on page 53, where it refers to fiscal strategies preliminary report in the budget. We might have covered some of the specific strategies. Under the financial management side of it how do you intend to meet those strategies, whether specific actions or specific strategies to meet the targets.

Mr FERGUSON - Help us narrow down the question and we will go to an answer.

CHAIR - We might have actually covered this one a little bit earlier. Taking action to improve the fiscal balance over time, acknowledging it is one fiscal balance out of many and one target out of many. In terms of trying to ensure we meet the target, which is going to be a challenge and we have all acknowledged that, what do you see as the predominant focus for you in meeting the fiscal balance target? We have noted it is general government and total state sector.

Mr FERGUSON - Look, we have had a good discussion about fiscal strategy and we are happy to keep doing so in respect of picking up some of the indicators around the outcomes that are broader than just general Government sector operations, i.e., the GBEs. We have been more deliberate in picking up that range of strategic actions and the measures that go with them, noting in all cases it is a 2032-33 target. In all cases, it is about careful smaller decisions along those 10 years, rather than dramatic ones in the short-term, which we all know create disruption and shatter business confidence.

I do not want to be doing any dramatic moves in this area, that is why we have designed our responses in the way I have described. But we need to contain and need to make savings and efficiencies. We need to be an efficient government in every government department, including the ones I am responsible for. We need to make careful decisions around future expenditure. I include in that infrastructure and capital development, so we are sensible and prudent at choosing to continue a strong pipeline of capital projects, but to get behind the ones that produce the best benefits to our community, whether it is services or productivity for our businesses.

We do need to deliver on the efficiency dividend, that is one of the sensible measures in the budget. Some would have liked us to have gone much harder earlier and with higher amounts. Also, we have had to work very sensibly and respectfully with employer representative groups, the unions, to try to achieve public sector wage outcomes that are affordable and we can manage. This is rather than the rather lazy approach some are demanding we do, to just fund indexation around the CPI, which is just simply not affordable for any government anywhere in the world. We have had to work through that.

With that combination of approaches would be my response. There is no single solution that will deliver on the outcome, but taken together and being sensible with Tasmanian taxpayers' money would be the approach I would be advocating.

CHAIR - How will this be reported in the summary of strategic actions of targets, table 3.8, how are we going to see this reported in the coming years? It is particularly difficult for those who are new to the table, to go back and look at the budget papers to see where we were, to see where we're going, are we getting there? Will it only be reporting budget papers, reported in other Treasury documents. Will we see, obviously, this is a 10-year target, but is it a rolling 10-year target? Are we going to see next year it will be this year we are in, 2023 to 2033-34? How are we going to present it?

Mr FERRALL - You will see it in the budget papers. You will see it annually in the Treasurer's Annual Financial Report and you will also see commentary in the revised Estimates report. We will have periodic reporting. It is not intended it is a rolling target. When you ask whether 2032-33 will keep rolling, we have flagged and it's in the narrative we will do a review in five years. Effectively going to ensure there is reporting going forward which shows where we were and how we're achieving or not over the forward Estimates. But we are going to keep the reporting going, then get to a point in five years and then look at how we need to potentially then revise what would have been the original 10-year target, but then becomes a five-year target.

Mr FERGUSON - Just to be clear, what is today's 10-year target will be next year's nine-year target.

CHAIR - When we get to five years, can we see a new target set for 2032-33?

Mr FERGUSON - Quite possibly.

Mr FERRALL - But they could be harder or softer.

CHAIR - Yes. Between this budget year and whatever it is in five years' time, the secretary will no longer be with us at this table. Will we see a progress in that set of figures? Have a look for example at the net debt to gross state product, the estimated outcome this year is 5.8, targets less than 10, will we see 2022 - 5.8, 2023-24 - X, and then Y the following year?

Mr FERRALL - The intention is to ensure the reporting is fully transparent. As we move along, is the point you're making the reporting will probably need to expand. We could probably use exactly the same reporting tables put in for this Budget, because of those very issues, and we will expand the reporting to ensure it is -

CHAIR - It is all very well to have the historic data, not just we are looking at a 10-year target, let's all keep it all in there and make it easy for the reader. Because some people do read it.

Mr FERRALL - Sure.

Mr FERGUSON - I think we will take that as a comment and look forward to doing some more work on that. I can do.

CHAIR - Back to fiscal strategy 9 briefly, Page 58 Action 11, but also in the targets that:

Public sector efficiency, productivity of financial transparency will be improved.

How do you see that improving? What improvements do you hope to see?

Mr FERGUSON - We call them strategic actions and targets.

CHAIR - There is a target in here, but it's an action, yes. How do you see that being delivered, particularly with regard to financial transparency being improved, maybe in this reporting, but also the efficiency and productivity? How is it going to be measured and reported?

Mr FERRALL - The transparency is probably pretty obvious. The fiscal strategy is a significant component of that and reporting on that, including historic measures, as you alluded to, is an important part of that. There are also mechanisms we can use under the Financial Management Act to improve transparency, that we can sort of work on as we go forward. I think you probably have to acknowledge in the last five to ten years, Treasury has done a lot of work improving financial transparency. That's not always greatly appreciated from all quarters, so we'll continue on that path from a Treasury perspective.

In terms of productivity, one of the challenges with productivity is finding good productivity measures for the sorts of activities that occur in the public sector. Even though there might be significant improvements in productivity, it's quite hard to find good, robust benchmarks for productivity. We'll need to work through that and what we'll be trying to do is - and this is really about a reporting rather and you can see we don't have a set of 'here's the measure' because as I said, productivity measures in the public sector are often talked about -

CHAIR - That's why I'm asking the question how you're going to measure it, let alone - and then you can report -

Mr FERRALL - What we'll be reporting, effectively, I think will be actions taken. Things like the review of the State Service and how many of those have been implemented and how many haven't been and how that's progressing. I take your point, they won't give you pure productivity measures. They will give you a clear indication of the sorts of actions the Government has taken in order to improve productivity but they won't give you the measure.

CHAIR - I hope that is clear in there because if you're going to put it in there, you need to be able to have some commentary on how you've achieved it or not.

Mr FERRALL - Above in number 10, we have a crude measure of productivity of, effectively, FTEs per capita. You'll see in that measure is a measure which might show that the FTEs in the general government sector might be growing or declining versus the growth in the Tasmanian population. That's not necessarily a perfect measure of productivity - it's far from it - but it does give you an indication of whether the public sector productivity is improving or declining.

CHAIR - Let me just take you to that and comment on page 58. General Government Sector - this is under fiscal strategy 10:

General Government Sector FTEs are required to deliver services to our community.

It talks about the impact of COVID:

The establishment of a strategic action focused on GGS FTEs is the fiscal strategy increases the level of transparency and accountability.

What we're talking about and then even in number 11, which is the same sort of thing, about productivity. Knowing that for every patient in ICU, you've got to have at least one nurse at the bedside 24 hours a day, sometimes more. For every patient having surgery, you've got to have pretty much a cast of thousands in there to ensure safe surgery. There are some things you can't actually reduce the number of to get safe productivity anyway.

I go back to this point: the General Government Sector FTEs are required to deliver services. The only other way you can achieve productivity - well, not productivity so much but a notional a cap on jobs, if you want to call that, is potentially job losses. Is that what we're talking about here?

Mr FERRALL - No, and there's nothing in the fiscal strategy which is intended to imply or otherwise that there are job losses. That particular measure is per capita and simplistically with the growth in Tasmania's -

CHAIR - Per capita of the Tasmanian population?

Mr FERRALL - With growth in the Tasmanian population has - at time - as the general government sector FTE has grown in a commensurate way. As I said, it's not designed to be a perfect measure of productivity but if you saw significant variations to the growth in the population, to the growth in the general government sector employees, it would be an indication that the public sector is expanding, which might not be desirable in the long-term in terms of budget capability if it's expanding at a much greater rate, potentially, than the Tasmanian population.

Output Group 1

1.3 Shareholder advice on government businesses -

CHAIR - We have talked a little bit about some of this in previous ones. There is no intention to sell any government businesses?

Mr FERGUSON - Correct.

CHAIR - In terms of major projects, this is where the discussion around TasWater probably fitted better in some respects, in terms of the equity contributions into TasWater. You made the comment, I think, minister, from memory, that we get to 10 per cent equity in the business.

Mr FERGUSON - Of TasWater, yes.

CHAIR - TasWater, yes. Is that then where we say there will be no more?

Mr FERGUSON - That is the case, that is the current position. I do not want to sound cute about this, but you have, in the past, I think even the former premier and treasurer, Mr Gutwein gave a qualified answer to the sale of assets in relation to Aurora's book of business. It has been a predisposition of government, hasn't it, that that was part of the tranche of reforms to increase competition. I just make that point very delicately that we have no intentions of selling any government business, including Aurora.

In relation to TasWater, the current MoU is the current position of the Government is that we have no intention to go beyond the 10 per cent of equity holding in TasWater that we have already established as a current goal, which I believe I read earlier will be achieved next financial year.

CHAIR - If there are other big projects that emerge, it will be up to TasWater to fund through their own resources.

Mr FERGUSON - I think that is the ideal. If there was a special case put forward to the Government that it was so dependent on some level of further equity contribution in exchange - well, if there was a call on the state Government for a further contribution and it was a compelling case, we would consider it. Of course, it would only be appropriate to have a conversation about further equity holding - but that is hypothetical and we do not have any such request at the moment, nor desire.

CHAIR - In relation to the area that sits under 1.3, the provision of support to the Treasurer on energy pricing related matters, can you tell me more about what actually occurs under that? Is this related to the energy businesses or is this working with OTER?

Mr FERGUSON - It is OTER, predominantly. I work with all the energy businesses in my role as one of two shareholders for the range of businesses that we hold there.

Mr FERRALL - That would deal with your responsibilities as well, in terms of pricing.

Mr FERGUSON - We have Electricity Supply Industry Act responsibilities that I hold. I am advised by Treasury on a day-to-day or month-by-month basis on actions that I am asked to be either taking or just to be aware of. Further to your question which led me to it, which is that I have a legislative responsibility to administer - even though it is independent - the act that empowers the Office of the Economic Regulator, which also is the person who determines the energy pricing mechanism that commences each financial year for which, before you ask, we do not have that advice at this point of time; we expect it in mid-June.

Output Group 1

1.4 Government Property and Accommodation Services

Mr DUIGAN - Administration, provision of advice in relation to government property - I note we may have dealt with some of this earlier, particularly around Treasury and the state public buildings in Launceston. I was wondering, Treasurer, if you could provide to the committee an update on the Government's property sales program, notwithstanding comments you have already made.

CHAIR - It does not include the Treasury Building.

Mr FERGUSON - Yes, Treasury does administer major sales programs on behalf of government generally. The sales program covers the sale of non-strategic surplus government property and the sale of government office buildings, where appropriate. All sales of government property are undertaken in accordance with the Crown Lands Act 1976. Of course, my colleague minister, the honourable Roger Jaensch, is the minister responsible for administering the Crown Lands Act. Under that act, Mr Jaensch has the role of approving the sale of Crown land.

The Department of Natural Resources and Environment Tasmania is responsible for minor Crown land sales, but the sale of more significant Crown properties is managed by Treasury.

In response to your question, I can advise that in the 2022-23 financial year to date, Treasury has sold three properties, for a combined value of \$4.02 million, and that excludes GST. An additional property in Amy Road, Launceston is expected to be transferred to St Giles for consideration, subject to relevant approvals in accordance with the original purchase agreement from 1981 between the Crown and the organisation that is today the very loved St Giles.

I might check on its existing status, as it was subject to a disallowance phase through each House that may be still active; we are just checking.

Treasury is currently preparing five non-strategic surplus properties with an aggregate estimated market value of approximately \$6 million. These properties include two premises in the greater Hobart area, vacant land adjacent to the Huonville District High School, the former police station and residence in Longford, and a former police residence in Smithton.

That is the work to date. Treasury's job in discharging that responsibility is of course to try to maximise the value of the asset, and return same to the balance sheet on behalf of all Tasmanians.

We are just checking on St Giles. You would know your own House's agenda better than me, but it is subject to disallowance. When those sitting dates have been discharged, St Giles will have that title returned to them, as per the original deed from the early 1980s.

Mr DUIGAN - Thank you very much.

Output Group 1

1.5 Government Procurement Services

Mr GAFFNEY - Just three questions. I am aware of the time, so you are welcome to take these on notice.

I hope this is in the right place - if it refers to provision of advice in relation to government procurement activities the management of whole-of-government contracts in the administration of Tasmania's management fund, it was reported that \$22.8 million worth of unusable PPE - for whatever reasons - was acquired during the COVID crisis, is being stored, pending further

action. What is the current status of this action, and is there a risk of further liabilities in resolving this problem?

Mr FERGUSON - We would be happy to answer this question, but we simply won't have that information. It would be best through the Health portfolio minister.

Mr GAFFNEY - I was not sure whether it was here, because of the advice you were given to purchase - you provided advice to procuring -

Mr FERGUSON - What if I ask the secretary to give us the broad picture, and then if there is any way we can assist we will.

Mr FERRALL - We would not provide health advice on PPE, as an example -

CHAIR - Very sensibly, I say.

Mr FERRALL Yes, I think it is very sensible. When we say advice on procurement, we have a range of whole-of-government procurement contracts that we would deal with. We provide advice to the Treasurer more broadly on procurement. We also manage and provide advice on the procurement treasurer's instructions - but a procurement such as the PPE you refer to was conducted within the Department of Health.

Mr GAFFNEY - So they would not have to come to you and say, look, we are doing this, it is quite a significant sum, what are the risks involved? That would not be part of the deal?

Mr FERRALL - No, they would not be necessarily required to do that. They may on some occasions ask some of my procurement people about conforming with Treasurer's instructions, or ensuring their procurement is managed well or reasonably. Sometimes some of our people might even go on procurement evaluation committees with the departments.

Mr GAFFNEY - That is fine. We can ask that tomorrow in Health, thank you.

Two quick questions on page 307, to do with electric vehicles. With the transition to electric vehicles, is the charging infrastructure expected to have efficient capacity, given the increasingly rapid uptake of electric vehicles in Tasmania? I am hoping this is the right place to ask this, because there is an increase in the funding for it.

Mr FERGUSON - We can give some high-level responses to this, Mr Gaffney, and definitely minister Jaensch in his outputs would be in a stronger position to give more detail.

Mr FERRALL - In terms of the Government motor vehicle fleet which Treasury does look after more broadly, we will need to do some work with agencies as they expand their fleets and move more into EV vehicles because clearly, there is not sufficient charging points to deal with the full fleet if it was all EV tomorrow. We have to work with agencies over time to do that. But if your question is more on the total network, that is not a question for Treasury.

Mr GAFFNEY - This question also might be for Mr Jaensch. Earlier this year, the New South Wales Government surprised the electric bicycle world increasing the power limit to

500 watts, thus opening up the use of such bicycles to older users and uphill. They don't go faster, they go up hills better.

CHAIR - More get up and go.

Mr GAFFNEY - Get up and go. Is this something the minister would consider adopting for Tasmania? Would they have to through Treasury for that? The hilly terrains like Launceston. I am surprised New South Wales did that.

Mr FERGUSON - Thank you for asking. That gives me time to think about how I would answer you in my Transport outputs later today because I would be responsible for that.

Mr GAFFNEY - That is what I was thinking.

Mr FERGUSON - I wasn't aware New South Wales had done that.

Mr GAFFNEY - Yes, out of the blue and does not make them faster, it makes them more powerful to go uphill.

Mr FERGUSON - It could make them faster, depending on the way the bike is controlled by its little central processing unit. I say that with serious respect because the more power, the more speed it is capable of, but it depends on how it is governed by its controls and software. I will take it on board and look forward to giving you a reasonable answer this afternoon.

Mr GAFFNEY - Or on notice.

Mr FERGUSON - Or on notice. I didn't know that, so thank you for letting me know.

CHAIR - Try giving instructions and have some thinking time over lunch. Can I ask briefly on the Tas Risk Management Fund? In Budget Paper No. 1, page 165, there are liabilities in the table showing a fairly significant uptick in personal injury. We asked last year in budget Estimates about the number of psychological injuries, as well as physical injuries that employees of the state are experiencing. Is this predominately related to that expectation of ongoing increased claims?

Mr FERGUSON - I will definitely ask the secretary to answer in some more detail but, in short, broadly yes, it is, but also current and newer claims that have arisen. You would be no doubt more than aware of the legislative changes and the welfare initiatives we have embarked on as a Government to support our employees, particularly those who experience trauma by assisting other people with their injuries, deaths, suicides, road crashes, family violence episodes and other trauma they are expected to run to and deal with as first responders.

CHAIR - The vicarious trauma is what you are talking about.

Mr FERGUSON - That is it. Our staff are traumatised in responding to other trauma. The answer is yes in broad terms and we have reflected that in a previous debate in the House when we were doing the supplementary Appropriation to top up the TMRF in respect of new claims that have arisen. Not only are we seeing the same kind of effects on our employees it has in the past, but now we are recognising them better and supporting them better.

Mr FERRALL - I can add to it numerically. In 2015, the proportion of psychological claims received was 13.2 per cent and as at December 2022 the figure is now 25.2 per cent. It makes up a much greater proportion of the claims. The claims' cost for psychological injuries is more than six times greater than the average cost of claims for physical injuries. Psychological injuries' average claim cost is \$166 600 per claim, whereas physical injuries are about \$25 200. It is driven by a much greater percentage and at a much greater cost of the nature of those claims.

CHAIR - And often a longer time to recover.

Output Group 2

2.1 Economic Policy Advice

CHAIR - Minister, I do note this is to fund the Tasmanian Economic Regulator, and there is no appropriation under 3.3 Expenditure. So, I want to ask these questions here.

Expenses are just under \$2 million. Can you tell us where that funding actually comes from without the appropriation?

Mr FERRALL - The Economic Regulator recovers a large proportion of its costs from the entities. But it wouldn't show as an appropriation of funding.

CHAIR - Who's paying then for the prescribed inquiry into the King Island shipping freight prices and related matters?

Mr FERGUSON - TasPorts are having to pay for that.

CHAIR - TasPorts will fund that, okay. I don't know if you can answer these. If you can't, I am happy to put in another way.

Mr FERGUSON - To be strictly correct, is TasPort's paying it, or is Bass Island Line paying it? Strictly speaking.

Ms CALVERT - TasPorts.

Mr FERGUSON - TasPorts itself.

CHAIR - Okay. Do you know through that process how OTER identified who the key stakeholders were? Do you have the other side of that?

Mr FERRALL - We can't talk about how the Regulator works.

Mr FERGUSON - I can't answer it for two reasons. First of all, I'm not aware. Secondly, I wouldn't possibly be allowed to be aware, given the independence that's attached to it. I am not sure if there's anything further?

Ms CALVERT - It's the same, you don't consult with us either. They are provided with terms of reference and -

PUBLIC

CHAIR - Which are on the website. If a person wanted to know why they consulted with during this process, and how they identified key stakeholders, how could you find out?

Mr FERRALL - You would see it in the report.

CHAIR - Bit late after that. Bit late then, though. Anyway.

Mr FERGUSON - The Economic Regulator in this pricing oversight review that is occurring, the person who occupies that role within the strict parameters of the act needs to be trusted to do their work and can be relied upon. Equally, after the terms of reference are issued, it's at arms-length from me and the Government and non-government members, for that matter, as well. The Economic Regulator, Mr Dimasi, is more than aware of his responsibilities in this area, and I'd have to be very cautious about talking about his role too much, or talking about the inquiry or what any of us might hope that it contains. It is to be objective and at arms-length from government.

CHAIR - Do you have any data related to - you may not on that last answer - the number of investigations undertaken by OTER of competitive neutrality complaints? Do you keep reports about that?

Ms CALVERT - We'd know, but I'd have to go back and get that information. We'd certainly have it.

Mr FERGUSON - Is it in OTER's annual report?

Ms CALVERT - My guess is probably. We can come back to you on that.

Mr FERGUSON - We'll take it on notice.

Ms CALVERT - Relatively -

CHAIR - Also pricing investigations are undertaken?

Ms CALVERT - They are on their website.

Mr FERGUSON - We might take that as a single question on notice, if we could.

CHAIR - All right. The other one is interventions taken with regard to the regulation of the electricity supply industry, and water and sewerage services.

Ms CALVERT - If we take them all on notice.

Mr FERGUSON - If you could send those in writing in to me, I will do my best to provide a useful response.

CHAIR - Okay. In terms of the gender budget analysis, I note the significant improvement in the document. In some respects, there's a way to go, but I noticed that this sits with you and Ms Palmer.

The process of providing a gender analysis of the budget requires analysis of all policy measures, not just for those intended to support women, but with a gender lens to reflect on how they may impact different communities on the basis of gender. It is an opportunity for the Government to analyse its policy development funding initiatives in a new way and to understand how they impact on people differently, including by looking into historical expenditure to assess who benefited and who missed out with a gender lens.

How does the Government intend to develop its assessments for future iterations of this snapshot?

Mr FERGUSON - Thank you for your good comments on the gender budget snapshot this year. It has been a labour of love, particularly by my colleague, Ms Palmer and myself. Both of our departments, DPAC and the Department of Treasury and Finance have worked cooperatively on that and apart from everything else that it does, including a new way of analysing existing and new budget initiatives, to identify the extent to which they support the objectives and the indicators. In future, we expect that the future gender budget snapshots will continue to evolve and we certainly expect that we will have a greater ability to communicate how initiatives taken in the budget lend themselves to supporting the improvement in those indicators.

CHAIR - In looking at the historical assessment of spending, is there work being done on that? Are we going to see some sort of analysis of that?

Mr FERGUSON - I'm sorry. I just need you to clarify the question.

CHAIR - The historical assessment of budgeting, funding. It's not just looking forward; it's looking back, how we -

Mr FERGUSON - I think it really is about looking forward and if I've missed something, help me understand, please.

CHAIR - How do you assess where you are now if you don't know where you've been?

Mr FERGUSON - I think I've answered the question and I'll ask for some assistance from the secretary. The inclusion of a range of indicators that show areas of community aspiration for the equality of men and women together actually are included. I suppose from that point of view, it does show where we've come from but when I talk about future-looking, what I really mean is that when future budget initiatives are being funded, we would intend to provide a selection of those and put them through the lens of how they help to achieve the goals from the Women's Strategy.

CHAIR - This is a question for Ms Palmer, I'm happy to ask her. We've got her later in the week. How or who did the Government engage with to identify the initiatives and policies that would be analysed?

Mr FERGUSON - Well, that was actually something that we had to innovate this year because the timing of the snapshot, together with the timing of the Budget, meant that the team putting together the snapshot needed to know from Treasury some new initiatives. They can't know them until the Cabinet, through the Cabinet process, has settled them. That will be how it is in the future and we'll just need to make sure that we manage our workflows and our timing

PUBLIC

so that it lends itself to really good consideration so that there is enough time for really good consideration of measuring the impacts of new initiatives. Existing initiatives also qualify in future snapshots. Being existing, you don't need to wait for the Cabinet - the budget Cabinet -

CHAIR - That's what I'm talking about, the historic aspect too.

Mr FERGUSON - Yes.

CHAIR - Treasurer, do you have specific expertise in the office in gender budgeting and applying a gender impact assessment within Treasury? People with specific skills, I'm talking about.

Mr FERGUSON - I will ask Tony to address this but as part of the work that Ms Palmer has been doing, some specialist support has been engaged for this gender snapshot. The intention of Ms Palmer and her team has been that once we've developed that capability, that we retain it within Treasury and Finance.

Mr FERRALL - I wouldn't say we've got perfect resources in this space, to the extent we need external support we would utilise it as necessary. Impact Economics was used for the existing gender budget statement. The way I would see this developing is that rather than it being so much a purely retrospective analysis, the important point going forward, will be to try inform initiatives that government might be considering as part of the budget process on their impact -

CHAIR - That's why you need the expertise there another time.

Mr FERRALL - So there's another piece of work that I think will go into that space.

CHAIR - That's why I'm saying, that's why you need the expertise in Treasury all the time.

Mr FERGUSON - I'll put it a slightly different way to what the secretary has, perhaps it helps all of us to understand where we get to. We now assess the situation, having achieved quite a new approach with the gender budget snapshot. We're really pleased with it. We've had really good feedback towards it as well. But the way in which Impact Economics were engaged was so that they would leave behind their methodology, then we'd continue to have access to that in future.

CHAIR - Are you able to provide that methodology to the Committee?

Mr FERGUSON - I think it's actually in the snapshot itself. It actually discusses -

CHAIR - There's nothing more than what we see in that, that sits behind it?

Mr FERGUSON - The way I would express it is that a range of indicators are being highlighted for existing and for new Budget initiatives. The tool is now provided for us to use. That will be applied in the future.

CHAIR - You are looking to train people within the department to be able to properly apply the tool? You do need to have some expertise in this area.

Mr FERRALL - We will work through what we need to do in terms of capacity to deal with the statement. I think it is also important to note that when government looks at initiatives effectively from agencies, they are developed with a broad range of agency expertise as well. It is not purely reliant on Treasury advice or capability in terms of how government will consider particular initiatives. Within government or across government, I would be pretty confident there is the range of expertise needed to continue down this path.

When we do next year's budget, and the year after's budget, there will be initiatives that come forward. Government will want to put greater focus or a greater gender lens over those initiatives. That will require those individual agencies that are putting forward those initiatives to provide the advice and the evidence that the Budget committee and Cabinet would need to support those initiatives.

CHAIR - Are you going to develop targets to help address some of these matters? Will there be targets in terms of gender equality measures?

Mr FERRALL - There is no work done on that yet. That is ultimately a policy matter for government to work through.

Output Group 2

2.2 Regulatory Policy

Mr EDMUNDS - I was just noting the drop-off in expenses from 2024-25. Is there a particular policy capacity that will not be required? What is the explanation for that drop in the 2024-25 financial year?

Mr FERGUSON - I am not sure we are looking at the same table.

CHAIR - The income supplementary one?

Mr EDMUNDS - Table 11.8, page 370.

Mr FERRALL - The future gaming markets? We have a specific policy team that is captured under this and xxx [inaudible 12.58.09] effectively in the operation. Does that help?

Mr EDMUNDS - Sure does, thank you.

CHAIR - While we are on that, I might go to questions on that.

Mr GAFFNEY - Noting the time, how are we going to do this, with the questions that we have left? How best to do that?

CHAIR - I have a range of questions about the future gambling policy and its impacts. Can we put those on notice to you?

Mr FERGUSON - If you can read them out to me, I will agree or disagree with doing that.

CHAIR - As I understand, the new licensing arrangements for EGMs in pubs and clubs starts on 1 July 2023. Venues have finalised prices to acquire existing EGM network gaming. Federal Hotels has signed contracts with Maxgaming licence marketing offers as I understand it. How many of the existing 90-plus venues with EGMs have not applied for new licences? How many have officially advised that they will not doing so? What is the number of EGMs involved? How many venues does the Government expect to be operating under the new arrangement from 1 July? How many EGMs? How many new venues have applied for licences for how many EGMs? How many have been approved?

Table 5.5 on page 109 on Budget Paper 1 lists revenue from the new gaming arrangements. That was one figure that was broken down into three amounts.

Mr FERGUSON - If I could please pause for a moment? The questions you read out prior to that one I am comfortable taking on notice. Can we start that one again? I was listening and struggling to understand it.

CHAIR - Sorry. Table 5.5 on page 109, in Budget Paper 1, lists revenue from the new gaming arrangements. The figure is now broken into three parts. Comparing one with the other, my memory was that the Government is going to collect an extra \$8-9 million in revenue, but is not evidenced from the figures. Can you explain why not? Is it demonstrated in the forward-Estimates as additional revenue as is to come?

Mr FERGUSON - I will take that on notice.

CHAIR - When will the Government be in a position to update the revenue estimates with the introduction of the mandatory cash card or mandatory pre-commitment card? Is the introduction on schedule or when is it likely? You might be able to answer that now.

Mr FERGUSON - It is on schedule.

CHAIR - For the first of July?

Mr FERGUSON - The player card gaming scheme is on schedule, but it is being at a secondary priority for the new gaming arrangements from 1 July coming. I am reassured that project remains on schedule for introduction in late 2024.

CHAIR - Do the figures include the Community Support Levy or does that appear elsewhere?

Mr FERGUSON - The issue is we do not have time to answer them now as we are just hearing questions we can take on notice. We will take that on notice.

CHAIR - There is a few also I had under Grants and Subsidies in relation to the energy concessions. Do you want me to read those out?

Mr GAFFNEY - Madam Chair, in all of the sections there might be other people with other questions. Are you going to go through them? Do you have to ask them now or do we put them on notice? How are you going to handle that?

CHAIR - Do them now so we will keep going. Before I go to that one. Inter-Government Financial matters, that is the whole GST thing and we perhaps will leave that for another day. Tax Administration and Revenue Collection, Sarah, did you have anything in 3.1 you wanted to put on notice?

Ms LOVELL - Yes. I had a question. It seems in the Budget there is about \$8.5 million per year to administer and collect nearly \$1.7 billion state taxes. Which seems like a decent investment. How does that compare to other states in terms of efficiency?

Mr FERGUSON - Ms Lovell, I would be happy to take it on notice. I am not as to the level of insight that we will have into the other states, but I am comfortable to take it on notice, if you could provide it.

Ms LOVELL - Thank you. My other question was, in dollar terms, how much taxation debt does the Government hold and the process for collection of that?

Mr FERGUSON - I would be happy to take that on notice if you could provide that in writing.

Ms LOVELL - Yes. That is fine. That is all I had, thank you Chair.

CHAIR - Is there anything on 3.2 from you, Sarah? On regulation and administration of Equine Gaming?

Ms LOVELL - No, that is fine.

Output Group 3

3.4 Office of the Superannuation Commission.

CHAIR - Then we have the Superannuation Commissioner?

Ms LOVELL - Yes, I did have a question about how many complaints have been received by the commission in this Financial Year? It would be good to have a break-down of the nature of the complaints.

Mr FERGUSON - Yes, I will take that on notice.

3.5 Administration of Grants, Subsidies and Concessions

CHAIR - Anything else? Grants and subsidies?

Mr GAFFNEY - Yes, I have a few there.

CHAIR - You go through yours.

Mr GAFFNEY - In each concession, lastly the annual electricity concession increased by \$61 up from \$514, an increase of 11.8 per cent. Will the same increase, as regulated in electricity prices, can you confirm the electricity concession will increase from 1 July by

PUBLIC

whichever is the greater of CPI or the increase in regulated prices? What will the new annual concession amount be? The next one is the energy hardship fund.

Mr FERGUSON - Yes, Mr Gaffney, I will take that on notice.

Mr GAFFNEY - Do you want me to say it or just forward it through?

Mr FERGUSON - If you would forward it through your secretary in writing I would happily take that on notice.

Mr GAFFNEY - That is fine?

Mr FERGUSON - Sure, was that all of yours?

Mr GAFFNEY - Yes, on the grants, subsidies and concessions. I have a couple with the Public Trustee.

CHAIR - You covered off on the ones I had broadly, for grants and subsidies. 4.1, public trustee?

Mr GAFFNEY - Two questions here. I am interested to know whether the recommendations from the Bugg review have been fully enacted?

Mr FERGUSON - I can answer that now. They have not been fully enacted, but they have been funded in last year's Budget and no doubt when you are with the Attorney-General, you may be able to make further inquiries.

Mr GAFFNEY - We do not have the Attorney-General, but that is fine.

Mr FERGUSON - Oh, sorry. I see the point. My understanding is they are on track, progressively being enacted.

Mr GAFFNEY - I am not sure whether this is for you or I will get it downstairs, have there any additional expenses requested, involving restructure of its service provisions? But that would be one for the Attorney-General?

Mr FERGUSON - If it was in a public trustee, yes, I think so, or scrutiny later in the year or a question on notice in the Chamber.

Mr GAFFNEY - Alright, thank you.

CHAIR - The GST ones I can ask in another forum.

Mr FERGUSON - Before you close off, Chair, I have information from the previous questions that we said we would take on board. The team has plugged the numbers in and charted for the gross debt per capita by 2008-09 to 2026-27 by both General Government Sector and Total State Sector. We will table that for you. Also, there is a list here of sundry deposit accounts that are approved to earn interest.

PUBLIC

CHAIR - Thank you very much. All right, we have run out of time and run over, but thank you, Treasurer and team, for your time. We will let them go and we will see you back at whatever time we agreed now. I think it is 2.15 p.m.

The Committee suspended from 1.06 p.m. to 1.48 p.m.

AUDITOR GENERAL

1.1 Public Sector Management and Accountability

CHAIR - Welcome, Rod and your team, on behalf of the Audit Office. You know pretty much everyone across this side of the table here. Thank you. We've got half an hour for you to provide some information about your work at the Tasmanian Audit Office and your budget. We'll have some questions for you. I invite you to introduce yourself and the members of your team for the purpose of Hansard and then, if you'd like to make some opening statements, feel free.

Mr WHITEHEAD - Thank you, Chair. I'm Rod Whitehead, the Auditor-General of Tasmania. On my immediate left, I have Debbie White, our Director of Corporate Support and Strategy and on my right, I have Jonathan Wassell, who's the Deputy Auditor-General. I will just make an opening statement.

The role of the Auditor-General and the Tasmanian Audit Office are established under the Audit Act 2008. Our role is to provide assurance to the Parliament and the Tasmanian community about the performance of public sector entities. We achieve this by auditing the financial statements of public sector entities and by conducting audits, examinations and investigations on how effective, efficiently and economically public sector entities' activities, programs and services are delivered; how public sector entities manage their resources; how public sector entities can improve their management of practices and systems; and whether public sector entities comply with legislation and other requirements.

Through our audit work, we make, we make recommendations that promote accountability and transparency in government and improve public sector entity performance. We publish our audit findings in reports which are usually tabled in parliament and made publicly available online.

CHAIR - Thanks, Robert. Looking at the appropriation for your output here as an independent entity, I noticed there are just modest increases across the forward Estimates. Previously, you had asked for additional funding for the data analytics. Can you tell the committee more about how that is going? You did get funding for that, which was most welcome, I know, from your perspective. How is that going and whether it is meeting the needs of your office?

Mr WHITEHEAD - Thank you, Chair. We were most thankful to receive that data analytics funding last year over the forward Estimates for the full year period. The reason we put that submission in to receive that funding is many of the other public sector audit officers are starting and have done work in the data analytics area, where they are getting complete datasets from various state-entities and then performing a series of computer-assisted audit techniques and procedures over that data set. It was an area we had not really invested a lot in.

We had purchased a product called TeamMate Analytics, that did assist us in some of our audit procedures, but we were only gathering small sets of data from various state entities during our financial audit process.

What we want to try to achieve is actually getting much larger data sets. As part of that process, we need to work out a process by which we can exchange that data with other state entities in a secure manner. We also have to determine where we are going to put that data. Once we were successful in receiving that budget bid, we firstly had to get some additional resources in place. We recruited two people. One of whom is a manager in the data area and also assists us with IT audit related matters. The other one was specifically a data analyst we recruited, who joined us from New Zealand, who had been working in that particular area.

With two people, we then started a pilot program. We selected the Department of Police, Fire and Emergency Management as the agency that would partner us in that pilot project. As part of that process, there were a series of questions that came out of our engagement with the department that led us to then reflect on our Data Governance Policy. That covered various aspects of data governance, such as security, the transfer process and also where we would store that data. Also, the request process by which we would seek that information from the agency and the exchange mechanism by which that data would be transferred. We started that particular pilot project. There has been a draft report shared with the agency that came out of that particular piece of work.

During this financial year, we have also written to the other Government departments to say we want to also talk to them about how we can exchange their data with us, so we can do further work on this. Part of the challenge for us is incorporating the data we get into our normal audit procedures. That is an ongoing piece of work we are looking at, at the moment.

CHAIR - That body of work is adequately funded under the allocation you had for that purpose?

Mr WHITEHEAD - The funding enabled us to recruit those two positions we established and also start the process about embedding data analytics into our audit processes and starting to gather those more complete data sets from those other Government agencies. Over the forward years, we have continued our process we are doing at the moment. I suppose, part of our challenge will be in this year's Budget, we lose that funding in the fourth year. By then, we hope we will embed some of those processes and practices into our business as usual approach. With the efficiencies we gain out of using data analytics, we will be able to cover that shortfall, through our current funding.

CHAIR - That is in 2026-27?

Mr WHITEHEAD - Correct.

CHAIR - I understand how tight the labour market is, particularly for skilled people, are there constraints within your current budget in staffing. That can be difficult to attract people, but are you having challenges because of the constraints the Budget may impose?

Mr WHITEHEAD - I will probably go into a bit of background for the members of the committee. In terms of our funding, we receive our funding through two sources. One is the appropriation funding we receive that predominately covers our performance order program

and part of our office overhead. Our other funding is through the audit fees we charge public sector entities for the financial statement audits that we undertake. That is on a fee for service type model.

With regard to our personnel costs, they are our largest cost for the operations of the office. In terms of the adequacy of our funding to cover our staffing costs, at the moment it is sufficient but one of the impediments that we find is that we are a state department. That means that we are covered by the Public Service Act and we are also covered by the various awards that exist.

Part of our challenge is maintaining competitiveness with regards to remuneration arrangements for our staff relative to both the private sector audit offices and other public sector audit offices interstate because we are aware that their remuneration arrangements are higher than ours. That puts a bit of pressure on us in being able to retain some of our people.

By way of illustration, over the past financial year we have had quite a turnover in respect to our people. If I gave an example, over the past 12 months we started the year with a head count of 48 at the beginning of the financial year. Up until the end of April, 21 people had left and we have recruited 27 people.

As you can see it was quite a significant level of turnover that we experienced over the past 12 months.

CHAIR - That can be quite disturbing to think that so many people have left. Do you do exit interviews with them to identify why they left?

Mr WHITEHEAD - We do exit interviews with them to ascertain why they have left. A large majority of them have left to go to other audit offices. In a lot of cases it is monetary considerations but in other cases it is also family considerations at the same time. Some of them have family members interstate and they are relocating for that reason.

CHAIR - Regarding the other audit offices around the country, let's look at the states and Commonwealth. How is that funding arrangement different? Are they not part of the State Service?

Mr WHITEHEAD - Some are funded differently. In some cases, some of the audit offices receive all of their funding through appropriations so they do not have that fee-for-service model where they are charging the relevant state entities for the performance of the financial audits. Some of the other offices are funded the same way that we are so they charge the fee for service for some of their audit-related work. Some of them are set up as government departments; others are set up as separate statutory authorities which gives them a bit more discretion and flexibility regarding their remuneration arrangements. Some employ people are under contracts as opposed to being under public service type awards and arrangements.

CHAIR - How many unfilled vacancies have you got at the moment and in what areas?

Mr WHITEHEAD - We have just gone through a recruitment round for what we call system auditors at the moment so we are engaging about five new staff at that particular level. We do have vacancies at the assistant manager and the manager level but part of our challenge there is filling those positions at that level. It is very difficult to fill audit positions for the more

experienced auditors, in particular at manager and senior manager level. Just by way of illustration, over the past 12 months in terms of departures that we have had, 13 of the 21 departures that I mentioned before were senior auditor to manager level. Of that 13, we have only managed to fill six of those positions for like levels.

Most of our recruitment is actually occurring at what we call the assistant auditor and auditor level, which are quite lower levels within the organisation. The reason we have to do that is to ensure that we can deliver the services we need to deliver but it is also a reflection of the fact that it is very difficult to replace people at that senior auditor, assistant manager and manager level.

CHAIR - You train them up they get cannibalised by the other states?

Mr WHITEHEAD - Yes there is a degree of turnover at that particular level, both analyst and senior analyst. They tend to be quite mobile; they can be quite attractive for other employers.

CHAIR - Is there a better way? Obviously, you cannot just create a whole heap of experienced auditors at that senior level so what are the main barriers to you filling those positions? I know you have gone to the lower levels to try to recruit and perhaps build up from the base but is it the pay or are there other considerations?

Mr WHITEHEAD - There are other considerations. Some of the things we have been doing, this has been one of the projects from our strategic perspective that we have been focusing on regarding our recruitment activity, particularly about how we attract people. I have been fortunate because the two people sitting at the table with me are recent recruits to the Tasmanian Audit Office. I will speak to Jonathon but I think his basis for coming here was the attractiveness of living in Tasmania, experiencing -

Mr WHITEHEAD - coming here was the attractiveness of living in Tasmania and experiencing what Tasmania has to offer. Interestingly, we've had some discussions with Grant Tasmania to look at how we might be able to incorporate some of their material into some of our recruitment advertising material as an extra mechanism to make this look like an attractive destination, and make our positions look attractive to people potentially wanting to work in auditing but also live in Tasmania.

CHAIR - This is a fairly dry area, going to the market with 'come work at our audit office'.

Mr WHITEHEAD - That's right. It is to some extent. I think most Tasmanian employers are trying to leverage off the attractions the state has to provide.

CHAIR - In terms of the workload, have you had to put any audits off, or delay any planned work, particularly in the performance audit space? I know you can't put off the financial audits, because the financial year comes around regardless, but have you had to cut back on the work and the output, or how have you managed that?

Mr WHITEHEAD - I might talk to both performance audit and the financial audit areas. I will start with performance audit. That is one of the areas that we are funded through by appropriation. From March 2022, we actually had quite a significant loss of people in that particular area. We had a team of almost 10 people, and it went down to four people within about five months. That meant we had a lot of recruitment to do in that particular area.

We only had five people in that business unit at the end of April. We were still understaffed by approximately half. Since the end of April, we've been successful in bringing in one manager who was formerly with the Australian National Audit Office, and we are currently looking at appointing two performance analysts at a band three level.

We are not quite where we still need to be in that regard. The consequence of not having those people over the last 12 months means we are well behind on our annual plan of work, as we have tabled in parliament, for the 2022-23 financial year. For example, on the digital initiatives audit we are running at the moment, we simply the lost the entire team on that particular audit. We've had a false start, because we had to get new people on to essentially familiarise themselves with that audit, and then continue to conduct and execute that audit.

It has led to some inconvenience. Not only for us, but some of the elements we're dealing with in coming up to speed with the work that we'd already done.

CHAIR - I guess then the new auditors have to go in and go back to the department because some of the information that has been collected could be out of context, or changed?

Mr WHITEHEAD - There could be gaps in some of the information in the evidence that we have, but it also means they have to go back through our own information and ascertain if there are any gaps in that information, because they're not familiar with the information because they weren't around when the information was first gathered. It does lead to some audit inefficiencies.

With the financial audits, it's fair to say that since the COVID-19 pandemic, we're still playing catch-up with respect to completing our financial audits within the statutory deadline of 45 days after the date of receiving the financial statements from the various state entities. We are looking at strategies to try to get that timeline back on track. Part of that is recruiting additional staff. Although we have higher numbers of people now than at the beginning of the financial year, the level of experience of those people is what's holding us back a bit.

We've also looked at whether we outsource some of the audits to the private sector, our audit service providers, but they're experiencing the same staffing difficulties. In some cases, we've put audits to them, and they have turned around and said they do not have the capacity to undertake it.

CHAIR - It is not just the Audit office having trouble, it's the external bodies as well.

Mr WHITEHEAD - That's correct. It's an industry issue.

CHAIR - Yes. Hard to address on your own, isn't it? We talked about trying to attract people, but do you think there needs to be a greater focus on even trying to encourage people into the profession? You have to have that sort of brain, really?

Mr WHITEHEAD - I think the professional bodies themselves have been trying to address this particular challenge, because other professional bodies and university campuses are trying to channel students into particular areas. I think HECS is possibly having some influence on decisions students make in terms of their tertiary education - the debts they potentially take on after completing their studies. There's a number of different factors that come into play.

CHAIR - What is the HECS debt for the -

Mr WHITEHEAD - I don't have that exact number with me.

CHAIR - Would you know how it compares with other things?

Mr WHITEHEAD - I had heard that the cost of business-related degrees had increased on what it previously was.

CHAIR - Any other questions?

Mr DUIGAN - One that occurs to me is whether you see any end to your recruiting and retention issues. Is it supposed to become better or worse?

Mr WHITEHEAD - It is a very good question. The conversation we have been having internally is that people get frustrated with continual recruitment across the office. I have had to articulate that is going to be the norm from here on in. I think the days of only recruiting periodically throughout the year are long gone. I think we are always going to have an element of recruitment that we will have to undertake throughout every year from hereon in. If I gave an example, many years ago I think, the defined benefits fund probably locked people into positions within the public service. Now that that scheme is long closed, what we are seeing is more mobility in positions across the public service. In some cases, it is people moving from positions within the public service, but in other cases it is people moving outside the public service.

If I had to give an example of the average tenure of people, from the system auditor level through to the senior auditor level, the average tenure at the moment is less than two years. That shows that there is quite a degree -

CHAIR - Across those four areas?

Mr WHITEHEAD - Across about four different levels from the system auditor through to the senior auditor, it is less than two years average tenure in the office across those levels. I think it is reflective of the fact that there is a lot of mobility of people. The interesting thing about auditors, particularly financial auditors, is that they are actually used to working in a number of different entities. Throughout the whole year, they are always working with up to 10 or 20 different state entities. For them, mobility is not seen as a threat in terms of their career progression. That does tend to make them quite mobile and for that reason also quite attractive to other state entities who might be looking for people with financial backgrounds.

Mr DUIGAN - What does the productivity of the office look like as you go forward? It obviously impacts, as you have outlined.

Mr WHITEHEAD - It does. One of the things that we have noticed is that what we call our recovery rate on our audits. We are a bit like a car mechanic, whereby our people charge an hourly rate for the time they work on a particular auditing engagement. At the end of the job they have a look at what the cost is for that. In many cases we actually have to write off a component of that time because in some cases it is unproductive. It could relate to on-the-job training, or it could be a reflection of the fact that people are relatively new and spend more time doing tasks than what they would otherwise do if they were much more experienced.

We have noticed an increase in the write-off component of our time on our audit jobs. There is also much more significant investment in learning and development, particularly that one new development that we undertake in-house to train those people.

Mr DUIGAN - What about completing jobs, the output of the office?

Mr WHITEHEAD - Certainly in terms of the time frame, I think last financial year or audit cycle, we only completed 59 per cent or 57 per cent of our audits within the required deadline. I think it was equivalent to the year before. We did not really make any inroads in terms of improving that timeliness of audit completion.

Mr DUIGAN - Does that have a compounding effect? As I understand it, you have to audit or do a certain number of audits around government entities and so on. That must have then a compounding effect on your ability to fulfil the function of the office.

Mr WHITEHEAD - Correct. Both in terms of meeting our statutory obligation to get the audits done within a particular time, but there is also an impact in terms of some of the entities that are waiting for us to complete the audit so that they can fulfil their reporting obligations, for example, table their reports in parliament, or hold their general meetings or annual general meetings, for example.

CHAIR - In your performance information here, Rod, you talk about a parliamentarian general satisfaction index. There is a broader measure somewhere - overall client satisfaction survey. You obviously did well with parliamentarians, which is good.

Mr WHITEHEAD - We do.

CHAIR - As one of your key stakeholders. In terms of the 72 per cent in 2021-22, you have the target of 75 this year, what is it that identifies what people are not satisfied about? Is it that they do not like your findings, your recommendations, or what is it?

Mr WHITEHEAD - I think of the reasons that impact that score, one is the timeliness of the audit completion. That has been quite strong and quite high in the level of dissatisfaction with that. The other one is about continuity of people on the audit engagements. Entities always like to have the same work team as they had the year before, because they feel those people are familiar with their processes and systems and their people. In some cases, we have had to put whole new complete teams on audit engagements and that means sending a team in that are asking a lot of questions people feel have been asked in previous years. That can be a bit frustrating for some of the entities we work with. They are two areas that can impact on that.

PUBLIC

CHAIR - Which is a bit outside your control when you have high staff turnover.

Mr WHITEHEAD - It is and one of the things we are looking at doing is communicating more frequently with entities about the impact that turnover's having on us and our ability to complete their audits. I think a lot of them now acknowledge the fact we have had significant turnover over the last few years and we do endeavour to try and get that continuity on the audit teams as much as it is within our ability to control that.

CHAIR - Okay. Are your premises adequate for the moment?

Mr WHITEHEAD - Yes, at the moment. We relocated from the ninth floor of our premises at 144 Macquarie Street down to the second floor. Our lease was up. I believe that the Treasury and landlord negotiated very good terms and conditions and we had a refit because the footprint of the floor on the second floor was essentially a blank canvas. We had a lot of input into how we wanted to structure that. We have moved to a hot - desking arrangement, which means no one has an office, including myself, within the office. That's led to much more open communication across the office. We do have times when we have a lot of people coming back into the office where space is a little bit tight, but then we have other times when there's quite an availability of desk space available.

CHAIR - Not everyone's a fan of hot - desking. Is it working well overall?

Mr WHITEHEAD - I think it is because there is more open communication and people get the opportunity to sit with different people across the office and learn from them. The way I put it is we actually have three work environments. That is our own office, the client sites we work at and we still offer people the ability to work from home when it's to their advantage to do that.

CHAIR - Okay. Is there anything we have not asked you about you think we should have?

Mr WHITEHEAD - No, Chair, we have covered most of the items I wanted to cover. I suppose, one question might be around future budget initiatives. One area we have been looking at and are aware there has been quite a bit of activity is sustainability and climate-related reporting. We know some entities within Tasmania already make voluntary disclosures on those impacts on them, in terms of their performance and their financial position. This is now starting to get a bit more impetus with the International Sustainability Standards Board now issuing (inaudible) and it's likely the Australian Accounting Standards Board that has responsibility for sustainability reporting will probably adopt those standards.

That means there will be some mandatory reporting on that and down the track, some mandatory assurance activity for that reporting. It is an area we are keeping an eye on at the moment and feel if there's a view the Tasmanian Audit Office should be providing that assurance-related activity on sustainability and climate reporting, then we want to be well-positioned to be able to offer that service to state entities, if that's required.

CHAIR - Do you need dedicated staff to undertake such a role if you are going to be doing it for each department?

Mr WHITEHEAD - That's an interesting question at the moment, because people are debating whether that is going to be an area that the audit specialists or generalists we have at the moment, are going to be able to complete. The view might be that if they felt the audit principles - a good understanding of those, that they might be able to undertake that work but there will be complexities about understanding where the sustainability data has come from and the reliability of that. Some people are saying you will need some specialists who are familiar with both climate reporting-related processes and systems, as well as environmental processes and systems. It's an area we're looking at -

CHAIR - An area fraught with creative accounting, isn't it?

Mr WHITEHEAD - I suppose greenwashing and greenhushing are two terms been used quite commonly lately in the mainstream media.

CHAIR - You do need someone with some skills to be able to see the greenwashing and greenhushing going on.

Mr WHITEHEAD - Well, that is partly the assurance side of the activity and is to help kerb some of that greenwashing-type activity and provide comfort to users of that information, that it is correct or fair.

CHAIR - Okay.

Mr WHITEHEAD - All right.

CHAIR - We will watch this space.

Mr WHITEHEAD - Very good. Okay. Thank you, Chair.

CHAIR - See you next year but we'll obviously see you before then. Thank you very much.

The Committee suspended until 2.19 p.m.

DIVISION 11

Department of State Growth

Output Group 2 - Infrastructure and Transport Services

Infrastructure |Tasmania

CHAIR - Welcome back everyone. Minister, I invite you to introduce the members of your team at the table and then invite you to make an opening statement regarding this area of your responsibilities.

Mr FERGUSON - Thank you, and good afternoon again, Chair, and to your Committee members. I am pleased today to be assisted by Mr Gary Swain, Deputy Secretary Transport and Infrastructure, and also Mr Ben Goodsir, Acting Chief Executive Officer Infrastructure Tasmania.

The Government is turbocharging the economy with a record infrastructure program. The people in our team, particularly in the Department of State Growth, I congratulate on their efforts to assisting us. The huge funding boost includes the largest transport infrastructure project in Tasmanian history, the Bridgewater Bridge, co-funded by the Tasmanian and Australian governments for \$786 million. Other co-funded major projects include the continuation of the Midland Highway Action Plan, the \$350 million South East Traffic Solution between Sorell and Hobart. The \$120 million project to improve the Sidling section of the Tasman Highway between Scottsdale and Launceston, and \$280 million in works on the Bass Highway from Launceston through to Marrawah.

This year's budget includes some \$2.2 billion in state roads capital investment across the Estimates, with \$683 million of that in planned expenditure in the coming financial year alone. This year's planned expenditure is up some \$124 million on the latest revised figures for the current financial year, which factors in reprofiling as projects progress. This is well over four times or 400 per cent than was spent under the previous government only 10 years ago when in 2012-13 the figure was \$129 million. The investment in Tasmania's road and bridge infrastructure is unprecedented and it follows successive record investment of \$317 million in 2020-21 and more than \$400 million last financial year.

The Government has also locked in delivery of a transformative transport agenda in this Budget. It includes funding to progress work on a range of initiatives to create a contemporary, efficient and attractive public transport system. This includes Hobart's Northern Suburbs Transit Corridor, where we will introduce rapid buses as part of a wider network to service our major growth corridors, allowing people to move around quickly and comfortably.

Importantly, this year's budget also includes new funding of \$20.8 million over four years for the targeting congestion package, a boost to key projects to deliver relief to urban congestion including funding for capital projects and facilitating public transport uptake and accessibility.

There is \$19.3 million for new park and ride facilities and we want to use those not just to deal with congestion but also to increase patronage on public transport. In addition, \$12 million is there to lock in the Derwent Ferry Service from Bellerive to Hobart and to upgrade facilities on the eastern shore while we press ahead with our master plan to expand the service to other locations along the river with the support of the Greater Hobart councils and the Australian government. The budget commits \$8.6 million to active transport infrastructure, recognising that increasing walking, cycling and wheeling is pivotal in improving transport mode choice.

Finally, in cost of living relief, my department is playing a role here. There is a range of concessions funded in the budget to ensure support for those who need it most. This includes more than \$112 million predominantly for public transport assistance and \$18.1 million in taxi fare concessions and subsidies for those people who are eligible. We are also continuing to deliver the lowest vehicle registration premiums in the nation.

I thank you and I look forward to your questions.

CHAIR - Firstly, to Sarah.

Ms LOVELL - Thank you, Chair. Minister, I have some questions about estimated total expenditure for a number of items on this financial year, and I am mindful that we are not quite there yet to the end of the year. Are you able to provide for the Committee an estimated total expenditure for overtime within the department? Also, work by consultants, advertising and marketing, travel and ministerial and senior executive salaries?

Mr FERGUSON - Yes, we can do those things. I will lean on my deputy secretary here to assist. What if we took them through one at a time so that we do not skip over any. If we begin with the first one, which was overtime if you have that.

Mr GOODSIR - I do not think I have that figure to hand. We can get it within the session I should think.

Mr FERGUSON - We will take that on notice but do our best to get it to you in the meeting. If we can't then I will let you know and we will take it on notice.

Ms LOVELL - Thank you, the next one was consultants.

Mr GOODSIR - So, for the department as a whole, we have spent just over \$1 billion in contracts and consultancies, bearing in mind that in the transport space, almost everything we do is outsourced. There have been 101 significant contracts, 75 Tasmanian businesses, but I believe it's much higher than that as a percentage of spend.

In the Road Rehabilitation and Minor Roadwork Panel, there has been 13 contracts. In the Infrastructure and Transport portfolio specifically, where we have the most procurements and contracts, there have been 48 contracts awarded to Tasmanian suppliers to a total value of \$986 417 110.

Mr FERGUSON - Let's just be clear for the committee. That's big contracts, not necessarily - I mean, you may wish to get there, but the question is about consultants.

Mr GOODSIR - I am looking for the information.

Mr FERGUSON - Ms Lovell, we do have all that, and can break it down to whatever means that you may be looking for. The figure that has been provided already at the \$986 million figure, that is a huge number, and that is a lot more than consultants.

Ms LOVELL - Contracts for work, yes.

Mr FERGUSON - That will be work performed as well.

Ms LOVELL - Yes.

Mr FERGUSON - Physical work. What we might do is keep going through your list.

Ms LOVELL - I am happy for you to take anything on notice.

Mr FERGUSON - We can take that again on notice. These people behind us will be busying-up those briefs.

PUBLIC

Ms LOVELL - That's fine. Advertising and marketing is the next one.

Mr GOODSIR - I don't think we will have a brief on that. Most of the activity we would do in that space would be through the Road Safety Council.

Mr FERGUSON - Yes. We will take that on board as well. We will endeavour to get it in this session. If we can't, we'll take it on notice.

Ms LOVELL - Travel was the next one.

Mr GOODSIR - I am scanning the list for what we have in our space.

The department has quite a bit of travel, but in the transport space not so much. The manager Road Safety Branch went to Sweden under a Churchill Fellowship, which was to attend a road safety course. We had attendance in New Zealand by another officer in the Road Safety Branch of the Australasian Road Safety Conference. There may be only the standard Transport minister's meetings that I would generally go to, and/or the secretary to support the Deputy Premier. I think that's all we will have.

Mr FERGUSON - Ms Lovell, further to that, I am reading from the same brief as the deputy secretary, but in the period 1 July 2022 to 31 March 2023, my data is for the entire department, not just my portfolio, 43 overseas trips took place at a total cost of \$495 448. These were predominantly to meet trade mission exercises.

Ms LOVELL - Do you have a total expenditure for ministerial and senior executive salaries, for the department?

Mr GOODSIR - Was that for the department?

Ms LOVELL - Yes.

Mr GOODSIR - I do not have a departmental figure. I just have a note that in this portfolio there are two resources supporting the Deputy Premier.

Mr FERGUSON - Are you looking for ministerial and -

Ms LOVELL - Senior Executive.

Mr FERGUSON - SES travel?

Ms LOVELL - Salaries.

Mr FERGUSON - Oh, I am sorry, salaries. Do you mean my staff members? My ministerial staff?

Ms LOVELL - Ministerial and senior executive across the department.

Mr FERGUSON - My ministerial staff, to the extent that I am able to share that, I will. It will be coming from the Premier's team. I am sure we can provide that today, probably by hand or something of that nature.

Ms LOVELL - That is fine.

Mr FERGUSON - I am advised that information is disclosed each quarter, so it is possibly already on the record in the routine disclosure probably on DPAC's website, since it is whole-of-government. We will still get that.

Mr GOODSIR - Senior executive service. What I was actually looking was the approved positions, 35 Senior Executive Services appointments across the department and seven equivalent specialist appointments. I do not have a number that reconciles with those to hand. I have the number of them and a couple of other details but not the total salary.

Ms LOVELL - Are you happy to take that on notice as well, minister?

Mr FERGUSON - Is the only missing information the bands?

Mr GOODSIR - I think it is the total cost.

Mr FERGUSON - The total cost of those 35 personnel? Sure. Can we get that through your secretary so that we do not miss it?

Ms LOVELL - Yes, I will send all of those through the secretary, any that get answered throughout the day. That is fine.

Mr FERGUSON - Are you happy to reply on the disclosure log or do you want me to also provide my ministerial staff details as well?

Ms LOVELL - If you could provide that, thank you.

Mr FERGUSON - I am pretty sure we release it regularly, but I will take that on notice as well.

Ms LOVELL - My next questions are about the forecast efficiency dividends. I am mindful of the conversation we have had in your previous portfolio. Has your department taken any steps to identify how it might meet that efficiency dividend in coming years?

Mr FERGUSON - None at all. No, the work would not have even commenced on that. Perhaps internally some thinking may have commenced, I do not know, but certainly it has not yet featured on our discussions - noting that we have 13 months to plan for that, that is not a high priority at the moment. It will be something that people no doubt will be turning their minds to.

Ms LOVELL - It was not long ago that there was an efficiency dividend forecast in the 2019-20 Budget, which was later cancelled due to the COVID response. Had your department put forward or decided on any measures at that point in time to meet that efficiency dividend?

Mr FERGUSON - I would be going on my memory, I think not. I think not, but at the time - I was in the same portfolio at the time as well - that is four years ago, but my recollection on that would be very preliminary thinking had been going into it. I would be surprised if any

of them were put into place by the time that the Premier made the announcement that we would discontinue the effort around efficiency dividend due to the pandemic outbreak.

Mr GOODSIR - I think that is correct. We were at that point where different areas in the department were starting to formulate those plans when COVID-19 broke and effectively that work was suspended. COVID-19 was prioritised in all its implications.

Ms LOVELL - Yes.

Mr FERGUSON - Even though it was four years ago, I feel quite confident saying to you, Ms Lovell, that there were not any firm decisions taken, even by the time the initiative was discontinued. I stand to be corrected, but that is how I remember it.

Ms LOVELL - Okay. Can you guarantee that no jobs will be lost or positions left unfilled in order to meet the efficiency dividend?

Mr FERGUSON - I cannot make guarantees around that. We have not even started the work of weighing up the relative merits of different ideas. For an efficiency dividend to work, it needs to be a sustainable change to the way that some process or some resource is managed within a department, in order to actually be more efficient with the resources.

The guarantee we are providing is that we will protect frontline services - but we are going to need some innovation. Hopefully some digital transformation as well might play a role. I am just at the point where, as much as I would like to make the commitment that you are asking me to, for an efficiency dividend to work in an operating expenditure line in the Budget, we need to find a more efficient public service. We need to take advice on measures that might lead to that, but at the same time protect the public services that we have talked about.

Ms LOVELL - We hear quite a bit around efficiency dividends, and frontline services being protected. Within your department that we are talking about here, how do you define frontline and backline, or not frontline? What is the difference? What do you say is a frontline service that will be protected? What are the services or roles that might not be protected?

Mr FERGUSON - I would not be willing to start to define a particular role that is, for example, backline. I think we will wait for the advice from our department. In my other portfolio with Treasury, as I said this morning, we are still yet to even commence a process of leading agencies through the sorts of thinking they should apply to come up with sensible balanced measures that do protect services, but also deliver a saving to the Budget so that we can have as sustainable finances as possible.

It is such early days. It is actually one of the reasons we have not programmed it for the coming financial year, because you may be able to imagine that if we had planned it for 1 July this year, that gives agencies almost no time to even think about what they would implement when you are looking for a full-year impact.

We recognise, as we work through this, that agencies deserve some time to plan these things, and also get the right balance so that they can do as we require, which is protecting public services that we have talked about. Our departments, of course, are as committed to

those services as we, as ministers, are. I think they will appreciate the time to work that through.

Ms LOVELL - Okay, I will move on to another topic.

CHAIR - Just a couple of your questions there, Sarah, when you were asking about consultants. I know you do not have the detail yet, but you'll get that. I am just interested in what capacity there is in the department now. The reason I ask is because we have seen what has happened in the Australian Government, where PwC has undertaken some clearly dodgy work, but I presume may not be the only ones. Some of the criticisms and comments around that has been the hollowing out of the public service at the Australian Government level, to the point they rely so heavily on external consultants.

What capacity is there in the Department of State Growth, so that you do not need to buy in consultants, acknowledging there is still a need for them? You obviously do not have every highly paid engineer sitting in State Growth. Do you understand the question?

Mr FERGUSON - Yes, we do. I will ask Gary and Ben to address that question, given that the area Ben is responsible for - in his acting capacity as acting chief for Infrastructure Tasmania - is how we have, in fact, tried to do the very opposite, to build up capacity within Infrastructure Tasmania to hold capacity in our -

Mr GOODSIR - Sure. I guess, there's two types of consultancy work that we generally use. There's work that relates to functions that have been outsourced but are a repeat business, such as design consultants for the road program. This would be a typical example of that and that's been in place, as you know, for 25 years; quite a long time.

In that case, what we're seeking to do is be an informed client, so we're seeking to make sure that we don't have a key person dependency, in terms of our knowledge as a client or we've got a process for informing ourselves as a client. This might be we leverage off national processes like work done in roads to assist us to be a better client. So that kind of work.

The other consultancies that we would routinely let as a department tend to be more specialist in nature where you wouldn't have continuous work if you have that function in-house. It might be strategic advisory or economic assessment or something of that nature. What we're not generally looking to outsource are functions that we would use every day inside the department and that it would be just inefficient to outsource. We wouldn't outsource policy advice or regulatory advice or development of legislation, typically, or any of those things because the cost of a consultant would be far higher than an employee and they wouldn't necessarily have the knowledge base or skills of someone who does repeat business in that area.

We're very mindful of the risk that you're identifying. I guess it's inherent in the outsource model that we've got in some parts of the agency that you need to constantly be thinking about what's required to be an informed client.

Mr SWAIN - Ben might want to add one of the more recent mechanisms that we've been using is assurance. In the infrastructure space, we've adopted an assurance framework. That is a process to not only make sure that individual projects are on track but also to identify any systemic areas for improvement in our delivery and our capability. Generically assurance and

audit processes which occur across the department are another mechanism for identifying any systemic lack of capability that we then need to improve on.

Mr GOODSIR - Just adding to that point about Infrastructure Tasmania's approach and the way that we try to assist, build our knowledge and skill base across, not only our agency but other agencies as well, that are delivering major infrastructure projects. We're well aware that we're operating in a tight labour market and it's difficult to get appropriate skills in geotechnical engineering and so forth.

We have engaged an expert engineer, a commercial business person, who we make available to people in our agency and across other agencies and that's about assisting us to be an informed client, particularly to these projects. He will provide advice right from design, procurement, right through to delivery.

We're also in the process of engaging a strategic architectural urban designer expert as well, who can also assist in making sure that we're an informed client within State Growth but also in other agencies. We'll make that person available and that really is in recognition of the fact that some of these skills are difficult to get and it's hard to compete in the market for these skills that are public sector salary compared to what consultants are paid.

Mr SWAIN - Ben's just made me think of an addendum if I could. We do have a couple of functions which are partially outsourced, where we use a hybrid model and that is also a safety net device to make sure we maintain capability in the department. Examples of that would be driver assessors, where we have a partially-outsourced model, partially-insourced model and pilot and escorts in Registration and Licensing where we will do - pilot and escorts - where you've got assistance for oversize, over mass vehicles travelling around the network.

We will have a casual pool that we would use for a lot of more routine tasks but if we have something that is really bespoke and unique, we still have some experience and maintain some experienced people on staff so that we can set up the approach, especially for something like the windfarm. We might have some of our experienced people come and set up all of the arrangements, trial through the process and then we'll start to use the pool.

We've got different mechanisms in different parts of the department, being very mindful of the potential risks that you identified.

CHAIR - Quite a freak, getting the turbines down to Granville Harbour on that road, in the middle of the night, mostly.

Mr FERGUSON - We have taken a few questions. I feel, particularly with those earlier questions on those itemised costs, to make sure we have the documents on those.

CHAIR - Jim got them.

Mr FERGUSON - We will work on it.

CHAIR - If we don't get them, we'll send them through to you, Minister.

Mr GOODSIR - Just one piece of advice, a partial answer, which is the road safety marketing spend on public education for 2022-23. The budget allocation was \$1 036 000. In the transport and infrastructure space that would be by far the biggest element.

Ms LOVELL - Minister, has Infrastructure Tasmania coordinated an independent project assurance review for the stadium at Macquarie Point?

Mr FERGUSON - I think it would be too early for that.

Mr GOODSIR - We are prioritising our really big projects for the application of the assurance process. The stadium will qualify for that. If you think about a project life cycle, a stadium is right at the front end. In a departmental sense and managing a project, until the project is funded it's not really a project. Once funding is secured - and in this case, the triggers were the AFL licence and the funding - then we'll put it through our project methodology typically, and I would expect there will be a gateway assurance for this project, because where our tests for the application of the assurance framework at the moment, in [2.47.21] I think \$50 million -?

Mr SWAIN - At the moment, yes, it's voluntary, but the projects that have been coming through the framework are over \$50 million in general.

Mr GOODSIR - We've done six or seven assurance processes to date. The largest project would be the Bridgewater Bridge, where we've done a number of assurance processes and/or health checks at different gateways through the project, so I expect it will be just the same.

Mr FERGUSON - To supplement that as well, I think the way we'd like to characterise this, noting that this is now the same Department of State Growth that would be supporting the the other minister, the Minister for State Development, Mr Barnett, in progressing the project as a client. The Infrastructure Tasmania organ of State Growth is available for all government departments. We've established a greater capability there with some significant resourcing, I think it was about three years ago, to build up that capability, including these gateway review resources, which previously had not really been a big feature of big project delivery in Tasmania, but increasingly now, we are getting awareness of those available resources across government, and they are being taken up; I think, Gary, you did correctly say that four departments had completed six project assurance reviews now. That's a good sign of uptake of this service that's available through ITAS and I think it will be very much a part of the Government's progressing of the stadium project to ensure that it does have this kind of support as well through gateway reviews.

Ms LOVELL - The two triggers that the Deputy Secretary mentioned there were the AFL licence and the funding being secured? My understanding is the Government has been advising that the funding has been secured. When would you expect that process to begin?

Mr GOODSIR - From a departmental perspective, that's when we would typically say now it's formally a project, it's not something that has been worked on towards. The natural course of events would be, we have some resources that have been working on it, we'll stand a full project team, we've put together a program of work in more detail than we've done already, and then we'll pick key junctures to do the reviews through that process. Gateway zero is typically what you do when you're at the end of the establishment phase of the project, which

is when you've set up your governance and resourcing, you've come up with your overall project plan, and that's sort of a checkpoint to say are you ready to commence?

Ms LOVELL - Is there a timeline for that expected?

Mr GOODSIR - We have not programmed that yet.

Ms LOVELL - Minister, has Infrastructure Tasmania provided any advice regarding the stadium at Macquarie Point to the Premier, Cabinet or any other department?

Mr FERGUSON - I will be sort of circumspect in one sense. I am happy for anything further, but the Department of State Growth generally has taken the lead in preparing the supporting documents and business case to support the Premier in his work negotiating the federal funding deal and the AFL funding deal. I would look like the Department of State Growth if you wanted to add anything further. Noting that, the Premier has already discharged his commitment to present to the House of Assembly those key documents so far.

Mr GOODSIR - Initially, we started to do some work, going back a couple of years in ITas on the projects that have now been moved into a dedicated unit in the stadium's unit or major stadium's unit. ITas, in the last year, I cannot think of any specific advice that has related to this project.

Mr SWAIN - No, not specifically. We do get involved in discussions around transport, planning and things like that. We certainly have been involved into those discussions, but no specific advice around the stadium.

Mr GOODSIR - There is an ongoing communication between different parts of the department in relation to the progression of the various stadium projects and the creation and support for Stadiums Tasmania, which has been set up to be the owner and the operator of a number of those assets. A Stadium's Tasmania component has sat under ITAS, which has been helping to create Stadiums Tas and support its inception. That is an ongoing communication inside the department, sort of left - hand, right - hand.

Ms LOVELL - I am not sure whether you will be able to answer this minister or your department will, it might be outside of your scope. Regarding the expectation from the federal government that as part of the precinct development at Macquarie Point, there will be upgrades to the Port infrastructure? My question specifically is whether your department has any oversight over an updated estimate for the cost of that work?

Mr FERGUSON - That would be with TasPorts. For a start, the upgrade to Macquarie wharfs at Hobart Port is being led by TasPorts. It is sort of away from general Government sector space, but the Tasmanian Government is supportive of it, very much so. TasPorts have the responsibility to take their next steps. I do not want to speak over another minister at the federal level, but I can say that those matters are progressing. Particularly, in line with the needs of the new RSV *Nuyina*.

Ms LOVELL - I am not sure whether anyone's got a full-on question.

PUBLIC

CHAIR - Just a question about Stadiums Tasmania. We do not get a chance to scrutinise it particularly, have they taken out any borrowings yet in relation to the UTAS stadium/dog park?

Mr FERGUSON - No, however, there is an equity injection in the Budget for Stadiums Tasmania.

CHAIR - What is that to be used for?

Mr FERGUSON - It is ear-marked for, I call it York Park.

CHAIR - The Launceston Stadium.

Mr FERGUSON - York Park, there is \$65 million there, but there also was a second component. If somebody could remind me. It is also known as UTAS Stadium, I will be fair. No borrowings, it is operational funding. The \$65 million is the equity injection and the other funding that is noted in the Budget is for operational funding of Stadiums Tas but that would be a question for Mr Street.

CHAIR - Is it?

Mr FERGUSON - As the minister responsible, yes.

CHAIR - We will lock that down for him.

Mr FERGUSON - I think I can confidently say to you there are no borrowings with Stadiums Tasmania at this time.

Mr GOODSIR - That is correct. It has a borrowing power in its legislation, but first the thing will be to transfer some of the assets to it. Stadiums Tasmania has set up its board. They are about to launch their recruitment for their CEO. They are also working through the transfer order process for some of the northern assets, so they are just working through those mechanics with the council and others.

CHAIR - Do you prefer we direct those questions to minister Street about?

Mr FERGUSON - During his State Growth outputs on sport and rec.

Ms LOVELL - Thank you. Minister, I am not sure if this fits within this committee, but I had a question about the Burnie shiploader project. Does your department have any role in this project at all?

Mr FERGUSON - It doesn't really. It is I think a 100 per cent federally funded project being delivered by TasRail. We will be more than happy to take questions at the scrutiny hearing then. That project is apace, but it is not being managed by State Growth.

Mr GOODSIR - It is an admin item, so the money effectively flows through State Growth, but is managed by the TasRail board.

Ms LOVELL - Yes, my questions are around the timing and budget, so that is probably outside of this. If anyone else has a question, I just could do with a minute to catch up.

CHAIR - I will just jump in. It is interesting looking at the policy and parameter statement. When we look at policy expenses related to State Growth, which is mostly infrastructure and the parameter adjustments, I know that the policy decisions go up by \$58.2 million, but the parameter changes go down by \$121.5 million.

Unless there is another explanation that you can provide - and I am happy to hear it if there is - it seems we are pushing infrastructure investment either out or aside for some projects that are on their way, or due to start, or whatever, to do new things like stadiums for example. If you can explain to me why that is not the case, because the State Growth parameter change is \$121.5 million on page 87, and then you have your policy change on a previous page somewhere - 58.2 sorry.

Mr FERGUSON - We are speaking generalities. If you bring us to any individual numbers that do not get answered - but there has definitely been - I think we have been quite firm about this during perhaps the last three budgets, that we go into every Budget and forward Estimates with our best estimate of what every industry can deliver and should deliver in what time frames.

I must say, generally the response to that has been pretty good. Sometimes we have wondered if we are going to see politics played around it, but generally no.

What we wanted to do is program - particularly during COVID, we over-programmed. We were not sure how much work would be needed, but we over-programmed in order to make sure the cash was available in the here and now. Over each budget, we continually go back, often via Infrastructure Tasmania, to test industry capability to deliver the pipeline of work. This year we've had to do a special piece of work with the Australian Government around their cashflow needs as well.

So, there has been some movement of project profile funding. Then of course we also introduced the extra stadium and high-performance centre funding - but one does not come at expense of the other. It has actually been about industry capability.

Mr GOODSIR - Following on from that, yes, the roads program, some of the money has been moved out by agreement between the Tasmanian Government and the Australian Government. We have not lost any money, it has just been moved out -

CHAIR - I was not suggesting we had lost any. I was suggesting it has been pushed out.

Mr GOODSIR - A couple of years ago Infrastructure Australia did some work identifying that the forward pipeline was beyond industry capability. That was mirrored by conversations that we were having with some key contractors down here. That has resulted in us working with the Australian Government to look at the cash flows for various projects. On individual projects there are always swings and roundabouts. There might be an approvals challenge or a GIT challenge, or we have too many projects in the one area in terms of impacts on the network. We have worked through all those issues to reprofile some of the funding so it moves out to better match industry capability, as the Deputy Premier said.

PUBLIC

CHAIR - Are you able to provide then a list of those that have been deferred on the basis of being beyond industry capacity?

Mr GOODSIR - It would be a long list. This is a very routine process - sorry, I should go back. There has been a global smoothing process that has come out of this IA work. Even putting that aside, every year, a couple of times a year, we would look at the profiles of the projects and would have a discussion with the federal department to say, is that our best understanding at this point of the money that is needed and when it can be spent? We are constantly adjusting across the whole program really. Every six months we would do adjustments. We could, but it would be a very long list.

CHAIR - There are some that are still on track but there are others that have been pushed out?

Mr GOODSIR - In any year there will always be a mix. There will be some that might we might be able to bring forward; there will be some that go back.

CHAIR - I understand that, particularly with weather-related things where you are doing stuff outside. I accept that.

Mr GOODSIR - If I could, it is also the way we have been managing the program in the last few years.

Mr FERGUSON - We have changed the way we manage our expenditure and our project pipeline. It has moved away from an aggregate of individual projects, now a much more to a program of works. That philosophy has been very useful for us and proven through COVID-19, that round about 2018-19 we started to see a shift towards a pipeline of work. That, of course, is what industry has been wanting to see as well so that we are more in tune as a purchaser with what industry is able to deliver.

Secondly, we try to make sure that if there is a disruption in some way or an economic challenge, we also have the flexibility to bring forward funding as well, if industry, for example, lost a major client, or some reason why their workforce was suddenly available to do work and we would be in a position to be able to do that. We budget accordingly. In fact, for every budget when I have been Infrastructure minister, we have tried to do it that way.

CHAIR - With regard to the comments and the work done on IA, you talk about being beyond industry capability, is that workforce capability? Is it materials and supply capability? What is it?

Mr GOODSIR - A mixture. Now, it is more the workforce side. During COVID-19 and in the year or so after COVID-19 it was materials as well, in particular things like steel. There were specific problems with getting some imports of any electronic componentry. But now it is more on the workforce side. Just going back to that program approach, that really has been incredibly important to our ability to ramp up work. If you go back to 2017-18, I think we were sitting at about \$200 million as an annual delivery. This year we will be beyond \$550 million, so in five years we have more than doubled the program. A lot of that is that we are doing corridor plans. We have an idea where the whole corridor is going. We have a number of projects on the corridor. If we find that one is slightly -

CHAIR - I know where they are. I just wish they would finish one before they started on the next. Anyway, 60 kilometres an hour from here to Launceston. Anyway. What about the workforce challenge?

Mr FERGUSON - Next year there will be a new default minimum speed limit of 80 kilometres per hour for road works minimum, unless there are some particular special circumstances.

CHAIR - I am happy to go slow when there are people around, but when there are no people and there are already sealed roads -

Mr FERGUSON - There may be no people around, but we saw a fatality on a roadwork section where, about a year ago, there was a slow speed and no people working, but it was slow for a reason because of a deep edge and a person died.

That is to make a point about safety during all hours. Sometimes, it may appear to the driver we could be able to be going fast if somebody would just change the signs, there's nobody working at the moment. But from the next construction season, my team and I have been working with industry and have recognised we can try some new approaches to work with industry in advance so when there are long stretches of roadworks next season, unless there's a really compelling reason not to, then minimum speed limit will be set at 80 kilometres per hour. Potentially higher, but minimum of 80.

CHAIR - If we were to deliver the proposed stadium at Macquarie Point without suffering the financial penalty that is in the agreement, won't the workforce issue challenges make than issue unless we stop a heap of other stuff?

Mr GOODSIR - What we get strongly from industry is they want more certainty about the forward pipeline. That is why the work Infrastructure Tasmania has done on moving the infrastructure pipeline from a static document to a dynamic document that can be interrogated as important.

We are talking about a build that would start at the end of 2025. We would be giving quite a long lead time to industry to think about that build. There will be overlap as there is overlap between the different workforces involved in different types of construction. But, it is hard to predict this far out exactly where the workforce and capability will be in two years' time. What we do know is the strong pipeline leads people to invest in training.

CHAIR - When is the Bridgewater bridge due for completion?

Mr FERGUSON - The Bridgewater bridge is contracted to be open to traffic by the end of 2024 and the overall project completed in the following calendar year. Including removal of [inaudible].

Ms LOVELL - The rest of mine follow line items. That is all I've got.

CHAIR - I have one after you.

PUBLIC

Mr DUIGAN - Minister, the state Government has been providing substantial support for airport infrastructure, both Launceston and Hobart. I wonder if you could provide an update on those investments and what returns to the state might be.

Mr FERGUSON - Yes, Mr Duigan, and committee, thank you for that. The Government has been co-investing both Launceston and Hobart airports in recent years, with more than \$4 million still to be provided to Launceston over the coming two financial years. The Government committed a total of \$15.15 million over 2020-21 and 2021-22 to support infrastructure upgrades at both sites. The purpose is to enable both airports to improve capacity and movement passengers through the terminals and this was certainly a result of a strong request and an opportunity for partnership.

In Hobart, the Government committed \$10 million necessary to deliver the temporary facilities required for border force, quarantine and border security functions, which was necessary to support direct international flights for passengers being trialled between Australia and New Zealand. Construction commenced in December 2020 and was completed in the following April. That allowed the commencement of direct flights between Hobart and Auckland in New Zealand in April 2021. The total construction expenditure amounted to about \$14 million with Hobart Airport responsible for all costs in excess of the Tasmanian Government's \$10 million.

As I think we all know here, the Australian government has committed \$60 million to enable the runway strengthening to proceed at Hobart Airport. It had already seen a strengthening of midsection of the runway under the former Coalition government, and now the current Labor government is assisting with the next stage, which is tremendous. That strengthened runway, when built, will maximise the opportunities within the current runway and the airport footprint and also include direct flights to key Asian markets and hubs. It is recognised airport infrastructure has a beyond commercial operations, which in Tasmania extend to our role as a gateway to Antarctica and supporting the Australian Defence Forces.

My latest advice is that runway strengthening is expected to be completed in 2024, which is an ambitious time frame but a good one.

In Launceston, the amount committed was \$5.15 million. That work is under way. It will see the upgrades to the arrival hall, improved security screening and construction of a new freight-handling facility to be leased to Virgin Airlines, delivering a larger and more contemporary arrivals experience, improved passenger security screening, and a larger departures and check-in facility.

The new air freight cargo facility will support increased air freight movements, including time-sensitive freight. Work on the departures area and security screening is now well underway, and is looking amazing, if any of you have visited. It's expected to be completed by November this year. Work recently commenced on the freight-handling facility and is expected to also be completed this year.

Separately, we've upgraded the Evandale Road from the airport to the Breadalbane roundabout. That's an important duplication and a key transport link, including providing access to the nearby TRANSlink precinct.

PUBLIC

In terms of return on investment, the planned works at Launceston Airport will support the predicted increase in passenger numbers coming through over the next six years, expected to reach some 1.9 million a year by 2028.

CHAIR - To go to the football at York Park.

Mr FERGUSON - Well, I think that's fair, and other exciting things to do in the north of the state, but also predicting passenger numbers to go to 2.5 million by 2040. It will also support movement of approximately 500 tonnes per year of high-value, time-sensitive freight.

Hobart Airport is expected to see an increase in passenger numbers to 5.5 million by 2042, with 7 per cent of these passengers forecast to be international travellers - so that's in the growth space.

Those upgrades are pretty important, valued by both the owners of Launceston and Hobart Airports, but naturally benefit all of our communities, north and south.

CHAIR - Minister, you've commissioned GHD to do an assessment into the feasibility of a second bridge over the Cam River. Can you provide a copy of the specific terms and scope of work to be undertaken by GHD?

Mr FERGUSON - I think we can. Didn't I provide that to the Legislative Council last week?

CHAIR - It hasn't been provided yet. I've been waiting for it, so I thought I'd try again here.

Mr FERGUSON - I believe I prepared and signed it. I'll just check this. Did you say terms of reference?

CHAIR - The specific terms and scope of the work to be undertaken by them.

Mr FERGUSON - GHD was awarded the contract to develop the second Cam River Bridge feasibility study. GHD was engaged with standard contract terms used by the department for its transport, planning and design work. The contract amount is \$323 293, exclusive of GST, and the contract end date is 29 March 2024.

The terms and scope of the work is a lengthy document. In summary, the project scope includes baseline analysis and assessment; review all relevant previous studies and gain an understanding of the specific issues and opportunities for a second Cam River bridge; background information; explain the vulnerabilities of the existing Cam River Bridge to flood damage, and other incidents that could lead to closure of the Bass Highway at the bridge -

CHAIR - The existing bridge, or the new bridge?

Mr FERGUSON - The new bridge being built, surely.

CHAIR - You would hope so.

PUBLIC

Mr FERGUSON - The need for a second Cam River bridge, using the baseline analysis and assessment combined with the feedback from stakeholder and community consultation; outline the case, positive or negative, for a second Cam River bridge; nature of a second Cam River bridge; establish the functional requirements of a second Cam River bridge, and note how these differ depending on whether the bridge is built adjacent to the new bridge under construction, upstream as a connection between local council roads, or as part of an alternative dual carriageway route for the Bass Highway - so, all options; examining all possible locations for a second Cam River bridge.

Option development should be informed by factors including the local street network, the topography, land ownership, stakeholder input and anticipated environmental and approval issues; advantages, benefits and opportunities (and disadvantages); high-level costs and risks (should be described for each option); stakeholder and community consultation to obtain feedback on the developed options plan; undertake best practice stakeholder and community engagement in accordance with the State Roads Stakeholder and Community Engagement Framework; and finally, environmental and planning assessment - complete a desktop assessment to identify and address the potential environmental heritage and planning approval issues for all options. I do not know if you asked me this, but I will add it -

CHAIR - I will ask another question: has the stakeholder and community engagement plan been developed by GHD and has the Department of State Growth provided details of a copy of this plan if it's available?

Mr FERGUSON - It is not available. A stakeholder and community engagement plan is currently being developed by GHD in consultation with the department so the plan has not been finalised but is expected to be by mid-June - obviously very soon - and I am sure we will be able to provide that when it is available.

CHAIR - Mid-June is before the end of budget Estimates, before the end of the budget wrap-up - is that what we are saying?

Mr FERGUSON - Well, my advice is mid-June. Do you have anything to add to that?

Mr SWAIN - That is my understanding, that we are working with GHD and that the estimate is to have it done by mid-June.

CHAIR - Is it possible to provide it to this committee before we do the budget wrap-up?

Mr FERGUSON - I will give you a commitment that if it is available to me by then, I will provide it to your committee.

CHAIR - Another one before we move off this one: can you provide a gender breakdown of employees in the various sectors in advanced infrastructure and transport areas in the Department of State Growth, and if possible, can you identify the gender pay gap across the department, if possible by band level?

Mr FERGUSON - I can certainly support you with answers in relation to our workforce profile, but it possibly will be across the whole department. I will just explore this with my team. We will start with the information I have; if I can explore it more deeply I can. The department's gender profile as of 31 March 2023 was 55 per cent female and 45 per cent male.

PUBLIC

The gender profile for the department's senior executives, equivalent specialists and Crown prerogative, as of March 2023 is 38 per cent female and 62 per cent male.

I think you did ask me in terms of infrastructure.

CHAIR - Is that across the whole of State Growth?

Mr FERGUSON - That is the whole department.

CHAIR - Do you have a breakdown of Infrastructure and Transport?

Mr FERGUSON - Yes, we will take that on notice for the organisation Infrastructure Tasmania, which includes state roads - does that make sense? Is that acceptable?

CHAIR - Under your infrastructure and transport portfolio areas.

Mr GOODSIR - Yes, so that is basically the response from the staff under me so we would -

Mr FERGUSON - We might need to take that on notice; I do not think I have those

CHAIR - Can we break it down not just by SES but lower band levels as well?

Mr FERGUSON - Yes, sure. We will do our best on the level of detail we can provide.

CHAIR - Based on that information, would you have calculated the gender pay gap?

Mr FERGUSON - We have had this question before. I think the way that you frame the question, it will be difficult to make assumptions because two people side by side doing the same job -

CHAIR - I'm talking about across the department.

Mr FERGUSON - as opposed to saying what the average person is earning by gender may not be a gender pay gap; it may be a different measure altogether.

Mr GOODSIR - Yes, I would really need to see what data we have readily to hand. I am really not sure what we do and don't have and what we can extract quickly.

CHAIR - I put it to you because this is important, and we spoke about this earlier in your previous portfolio, Treasurer, if we are going to have meaningful measures in the gender snapshot, we need to understand the gender pay gap and where it is. I don't doubt if we have two people working side by side doing exactly the same job on the same band and everything else, they would likely be paid the same amount of money. That is not what I'm talking about. I am talking about the gender pay gap.

Mr FERGUSON - We will provide the data and then how it is interpreted will be a matter for yourself and others to consider.

CHAIR - All right. I will pass that one on notice.

Mr FERGUSON - We can obtain that, I think, pretty quick.

CHAIR - If you get it later.

Mr FERGUSON - I doubt we'll have it today, if we could do it as a letter would be good.

CHAIR - Sure. Anything else on 2.1 infrastructure?

Mr FERGUSON - We have further information for the previous question.

CHAIR - Sorry.

Mr GOODSIR - In relation to infrastructure and transport, the total number of consultancies awarded was 12 from 1 July 22 to 30 June 23. The number of consultancies -

CHAIR - June 23, we are not there yet.

Mr GOODSIR - Yes.

CHAIR - You're not going to award anymore? Right. Okay.

Mr FERGUSON - To date.

Mr GOODSIR - To date. Total number of consultancies awarded to Tasmanian businesses, four. Total number of consultancies awarded to non-Tasmanian businesses, eight. Value of consultancies awarded, \$3.443 million.

Mr FERGUSON - Could you give the committee a bit of an insight into what kinds of work these consultants will be doing?

Mr GOODSIR - Yes, I suspect the bulk of that would be in design. Design services. We will have some specialist consultancies, but they are not as frequent as the routine stuff and there may be in there some corridor study work, I suspect.

CHAIR - Which corridor?

Mr GOODSIR - There's a number of corridors. I couldn't tell you.

Mr FERGUSON - West Tamar Highway, Bass Highway, Great Eastern Drive also, I think.

Mr GOODSIR - I do have that here. This financial year the corridors studies being delivered are Bass Highway and Ridgley Highway. Next year we'll finish St Marys Pass corridor, Arthur Highway corridor strategy, Devonport to Cradle Mountain corridor strategy, West Tamar Highway corridor strategy, Launceston to Beauty Point, East Tamar Highway corridor study and East Derwent Highway, Bridgewater Bowen planning study. Then we will start another three next year and finish the year after. We have a rolling set of them all the time.

Output Group 2 - Infrastructure and Transport Services
2.2 Road User Services

Mr DUIGAN - Thank you, Chair. Minister, we are coming out of a tough last year on our roads and numbers, again this year are elevated. What things are in the Budget specifically to target three of the fatal five to help reduce fatalities and serious injuries on our roads?

Mr FERGUSON - Mr Duigan, thank you for your interest. It was a shocker of a year last year and affected a lot of families, local and visiting families. Although we are perhaps not up again this year in respect of deaths, we certainly are in terms of total number of crashes that lead to death or a serious injury or a serious casualty. It is a big wake-up call. As you reflected in 2022, 51 people were killed in road crashes. That was the highest number of fatalities in more than a decade. It was 16 more than the 35 fatalities in 2021, which is far more on trend and 53 per cent above the five-year average. Sadly, I can report this year 15 people have died. We know the impact of those deaths and serious injuries is very high on families, friends and entire communities. The statistics do show us many challenges still lay ahead in our journey towards our target of zero deaths and serious injuries is very high on families, friends and entire communities.

The statistics show us many challenges still lie ahead in our journey towards our target of zero deaths and serious injuries on our roads, and we are a long way from achieving that.

We can achieve it if every single one of us accepts responsibility for road safety, and we all play our part in making our roads safer for everyone.

As a government, we have ramped up our efforts to save lives and reduce trauma. Automatic speed cameras have been enforced since last September, as we talked about last Estimates. I promised they would be in place by the end of the year. I am really pleased they are working well. I am sad to tell you that since then, about 25 000 people have received fines for speeding - just speeding - as at 28 May. Every one of those instances was a potential death trap.

The Government is investing \$30.87 million over the forward Estimates in camera enforcement. We hope it will drive, in some cases, people's attention towards wanting to avoid getting caught, therefore obeying the law and not doing the wrong thing - but also, for all of us, regardless of whether we are caught or not, that we be mindful of our speed.

That funding also includes approximately \$9 million on speed enforcement cameras and \$1.4 million in mobile phone and seatbelt detection.

I am pleased to advise the committee that we are expanding the mobile speed camera fleet from 10 to 16 cameras in the coming months, remembering that we did start with eight. Four new cameras are expected to arrive later this month and a further two in September.

Speeding does continue to be the biggest cause of fatal and serious injuries in Tasmania. It is the number one of those fatal five, with one-third of crashes being speed related. Early analysis indicates that drivers are changing their behaviour. This is exactly what we hoped to see. It is not about the fines, it is not about the revenue, it is about behaviour.

PUBLIC

The analysis we have been able to obtain compared data collected during the six months post-implementation with the same six-month period over the last three years. Comparing the pre and post-implementation periods, there was a 1.2 kilometre per hour reduction in average vehicle speeds, and a 5.1 per cent reduction in the proportion of vehicles speeding.

We still have a fair way to go. I just want to zero in on that average vehicle speed reduction of 1.2 kilometres per hour. It may not seem like very much, but that is the reduction in the overall network of all vehicles, in all locations -

CHAIR - How is it measured, then?

Mr FERGUSON - by the speed cameras, together with 40 speed-detection units that monitor the network but are not there for enforcement. They are there for monitoring around the state.

CHAIR - On that, minister. I think almost every driver who sees one of the speed cameras - they are fairly hard to miss in many respects.

Mr FERGUSON - Once you are getting close to them, yes.

CHAIR - How far away do they detect you?

Mr FERGUSON - Quite far.

CHAIR - Do they? Because most people will modify their speed when they see them, at least.

Mr FERGUSON - The way police and State Growth personnel and the team from the contractor, Sensys Gatso, have described it to me is that by the time you have seen it, it has already picked up your speed and taken a picture, if it needed to.

Some people assume that because they are quite large and visible, like the trailers - but of course a number are also covert, in the rear of a wagon or a light vehicle. By the time you've seen it, it is probably too late to put on the brakes and think you will avoid detection.

We have about 40 network-monitoring devices that do measure speed, but their task and purpose is not enforcement with cameras and taking evidence - it is more about monitoring the actual network itself. Using that data and extrapolating, we as a Tasmanian community are slowing down our driving.

The same system told us that they were creeping up, which was one of the push inputs to get this enforcement technology onto the system. The additional mobile speed cameras will add to our existing fixed and mobile speed camera capacity, and it complements the new mobile phone and seatbelt offence detection cameras that are currently undergoing on-road testing.

You may be aware that the same devices will, with a more elevated camera, be able to look into the cabin of the vehicle. The photographs that they have already taken of us Tasmanians are quite disturbing. A surprising number of people are driving without seatbelts. I am sure I am right in saying that everybody at this table would not even think about it - without thinking, we just put a seatbelt on.

But also cradling or hiding a mobile phone between the legs, on the leg, in the palm of the hand, thinking that you will not be spotted. You are a danger and these cameras can catch you doing that. You will be fined. The message is clear. If you are doing the wrong thing you will be caught. We encourage people to not get caught by not committing the offence in the first place. That is the best way we can be safest.

Mr DUIGAN - On that, because these detection devices rely very heavily on your car's number plate in order to send the appropriate person an infringement notice, what is the work being done with people who might be looking to trick the system with a fake plate?

Mr FERGUSON - Well, fake plates are going to be a thing of the past. Our plates are getting a security boost. I am not sure how much awareness there is about this. Tasmanian number plates are about to get a security boost. There will be new holographic markings that are being incorporated into the new design of Tasmanian number plates from here on. They are called directional security marks. They will be embedded into number plates when they are actually made in the first place, in production. It simply means that they cannot be removed physically or chemically. It will be nearly impossible to make fake plates. It will make identification of illegal plates much easier as well.

Sadly, there are a number of reasons some people have tried to make fake plates, but in general it would be for illicit reasons to avoid identification. It will look similar to the holographic authentication marks on your driver's licence that you may be familiar with, as you move, the light and the way that it plays on the device. The symbols are embedded into the retro reflective sheeting that is used in making authentic number plates. They are visible to a viewer standing about two metres behind a vehicle looking down to the rear plate, but they will disappear when the viewer moves to one side or the other from the viewing position.

Importantly, the marks are verifiable in diffuse daylight and by retro reflective light at night. Initially, the marks will be applied to regular vehicle and trailer plates, as well as government vehicle and trailer plates. We are currently examining having them applied to custom and personalised plates as well. We do not ask our motorists to do anything. Vehicle owners do not need to take any action. The new feature will be rolled out as new plates enter the network and as existing plates are renewed or replaced normally when they are damaged or potentially stolen. Importantly, this new security feature does not change the cost of new plates, but it does step us into a new standard. It will actually help to drive out the opportunity that may present for people to fake their plates.

CHAIR - How easy are they to damage? You know all the road kill that we see around the place. I have seen a lot of dead wombats on the Murchison. They would make a dent in your number plate if they were in the right spot at the time. Once they have been damaged, do they have to be replaced? A lot of people drive round with bent number plates after having interactions with wildlife.

Mr FERGUSON - There is a duty that the law requires a car to have plates that are readable and not interfered with.

CHAIR - They are still readable, just quite bent.

PUBLIC

Mr FERGUSON - I will ask the deputy secretary to assist me here in terms of the Registrar's standard.

Mr GOODSIR - Apparently there are eight to 12 points on the plate arm, so you would have to -

CHAIR - Unless it was completely mashed, right. The car would not be driveable at that point, you are not going anywhere.

Mr EDMUNDS - Speed cameras, you talked about the 16 traffic enforcement cameras. Can you detail the funding breakdown for that project in terms of the contribution from consolidated revenue and the contribution from the road safety?

Mr FERGUSON - I will introduce you to someone I am sure you have met before, Mr Martin Crane, General Manager of Road User Services. Mr Edmunds is asking about the funding arrangements. I will provide what I have. Martin, please feel free to jump in.

The total funding that I referred to was \$13.8 million. I can break that into the amount that has been provided from the road safety levy, which amounts to \$5.877 million. The amount that has been provided through the State Budget is \$7.995 million. Martin, do you agree with those descriptions?

Mr CRANE - Yes.

Mr DUIGAN - Minister, the cost of living is very topical for many Tasmanians. Could you detail the steps you've taken in the area of motor vehicle registration to help alleviate cost of living for Tasmanian families?

CHAIR - A nice Dorothy Dixier there.

Mr DUIGAN - I beg your pardon?

Mr FERGUSON - It is an important one because not everybody can afford annual registration, and even when we had the six-monthly premium, a few members will remember there was something like a 10 per cent, penalty is the wrong word, but a 10 per cent additional charge that applied if you couldn't quite manage an annual registration.

CHAIR - Which seemed completely unfair.

Mr FERGUSON - We've completely reformed it. Some of that was taxation treatment that was unavoidable, and some of it was administrative burden that was reflected. We've completely re-engineered this. We've introduced the option of quarterly registration payments for light motor vehicles. We did that very soon after the 2021 election as a result of our commitment. I am pleased to advise the committee that it has proven very popular, not just possible, because it wasn't easy. I won't labour the point, but it wasn't easy, but it has been very popular. More than 444 000 quarterly light vehicle renewal transactions have been processed as of last March, which is 33 per cent of all registration renewal transactions.

The most important aspect of this initiative is that we have reduced the administrative fees and abolished the surcharges to ensure the measure provided genuine financial relief for

those who want it. If people can people to pay annual, often they will, because it is three less things they have to think about programming into their online banking, or worrying about missing bills. But for people who appreciate that, it's practical financial relief.

In addition, we changed the legislation, as you would no doubt remember, to allow the \$20 stamp duty to be spread over the year rather than payable at each individual transaction. That was legislated, I think it was called motor tax. To change the way that's applied was a key enabler to making this possible, and so that it wasn't a very expensive quarterly renewal.

Based on the current take-up rate and applying the previous charging structure, the Tasmanian community would nominally have incurred an additional \$5 million in charges. I am sure members will be pleased to know that as an additional service, the department now provides SMS reminders to clients on the day of expiry for registrations. This is in addition to the renewal notice. It's not an obligation of the department to do this, but it's an additional step taken just to assist anybody who has forgotten.

Mr EDMUNDS - I got one earlier this year.

CHAIR - A fine, or the reminder?

Mr EDMUNDS - No, the text. It was a good reminder. And I got a quarterly rego as well.

Mr FERGUSON - I am sure you appreciated that, as many people will.

Mr EDMUNDS - I do.

Mr FERGUSON - It's important because as we know, an unregistered vehicle is also an uninsured vehicle for the purposes of our medical benefits that are needed for people who have been involved in a crash.

Today, 44 per cent of registrations have an SMS reminder service set up. I will just quickly ask Martin how can the other 66 per cent get their phone number associated with their registration. Is it simple?

Mr CRANE - They can sign up online or if you renew at Service Tas, they will put it on for you at that time of transaction. They are the two ways.

Mr FERGUSON - Good. That's working really well.

Mr GAFFNEY - You asked me to raise the electric bike situation. The New South Wales government, in their regulations this year, have increased it from 250 to 500. Interestingly enough, in the United States market, it's a 750-watt e-bike, so just putting that one on notice so that you may look into that situation. And it's 1000 in Europe.

Mr FERGUSON - Thank you, Mr Gaffney. We have some information here. There is a bill before the House of Assembly at the moment which will no doubt come to you. The bill makes a set of amendments to the Vehicle and Traffic Act 1999 and it also amends the Road Rules 2019. This is about taking basically bicycles fitted with a motor off the street, make them completely illegal and giving the police the ability to deal with those. The bills

amendments also future proof the act to allow the maximum power output for an electrically powered assisted bicycle to be set in regulations, should there be a change in the national standard for e-bikes. At the moment the current maximum output is 200 watts and that is set in legislation is it not in the act itself.

Mr CRANE - Yes, there is the 200 watts, but there are also two types of e-bikes if I may, Deputy Premier. As the Deputy Premier mentioned those that do not have an output greater than 200 watts. There is also an electrically powered bicycle with the maximum continuous rate of 250 watts, which progressively reduces as the cycle speed increases to six kilometres and it cuts off when the bicycle reaches a maximum speed of 25 or when the cyclist is not peddling. Those particular bikes are pretty common in our shops now and that gives a little extra bit of power particularly in Tasmania with hilly areas.

I note that you mention New South Wales have looked to increase that speed. That is fairly inconsistent with every other jurisdiction at this stage, but we would obviously be monitoring that situation on where we go with that. The key to it possibly will need to provide the Deputy Premier further advice is around making sure you can travel up hills.

Mr GAFFNEY - When you say they are looking to increase it looks as though their regulations have increased to 500 -

Mr CRANE - In New South Wales.

Mr GAFFNEY - in New South Wales.

Mr CRANE - But they are an outlier of the jurisdiction at this stage, most of the other jurisdictions from our conversations with them are still looking to keep that at the 250 for this stage.

Mr GAFFNEY - You would consider?

Mr CRANE - For the e-pack, there are the two different ones; the 250, but yes, the 200. We would obviously keep an eye on what is going on in other jurisdictions and would be very keen to see whether the Commonwealth - because that is part of Commonwealth arrangements - would see the 250 needs to be increased.

Mr GAFFNEY - It is state legislation isn't it?

Mr FERGUSON - It is, but particularly with road rules we do our best to be nationally consistent for obvious reason. The National Transport Commission helped guide us with our legislation we took through about two years ago to deal with e-scooters and personal mobility devices. We made a small number of derogations. We try to keep it to a minimum so people can visit our state or move in-between states do not have big differences in the rules they need to somehow know about. I am going to clarify one thing, I had 200 watts, I heard 250.

Mr CRANE - There are two types of bicycles, Deputy Premier. There is the one that is up to 200 watts which is just a bicycle that has an electric power up to 200 watts. There is also this other what is called e-pack bikes which are electrically powered assistance cycles with a maximum wattage of those up to 250, but they are speed limited to 25 kilometres.

Mr FERGUSON - But are they illegal at the moment in Tasmania?

Mr CRANE - They are legal, but it is legal because our legislation points toward the Australian Commonwealth legislation.

Mr GAFFNEY - The speed is not increased so much as its power up the hill.

Mr CRANE - What New South Wales have done is recently this year increased that allowable wattage to 500, but not increase the speed in which that bicycle can go to enable it to get more torque. That is outside the national arrangements in terms of other jurisdictions and what the Commonwealth have set up under their Road Safety Vehicle Act 2018.

Mr GAFFNEY - How does that happen with the Commonwealth? Will this be a topic of discussion at Transport or is it just like, 'Let's see what happens in New South Wales'? How do you raise that?

Mr FERGUSON - Mr Gaffney, I'm very attracted to opening the policy up and having a look at it and considering even considering what the New South Wales Government has done. Some of this is a new development for me today, particularly given that it's not just about the power rating that governs the movement of the wheels, but it's the system that governs how quickly the bike can move.

I'm quite attracted to opening up the policy and I personally would like to see the pros and cons of moving on this - noting that I was just going on to say that while the current maximum output I have is 200 watts, and there's no proposed policy change to this at this time; however, the bill that's before the House of Assembly at the moment creates the flexibility in the legislation in the event that the national standards for e-bikes are reviewed and I'd like to naturally know what is the direction of reform, if any, at the national standard.

It just so happens that in my role as a member of the Infrastructure and Transport Ministers' Meetings - ITMM - I'll look for an opportunity to ask the question about what jurisdictions' feelings are on this but reserve the right for Tasmania to copy or do something similar to New South Wales, and respond further to your very interesting question.

Mr GAFFNEY - Thank you. Even since this morning, I've had three or four people contact me about it over the lunchbreak - they were really interested, so thank you.

Mr FERGUSON - Tasmania's a more hilly place than some other locations.

Mr EDMUNDS - Just to circle back to a couple of areas, you talked about the car registration. With the cost-of-living pressures, we've seen people go to quarterly payments. Has there been a drop in compliance generally? Do we have more unregistered cars on the road now as well?

Mr CRANE - As we mentioned earlier, we have the SMS reminder service, so that's one part of our strategy. The second part of our strategy is that we use our transport inspectors to have ANPR cameras on our transport safety investigation vehicles. In the last 12 months we analysed over 800 000 vehicles on the road network and the level of unregistered vehicles was 0.64 per cent, so less than 1 per cent. My interpretation of that - and it is mine - is that quarterly registration, the SMS reminder service and that monitoring - because when we do find a vehicle

we encourage quick registration - is seen to be quite effective in delivering a fairly high rate of compliance with unregistered vehicles.

Mr EDMUNDS - How does that compare to, say, the previous year or -

Mr CRANE - I think there might even be a performance indicator on unregistered vehicles.

CHAIR - There is, yes.

Mr CRANE - I was pleasantly surprised -

CHAIR - It was 0.72 last year.

Mr CRANE - Yes, so in actual fact -

Mr EDMUNDS - Would you argue that offering the staggered payments is improving compliance?

Mr CRANE - Well, they are the changes that the Government's introduced, the quarterly payments at that reduced price. The SMS services are for those people that genuinely forget. We occasionally still get a letter saying 'please bring back the labels' so we think the SMS service is the more contemporary way of doing that and obviously, we do that compliance through ANPR and also with our police colleagues in Tasmania Police. We're also looking at ANPR technology. The new ANPR technology will be available with our speed cameras. I think those are the elements that have produced what is a good result.

Mr FERGUSON - We think we've found the sweet spot. Prior to that election, we did consider holding it at 12 and six months; we also have considered the idea of going to monthly. The evidence was though and the advice was that the more frequently that you have a renewal period, the greater the chance that somebody may not renew or forget. We feel that on the best advice and guidance, every quarter is about as frequent as you'd want the government policy -

Mr EDMUNDS - And you're finding the data reflects that as well?

Mr FERGUSON - Yes.

Mr EDMUNDS - That's great. That's excellent. Thank you. Just back to the cameras or the new vans, have there been any instances of vandalism to any of those since they came online?

Mr CRANE - Yes, there have been three instances that I am aware of. One in the north, where a particular incident was actually - all the trailers have cameras, like CCTV. They self-monitor. That particular individual was able to be identified and was paid a visit by Tasmania Police. There has been a little bit of graffitiing, but on the whole not too bad considering the amount of time they have been out on the network.

CHAIR - Some have been damaged beyond use, though.

Mr EDMUNDS - Haven't not been firebombed or anything?

Mr CRANE - No, they are very sturdy. As you have probably observed they are quite large and very secure. I think there was also an incident where someone hit it with a vehicle. That looked a little bit deliberate, which I am getting further advice on. On the whole they are very robust devices. They have cameras, so anyone who approaches them will be recorded and be able to be identified.

Mr GOODSIR - And we, of course, contract that service. That particular risk would sit with the service provider. We buy the service, we do not have anything to do with that.

CHAIR - Any questions on that one? We have a break scheduled about now. We might take a break, then move on to passenger transport.

Council suspended from 3.52 p.m. to 4.11 p.m.

INFRASTRUCTURE AND TRANSPORT

2.3 Passenger Transport

Mr FERGUSON - I will take it from the beginning. The ferry is an initiative of our Government. It has been talked about for a fair while, but we are delivering it. It is been included in the Hobart transport vision. It is an element of the Hobart City Deal.

The ferry trial commenced on 9 August 2021, and in January 2022 we announced the extension of the ferry trial into the second year. Since commencing, over 185 000 passengers have used the service. The daily passenger average for weekday services is around 525. Recognising the success of the ferry, in October of last year, we introduced Saturday services. The daily average for Saturday services is around 600.

As part of the Budget last year, the Government committed \$19 million over four years to make the existing ferry between Hobart and Bellerive permanent. The funding enables the service between Hobart and Bellerive to continue over the forward Estimates and provide appropriate infrastructure to support ferry operations.

However, we also have a vision to expand it into other locations in greater Hobart under the Derwent Ferry Masterplan, which will consider the feasibility of 33 locations for possible expansion. Locations will be assessed on a range of factors, including the establishment of passenger demand and the suitability for ferry terminal infrastructure and berthing.

I will get you to validate this - the masterplan is expected to be ready for consultation in the middle of this year, which is approaching soon.

Mr GOODSIR - That is correct. We are just finalising that, and will be able to provide a draft to you in the next coming weeks.

Mr FERGUSON - Good. As you have correctly said, Mr Edmunds, as part of the federal election process last year, the Australian Government committed \$20 million for infrastructure to further support ferry services on the Derwent. I understand that is to be directed to the four

PUBLIC

Greater Hobart councils, but for this to work it will require councils and the Australian Government and the state Government to work together.

You can see how expensive one ferry is. Imagine, as we contemplate the other 33 locations that are being considered, we will need to choose very carefully what our next steps should be to give the maximum public benefit for the limited public dollars that are available.

Martin or Gary, if you have anything further to add, feel free, otherwise we will take the next question.

Mr GOODSIR - Just quickly, we were a little worried at the beginning of the process of engaging with local government around the federal \$20 million, that we might end up with a very different list of priorities, but as we work through it, I think it is highly likely that we'll have an either entirely or substantially agreed list.

Mr EDMUNDS - They asked for those locations, didn't they?

Mr GOODSIR - They asked for those locations -

Mr FERGUSON - Nominated them, maybe.

Mr GOODSIR - Yes, but they hadn't done some of the practical work that we've done through the masterplan process, on how difficult it is to get the required infrastructure in place for each of those sites. Is the water depth the right depth? Those sorts of things.

Practically, I think we will work through an engagement process through a steering committee that we are about to set up with local government, but I think we will end up with an agreed list.

Mr FERGUSON - You are a member of the committee, which involves state and council representatives?

Mr GOODSIR - We've just written - I think through you - or I think you, deputy Premier, were contemplating writing to the the four mayors of the Greater Hobart area, the four councils. We would seek to provide a copy of the draft master plan when it is available and start working together on that piece of work of identifying and prioritising from the work done the next stages and the next priorities for the ferry rollout.

Mr EDMUNDS - When is that master plan - when will we -

Mr FERGUSON - Weeks away is what, I am hearing.

Mr EDMUNDS - For you?

Mr CRANE - Yes, we will provide the Deputy Premier with a copy of the master plan in the coming weeks. Then, I believe we will give the councils the opportunity to have a look at that as a draft, as part of that process.

CHAIR - Will it appear on your website at that time?

Mr FERGUSON - When it is ready for public consultation, I would suggest.

Mr CRANE - Then we will put it out.

Mr FERGUSON - I think what perhaps my colleagues are not explicitly saying, is that we would like to work with our partners first, to give them a privileged insight into what the masterplan is starting to look like before we would take it to the next step of public consultation. Given the nature of our relationship and the wish to have a team approach as much as possible.

Mr EDMUNDS - On that, the single ticketing or the ticketing solution that is talked about in the Budget, you have previously done the similar EOI of that a few years ago?

Mr FERGUSON - Yes.

Mr EDMUNDS - In the period between that and this, did you have any unsolicited bids to operate it?

Mr FERGUSON - Yes, we have. I am not sure I would describe it as 'unsolicited' but we have had pertinent approaches from industry, in the IT space wishing to promote their products. In the interests of probity and making sure I get it just right, I might ask the Deputy Secretary to respond and take your question step by step.

Mr GOODSIR - There has been an initial process that was Metro-led, at which time, we had to be very careful in engaging with any potential bidders into that process because it is a relatively small pool in Australia. The approaches that we were getting were generally from people who were inside that process as well. Then, subsequent to that, we have been working through a number of options, including a jurisdictional option. That has allowed us to engage with approaches from the market but we have not gone back for a competitive process to involve them formally in discussions.

Mr EDMUNDS - With what is being talked about, are you going to test the market through a process?

Mr FERGUSON - I think the public position on this is that we have to reserve all of our rights as a state, that is the first thing. Secondly, this project was being run by Metro; now it is not being run by Metro. It is now being run by the department for a couple of reasons. The main being, that novating the concept of the common ticketing product is with a view to bringing it to whole-of-government because we have partnerships with how many general access public transport providers? At least eight.

Mr CRANE - That is correct, although, there has been some concentration in the marketplace with Kinetic Purchasing.

Mr FERGUSON - How many counterparties do we have in public transport, in general access? I would say -

Mr GOODSIR - There is five but there are more brands now. Some of them have retained their brands from the original -

PUBLIC

Mr FERGUSON - Plus Metro. We are wishing to build out a concept that is available for all of them. Plus, the ferry operator as well; and future ferry operators. We are grateful for people's patience while we have been working through this quite carefully. We look forward to having more to say about it. On the public record, we have been able to say that while we are doing more work with another jurisdiction, if that weren't to be not possible, then we would reserve the right to go back to market.

Mr EDMUNDS - Did you need any exemptions to do that?

Mr GOODSIR - Yes. There are some requirements in relation to international trade and procurement to go down a jurisdictional pathway. They basically revolve around exceptional benefits that you could not achieve through a market process.

Mr EDMUNDS - Do we know if we are headed towards something that looks like a myki or something that we can tap our credit cards on?

Mr FERGUSON - I would definitely want to exceed myki.

Mr EDMUNDS - Or is it another card that we have to get or is it something we might - you talk about cost of living. I know from the feedback I get - and I am sure you get this feedback all the time about Greencards and myki, et cetera, is that that's \$20 or \$50 sitting on a card that people cannot use when they're being crunched, and they'd prefer just to pay the \$2.70 as they go.

Mr FERGUSON - I can share with you our vision is to allow people to use a device, which is loaded with their account, their phone, their watch, cash, or a credit card that you could tap. That will allow that very point that you have just made.

Mr EDMUNDS - Without having to pay a premium for doing that?

Mr FERGUSON - I think if you are using a credit card, it would be relatively anonymous to the person's name and so on. You are tapping on more like a cash customer. We are looking for multiple-mode in payment options. Which, of course, myki doesn't allow for half of what I've just said. We are looking to exceed what myki offers. For some people, that may be an Apple Pay, or a Google Wallet, or tapping on or off with a Visa Mastercard, or cash.

Mr GOODSIR - It's probably fair to say that when the process was started with Metro, it was at a changeover point where you had open loop and closed loop systems, and there was some debate about whether the more limited card-type system would continue. It's now probably a few years further on. We are going beyond the generation that was introduced into Sydney and Melbourne to tap-on, tap-off through any device being a norm for the systems that have been currently introduced.

CHAIR - Regarding, bus shelters, is that the responsibility of the state or is it a responsibility of local government where the shelter should be?

Mr FERGUSON - Both.

CHAIR - How is it determined who's responsible for what?

Mr FERGUSON - Different individuals and separate players have different opinions on this. My advice and our understanding - and the basis upon which we are proceeding with our \$10 million bus shelter plan is as follows: that the owner of the road asset is responsible for the delivery and the provision of bus stop infrastructure, including shelters. That effectively means that if it's a state road, a state responsibility, it should be funded by the Tasmanian government and delivered and responsibility taken at that level. If it is on a council-owned road, then it should be provided by the council. In the main, those road managers - state and council - respect and honour that. When you are confronted with legacy under-investment, you won't be surprised to hear me say that councils often say, 'well, we think it should be your responsibility'. Those conversations do occur.

That is the position at law and by the Government and others can have their opinion, but that is perhaps not progressing the situation. The situation being as well that we have not just underinvestment but in many cases infrastructure that's not fit for purpose, particularly from a disability point of view.

CHAIR - It is not even there.

Mr FERGUSON - Or not there at all; or very basic and informal. We don't propose that everybody can overnight upgrade their infrastructure, but as part of our election commitment and which is now in the Budget, we've provided a \$10 million fund which I might speak to.

The \$10 million is to provide better bus stops and wherever we're able to, all-access and all-weather bus stops at priority locations. The further priority will be to achieve compliance with the Disability Discrimination Act, and improve passenger amenity through the delivery of bus shelters, where appropriate. My department has established a methodology to prioritise funding, and is working with councils and bus operators to deliver the best value from this investment.

The department prepared an initial bus stop priority list for engagement with councils and bus operators individually in 2022, last year. These lists have been further refined through ongoing consultation with disability advocacy groups, bus operators and community groups via the councils. Then we invited councils to begin to apply for the first round of the grant program in January 2023. Applications closed in February and we have taken the funds that are available and we are planning to run it in four rounds, so that everybody doesn't necessarily feel that they have to do it straight up, at the beginning.

That first round has opened and closed. We are shortly to announce the outcomes of that. In short, the councils that applied for the funds are going to get the funds. Those that sit on the sidelines thinking that they'll just leave it to the Government to do one day might have to reconsider that position because they are going to see other councils co-funded.

CHAIR - Is the funding dollar for dollar?

Mr FERGUSON - It is dollar for dollar. We will also recognise in-kind works. We're providing as much help as we feel we can and need to, but we're also trying to maximise the yield from that \$10 million so that we get as much co-investment from councils as possible. Without this fund, one of two things would happen: councils would not do any work and there would be no improvements; and, secondly, councils would do the work and get no help. What we're trying to do here is partner and provide this opportunity. I understand the application

PUBLIC

process was reasonably well supported; but any that miss out in the first round will be encouraged to apply for the second round, which I'm advised is expected to open in mid-2023, so in the near future. I am advised that we received applications from 15 councils in round 1.

CHAIR - Are you able to provide any documentation about how you assess what a priority location is, and the methodology for looking at the priority list? Then subsequent to that, who is on it?

Mr FERGUSON - Do you mean who or where is on it?

CHAIR - Well, pretty much if it is a council, I mean where. It could be a geographically large council, but obviously the location is important there.

Mr FERGUSON - The priority locations would be easy to generate because we have shared them with operators on councils.

Mr GOODSIR - I think so. That, again, is made to assist councils. It does not limit them. It is just meant to give those councils that might have done less work a leg up. We have that work and alongside that, the actual guideline itself also quite clearly sets out how applications will be assessed.

CHAIR - Can you provide the guidelines?

Mr FERGUSON - I have just asked for a printout. We will provide them to the committee. They are very user-friendly for councils. It is through a process that they are fairly familiar with. It is not the same but very similar to the other schemes that we provide to councils, including the Vulnerable Road User Program and Safer Rural Roads.

CHAIR - When did you say you are announcing that successful round 1 grantees?

Mr FERGUSON - Coming days, very soon.

CHAIR - You can't do it today then?

Mr GOODSIR - I am not prepared, I don't have that information

Mr FERGUSON - But very soon. We'll then be able to move then quite quickly to round 2.

Mr GOODSIR - Just a note that the priority set we developed was for all councils. We didn't just favour large councils. Every council had a list to choose from if they wanted to, but they could add also.

CHAIR - A list in terms of actual locations?

Mr GOODSIR - Yes.

CHAIR - You identified the locations within each local government area - is that right?

PUBLIC

Mr GOODSIR - That we believed was a priority. We were not constraining councils to that. We were just giving it to them as a starting point. We made sure that if we had known issues with a disability access, for example, at a particular location, they were not on the list. We just made sure that councils did not have to start from ground zero.

CHAIR - You looked at disability access. What else were the considerations about where they might be beyond that when you were looking at identifying priority sites?

Mr CRANE - In terms of disability access, obviously what infrastructure we had in place, such as the tactile on the ground, where the pole was, the blade, et cetera, the hard stand. Then we also had criteria around where we think it is suitable for a shelter; part of the program is that this is an all-weather, all-accessible program. We are very keen to increase the amenity through improved shelters, but you need some kind of guidelines around where best to put a shelter to get the maximum benefit in patronage levels, et cetera.

CHAIR - They are usually where the people wait to get on the bus, wouldn't they be?

Mr FERGUSON - Quite right, which is different to a high-volume return-to-suburb bus stop, for example, where people are usually getting off a bus and then quickly moving off to their car or walking home. But when they are waiting for the bus to bring them to their - often a city centre or a suburban centre - then that is more likely to need a shelter. To the question of how the priority list was selected -

Mr GOODSIR - I was just going to answer. Inbound boarding numbers was a criterion as well - not in absolute. We still did that for each council.

CHAIR - But you are not going to see the same numbers of people getting on the bus in Wynyard as you'll get in Hobart.

Mr GOODSIR - No, that's what I'm trying to say, that we didn't say we won't list you because it's less than that, we said within your council.

CHAIR - Okay. All right. So you'll provide the priority locations and the guidelines to us.

Mr FERGUSON - Yes. The guidelines can be here in minutes. The locations perhaps I'll take that on notice.

CHAIR - Sure. Okay. Any other questions, members, on this line item?

Ms LOVELL - Thank you. Minister, I had a question about transport safety and investigation officers. I understand that these officers are responsible for the inspection and enforcement of light vehicles and trailers. My question is about load restraints. How many transport safety and investigation officers are there around the state? Can you provide that in a head count and an FTE breakdown? And has that increased or decreased over the last couple of years and are there any vacancies currently?

Mr FERGUSON - So we're in output 2.2 to deal with that, I think.

Ms LOVELL - I thought it came under 2.3, passenger transport.

Mr FERGUSON - No, passenger transport will be more the publicly subsidised, for example, buses, ferries. Road user services would cover licensing, road safety.

Ms LOVELL - Okay. Sorry, my mistake. You can answer it? Thank you.

Mr FERGUSON - We're happy to respond still. I'll go to Martin Crane if that's all right.

Mr CRANE - These are the transport safety and investigation officers that undertake a number of functions for us, particularly for light vehicle roadworthiness and inspections. They work very closely with Tasmania Police. I think your question was, we have about 11 FTEs but I would have to confirm those numbers. Recently, we have recruited another couple of people in that space but I'll need to confirm that as well. The breakdown of them, they have a regional presence. We have some in Hobart, Launceston and the north-west. Just to clarify, we also have a pool of casual transport safety investigation officers because one of their key safety functions is the management of oversize, over mass movement of freight, as I think we mentioned earlier, the windfarm turbines, all large, big things that are involved in escorting -

CHAIR - Bridge bits for the Cam River Bridge.

Mr CRANE - The Bridgewater bridge, part of the beams for that as well. We have a number of functions in the area but to give you the specifics, I'd need to get some advice on that.

Mr FERGUSON - Can we just be clear about what specifics you're looking for?

Ms LOVELL - Specifically, that's to do with the number of officers and any vacancies, whether that's increased or decreased over the last say three years. I'm happy to send that through in writing.

Mr FERGUSON - Please.

Ms LOVELL - Specifically relating to trailers and light vehicles and restraints for loads, nets and other restraints that are used, I understand that the transport safety and investigation officers have the ability to issue on-the-spot fines for inadequate restraint of loads. Are you able to provide for the Committee the number of infringement notices that have been issued in the last 12 months, specific to that issue?

Mr CRANE - I would have to clarify that.

Ms LOVELL - Yes, that's fine.

Mr FERGUSON - First of all, can we access the data? I think we can.

Mr CRANE - I believe we can understand that through the fines system but I'll need to get some advice.

Mr FERGUSON - If we could ask for it in a letter, that would be good. We'll take it on notice and provide the Committee with the best data we are able to in respect of that. The question was narrowly down to light load restraints not being properly fitted.

Ms LOVELL - I have a particularly interested constituent -

Mr FERGUSON - Okay. Sure. Absolutely. We'll do what we're able to and if that data yields something wider, then we'll provide that as well.

Ms LOVELL - Thank you.

Mr EDMUNDS - Can we talk about the northern suburbs rapid transport.

Mr FERGUSON - That would have been in Infrastructure Tas but I'm happy to -

Mr EDMUNDS - It doesn't sit with passenger transport? It's just not built yet, I suppose.

CHAIR - It's his first budget Estimates, so I'll cut him some slack on this one.

Mr EDMUNDS - It will move passengers in a few years maybe, once it's built.

Mr FERGUSON - I like the way you did that. All right. Yes.

Mr EDMUNDS - I'm just interested in the transport options paper says \$452 million. I'm interested in how you'll look at funding that? Will there be requests of the federal government?

Mr FERGUSON - To the last part of your question first yes, we will be certainly seeking support for rapid bus transit solution Hobart in the fullness of time. As the Premier indicated in the 2023 state of the state Address that a new integrated rapid bus network would be investigated. The Minister for Infrastructure and Transport has indicated that rapid buses and an expanded ferry network would be important to move people to and from Macquarie Point when fully developed. An integrated rapid bus network is likely to link all three transport corridors, not just the much talked about northern suburbs transit corridor of a disused rail line, but that corridor is likely the first stage in the development of rapid bus network.

The Australian government has previously committed \$25 million towards the activation of that corridor and a further \$14.5 million was committed in last year's budget. In our budget, the Tasmanian Government has matched that \$13.5 million commitment to begin the development and investment in that corridor, including assisting with activation works comprising the development of the master plan. I am sorry if I missed any part of your question, am I on the target?

Mr EDMUNDS - No that's good, you are. What specifically is that money going to be spent on?

Mr FERGUSON - The next step is insisting with activation works comprising the development of the master plan. In relation to the master plan, the growth strategy will inform the development of the master plan to begin to determine the land use changes required to activate the corridor. The intention of the master plan is to enable the integration of transporting investment, with land use aspirations to ensure strategic urban renewal along that corridor. Scoping work is ongoing to develop the scope of works to be undertaken, as well as potential timelines for completion. Work will be directed and overseen by project steering

committee consisting of senior executives from the Department of State Growth, Infrastructure Tasmania, Homes Tasmania, state planning office, the Hobart City Council and Glenorchy City Council.

In relation to the actual transport mode, further scoping and planning work, including investigation of travel time reliability, as well as potential corridor remediation and geotechnical risks is underway. Staging the development of the corridor is likely, which by the way was the focus of discussion in our house a week or two ago, with a particular focus on the Glenorchy to Newtown section of the corridor in the first instance. Noting ultimately, we see that corridor in the fullness of time all the way through to Macquarie Point. Then, with the rapid bus transit mode being evolved in future years we would like to see that engaged on the eastern approach over the Tasman and on the southern approach on the southern outlet community to Hobart also.

This is the direction we now want to travel to noting hopefully, you are picking up in my answer this is not dependent on where there was old rail line, but in fact how to activate a form of public transport that will be effective and be capable of scaling up during large events at Macquarie Point in the fullness of time. We also acknowledge it will need to be a staged development for which we certainly will be seeking funds from the Australian government. Garry is our expert on this and I will ask him to add to my answer.

Mr GOODSIR - A little bit of additional details because, there has been confusion. Most of the transport task is moving to and from the centre of the city. The way rapid buses being designed around those three key arterials; the north the east and the south. is about maximising the use of a future fleet. You might have from the eastern side a bus coming in dropping off in the centre and going out to the north and then the north through to the south and the south through the east. That is about fleet utilisation more than the transport task, because most of the people will be getting off in the middle. That has caused a bit of confusion.

Mr EDMUNDS - That's where the stuff around Franklin Square versus Macquarie Point comes from?

Mr GOODSIR - That, and the discussion that it won't service Macquarie Point. The eastern route in will immediately service Macquarie Point. The northern one will initially go - as the Deputy Premier said - Glenorchy through to New Town, then New Town into the centre. Initially, that won't be the leg, if you like, that services Macquarie Point. It will be the eastern leg coming through - Tasman Highway, over the bridge, past Macquarie Point, into Franklin Square, and then it will probably keep going down to the south, and then south come up north again.

Mr EDMUNDS - The one from the north, will that terminate at Franklin Square, or Macquarie Point, will go past? Or will you be getting off at Franklin Square and getting the eastern lane to -

Mr GOODSIR - Initially, the northern one is more likely to come into Franklin Square. It will come to New Town, and then go New Town via the existing road network into the middle, and it will be the eastern route that is picking up -

Mr EDMUNDS - You would catch the eastern route service to get from Franklin Square to Macquarie Point? Is that the -

Mr GOODSIR - Well, I suppose. It's not a very long walk.

Mr EDMUNDS - That's interesting. That's what people criticise about Bellerive, but we're talking about walking further than some of the criticisms about that side of the river.

Mr GOODSIR - The point is really valid, though. All the literature is very clear that the distance from the centre to the drop-off point is very sensitive. In terms of patronage and achieving a mode shift to deal with the growth of Hobart, we really need a central drop-off location.

Mr EDMUNDS - Are you talking about using potentially dedicated bus lanes as part of that? For instance, in the south and over the bridge?

Mr GOODSIR - There is the opportunity to do that in the south, and obviously with the northern transit corridor, because you have that dedicated corridor, which is a very valuable asset. On the Tasman Highway, there is the potential to do that up until the Tasman Bridge, where it gets much more difficult, because it's not possible to put another lane on the bridge, with its current structure.

With rapid bus, you want the person catching it to perceive it to be reliable in terms of its travel time, and high frequency and high amenity, because you are trying to get people onto the bus who wouldn't normally necessarily catch the bus. If we can meter the traffic effectively from the Tasman Bridge - the eastern side through to the centre of the city - it's not critical that it has dedicated infrastructure for that part of the journey, as long as the travel time is predictable, because we can meter the traffic effectively.

Mr EDMUNDS - That's the strong argument for the Derwent ferries. You know what time you'll get to work if you're there to catch it at the time it leaves, rather than walking down to Clarence Street and taking pot luck with Metro.

Mr GOODSIR - With the ferries, there's a sort of 'steady state' outcome when you end up from stage to another, but you've also got to be able to get there. There's another strategic dimension to the ferries in your earlier question around those priority sites that were identified in the federal funding. Potentially, the ferries are very important additional traffic mitigation measures when there are building works happening on the Tasman Bridge. The ferries are both an end in themselves, in terms of additional choice, but they're also important network security devices. I think we saw that with the recent truck rolling on the ferry.

Mr EDMUNDS - I do have to leave. Did you talk about the bus transit officers?

Ms LOVELL - No, I was meant to ask whether that came under this output group.

Mr EDMUNDS - Does that come under this?

Mr FERGUSON - Absolutely.

Mr EDMUNDS - Will you be deploying transit officers with powers to curb antisocial behaviour?

Mr FERGUSON - Yes, that is the direction that we are travelling. I am trying to do this on good advice, including from our very kind people who have agreed to be on the Safe Public Transport Working Group. I agree with you. I think I heard you say the antisocial behaviour is the area that we are seeking to tackle here. It is not acceptable - never has been, by the way. We certainly have seen an increase in episodes of antisocial behaviour and they are harmful and unfair on not just our passengers but of course our staff. When I say 'our staff', I mean public transport drivers, in particular Metro, servicing Hobart and suburban areas.

In line with feedback from our Safe Public Transport Working Group, the department has been working with a security provider and commenced a pilot deployment of transit officers in the south. We call this the first phase. The primary focus of this phase of deployment is to establish a visible presence of transit officers on the bus services. They go to bus malls, they go to urban centres. From time to time they will ride on the buses. They are a flexible resource. They are often checking in with the driver just as passengers might be boarding or disboarding, checking in, 'How are you going? Are there any issues?'. If there are no issues, often the driver will say, 'No, I'm fine, thanks'. The transit officer will go and continue on their duties.

From last month those transit officers were then equipped with body-worn cameras, on 26 April. To answer your question directly, yes, we are looking at what we would call authorised powers - which I might ask Martin to speak to in a moment - which are going to be considered as part of the next phase of the pilot. We are investigating other initiatives such as a mechanism to enable easier reporting of non-urgent incidents of antisocial behaviour, particularly by patrons, and ensuring that our legislative frameworks are appropriate.

In terms of what additional powers we might be looking at, I might pass to Martin to speak more explicitly about that, noting that we have to get the escalation right between what powers a bus driver presently has, what powers a police officer presently has - who, of course, cannot be everywhere at all times - and what the level of escalation of authority and powers we may wish to engage with our transit officers. I will pass now to Martin.

Mr CRANE - With the transit officers - as the Deputy Premier pointed out - we are in phase 1. We have learnt a lot about that. We are refining where we deploy them and when we deployed them. Now, in this first phase, we will be looking at looking at putting them on Saturday evenings as well. We are just seeing where the activities are and where they are best suited to go to make it as safe as possible.

Under the legislation, an authorised officer will be given the delegation from the Transport Commission, which is Gary's role as deputy secretary. The Transport Commission will provide powers. Importantly, what they will do is give powers for a transit officer to be able to issue a lawful direction such as stop something, leave the bus, et cetera. There are also a number of offences around dangerous behaviour on buses, so they can actually be fined. I think the point the Deputy Premier makes really valid, this is really about how we cover those instances so that the bus driver will go on the bus. For some behaviour, they can say, 'You are required to give me your name and address'. That will be used. The body camera will say I am recording this particular instance. They will then give a lawful direction; it is an offence to fail to comply with a lawful direction. If that gets more problematic, we will have escalation with police. I am working quite closely with police around how we will have those escalation points at the right level.

There have been some escalation points through the first phase, where police have been contacted. It was pleasing that they were able to respond and deal with some particular people's misbehaviour. That is how that model will work. It will be a joint effort.

Mr FERGUSON - I'll just add to that as well, Chair and others, to be explicit, currently our transit officers in phase 1 of this pilot - I am being careful with my words if we are being broadcast - have some powers. There are other powers that need to be considered. Bus drivers also have powers. We feel, and based on the advice of the Safe Public Transport Working Group, that the very presence of our transit officers and the visible nature that they wear high-vis, and it is pretty obvious who they are and what they are here to do. If I can pick a number out of the air, it would deal with 90 per cent of misbehaviour and the low level anti-social behaviour.

Mostly people just rack off and move on or just settle down but for those smaller number of cases who are more deliberately anti-social and escalating, the powers that we are considering will allow a more direct role for those transit officers. Naturally, some training will be needed so they can lawfully give a direction to get off the bus and if they do not to issue a legally binding infringement notice. We are also exploring bans for passengers who are wilfully abusing the system and not doing the right thing.

Naturally enough here, we are thinking of everybody's safety and wanting to de-escalate tensions and de-escalate those situations and try to make good evidence-based policy that will lead to good outcomes, knowing that there is no perfect solution here. Hopefully, the presence together with the right mix of powers will help to create a new equilibrium and if people are feeling like they are going to be anti-social they won't do it on our buses.

Mr GOODSIR - Just picking up the de-escalation point, we are also targeting people with a security background who have had significant training already in things like de-escalation.

Mr EDMUNDS - Well, that probably leads to the next question. Will this be a resource of government or an outsourced workforce?

Mr FERGUSON - At the moment it is an outsourced model that is as a result of partnership between the Department of State Growth and Wilsons security firm. They have some expertise in this space, with a background of training and not just enforcing if I can use that sort of enforcement posture, but also training that comes with trying to defuse a situation and educate someone into a better future rather than just bump them. That is the current model, certainly open to options in the future. Personally, I do not take an ideological view on public versus private. What we are looking for here is the best model that supports people feeling and being safe.

Mr EDMUNDS - Are there any issues if you do grant increased powers to that workforce, if it is an outsourced workforce, would it be easier to do that if they were government employees?

Mr GOODSIR - I have to authorise it so it is going to be more about their training. In one sense, a dedicated security firm has to have for their own work, health and safety and obligations to their staff, they have to have well-developed programs for ongoing training and audit an assurance of the capability of the people they have working for them. It is not

ideological, private versus public, it just happens that the private security capability is well-suited to the task and makes it an easier task for the role of Transport Commissioner, which happens to be me at the moment, to conclude that they are a fit person for that task.

Ms LOVELL - Just a couple of follow-ups, has there been an evaluation of the trial so far? What has that shown in terms of anti-social behaviour and any decrease in the current arrangements?

Mr FERGUSON - It is very early days still. The deployment only commenced in March or April?

Mr GOODSIR - It's about nine weeks.

Mr FERGUSON - Yes, so it was very quick work. I can tell you what I have and I think it would be an honest answer to say it would be too early for a formal evaluation at this point but the current view is that it is in week nine of deployment. In that time, more than 2100 hours have been completed on the network since commencement of the pilot. Bodycams were deployed on 28 April. The deployment strategy has been refined and in line with the comments from Mr Crane, Saturdays have now been introduced and there is a greater focus into early evenings.

We are scheduling the resource into the times that might be most beneficial. Also, I am advised - and this is news for me as well, I am sharing with you in real time - a presence on intercity services will commence shortly. The key observations from those nine weeks instances of disruptive behaviour have been observed at both interchanges and on services. For example, this includes instances of yelling, arguments, vaping when they should not be, fare evasion.

A majority of those incidents are occurring at interchanges. Current hotspots with an increased focus include Rosny, Glenorchy and Hobart CBD. Incidents have occurred which have resulted in escalation and response by Tasmania Police. If I could just lead on to ask Mr Crane if he might have any insight into whether the feedback from the ground has been that those instances are stable or decreasing or increasing, given that we've only been there for nine weeks?

Mr CRANE - Thank you, Deputy Premier. The transit officers, I believe, have been very well received. In terms of bus drivers, as mentioned, we're trying to get them out a little bit further into the rural areas and onto our more regional services. Where they are present, there's certainly has been a de-escalation but as we've mentioned - and we work very closely with Tasmania Police in the interchanges. These are more public spaces where Tasmania Police like to have a presence. We know that when they have a greater presence, it does tend to drop off and working closely with this workforce, our transit officers and Tasmania Police will be a key part in managing that.

It's a bit of a moving feast as people get asked to move on. They tend to move from one part to another, and that's why we're using this phase one to make sure we get to understand when is the best time. As the Deputy Premier mentioned, we've shifted the emphasis to a little bit later in the afternoon. We started some in the morning and we found that the mornings weren't as problematic as we first thought. Now we're moving them and I think that agility is really important. The last thing probably is looking at that feedback loop from the public so that we can help target the areas because pops up every now and then.

Ms LOVELL - Yes, it is only early days and I expect it takes some time for something like this to have an impact, a noticeable impact. Do you have any modelling or any expectation based on other jurisdictions of when you start to see a more significant impact or when you might know how effective it is?

Mr CRANE - I think what we're probably seeing at the moment is without our presence on the buses, and as the Deputy Premier mentioned, 2100 hours, we're actually getting better data on the instances. So, in actual fact, we might see a better recording of information and a better understanding of what the issues are and then hopefully from that base we'll be able to measure a decline in those activities.

Ms LOVELL - Another follow-up to the safe public transport working group, can you explain who sits on that? Not necessarily names but what that working group is made up of?

Mr FERGUSON - Sure. We may be able to give you some names as well but I will definitely pass you to Mr Crane, if you wouldn't mind outlining the membership, please, plus if you could also talk about those who come as required, serving members.

Mr CRANE - I've chaired that working group, which is a really productive and positive space. We have representations from the unions, Rail, Tram and Bus Union (RTBU), Metro, Kinetic, the Bus Association, the Department of Education. Recently, we have extended an invitation to the chair of WhyNot, also trying to look at that.

There's another element that we are looking at is how best to support young people getting access to public transport as well. We have a regime where people are eligible for transport and sometimes their ability to get the eligibility and access to things like a Greencard is challenged. We're looking at how we can work in that space as well. Tasmania Police, they're also a member of that group as well. It's a very broad group; good discussions with the sole purpose of making our public transport safe.

Ms LOVELL - Thank you.

Output Group 6 - Subsidies and Concessions

6.1 Shipping and ferry subsidies

CHAIR - This is the contingency for the ferry services to the Bass Strait islands and Bruny Island. Of this appropriation, how much was drawn down in the last 12 months and for what purpose?

Mr FERGUSON - I will pass to the deputy secretary.

Mr GOODSIR - I am just scanning as I go, but I think this was pretty much fully expended in the last period between the standard payment to SeaLink as the ferry operator -

CHAIR - On Bruny Island?

Mr GOODSIR - On Bruny Island. You are going to the output generally, though.

PUBLIC

CHAIR - Was any needed to fund services for the King Island or Flinders Island or the Furneaux Group?

Mr GOODSIR - There is a standing payment in relation to Cape Barren, which has been ongoing for years, and continued to be paid.

CHAIR - It comes out of this line?

Mr GOODSIR - Yes, it is basically \$50 000 per year.

Mr FERGUSON - I think we will explain the Bruny element of the line, which is that it is fully expended on the basis of the contract service, which is a predictable, known model. We can then focus on the contingency efforts in relation to Flinders, Cape Barren and King Island.

Mr GOODSIR – Sorry, it is not \$49 000, it is \$59 000. I was \$10 000 off.

CHAIR - The standing payment is \$59 000?

Mr GOODSIR - Yes.

Mr FERGUSON - That is a monthly service to Cape Barren that is undertaken by Bass Strait Freight. That is drawn down \$59 400, is my information, of the potential contingency fund of 288.

Mr GOODSIR - There was a payment in 2021 to the Flinders Council through a grant deed in relation to repairs to four refrigerated shipping containers. That was the last draw-down I can see.

CHAIR - Why did they need to be repaired? There must have been something wrong. Not the ship, or was it the ship?

Mr FERGUSON - Are they on the storage location offshore?

Mr GOODSIR - I think they are on storage. I think that is just a wear or end-of-life issue.

Mr FERGUSON - Chair and committee, I would like to introduce you to a very smart person, Mr James Verrier. He is a logistics wizard. I lean on him a lot. He is very effective. That is as much public praise as you get at these meetings. James Verrier is the Director of Transport Systems and Planning Policy. I wonder if you could help us put some meat on the bones of the contingency funds for Flinders and King Island, please.

Mr VERRIER - Thank you, and through you deputy Premier. You had those figures - \$59 400 for the Cape Barren service, and that is the monthly service for Bass Strait Freight. Gary made a reference to \$28 000, which was a historic contribution to the Flinders Island Council in 2021. From memory, that was for the compressors on the refrigerated containers for storage at the port. That is the last other draw-down for Flinders Island.

On King Island, there is the \$49 000 per year, and that hasn't been drawn on since Bass Island Line.

CHAIR - What is that specifically for?

Mr VERRIER - Again, that is a contingency, so it does not have a -

CHAIR - They haven't drawn down on it, though?

Mr VERRIER - No, that is it.

CHAIR - Right. That was the question, has it been drawn down?

Mr VERRIER - Since the Bass Island line has been operating, there has been no draw-down against that.

CHAIR - Right.

Mr FERGUSON - However, it is a nominal allocation, because I gave you Flinders, which is \$49 000 per year, but not drawn down.

CHAIR - Thank you. We will move to general access services. Sarah?

Ms LOVELL - I think my questions have been answered under other line items.

CHAIR - Are there any questions in General Access Services? I think we covered the other passenger transport. We will move to school bus services.

Output Group 6; Subsidies and Concessions

6.3 School Bus Services

Mr GAFFNEY - I put these questions on notice here. I only have half a dozen. I have brought this up before. What is stopping the Government from calling on bus services to end the escalation of postcode lottery when crossing an urban boundary triggers a fare. Some parents are paying up to \$760 a year because of where they live. It could be suggested that cheaper transport services to the local school should be fares for all, fare free for everyone.

I know this is an ongoing subject, yet it seems to be hard for the Department of State Growth to resolve. Perhaps, it should be better under the DECYP with the Department of State Growth as administrators. My question is, has this been considered? Has the Government considered that added into school fees and levies so it is shared across the whole student cohort and no one is disadvantaged by where they live, as all students must attend school.

When it was a fare amnesty last year, more students were using school. I am aware of some families not sending their kids to school, because they cannot afford the fare. This is an issue that needs resolving.

CHAIR - Let him answer the question.

Mr FERGUSON - I will ask Martin to respond in the first instance. I think, in fairness you will need to describe the broader policy design and the rationale for it. Then we will take the next question.

Mr CRANE - This is a historical issue, where traditionally people in rural communities were given free access to school bus services and it was quite discrete. With the development of our community for rural and metropolitan schools, there was a charging fare. But as populations have spread out and moved into more rural areas, those parents - you are quite right - are arbitrary in a sense and they change. There are examples where literally, if you are over here it is free, if you are over there you pay a fare. The genesis of that difference is that historically to support those people in our rural communities to get to school there was an ongoing policy position school bus services were free for all and it was not in those metropolitan areas.

How you resolve that is, you can look at different ways of charging. That would be some policy advice we would need to provide to the Deputy Premier. What you are suggesting is a challenge for us as well as the boundaries move and different populations grow.

Mr GOODSIR - If I may, Martin may want to pick up on a couple of these points. There is, of course, a significant subsidy for school bus services of \$40 plus million a year every year. Then there is a highly subsidised rate for those who do pay, \$1.90 for the student fare, but discounted to \$1.52 if purchasing a 10-ticket pack. There is also an ability for students to apply for low income free travel pass. Over the top of that historical free, non-free divide there is also the backdrop that all fares are heavily subsidised and there are free travel passes for people with particular need.

Mr GAFFNEY - That is fine. The Government recognises this principle in your conveyance allowance for islands and whatever, which is fine. Yet, here in this state, we are still having an issue where it is harder for some families to send their kids to school. Going on that, what would be the cost per student of distributing bus fares across the levy bill of every K-12 student. Let us make all student transport fare-free and equitable for all students. My consideration would be, we have a K-12 cohort. If all people were charged the same amount, how many students would that be? This is on question.

I suppose the other question is, what is the current gross fare income from student-only contract bus services? Also, what is that from student use of general access services to attend school? My last question is, what is the percentage of K-12 students using bus services to attend their school or college that have to pay a fare? With that a better conversation could be had instead of just saying traditionally this is the principle we've used and if you -

CHAIR - So you want an answer to those questions, Mike?

Mr GAFFNEY - Yes.

CHAIR - Address one of those questions?

Mr FERGUSON - I listened to each of those. I'm certain with all of them we should take them on notice. I think there were four there. Happy to do so and provide you the best data we're able to for your purposes, and if there is any commentary or advice I'm able to add when we present that information, I'll happily do so.

CHAIR - Can I just add to that last question about the number of students that do pay a fare to go to school? Of those students, are they attending the nearest available public school or not? Do you have the data? That's the key issue here. If they're travelling to the nearest available public school, then one could argue they shouldn't be paying.

Mr CRANE - I don't think we have that level of detail. I think I understand the question, I just don't think we have the level of detail. A lot of people use the network, both school and general access networks, and they have their own plans. Those will pay and they may not be going to their nearest school. That may be challenging.

CHAIR - So the question is, you don't know then how many students who pay a fare are going to the nearest available school that may be across that magical boundary?

Mr CRANE - Maybe.

Mr FERGUSON - I think that would be very difficult. You can imagine, can't you, until we have smart ticketing, for example, where you're tapping on and off, it would be very hard to determine what individual users are actually doing in a network of hundreds of thousands of people.

Mr GAFFNEY - Yes, but schools would know that; but the Department of State Growth may not have that information. Schools would be able to track where their students come from and then charge accordingly.

Mr FERGUSON - That is true. Only that the schools may know where their students live but may not know how they get to school.

CHAIR - But they know how many students from outer areas they've got.

Mr FERGUSON - Agreed. I'll take those four questions on notice, happily. I'm not sure of the level of satisfaction I'll be able to give you with the data, but we'll do our best.

CHAIR - We'll add that one in just in case you can access the data, but I accept it's working across departments.

Mr FERGUSON - Sure. There was possibly a fifth question, I'm happy for you to include that on that basis.

Mr GAFFNEY - Okay, and there's one with grants and subsidies I'll come back to, with conveyance allowance. Thanks, Chair.

Output Group 90 - COVID-19 Response and Recovery

90.16 International Air Fright Assistance

Mr DUIGAN - I don't think there is any funding allocated to this going forward, so there's nothing further to see here.

CHAIR - Okay. Thank you.

Output Group 90 - COVID-19 Response and Recovery

90.23 Waratah-Wynyard Coastal Pathway

CHAIR - This is the Waratah-Wynyard coastal pathway when the funding extends over the next couple of financial years. I understand that the Burnie City Council is now the corridor manager - if that's what they call them these days, is it? When do you expect the work to be substantially started and has all the erosion along the foreshore area, which was part of the holdup, been addressed?

Mr FERGUSON - So you're raising with me, Chair, the Cooee to Wynyard section? The coastal pathway is a genuinely exciting project that goes further east as well. In relation to Cooee to Wynyard, I'll start at a higher level. The Government is investing more than \$19 million to support the North West Coastal Pathway. Grant deeds are in place with the Cradle Coast Authority in relation to east of Burnie and with Burnie City Council, West Burnie, to deliver this infrastructure. You might want to clarify, I can tell. The Tasmanian Government has been working closely with the Burnie and Waratah-Wynyard Councils to ensure the project is delivered without delay and recently agreed to a reallocation of funding across the project to ensure that the councils can get the project underway immediately.

The North West Coastal Pathway has been promoted by Waratah-Wynyard, Burnie, Central Coast, Devonport and Latrobe councils that form the coastal urban strip. In relation to Cooee to Wynyard, Burnie and Waratah-Wynyard are jointly developing the section of the rail corridor of the Western Line between Cooee and Wynyard as a coastal pathway. In December 2021, the Government entered a grant deed with Burnie to provide \$13.86 million to deliver the pathway.

This comprised two amounts: first of all, \$12 million to protect the pathway from coastal erosion, dealing with some recent damage and future mitigation - I think that's the way to express it - and a further \$1.86 million to plan, design and construct the pathway. More recently, given that the cost profile did change quite significantly, nonetheless I could have banked some savings on the part of the state, but in response to a very well-articulated case from Burnie and Waratah - Wynard Councils, I agreed as minister to vary the grant deed to reflect new cost estimates. While the overall project cost will remain the same, funding will now be allocated as follows; \$6 million to protect the pathway from coastal erosions instead of \$12 million; \$7.86 million to plan, design and construct a pathway. Self-evidently, the cost profile between those two is in fact reflective now of the changes that I was asked to make - which I did make - which otherwise would have been met by council.

This update reflects cost savings identified through drilling and coring work which indicated less structural work is required to complete the erosion control measures. The deed variational means some of the milestone dates change as Waratah - Wynard Council has resubmitted its DA and the need for the council to work with crown land services to achieve crown land owner consent and finalise the Aboriginal heritage assessment.

I am advised this section is still expected to be complete by the original deadline of late 2024.

CHAIR - Have to get on with it then, can't see much happening there yet.

Mr FERGUSON - Well there is nothing holding them back in terms of our commitment, but this is a council project which we are supporting.

Mr VERRIER - The two development applications are the next stage which you have noted Waratah - Wynard Council are to resubmit which I understand is around the heritage assessment issue with conservation reserves around the Doctors Rocks regions. Burnie Council has submitted its development application. Speaking with the officers, they are expecting to be in position to go to tender June-July. Timing of that is obviously around the approval of the development application. They are working through and we are working with them on the amendments to their timelines, but have advised that late 2024 is still what they are working towards.

CHAIR - Why do we need Wynyard Council need to relodge their DA or is Burnie doing the lot?

Mr VERRIER - Their each lodging separate DA's. Burnie has lodged its DA and Waratah-Wynyard is working towards that and there are some assessment issues with understanding around Aboriginal and environmental heritage assessments.

CHAIR - The other thing with that section is some people live on the seaside of the corridor and business as well on that side, which means there is going to have to be a negotiation by those land owners. Would this be with council as they are the corridor manager, is that correct?

Mr VERRIER -Yes, that is it. When the corridor was transferred, the Burnie Council took responsibility to manage that. All of the licenses that were previously in place with TasRail were negated and then Burnie Council had the obligation and negotiating with each of those land owners around access.

CHAIR - Are you aware if they have done that or not?

Mr VERRIER - I understand they have. I have not got a list of what they have. The other challenge of course, is that not all of the use along the corridor was full. It can certainly check that in the number of formal arrangements they have got in place.

CHAIR - Ok, any other questions?

Output Group 90 - COVID-19 Response and Recovery

90.28 Airport Infrastructure

Mr HARRISS - Noting that one-line item comes under COVID-19 response and recovery of \$1.9 million this 2023-24 financial year and increases to \$2.25 million. Is that increase due to projects already recognised?

Mr FERGUSON - Mr Harriss, just a variable supplement but yes, that is reflective of the profiling I articulated earlier today where Launceston is still underworks and Hobart as being completed.

Mr VERRIER - Yes, there was the \$5.15 million for Launceston Airport that has been reprofiled across the three separate projects the Deputy Premier referred to: departures, the freight terminal and arrivals halls. Two of those are underway, but there are still some payments associated for those for completion and there is the third of those projects to commence, hence the funding going out to 2024-25.

Grants and Subsidies

Mr GAFFNEY - Just a quick question on the conveyance allowance on page 286. Why is this separate from subsidised school bus services, and how much of this funding goes to non-government school students? How is the allowance regulated to ensure it is not abused or misused?

Mr FERGUSON - I will just give a quick overview. I think it is 'school sector blind' in terms of eligibility. The allowance is payable to a family of a child who is outside the reach of a publicly provided school bus service, based on the distance from the nearest stop. Martin, I will ask you to collate the details for me.

Mr CRANE - This is also for those who live on the Bass Strait islands. There are strict eligibility guidelines around that. We have an online application process now, which we then go through. Our staff assess those applications and provide advice to the applicants on whether they have met the eligibility criteria or not. If some people are dissatisfied with that, we usually internally escalate that with them as well, to make sure we have transparency of decision-making or checking of that decision-making.

This is an administrative item number, so there is an allocation for each year. It really is a supplement to those people who do not have access to a school bus service. The number is five kilometres to the nearest -

Mr GAFFNEY - Do you have a record of government and non-government schools?

Mr CRANE - I do not have that information. I am not sure whether we do collect that, if you could bear with me. Yes, we would be able to get it.

Mr FERGUSON - I will add as well, it sounds like we can provide that. Just so the committee is really clear, it is an allowance that is available to help a family get their child to school. The first and main condition is that you go to your local school, your local own-area school.

CHAIR - What if you cannot?

Mr FERGUSON - I am about to come to that. The second is if you live on a Bass Strait island and need to leave the island to attend college, or an educationally appropriate school. The third eligibility criteria - must attend an out-of-area school due to disability or the home-area school not being educationally appropriate, as deemed by the Department of Education.

Therefore, you can imagine there are many people in very rural and remote locations needing to get to their nearest home area school, who are eligible for conveyance allowance. There are not that many private schools in remote and those very regional locations. I accept

there are some. For example, the Circular Head Christian School may well be taking kids from Redpa or -

CHAIR - Or the Catholic school there.

Mr FERGUSON - Yes, that is right. Or St Joseph's at Queenstown; I could go on. Also, there may well be circumstances where it would be most educationally appropriate for a child to go to a non-government school. It sounds like we can get you that information. I will probably take that on notice; I doubt that we have it pre-prepared. If I could have that in writing, that would be great.

CHAIR - If I could just ask about the president's favourite, or second favourite thing, the West Coast Wilderness Railway. I know there is extensive work going on at the moment, doing some major maintenance or repair.

Mr FERGUSON - It started today, actually.

CHAIR - In terms of the forward Estimates for grants and subsidies, we have \$1.25 million committed in the Budget here, then nothing after that. Does that mean you expect the railway to stand on its own two feet?

Mr FERGUSON - That is exactly what it means for the current advice. We have provided some \$16 million towards the West Coast Wilderness Railway, of which a significant amount remains, and which is now being expended.

It is a very timely question, considering the winter shutdown started today. I will take you to a few facts and figures that I believe will answer the question. The railway, by the way, has experienced a very strong 2022-23, carrying about 11 000 more passengers than the previous year. It is doing well. While I am very thankful to Anthony Brown, the former general manager for the very good job that he's done, the current acting general manager, Ian Robertson, is a singularly impressive individual who's picked up the task really well in leading his team.

Since February, the railway has encountered a number of challenges which have resulted in service delays and cancellations. While causing inconvenience, it is important to note I have been advised there has been no risk to passenger safety from those incidents but they are still concerning.

On 28 February, the service from Strahan was disrupted when the locomotive experienced a minor derailment. As a result, services were temporarily suspended from Strahan to allow rail works to be completed and loco repairs to be undertaken. Since March, the two steam locomotives in service have suffered intermittent problems and the railway is actively working to manage these issues. The planned temporary closure of the railway takes effect from today. The reopening date will be announced once details and timing of major capital works, which are currently being prepared to be put out to tender, are known. We need to take the opportunity to let the hardworking team, rail infrastructure and our heritage locomotives catch up and build up to what promises to be a very strong summer season and beyond.

The Government had already delivered \$16 million over four years to support capital investment through which the railway is investing in rail traffic and bridge upgrades and additional rolling stock, including the restoration of the beautiful Abt locomotive number two, which I recently inspected at the engineering company at Somerset. It is coming along beautifully.

Noting the ongoing challenges associated with maintaining heritage infrastructure, the Government committed a further \$4.5 million in 2021-22 to undertake identified priority rail works and obtain expert rail advice. Priority rail replacement works are underway, while the procurement is being finalised for geotechnical risk management and bridgeworks. These are expected to be put to market shortly.

The additional steam locomotive currently being restored is expected to be available later this year. It will bring the total number of steam locomotives to four. This will be important in the business to have some resilience and a buffer, allowing for periodic and deep maintenance to be undertaken without interrupting steam schedule. I daresay that is the first time in a long time that we would be able to say that.

CHAIR - It is.

Mr FERGUSON - The railway is run at a significant, in part due to the ongoing impacts of COVID-19 travel and density restrictions on passenger numbers. In the 2023-24 Budget, the Tasmanian government has continued to support, providing a further \$1.25 million to offset forecast operating losses in the coming financial year. That is my latest advice.

The team and my department who oversee West Coast Wilderness Railway, given that it is a ministerial corporation, advise me that they have a high level of confidence in the winter repair task. Not being an engineer myself, I have looked into these matters with a deep interest, because what we all want is the same thing: a safe and reliable West Coast Wilderness Railway that will be here for decades to come. Currently, the team gives me a lot of confidence that that's exactly what we will get.

CHAIR - The maintenance of the locos is truly a labour of love from the people who do it. I am assured of that and I talk to them often.

Can I ask about the pensioner air travel subsidy? This is a 50 per cent concession on one return air fare per year to northern Tasmania. I note that it doesn't increase at all. Can you tell me how much of it is actually being utilised each year? It is only \$10 000. I am wondering, is it not fully subscribed each year?

Mr FERGUSON - This is for aged pensioners living on a Bass Strait island. They can claim an air transport concession. The concession is a reimbursement of 50 per cent of the cost of a direct-return flight between the pensioner's island of residence and northern Tasmania once per financial year.

As you say, the allocated budget is \$10 000 per financial year. I have some numbers for you. Before I tell you the passenger numbers, the actual expenditure in this financial year, 2021-2022, was \$4845, so under-expended.

CHAIR - That \$10 000 should cover it, then.

Mr FERGUSON - One would hope. The number of claims approved and reimbursed in that year were 10 from King Island and 12 from Flinders Island. That is all I have.

CHAIR - There are not as many aged pensioners over there as I thought.

Mr FERGUSON - Claims for the 2022-23 financial year to date - and I do not have the number - but the advice I have is that claims for the financial year to date indicates a return to pre-pandemic numbers. So, more people travelling, feeling comfortable to do so.

CHAIR - Do we know how many that is?

Mr FERGUSON - I do not have the number in front of me but clearly it is a higher number than prior -

CHAIR - The question following on from that, is it enough? I suppose you can always appropriate more or shift some across within these areas.

Mr FERGUSON - It may help you to know that in the year 19-20 -

CHAIR - 1920?

Mr FERGUSON - In the financial year 2019-20 there were 15 claims from King Island and 21 from Flinders Island, that was pre-pandemic with three months of pandemic. That would indicate it is a scheme that is appropriately funded.

Mr CRANE - The only comment that the Deputy Premier made, I actually have numbers for year to date. We are seeing an increase back to those numbers for pre-COVID and we will see how we go. Most years, the \$10 000 is enough; occasionally it goes a little bit over.

CHAIR - Any other questions on that?

Capital investment program

Mr FERGUSON - Before you go to your next question I hope you remember Denise McIntyre, General Manager State Roads who will assist me with your questions.

Mr GAFFNEY - Thankyou, footnote 11, I am looking at table 10.9 on page 274, footnote 11. It is talking about the federal money, \$336 million for northern roads; it says \$80 million for the Bass Highway. I am assuming the Leith junction project - because it's not mentioned anywhere else - is part of that \$80 million?

Mr FERGUSON - No, the Leith project is only state funds.

Mr GAFFNEY - Okay, I could not see that.

Mr FERGUSON - We are in the (indistinct) for Mr Gaffney's reference. Denise, do you want to talk about the Leith project? Was that going to be the question?

PUBLIC

Mr GAFFNEY - I assumed it was the funding from that because I could not see it in the -

Ms McINTYRE - No, the Leith project is funded from the Infrastructure stimulus funding. We had some separate funding specifically to upgrade the Leith junction.

Mr GAFFNEY - Can I ask questions about it here or is that? Just a couple, questions have been raised about the length of the pedestrian underpass on the northern side. This is now shorter than the original version. The second question or comment would be, there are concerns about the lack of warning sign protection given to traffic. What would be the cost to upgrade the warning sign systems in the area? There is a bit of concern over the warning signs, and also the length of the pedestrian underpass on the northern side.

Ms McINTYRE - The original concept design as I understand it included some amendments to the pedestrian underpass because of the way the original concepts were looking at improving the left turning junction arrangement, particularly for Short Street. Some further work was done through the design process and it was determined that the extension of the pedestrian underpass was not required to improve the junction so there is no actual amendment to the pedestrian underpass, as I understand it.

Mr GAFFNEY - And about the warning sign system?

Ms McINTYRE - The warning sign system was installed a number of years ago and one of the issues, particularly with the Braddon Lookout Road, is the proximity of the through road to the junction of the Bass Highway, which has a tendency to give some false positive readings. You get some flashing light warnings when there is no actual traffic entering the highway.

CHAIR - I have found that.

Ms McINTYRE - Yes. That has proven a very difficult issue to resolve. However, technology is improving all the time. While it is not part of the scope of this project, we will be monitoring the junctions once the works are completed and we can look at potentially listing or prioritising improvements to that signage as funds become available and the technology improves.

Mr GAFFNEY - My final question is: is there a cost breakdown of what it has cost since it started and in what areas - for the community consultations, for the works itself? Is that available?

Ms McINTYRE - It is not publicly available but we can break that down for you and provide that to the committee.

Mr GAFFNEY - That would be helpful, thank you.

Mr FERGUSON - If we could just take that on notice, that would be great.

Mr GAFFNEY - Yes, thank you.

PUBLIC

Ms LOVELL - Minister, does the funding for road safety projects in the Budget - a total of \$49 million over the forward Estimates - include the Road Safety Levy? Or is this additional funding?

Mr FERGUSON - That would be a combination. I will ask Denise and Martin if they can assist me because we got some COVID stimulus road safety funds. I wonder if we are all dealing with the same line item.

Ms LOVELL - I am looking at the road safety projects in the capital investment program table. Perhaps there is a breakdown of what that funding is made up of, if it is more than one source.

Mr FERGUSON - Good. I have the same line in my hand as well, number 31. On the road safety funds, I can share with you a breakdown as follows but I am going to ask my team if they are able to advise if it is funded out of levy or public accounts. The state funding towards the total - I am going to work backwards - the total of the road safety projects in the Budget year and forward Estimates amounts to \$79.5 million, of which \$49.5 million is state-funded and \$30 million is federally funded. In 2023-24, interestingly, in every year except 2026-27 the state funds are more than the Australian Government funds - if you are interested. In 2023-24, the Budget year it is state funding of \$14.5 million and federal funds of \$6.4 million. The program funds activities and projects to improve safety and traffic management on the network.

The program includes projects funded by the Road Safety Levy, national Black Spot Program, level crossing safety upgrade program and cycling safety infrastructure program. These programs include works including targeted shoulder sealing on rural roads, intersection upgrades on high-risk junctions, electronic school sites. It was announced in December last year that the state would receive \$3 million under the Black Spot Program 2023-24 funding round. If you were interested, I could read this out but I might just leave it there for now and take your further questions. There are many separate initiatives that are funded across the regions and across quite a range of project types as well, including smart traffic systems and actual infrastructure upgrades, traffic signals, heavy vehicle access management systems. There are quite a few cross-committee strategies.

I am just going to query this - you were asking for more detail on how much of the Road Safety Levy it is. Is that what you were asking?

Ms LOVELL - Yes.

Mr FERGUSON - I don't have that information to hand, do you?

Ms McINTYRE -No, I don't have that.

Mr FERGUSON - We will take that part on notice. We don't have that information to hand but we can easily find that out.

Ms LOVELL - I had another question.

PUBLIC

CHAIR - I will ask the minister if he is happy to meet with the member for McIntyre about the Sideling upgrades. Apparently, she's not happy with the proposed works. She wants you to meet her there.

Mr FERGUSON - I look forward to it.

CHAIR - I will pass that on.

Mr FERGUSON - I have already said as much to the member for MacIntyre, but there's probably a letter with me and I probably look forward to writing back as well. But the Sideling upgrade is enormously exciting. It is a generational upgrade to the Tasman Highway between Launceston and Scottsdale. I look forward to catching up with the member.

CHAIR - I think she wants more passing lanes slow traffic lanes. That was my understanding.

Ms LOVELL - Minister, the Premier said in his state of the state speech there would be unprecedented investment in active transport corridors, providing more direct and safe links from Hobart's suburbs to the city for walking, scootering and cycling, including upgrades to the Tasman Bridge. Can you detail the funding allocations in this year's Budget for new and enhanced active transport corridors? I know there is some existing funding for cycling, but haven't been able to find the new funding for the other active transport.

Mr FERGUSON - I will draw your attention, Ms Lovell, to page 274 table 10.9. I am advised the funding would be disguised within, wrong term, but you know, encompassed by the Greater Hobart Traffic Solution, which has a total estimated cost of \$217 million. I have for you a more granular view of it. Increasing active transport, which includes walking, wheeling, and cycling infrastructure and awareness is important in improving transport mode choice. Active transport provides many benefits, such as helping to relieve congestion and demand for parking, providing transport options for people that cannot or prefer not to drive, improving the liveability of cities, lowering transport costs for individuals and families, improving health outcomes, improving environmental outcomes.

Historically from 2015-16 the Government has committed \$15.5 million to specifically improve cycling safety and infrastructure across the state. This is in addition to the very important \$130 million Tasman Bridge project, which will also deliver a range of other benefits, not just a restrengthening of the bridge for years into the future, but also proper active transport pathways on each side of the Tasman Bridge, 3.5 metres wide each side, allowing pedestrians and cyclists to much more safely navigate and get across and genuine shielding for everybody's safety.

The breakdown I have in terms of active transport: in 2023-24 is \$4.6 million. This is all state funding, according to my brief.

Ms LOVELL - Can I clarify this is in the Greater Hobart Traffic Solution line?

Mr FERGUSON - Yes.

Ms LOVELL - Can I just grab that figure again?

Mr FERGUSON - Yes. \$4.6 million in 2023-24. I am just going to query if you give me a moment. We also do have the cycling infrastructure line and, it refers to that in my brief.

I am going to have to backtrack a little here, Ms Lovell. In the same table I referred to earlier, there is also a cycling infrastructure line item, with a total estimated project cost of \$6 million. I'm advised that all the numbers I'm about to provide to you are drawn from both of the line items I've referred to: cycling infrastructure, and the Greater Hobart Traffic Solution.

So, I'll start again. In terms of active transport strategy and cycling investment - \$4.6 million in 2023-24. In 2024-25, \$1.5 million. In 2025-26, \$1 million. In 2026-27, \$1.5 million.

Ms LOVELL - Okay. Has the Greater Hobart Traffic Solution funding increased by those amounts from last year's budget? No, there've been other increases as well.

Mr FERGUSON - I would think not, because these have been in our project pipeline for I think about two years, and it was about two years ago that we also got a commitment to the Tasman Bridge project, which in itself is \$130 million. Being an urban project, we got 50-50 funding on that one.

Ms LOVELL - I appreciate you don't have this in front of you, but I'm just looking at last year's budget papers, and it looks as though there's actually a decrease in that funding for the Greater Hobart Traffic Solution for the first two years, and then an increase in the third year, and in 2026-27 a little increase. Has there been a change to the projects that are being rolled out as part of that solution?

Mr FERGUSON - With the Tasman Bridge pathways, I'm just looking for a completion date. Right. The Tasman Bridge project, which is both a strengthening and a safety project, has a time frame as follows. A concept plan has been presented to key stakeholders and the community last year. An industry briefing has been held. We expect the strengthening and pathway construction to be tendered from the middle of this year and, subject to the success of that procurement, that project to be completed in 2025.

I might ask Denise to share it herself, but I'm advised the Budget profile reflects what we understand to be the likely need and call on funds during that time frame.

Ms LOVELL - Right. Okay.

Ms McINTYRE - I think the deputy secretary, Gary Swain, mentioned previously that we do a cash flow adjustment exercise with the Commonwealth a couple of times a year - one in preparation for budgets, and one for mid-year financials. We look at and scrutinise our projects and determine where they're at in terms of their development, and that informs the cash flow profile.

Ms LOVELL - Are other projects included in that line item as well, or is it primarily the Tasman Bridge?

Ms McINTYRE - No. There are a number of projects. There's the Southern Outlet fifth lane project. Macquarie Davey Street. They're the predominant projects.

Ms LOVELL - Are you able to provide an update on those projects, please?

Mr FERGUSON - The Greater Hobart Traffic Solution commits, as you would have read, \$217 million for short and long-term transport initiatives to manage peak community demand in the Hobart area. The largest part of that, of course, is the Tasman Bridge to invest in strengthening the bridge and widening its pathways, which we have discussed.

Moving to the Kingston Congestion fund - if you're happy with what I've said so far on the Tasman Bridge?

Ms LOVELL – Yes.

Mr FERGUSON - As part of the Hobart City Deal, the Government invested \$20 million on the better utilisation of transport infrastructure to address congestion affecting the Kingborough municipal area. This investment includes Kingston Interchange improvements, improvements to existing bus stops, the development and delivery of park-and-ride facilities in that area, and the expansion of bus services.

Moving to the next project, a fifth lane on the Southern Outlet: the Southern Outlet transit lane is currently in the detailed design phase. We are developing a travel demand management strategy to manage traffic during the construction phase, noting it is busy enough already. A total of seven properties have been acquired, comprising full acquisition of three and partial acquisition of four. Partial acquisition of the four properties has been undertaken with a notice to acquire issued to those properties. This acquisition will conclude once construction of the transit lane is complete and the extent of the acquisition and compensation has been confirmed. Do you have a time frame on the construction of the Southern Outlet?

Ms McINTYRE - We are currently working through traffic management mitigation measures for that project and for other projects in the Greater Hobart area. Once we are satisfied that we have our mitigation measures in place, we will go to tender on the Southern Outlet, which should be later this year, potentially.

Mr FERGUSON - I am still going. The next one will be Davey and Macquarie streets because you shouldn't just build a fifth lane and not take it anywhere. Constructing a new city-bound lane on the Southern Outlet requires changes to Macquarie Street. This is to accommodate four lanes of traffic exiting the Southern Outlet, crossing the pinch point over Davey Street and entering Macquarie Street, to improve traffic flow and provide greater capacity for the left-hand turn into Molle Street. The project is currently in preliminary design phase. The design is expected to be completed in the middle of this year with the construction tender to be advertised soon after.

There are a few more. I will provide detail if you ask me to.

Then there is the traffic incident [reporting/messaging? 5.52.02], which is the contract that we enlarged with Stornoway for particularly managing the clearways and moving vehicles that have a breakdown and get them moving more quickly and thus, prioritisation measures on key feeder routes, arterial access improvements. In particular, I am thinking of the intelligent transport solutions on the Tasman Highway. We made a media release about that in the last couple of days about expecting some disruptions on the bridge while we improve variable

messaging signs and a better lane management system on the bridge. We are doing that out of peak times.

Ms McINTYRE - We are doing some work first on-road traffic information system on the Tasman Highway near the Hobart Airport Interchange project. That is the first one.

Mr FERGUSON - Got the rotation wrong but that is short-named 'Davis' for short.

Ms McINTYRE - Yes, that is the one.

Mr FERGUSON - We have discussed the ferry. The active transport, we have discussed. There are so many other initiatives, perhaps smaller, but they are the largest of them, that I have now covered.

CHAIR - Luke, did you have something? Nick, you had something?

Mr DUIGAN - No, look, I am happy that my questions have been answered on this.

CHAIR - I just have one, minister. I note the significant reduction in the forward years, particularly the end of this current year, was for roads of strategic importance. I understand this is partially due to the reduction in the Australian Government's contribution this. Was it impacted by that? Why the big reduction?

Ms McINTYRE - The Roads of Strategic Importance fund forms part of our Australian Government Infrastructure Investment Program. It forms quite a significant part of that. There is no actual reduction in funds. As we have mentioned a number of times, we work with the Australian Government to reprofile cash flows. The Australian Government has been working on a five-year forward program.

However, we have a partnership with the Australian Government which has a much lengthier commitment to a program and Roads of Strategic Importance is one of those. It may look like funding is not available in the current Budget, however, it is. As we have said, we have cash-flowed some projects forward. We have some significant funding allocated to projects. For example, the northern roads package is a \$420 million package, but at this point in time we are at the planning study stage. Within the planning stage. We cannot spend a lot of money in the next two to three financial years. That will be cash free. It is reprofiling, that is what it is.

CHAIR - It is not a reduction.

Ms McINTYRE - It is not a reduction.

CHAIR - Any other questions on capital investment? Thanks, minister. We now have Marine and Safety Tasmania, I do not know if you can hang around for MAST.

Mr FERGUSON - I would not miss it. Before we close up that output, Martin may have an extra answer and I also do.

Mr CRANE - The number of FTEs of our transport safety investigation officers, as of today, it is a total of 13.89, with a breakdown of 3.89 in the north, three in the north-west and

seven in the south. I think I probably did mention I thought we would increase that slightly. In relation to the pension scheme, year to date we have 31 applications, which is up on the numbers, with a year-to-date expense of \$7656. It has come back, as we suggested.

Ms LOVELL - I did not add those numbers in my head as I went, the FTE and the head count, are they just all full-time employees?

Mr CRANE - Yes.

Ms LOVELL - Thank you very much.

Mr FERGUSON - Is the head count identical to the FTE?

Mr CRANE - Yes, that area, I think it is, yes. Plus, we also have a casual pool in that area.

Mr FERGUSON - I provide to the committee the bus stop prioritisation framework and the grant program guidelines.

CHAIR - Thanks, minister, we will just stop the broadcast while we change over.

Marine and Safety Tasmania

CHAIR - Minister, you can hand over to the member, Nick Duigan, if you want. But do you want to make some opening comments?

Mr FERGUSON - No opening comment, but I would like to welcome to the table, and good evening Chair and committee, Lia Morris, Chief Executive Officer of Marine and Safety Tasmania.

Mr DUIGAN - No, we will not be going fishing. I will start on the issue of derelict vessels in our waterways, which are something of great interest to me. They pose risks in a number of areas, navigational and environmental harm risks, and of course risks to public financial exposure. They are becoming increasingly apparent, but I am interested to know what the Government is doing to mitigate these risks and address the issue around the vessels.

Mr FERGUSON - Thanks, Mr Duigan, also thank you for your work as Parliamentary Secretary, with responsibility for support for the Tamar Estuary, where we do have issues, but we have issues in other places. Primary responsibility for disposal of derelict and sunken vessels is with the owner of the vessel. Sometimes, unfortunately, this responsibility is not accepted. There are a number of derelict and sunken vessels across the state that are proactively managed by MAST under its responsibility for safe navigation.

The Marine and Safety Authority Act 1997 contains limited powers in relation to abandoned, unseaworthy and sunken vessels. MAST currently has the powers to serve a notice to the owner of a vessel that may be abandoned, sunken or that meets the legal definition of being unseaworthy, if the vessel poses a risk to safe navigation. A notice requires the owner to either put the vessel into a seaworthy condition or remove it within a reasonable time frame. If owners don't comply with the notice as issued, MAST may apply to the Supreme Court for

seizure and disposal of the vessel. MAST does not have power to remove sunken, abandoned, or unseaworthy vessels without going through that legislative process.

The challenges in dealing with end-of-life vessels posed by the current settings include the following, there are quite a few. Vessels are private property, consenting powers from the state to relocate or assume control needs to be underpinned by clear legislation with natural justice provisions. Vessel owners should not be indemnified in a way that allows for transfer of responsibility to the state, which I think you'll agree, some people think they can do that.

State intervention can be perceived as a cheap alternative to vessel owners for responsibly managing the disposal of their vessels rather than as a last resort. Delineation of regulatory roles and responsibilities of MAST, the EPA, and the Department of Natural Resources and Environment needs to be clearer - we believe it needs to be clearer. There's no mechanism for covering cost of agency interventions. Penalties for failing to responsibly manage end-of-life vessels are significantly less than the cost of removal and disposal. There is a lack of powers for the state to impound or relocate lower-risk vessels without needing to assume ownership. The cost of removing and disposing of end-of-life vessels increases over time as they deteriorate and/or sink or pose other pollution risks.

Under the currently legislative provisions, MAST can issue a notice to the owner, but only if it poses a risk to safe navigation. A notice requires the owner to either put the vessel into a seaworthy condition or remove it. However, MAST has no power to remove it. The Government recognises the state's ability to manage risks associated with these vessels is limited. Therefore, I have requested my Department of State Growth to lead the development of a joint proposal by the relevant agencies, including MAST, to develop a preferred financial and regulatory model to improve the state's ability to address the risks posed by these vessels, including the environmental and the financial risks.

The department is now leading the development of a joint proposal by those relevant agencies to develop the preferred financial and regulatory model to improve the state's ability to address the risks posed by these vessels. I expect this work will provide a clearer understanding for boat owners as to their own obligations and their early actions which they should be taking to avoid more difficult and more expensive costs later down the process, as well as reducing the environmental, navigational and financial risks to the people of Tasmania in relation to derelict vessels.

It is a thorny issue. I hope that we'll be able to make progress on that policy setting this calendar year. It is something that I still await the advice and the quality of it is going to be very important to us.

Ms MORRIS - To make one extra point, Tasmania is not unique when it comes to this. It is an issue across Australia and other governments have put significant money into derelict vessel removal of end-of-life vessels.

Mr FERGUSON - It's expensive.

Ms MORRIS - It's very expensive.

Mr FERGUSON - We might not be able to do an awful lot about the current situation, but we certainly want to prevent the matter becoming worse over time.

CHAIR - I don't know if the member for Windermere has any derelict vessels, has he?

Mr DUIGAN - There's heaps of derelict vessels. Big ones.

CHAIR - In your electorate, but not personally owned by you.

Mr DUIGAN - In my electorate, not personally under my carriage, no. Zero. Maybe one.

Onto happier news about recreational boaters, and we know that Tasmania has a large number of recreational boaters. In fact, proportionally we have the greatest number of recreational boaters in the country - and I would make a point that we also have excellent recreational boating facilities here in Tasmania, but that is always a work in progress. I am interested to know, deputy premier, if you can update the committee on what is in the Budget for recreational boaters and facilities.

Mr FERGUSON - Thanks again, Mr Duigan. I should have recognised your experience and background in this space, and I really do mean that. The funding of recreational boat facilities under the marine infrastructure safety plan will continue in the new financial year - the Budget year - with \$1.6 million allocated, and a further \$4.8 million committed over the forward Estimates. The allocation of \$1.6 million is dependent on current boat registration and licence numbers remaining constant, which we are confident of.

The funding program was restructured, with \$1.3 million allocated each year to a rolling five-year marine infrastructure and safety plan. A further \$300 000 annual allocation has also been committed to the small boating fund, where the boating public apply for projects of up to \$75 000 throughout the year.

The five-year plan enables MAST to obtain all the necessary approvals and cost estimates for proposed infrastructure, plus appoint contractors and plan it and manage it, knowing confidently over the Budget and forward Estimates that the funds will be there. MAST's aim is to continue to provide the recreational boating public with the best possible infrastructure, and to ensure that there is transparency about where their funds are going - where their registration and licence fees are being spent.

Infrastructure projects completed in the current financial year, 2022-23, include the Dover boat ramp upgrade, which has been an installation of a second ramp and a jetty upgrade in the member for Huon's electorate; the Burns Bay boat ramp approach and apron upgrade; the Denison Canal dredging of shallow areas; and the extension to the landing stage at the Apex Point White Beach boat ramp.

Our infrastructure projects for the coming year include the addition of a third ramp lane at Dodges Ferry; extension of the jetty at the Pirates Bay boat ramp; an upgrade to the trailer parking area at the Little Swanport boat ramp, which is certainly needed after a recent visit of mine, very heavily used; and construction of a new landing stage at the outer Burnie boat ramp.

Small boating fund projects - that is the smaller ones - in 2022-23 have included the repair of the breakwall at Arthurs Lake; excavation of sediment at the tow of Garden Point boat ramp; replacement of a safety buoy line at Craighourne Dam; improvements to the grade of the

Lake Mikany boat ramp; upgrade of the Corinna boat ramp; the launch area upgrade at Eddystone Point; and a boat ramp upgrade at Surveyors Bay in the lower Huon River.

The message here is that with the highest proportion of population in the country being boatees, recreational boat owners and licence holders, we are putting their licence fees to best possible use with better facilities. Over time, I think people will start to really see - are already seeing - those benefits, but they stand to see a lot more in the future.

Minister for Planning

Department of Justice

Output Group 4 - Regulatory and Other Services

4.2 Tasmanian Planning Commission

CHAIR - Now, you are here as Minister for Planning. There are two output groups here. They've crossed over to the Department of Justice and DPAC. Luke has the lead on these questions and they may wander across both; I hope that's okay.

Mr EDMUNDS - If you're happy with that, I think that works better rather than try to get tangled up in outputs.

CHAIR - Over to you. Sorry, do you want to introduce your team first?

Mr FERGUSON - Good evening. I welcome to the table Mr Brian Risby, Director of the State Planning Office, and Mr Todd Crawford, Acting Deputy Secretary, Department of Premier and Cabinet. If the committee would wish to speak to Mr John Ramsey, the Executive Commissioner from the Tasmanian Planning Commission, or Mr Ross Smith, Deputy Secretary, Department of Justice, they're available as well.

I will make a brief opening statement. The Budget reaffirms the Government's commitment to completing our planning reform agenda and ensuring that our state has the most effective, strategically well-informed and efficient land use planning system in the country.

The Budget also provides significant ongoing support for our local government and regional partners to undertake up-to-date analysis and progress updates to the Regional Land Use Strategies. It also signifies the continued progress that's been made since we were at Estimates last year, particularly in regional planning and the delivery of the Tasmanian Planning Policies. We're nearing the end of the necessary focus on the statutory reforms through the delivery of our Tasmanian Planning Scheme and are well into the phase of building the more policy-based and strategic instruments of our land use planning system.

The Tasmanian Planning Scheme is now in effect in 21 local government areas, which is eight more than this time last year. The committee will be interested to know we now have Brighton, Burnie, Circular Head, Central Coast, Central Highlands, Clarence, Devonport, Dorsett, Flinders, Glamorgan-Spring Bay, Glenorchy, Launceston, Meander Valley, Northern Midlands, Sorell, Southern Midlands, Tasman, Waratah-Wynyard, West Coast and West Tamar all acting in accordance with the standard State Planning Provisions and it's a credit to them. Of the remaining councils, most of these will come on board in the coming months and

there are only three who have not yet commenced exhibition - Derwent Valley, King Island and Kingborough.

The Budget continues to support the ongoing delivery of our planning reform agenda, of note following extensive consultation, which did include a series of workshops with council planners, our draft Tasmanian Planning Policies have now been finalised and are submitted to the commission for consideration. They're currently on public exhibition until 26 June.

We've also undertaken considerable groundwork for the comprehensive reviews of the Regional Land Use Strategies and the Budget provides the last tranche of the \$3.45 million we committed to this task in 2021-22. This year that's \$1.5 million. Also, over the last 12 months, we've provided considerable funding to regional bodies and individual councils for them to undertake their residential growth and land supply and demand studies and prepare updated settlement and structure plans.

As the Minister for Planning, I've got some particular responsibilities. I've made some important interim updates to the southern strategy, including giving effect to a suite of amendments to the urban growth boundary to correct anomalies that have been identified by council officers in conjunction with my team at the State Planning Office. I also, in that process, made changes to clause SRD 2.12 to allow for more land outside by adjacent to that boundary to be considered for residential development.

The State Planning Office is now well-established, within the Department of Premier and Cabinet and is regularly contributing to the broader work of that agency, as well as supporting other agencies in planning related matters. As we discussed at last year's Estimates, the office is committed to improving its online presence and has been developing the most comprehensive and user-friendly website on planning information our state has ever had. I hope members of the committee have noticed and appreciated that. The planning in Tasmania website will be launched in the coming weeks, providing a single place to find information about planning and related matters and also an easy way to track reviews and reform programs.

This Budget in front of us provides for a total expenditure for the State Planning Office of \$3.61 million which will be used to assist with the continued delivery of the Government's planning reforms and planning priorities. I welcome your questions.

Mr EDMUNDS - What are the reasons you have been given as to why those three, Derwent Valley, King Island and Kingborough are stuck on the drawing board?

Mr FERGUSON - I think stuck is a fair word in at least one case, but we respect our councils and try to jolly them along to get on with the task. I do not want to put words in Brian's mouth - but in some cases with my responsibilities in this portfolio, I have been pursuing this very question for the just-over one year I have been in the role. I have a particular focus on trying to encourage those that needed a little bit of extra help. I would bring to the attention the smaller councils, sometimes have needed more help. The larger councils that have been slow to get to that mark, it would be more of an internal question as to way they have arranged their workflow and their willingness to get into the statutory process. I will invite Mr. Risby to give his own observations. We will be as delicate as we can be, but honestly, the message can only be 'giddy up' we have been waiting for you to get on board.

Mr RISBY - Thank you, minister. There is actually not a great deal I can add to this. All of those, as far as I know, have been lodged with the commission. The commission conducts a process of working with the council to get them ready for exhibition. It is probably a question Mr Ramsey, as the chairperson of the commission, is better placed to talk about in any detail, if that is appropriate. However, as far as I am aware, they are working through with those councils to get them ready for the exhibition phase. When that is ticked off, then they will go into that process and it proceeds from there. In the State Planning Office, we do not get involved too much in that process, that is between the commission and the council.

Mr EDMUNDS - Why are they not signing up?

Mr FERGUSON - Why are they not as proactive as some of the earlier movers? Like Burnie City Council, which was the first one?

Mr EDMUNDS - What are they telling you why they could not? Yes.

Mr FERGUSON - It is a statutory process. I am not going to defend or adopt the position of these individual councils. They could speak for themselves and probably should. It is a statutory process, so they do have to take the steps that are in the legislation. However, without a doubt, without wanting to seem too critical, some councils have been far more organised and proactive than others. Others have sat on their draft provisions for some time and have been slow to progress them with the commission in the first place. They are making progress and I hope to believe we can see progress on all of them. Including, the five in the system right now and coming through the pathway, that we can see the remaining three do likewise.

Mr EDMUNDS - We have the local government review at the moment, well underway but also obviously, had a couple of delays along the road and planning was taken out at the last stage. What was your engagement with the board or the local government minister around that decision?

Mr FERGUSON - My involvement has been more with the minister. I'll go to the detail. The second interim report of the Local Government Board into the future of local government has effectively referred any further consideration of changes to councils' roles as planning authorities to me in my role as Minister for Planning. While the board has set out a range of issues and options around the question, this really is appropriate to consider as part of the planning system. There will need to be a very careful review of the evidence and suggestions of the review within the context of the current planning reforms. The evidence is emerging that many of the perceived problems of political decisions overriding planning judgments are diminishing in those council areas where the introduction of the Tasmanian Planning Scheme has occurred.

It's a much more structured decision-making framework. Plainly, as I think we all know around this table, education of councillors is a key role or a key opportunity because there are occasions where being a councillor, to feel comfortable and aware of their responsibility as a member of a planning authority, is quite different to being a member of the council for its other purposes. We need them to feel and know, even if they're uncomfortable perhaps with a planning decision, that they may need to take in sitting as a member of a planning authority - that's their role and they should feel that they're able to explain that and account for it without being seen as instead needing to make a political judgment, which would have otherwise

overridden a sensible planning judgment because that's what our ratepayers and developers need. They need some predictability in the system in order to have certainty.

The data on approval times for most developments continues to show improvements under the new Tasmanian Planning Scheme. For example, Burnie Council is the exemplar. Based on the most recent data, the approval times are just five calendar days for permitted use and 28 days for discretionary decisions.

The recent introduction of the major projects process also elevates significant and often controversial projects to the more recently legislated process, which is overseen by the Tasmanian Planning Commission, when there is - what's the correct term for the minister to make a decision? - declaration of a major project, and then the TPC's independent assessment process kicks in.

The other planning reforms, the Tasmanian Planning Policies and improved regional planning framework and comprehensive review of the Regional Land Use Strategies, will place a greater onus on local councils to collaborate at the regional level to engage in more strategic planning rather than just focus on individual developments.

The outcome of the review's recommendations around council boundaries may also impact the efficiency of some local councils' managing development applications. We don't know yet what that will lead to. We are open-minded; on this basis, the Government is prepared to let the rollout of these other reforms finish and then see if any significant structural reform is still needed to the planning authority model. I personally and on behalf of the Government, don't have a foregone or a predetermined view on needing to do something more in this space. I'll be guided by evidence at the time. In the interim, we'll examine if there are some immediate discrete problems that may need a new approach, such as where the council is the development applicant to its own approval process, and how an education program about responsibilities of planning authorities can be improved.

That last one I feel has significant merit. People get elected to councils for all the right reasons, I would say, but once elected they perhaps find themselves doing something that they weren't expecting: presiding over planning applications as a member of a planning authority.

CHAIR - And then getting the backlash for it going the way someone didn't want.

Mr FERGUSON - They may get backlash or they may feel that they need to make a decision against advice because they might be personally not convinced or dissatisfied with a particular development - be it height, be it colour, be it size - even though otherwise it might have been quite acceptable in the planning arrangements, and we have seen a few occasions. I think they're the exceptions but we do see occasions where, particularly under the weight of some public pressure, members of planning authorities sometimes do make political decisions because they're politicians.

I think that the education opportunity is a real one here, but - going back to the very first question from Mr Edmunds - in terms of the referral of this opportunity for further consideration by the Government via my portfolio, I'm not wanting to rule things in or out. I know you haven't asked me to, but I would like to allow the outcomes of the current review's recommendations to just run its course, for the time being, before we would turn too much attention to this. We already have quite a bit happening in this space to keep us very occupied.

Mr EDMUNDS - Did you have feedback when planning is pulled out of the review from key stakeholders? I know there were pretty passionate views about planning. I wouldn't even say both sides, but you understand what I mean when I say that. What's the feedback been like from the stakeholders?

Mr FERGUSON - It's been very quiet, actually. I have had minimal feedback, if any, positive or negative. Certainly, no strong representations have come my way as a reaction to that.

Mr EDMUNDS - Just on the planning thing, there are plenty of examples of councils approving things, what you might call in quotes 'against advice', where commonsense... I know we had to do it a few times with Clarence. We went against an officer's advice to make sure that the fence around the pool was appropriate because of the conflicting codes et cetera. It's not always knocking things back.

The reference to the politics of planning, we might have seen that on the Eastern Shore with Droughty Point. In terms of the politics of that from state Government - let's face it, I am referring to, your own behaviour - have you reflected on that? Do you think that was the appropriate way to go about things, to refer to the council as 'bloody-minded' within the scope of the rules that they were given?

Mr FERGUSON - I am pretty comfortable with that. I believe I was quite fair as well in relation to those matters. Perhaps the evidence might suggest that a number of people have actually misunderstood what the different players' responsibilities and roles have been in that space. Only one person has responsibility for making changes to the Southern Tasmania Regional Land Use Strategy and that is the minister for Planning. If some people have been confused about that, that's a further pointer to the need for continuous professional development of our elected members on councils, so that we all understand our roles.

I even saw some feedback that showed that some members who made that decision originally by Clarence City Council to not make the policy decision to support a recommendation to me for the changing of the urban growth boundary, one, or more than one, councillor even referred to themselves as having been sitting as a planning authority, which was simply not accurate. They were sitting as a council, not as a planning authority.

There's just continued echoes of the need for better awareness that perhaps we can all strive for, so that people are aware of their respective roles in this space. I would make the same decision again. It was a good decision in unlocking the opportunity for a very exciting residential development over decades, by the way, not overnight - over decades - to at least have access to the Tasmanian Planning Commission. That was the position I was speaking from when I used those words, because it was actually a denial of a very good proposal to be even assessed by the Tasmanian Planning Commission for a rezoning.

I did not change the zoning because I don't have that planning. All I changed was the urban growth boundary, which itself was a barrier, based on an anomaly, a very unique anomaly, that would otherwise have prevented the developers of the Skylands proposal to commence a process and hopefully go to council and initiate a planning request to the TPC.

Brian, do you want to add to that? I think the knowledge and who does what is a very important element here.

Mr RISBY - There is probably not a great deal I can add to that. The key here is, as the minister indicated, that the minister's responsibility is to maintain the regional strategy and update it regularly. The process that we undertake for the minister is to seek advice from councils as to amendments. That then forms a recommendation to the minister. But it's the minister's call as to adjustments to the Regional Land Use Strategy and the urban growth boundary.

In this instance, the anomaly that the minister referred to is the fairly unique circumstance where the urban growth boundary had been avoiding the hilltop in this instance, whereas the other hilltops in the greater Hobart area are all included, even the Domain. There was an anomaly there. The fact that the urban growth boundary extends over it does not indeed point to it being developed for residential development. The urban growth boundary contains a whole range of zones in the urban area.

Mr EDMUNDS - The question was in the context of politics. Now that we are on to the urban growth boundary, and I know you have put through the minor amendments in different places to some of them. This is an old boundary, as you found with the anomalies you dealt with, do you still think that this urban growth boundary is relevant in 2023 to you as the minister?

Mr FERGUSON - That is a very fair question actually. It is a question that I have been turning my mind to. Yes, I do. I still see a role for it in the strategy itself but as with any strategy, it is open to review in the future. First of all, it was really quite important to the Government and the Greater Hobart city. The collective councils in the Greater Hobart plan actually identified the importance of updating the urban growth boundary and dealing with these anomalies. If I can describe it this way, as a first tranche of some change. You can see how involved it was, even though it was actually quite minor amendments and frankly anomalies.

The second point I would make is that we are still open to further change on the Southern Tasmanian Regional Land Use Strategy, including on the urban growth boundary. You may be aware that there are certain landholders who would like the urban growth boundary to run around their property rather than exclude their property. They may well have some fair points and they may well have some merit to their argument. Those one or two examples would not be what I would call 'anomalies', they would be more deliberate policy decisions to consider wrapping the urban growth boundary around them.

The other point I make, which I think will more directly answer your question as to the role of the urban growth boundary, is that rather than having a hard, black line on a map, it is now fuzzy. It is a fuzzy zone. Because of the fact that SRD 212 made a significant change in that any property that adjoins the urban growth boundary, but is outside the urban growth boundary, can now be considered by the Tasmanian Planning Commission more or less as if it was inside it.

Mr EDMUNDS - What does that require? Council has to make that submission?

PUBLIC

Mr FERGUSON - Even if it was in or out of the urban growth boundary it would still require a council initiation, wouldn't it, to be - what is the correct word?

Mr RISBY - To initiate.

Mr FERGUSON - To initiate a planning zone request to the TPC. There are powers that are held by the minister to direct I think, but -

Mr RISBY - Not really.

Mr FERGUSON - Not really?

Mr RISBY - Very limited circumstances.

Mr FERGUSON - It does still require - even if it was in the zone or outside the zone, but adjacent to. So long as it is touching the boundary, it now has more or less an open scope that an applicant can go to the Commission via the council. If I can just take this opportunity to remind the committee that in all cases, the party that would actually make a decision on a zoning would be the Commission.

Mr GAFFNEY - A follow-up question there. I was interested when you mentioned - I think you said council does not act as a planning authority. You said it acts as a council. I think there is a bit of confusion here. Regulation 25, clause 25.1 of the Local Government meeting procedure regulations says, 'In accordance, the chairperson will advise the council will now be acting as a planning authority'. In the regulations and rules, it actually says council will be acting as a planning authority. A councillor who has been told that in a meeting would therefore say, no, I am not acting as a council, I am acting as a planning authority, as dictated by the regulations. I think that is where the confusion could come about, because they are required by the regulations and by the act to say that.

Their chairperson advised the council will now act as a planning authority, and they are required by legislation to do that. That is where the confusion comes around.

Mr FERGUSON - I do not have a response.

CHAIR - Did you have a question?

Mr GAFFNEY - Was the minister aware of that regulation?

Mr FERGUSON - Yes I am, but I do not believe that it detracts from my earlier comments that I believe there was not uniform understanding around whether or not they were sitting as a planning authority.

Mr GAFFNEY - I have two sets of questions. I am not sure whether they come under that planning commission or state planning office.

The first is to do with operating prisons and youth detention facilities, and matter for Justice. However, the problems with identifying a site for the new \$270 million northern correctional facility and determining the future of the Ashley Youth detention centre suggests there are some ongoing issues with the planning processes. My question is what costs have

been incurred to date on these processes, and what further expenditure is anticipated to resolve the concerns of the local community. That one you talked about, state planning.

Mr FERGUSON - I am very sorry, I do not have an ability to answer that. I do not have the brief that would be relevant to that. It would definitely be a reasonable question to pose to Justice, unless you are asking us for a broader response in respect to how the planning system may work around the development such facilities, and any rezoning that may be required.

Mr GAFFNEY - It was assessment advice from Tasmanian planning policies in assessment of major projects and projects of state significance. I felt that came under the Tasmanian Planning Commission, and the issues surrounding the youth detention facilities I would see as Justice, but there obviously planning issues surrounding that, and that is what I was -

Mr RISBY - Thanks Mr Gaffney. I suspect what you are talking about is what considerations are going into the Department of Justice consideration of different sites? That really is something that we are not involved in at the moment. They are welcome to seek our advice, but I am sure they have people looking after that.

Mr GAFFNEY - Okay, so that question should be asked of Justice. Terrific. Handballed.

The other question is about short stay accommodation. I have five questions on short stay accommodation, so I'm happy to have answers now or on notice. People are concerned about the impact of the growing numbers of short stay accommodation properties in Tasmanian communities while local residents and key workers are not able to find homes. How much is the state Government investing in monitoring and managing this ongoing issue?

Should I do all five questions, or one at a time?

CHAIR - One at a time.

Mr FERGUSON - We are very comfortable taking all of those questions. It probably would fit the purpose of the evening to take them one at a time.

The Government does monitor this space, in particular as a result of some amendments our Houses both made to legislation in 2019, which was deliberately intended to ensure we do have a clearer picture of what is happening in that sector of the short stay and visitor economy, and ensure everyone is playing by the same sets of rules.

CBOS – Consumer, Building and Occupational Services in the Department of Justice - is continuing the examination of building requirements for properties being used for short stay accommodation. The data is I think contested in terms of what conclusions can be drawn from the level of short stay accommodation being provided in different population centres.

Mr GAFFNEY - The question about how much the state Government is investing is difficult - but what are you investing, people wise, to look at that? Is there a person responsible, or people responsible?

Mr RISBY - The CBOS collects data which is provided by the platforms. There is a quarterly report published, which, provides a sort of analysis for council by council of the

different sorts of listings through the platforms. That provides the councils with adequate information for them to then determine their policy settings. If they consider the proportion of short-stay is providing a problem for them, then, they have that capacity to seek an adjustment of the planning controls through the amendment process.

Mr GAFFNEY - The next question would be, how many short stay properties in total and in each region of the state, North, North-West and South are exempt from the permit system and for what reasons?

Mr RISBY - I think I have the latest report with me, but it is fundamentally a CBOS management issue. If you would just bear with me, I think the latest report is the third quarter of 2022. I have a feeling I have it somewhere but it takes a bit of analysis, to be frank. I may not be able to fully give you an outline right now.

Mr GAFFNEY - If I do these next two questions, which are about analysis of data, would that help and then come back with the answers?

Mr RISBY - To be frank, it would probably require taking them on notice and providing a written response in detail, because there is a lot of data there.

Mr GAFFNEY - Alright, that was that one and then it says how many short stay properties in each region, North, North-West and South have permits and how many do not have permits? Where owners of short stay properties claim no permit is required, how many were checked in the financial year of 2021-22 and the 2022-23 financial year to date? The final question is what is the oversight process for confirming the no-permit required status of short stay properties? If I forward those to the minister?

Mr RISBY - Absolutely, I can address a couple of those in broad terms. The point of collecting data is to give it to the councils so they can check most of those things.

Mr GAFFNEY - Do the councils have to provide back how many of those permits they have checked or if they have a process in place?

Mr RISBY - No, as the Planning Authority, it is their job to ensure the enforcement. If someone says they have a permit, then it is the council's job to maintain that to see if that is actually the case. If they do not, the council will take action. The Government has not got a regulatory function.

Mr GAFFNEY - Thank you, that is helpful.

Ms LOVELL - I wanted to ask a question about the State of the Environment Report. There has been some funding allocated to the TPC for producing a State of the Environment Report. I understand that is \$400 000. Could I confirm, first of all, that is the total amount that has been allocated for that report.

Mr FERGUSON - That is correct. If you were going to ask me, is that enough?

Ms LOVELL - I was, yes.

CHAIR - Actually?

Ms LOVELL - Yes, I was. I am, because in 2019 in Department of Justice estimated that the cost of producing the report would equate to \$1.25 million. We are two reports behind. My question is how can the TPBC be expected to produce a report using contemporary methods with essentially a third of the money that has been determined to be required and triple the amount of data to analyse, given we are two reports behind.

Mr FERGUSON - Thank you. We have resolved this matter in terms of initiating the State of the Environment Report because I exercised a particular provision that allowed me to call me on the Tasmanian Planning Commission to undertake the report. I am advised the funding that is provided is adequate for the task and it is in line with discussions I have had with the Department of Justice about what amount would be required. The Tasmanian Planning Commission was directed on for October to do the report by June of next year.

You would be interested to know, I am sure, that following preliminary work, the commission has resolved in December to appoint a State of the Environment Advisory Committee, and this comprises commissioners Nick Heath, who will chair the committee, Max Kitchell and Pam Allan. The committee has undertaken a range of consultations and discussions with state government agencies and a number of community interest organisations.

The preliminary work of the committee is supported by commission staff and a senior planning consultant. The recruitment of an SES-level State of the Environment Report director is actually underway at the moment. The committee's initial consideration of the themes to be considered in a report are four areas as follows: air; biodiversity; marine and coast land; and waste rivers and wetlands.

CHAIR - Waste rivers? I hope we don't have waste rivers, really.

Mr FERGUSON - It's probably waterways, rivers and wetlands or something like that.

CHAIR - I hope so.

Mr EDMUNDS - Bloody AI got it.

CHAIR - Someone took the ChatGPT to it.

Mr FERGUSON - Let's go with that.

Mr EDMUNDS - We've all been there. Waste rivers in the Budget.

Mr FERGUSON - I can think of one river that might - a certain place. Not in my area at all.

CHAIR - The Tamar River?

Mr FERGUSON - No. I will just clarify that.

CHAIR - Ask ChatGPT what it should say.

PUBLIC

Mr FERGUSON - Thank you. That makes more sense. In fact, the theme of waste, and a further theme of rivers and wetlands. That would make more sense.

The commission has sought RFQs - requests for quotes - for consultants to prepare reports on those identified themes. The committee work in 2022-23 has been funded from the Tasmanian Planning Commission and Department of Justice budgets. One-off funding of \$400 000 has been provided for 2023-24 as part of the budget to produce this report. That is the extent of the information. I am happy to take questions.

Ms LOVELL - On the funding, the \$400 000 one-off funding is obviously not going to cover all of those costs that you've outlined there for consultants and an SES-level person being appointed. You read there that there was some money, or that some of those costs would be out of the budgets of Department of Justice, I think you said towards the end, and then plus the \$400 000 one-off funding? Is that correct?

Mr FERGUSON - My advice, when we were setting the budget amounts, is very clearly that's the new amount that was required. I am just going to turn - is there any other advice?

I have already mentioned Mr Ross Smith, the Deputy Secretary of the Department of Justice. Would you mind responding further? The sufficiency of the budget is the question.

Mr SMITH - I guess that was the advice that we provided for being able to meet that requirement to deliver, or the commission being able to meet the requirement to deliver the report by June 2024.

Ms LOVELL - The \$400 000 is to cover all of those things that were outlined by the minister?

Mr SMITH - I think it is the additional cost, but as the commission is part of the Department of Justice, the commission has access to all of our publishing and support costs as well. It's not the full cost; it's the additional cost that's required to produce the report.

Ms LOVELL - Is there an estimate of the total cost of producing the report, including the resources that are available that you've outlined?

Mr SMITH - We haven't developed a total additional cost. We just took into account the likely existing resources that would be available to the commission as well. As the commission is working through on what it needs to do to deliver the report, we'll obviously keep a record of those full costs.

Mr FERGUSON - But can I just again reiterate, I would like to be really clear and transparent with the committee that in the development of the Budget and also the original direction, we were very clear in our minds we needed to provide \$400 000.

Ms LOVELL - Thank you. There has been some ongoing discussion over a number of years now on where the responsibility for the State of the Environment Report should sit. Where obviously we have missed two reports and looking now at 15 years' worth of data, instead of five years' worth of data. Has there been a decision made or do you have a view on where that responsibility should sit beyond this report that is being produced?

PUBLIC

Mr FERGUSON - Yes, for the time being, the biggest thing that concerned me was the absence of the report for such a long period and the impasse that had been reached by good people but nonetheless, an impasse that had been reached. I am personally satisfied with where it's at right now, knowing that it's in development and open to ideas and feedback about who and how should do the next one. But currently, legislatively it is pretty clear in the act that it sits with the Tasmanian Planning Commission. For several good reasons it was difficult to progress it, but with the direction I took, it seems to have been progressed.

Arguably, it's not the ideal organisation and I have said as much in the past and believe former planning ministers have said as much in the past. Perhaps, not ideal but then in life so many things are not ideal but we are making progress. It's now happening and in five years' time or five years from when this report is produced, middle of next year, it would be open to Government to continue keeping it with the TPC or to consider a different governance model altogether. I do not have a fixed view at all.

Ms LOVELL - I hope it might be considered sooner, so we are not in the same position again next -

Mr FERGUSON - So that the time frame's not skipped again. Yes, I do agree with that but I don't feel the need to resolve that right here and now. For me, it is pleasing we have the report under - now genuinely in development.

Ms LOVELL - Yes, it is a good thing to see.

CHAIR - Can I just follow up with that and just go to another area. Within the TPC, there is the three-person panel or committee that is headed by Nick Heath. Do they attract sitting fees, those positions, or some other fee?

Mr SMITH - Mr Heath is at \$150 an hour for a sitting fee and \$100 per hour for the other two members.

CHAIR - Plus travel?

Mr SMITH - If it was required but it has not been requested.

CHAIR - Okay. There is that and there is the SES role on top of that and then I'm pretty sure I heard you saying, minister, they will be calling in for other expert reports into various areas, like waste and rivers. One would expect those reports and the expertise will need to be paid for.

Mr FERGUSON - Yes, and possibly no. The whole point here is to take as much as possible whole of Government action and my colleagues from the Department of Premier and Cabinet have been engaged with coordinating with Government agencies and statutory authorities that can provide inputs into those reports and, of course, we would not expect to have to pay for those.

CHAIR - You are saying a lot of it will be done in-house?

PUBLIC

Mr FERGUSON - Submissions and inputs to the work of the Planning Commission in developing the report in part will be based on input from a whole range of Government agencies and a number of statutory authorities.

CHAIR - They will just have to meet it within their current budget allocations.

Mr FERGUSON - We actually have got cooperation. That work has been done - when I say 'done', that work has been initiated quite some time ago to engage with those relevant -

CHAIR - Start collecting the data, you mean?

Mr FERGUSON - And start preparing to hear from and engage with and then prepare and provide input.

CHAIR - As we know, the TPC has a role in assessing major projects and projects of state significance. The Premier has made a commitment to put the Macquarie Point development stadium on that site - the multi-events arts precinct, whatever you want to call it. If that goes ahead, will the TPC need additional funding to undertake that body of work - which will be a significant body of work?

Mr FERGUSON - It is hypothetical in one sense, in that we already have user-pays mechanisms for the role of the TPC with some of the major projects assessments. There is a specific regulation, for example, for setting fees for the major projects assessments.

I want to be careful here about the way I would get involved at Estimates. We are talking about a project of state significance, which is not in my portfolio at all. It is entirely with the Premier of the day, who has the State Policies and Projects Act, which is the legislation that governs projects of state significance.

While I am the planning minister, thoroughly interested - in fact, that is an administration of the Premier - but I can say some things about it in terms of the costs. This is as far as I am prepared to go, because otherwise I am definitely speaking outside my portfolio. The Budget does not specifically provide funds for the assessment of a cost for any major project. The POSS legislation does provide a power for the making of regulations for the collection of fees, so that power does sit within the act presently.

CHAIR - It is more relevant when you have an external party. The Gunns pulp mill, for example, was a private party. What we are talking about here is the Government as the proponent.

Mr FERGUSON - What I was about to say, which is also useful, is that the past practice is for the commission to indicate to the proponent the fees for the assessment that it anticipates will cover its costs. From that point of view, I would need to draw a line, and say that would now be a question for my colleague minister, the Premier, to consider as that project proceeds through its next steps as a project of state significance.

To also make the point - and I am outside my portfolio and I definitely will stop here - there is funding for the stadium in the Budget, which provides for the full life of the project development stage.

PUBLIC

CHAIR - But that was put into the Budget before there was an agreement to make it a project of state significance. The budget papers were printed well before that. You know that.

Mr FERGUSON - Well, I will draw the line there. The fact is that the past practice has been for the commission to indicate to the proponent the fees for the assessment that it anticipates will cover its costs. I will absolutely not speak over the Premier's portfolio.

CHAIR - I am not asking you to. I am going to ask you where does it sit in the Premier's portfolio? Is it 1.1 Strategic Policy Advice? I don't want to see the Premier tomorrow and he says I should have asked the Minister for Planning yesterday. Would it be there?

Mr FERGUSON - I will advise you to check in with the Premier on that matter as to which output group it is best supported by. I won't speak again on this portfolio.

Mr EDMUNDS - While we are talking about this, there were a lot of media interviews and so on done. The Premier was talking about starting building in 2024, but even earlier today we were talking about late 2025 at this table. What changed? Is it going from major projects to the POSS?

Mr FERGUSON - The question again confirms the wisdom of not speaking into the Premier's portfolio, so I will draw a line there. It will be a matter for the Premier. If it was proceeding through a major projects pathway I would be more than comfortable discussing it because it would be in my portfolio. Given that the Government has adopted a different pathway, it is genuinely a planning matter, but it is within the Premier's portfolio responsibilities. It is a longstanding allocation under the administrative arrangements that the Premier does adopt that responsibility for that legislation.

CHAIR - Any other question on that particular matter? Not that he is going to say anything else.

Mr FERGUSON - I'm not. That's right.

Mr EDMUNDS - You were making comments about the UGB, and the fuzziness about adjoining properties. I think half the reason why we were in such a tangle on the eastern shore was the confusion about the difference between the Richardsons Road decision, which was refused, about urban growth extensions. Is that covered by - to use the technical term - the 'fuzzy' effect?

Mr FERGUSON - Yes, I would say it is. Only because that property, is it at 52 Richardsons Road, I think.

Mr EDMUNDS - Yes.

Mr FERGUSON - That property sits outside the urban growth boundary but is adjacent to the boundary. Given that the SRD2.12 now provides that a property that is outside but adjoins the urban growth boundary is now eligible, if I can use these words, to apply for rezoning, then it can be considered on its merits. Previously, there was a very limited application of the same rule, but it had a hectare edge limit. I forget the size limit, two hectares. Now, it is just the title itself is now eligible in its entirety to be considered.

If I were the owner of land that was outside but adjacent to the urban growth boundary and I wanted to have it reconsidered for rezoning, I would take a lot of comfort from the changes that the Government made to the Southern Tasmanian Regional Land Use Strategy, to more or less prepare my documentation and take it to council to initiate a planning rezoning to the TPC.

Mr EDMUNDS - I know we touched on this earlier through some questions from the member for Mersey, do you think the councils have everything in their kitbag that they would require if they were to consider they had too many short-stay accommodation properties in their local government area?

Mr FERGUSON - Well, first of all we are not encouraging that. We are encouraging some sensible approaches that - perhaps I will give a very quick 20-second history lesson, that in respect of the changes that were made some years ago, they have actually reflected in large part what the Hobart City Council had in place at the time in terms of short-stay accommodation. The options that are available are that the councils, whether they are already in the Tasmanian Planning Scheme and already have their LPS in place, or if they are about to go through the process and seek to get an LPS in place, that is a vehicle where they could ask the Tasmanian Planning Commission to consider a specific set of rules around short-stay. I might ask Brian to give further clarity on how that works. But there is a pathway and it is something that I have observed.

It has surprised me that the council, being Hobart City Council, that perhaps has had the most say on this issue. My understanding is that they have not sought to have it included in their LPS. It may surprise you as well. But, Brian, I wonder if you could just speak to the policy and what the rules would provide for without making any assumptions about who should be applying.

Mr RISBY - Absolutely. Effectively, there have been two processes for seeking adjustments to the short-stay rules. Those councils operating under the interim planning schemes had the planning directive in place over the top. Adjusting the planning directive has proved much more complicated and difficult than under the Tasmanian Planning Scheme. Now, currently no other councils have sought to make modifications to short-stay under the Tasmanian Planning Scheme, but the process is really relatively straightforward.

They need to make a case for adjusting through their LPS and introducing a specific area plan or something like that. The Planning Commission will assess that against the legislation, which provides for variations where there are circumstances of social, economic and environmental difference that warrant that to occur. The problem Hobart has had is it has the interim scheme and it has the planning directive over the top, which is only operating under savings provisions of old legislation.

Mr FERGUSON - To answer the question, there is a path. There is no guarantee or commitment that the Government provides on that other than that the TPC would consider it on its merits. From a government policy position, we have been pretty clear that we wanted to make that option open to landowners. Noting as well, that the bigger change was actually not about entire homes at all, it was about homesharing, of people who only wanted to let partial use of their property become available for short-stay. They were effectively given a much freer access to being able to do that through whatever short-stay listing provider they chose to use. Yes, it did also pick up what was a standard provision for Hobart in its interim planning scheme

and it just applied it to the state. That is why I also find it extra interesting that that is the council that has the most to say about this issue when they were the pioneer of it.

CHAIR - Anything else?

Mr EDMUNDS - Plenty but -

CHAIR - You can keep going. No-one is jumping up and down to get my attention.

Mr EDMUNDS - To be fair as well, they are not here to defend themselves. The world has changed a lot since 2013 and we have figured out we could book these sorts of things other than staying in hotels or waiting for something to be in the classifieds. Do you think that Government policy has kept pace with the explosion in Airbnb?

Mr FERGUSON - I think that is an arguable comment about explosion. I think that is reflective -

Mr EDMUNDS - Sorry, the increase in popularity, perhaps might be better.

1Mr FERGUSON - Yes, but of course, people are using them and I do not want to second guess what people should do with their own property. The best way to address the real problem here, which, I think you and I will agree on, is that we have seen our population grow significantly. That, in itself, is the biggest input to housing pressures not just for the actual shortage of supply but also the increasing rents. The best way to address that is to boost supply, which, of course, is squarely within Mr Barnett's portfolio of housing response and stimulus measures, both for public and private housing development, to be brought forward.

We often talk about our 10 000 homes but that is social and affordable homes, initiated by government and Homes Tasmania. Then there is so much supply that is also being supported in the private sector.

I want to go back to the broader concern. I will point out that I am advised that recent analysis by the Launceston City Council, as well as in the Cradle Coast region through its housing analysis report, indicated that the number of short-stay accommodation properties was a very small fraction of the total housing stock. However, while the state Government has set the default planning controls for the change of use to short-stay accommodation, the new Tasmanian Planning Scheme provides much greater flexibility for individual councils. Of those that are very motivated in this space, they are able to seek a more tailored local approach. It really places it in a very similar model of being considered, as is any rezoning. It would allow the council to request, and it would allow the Tasmanian Planning Commission to assess and make a determination. Brian, can you add to that? Is that accurate?

Mr RISBY - Totally accurate.

Mr FERGUSON - It is open to our councils, whether they are in the TPS right now or approaching the TPS, it is open to them to take their steps in that way. I would not encourage it or ask them to do so, but it is open to them to apply.

Mr EDMUNDS - Picking up on that theme of supply, it is well documented that we have 15 000 vacant spots within the UGB on my last checking of that stat. Just looking at the article,

we had a quote from the CEO of Master Builders talking about how crucial it is to incentivise people who own that land to develop it to meet some of our supply targets. What policies does the Government have to break the shackles of land banking, particularly in southern Tasmania?

Mr FERGUSON - Brian and I are going to jointly answer the question. I will start from the outset that first of all having a quantity of land that is zoned appropriately for future residential development is actually a sign of the planning system working. I do not think you have Mr Edmonds, but it would be wrong to assume or assert that any land zoned residential that does not have a house on it is a sign of a poor planning system. You need to have the pipeline and the future provision in place, while you also consider other zoning changes such as the ones we have chatted about.

The Government's outside my portfolio, but happy to chat about briefly at a high level. We have the Residential Land Rebate. In my role as Treasurer, I have supported that being in the budget and rolled over for further encouragement, if I can use that word. Now that Residential Land Rebate is intended to bring more housing land that is zoned residential to marketable saleable blocks of land for mum and dad home builders. To bring forward so that is seen as a stimulus. It is there for a limited time only and intended to encourage effectively to cover some of the cost of headworks charges. One of the conditions the Government built into that scheme to qualify for that headworks holiday is you have to bring that land to market within two years. There is a fair bit of pressure on to deliver that.

Also, we have extended the First Home Owner Grant by 12 months in the Budget. There is a bill before the parliament at the moment and of course, we strongly worked with the Australian government on the HomeBuilder and the Tasmanian HomeBuilder initiatives. I will pass to Brian to add.

Mr RISBY - The issue of land banking is pretty complicated and difficult one to solve. Other jurisdictions have tried a few things, but the situation in Tasmania is a little bit different because land banking here tends not to be a sort of organised business model it is more of a history of traditional land owners leaking small amounts onto the market at a regular interval, almost like a superannuation sort of thing. It is very difficult to apply some broad-brush thing where you threaten to take the zoning away or you hit them with a fee. It is not a very effective way of dealing with it. The situation in the south of the state in particular, is we have the regional land strategies essentially based on the zoning that was there 10 years ago which wrapped the urban growth boundary around that zoning.

What is happening now is it is quite evident that certain parts of that zoning may not be necessarily at the right location at the right time. The process we have under way here is to fund those reviews of the strategies. We have got substantial money going into the south to look at the residential demand supply studies. We also have the Greater Hobart plan work. All that comes together to actually provide a contemporary picture of what the current zoning should be really.

Mr EDMUNDS - When was that initiated?

Mr RISBY - We have money that has gone out of the door to the southern region to firstly put in place a coordinator for regional planning. We have money going to consultants to do residential demand supply studies for the outer Hobart area to match Greater Hobart plan

PUBLIC

and also further money beyond the Greater Hobart region. Probably in total about \$400 000 worth of support to the southern region to help get this picture settled at the moment.

Mr EDMUNDS - It is a pretty recent thing?

Mr RISBY - It is part of the reform program for the regional strategies. Most of that would be in the last 6 to 12 months.

Mr FERGUSON - We initially started talking about it two years ago planning for the funds of the budget.

CHAIR - Any more questions?

Mr EDMUNDS - I wanted to ask it is a bit of a political question so bear with me. I do not agree with everything you are doing in this area, but there is no doubt things are actually being done in planning. Do you regret the inaction of some of your predecessors in your portfolio?

Mr FERGUSON - Actually, it is a political question in the sense you are trying to pay me a compliment in order to give one of my colleagues a disservice.

Mr EDMUNDS - Perhaps I should frame around this. As someone who has come from local government and there's plenty of us around this building and at other things, there was a lot of frustration. People might not be happy with where things are moving at the moment but things are moving.

Mr FERGUSON - I will take the compliment but not the disrespect to my colleagues because I honestly say this without any smug grin. The previous minister, Roger Jaensch, in particular, set me up for the actions that I'm able to take at the moment and I say that just purely for what it sounds like. The actions that have been taken really are coming to fruition in many cases and I think honestly that Roger doesn't get the credit he deserves. That's my honest comment.

CHAIR - That's his political answer.

Mr EDMUNDS - He wasn't the only former one.

CHAIR - Do you have another question?

Mr EDMUNDS - Look, I'm probably - I don't want to hold questions -

Mr FERGUSON - But things are happening.

CHAIR - You've got to keep going and we'll pull up stumps right on point and pass, that's the nine hours.

Mr EDMUNDS - You put me under pressure. Your eyes are all burning holes in me.

PUBLIC

CHAIR - Sorry. Just while you're thinking, I'll ask one - again about the TPC. One of the other roles it plays is to conduct inquiries and reviews under other legislation. I'm just wondering if there are other reviews or inquiries going on at the moment.

Mr FERGUSON - I've just checked in with the executive commission and the answer is no.

CHAIR - They're looking for things to do at the moment?

Mr FERGUSON - They've got plenty to do and I give the same tone as my previous answer. The commission is very busy and I'm just aware of its competing priorities and the way in which it is trying to - and doing a very good job of - getting through the many things it has to do, in particular, the public hearings for the Huon Valley LPS is an extraordinary piece of work. They're working through it carefully, patiently and providing people with so much respect, it's really to be admired, but the answer to the question is no.

CHAIR - The Huon Valley, Dean, you might know more about that than me, obviously. They're obviously creating a bit of workload around their LPS. There are four others currently in the process, I think that's right? You said there were five all up?

Mr FERGUSON - Five moving through at the moment.

CHAIR - Three still to enter it.

Mr FERGUSON - There are eight yet to be completed, five are in the process and five are in the statutory process. Is that the correct term? Do you want to just use your own words?

Mr RISBY - Yes, I think they're all in the statutory process in that having them lodge with the commission is a statutory thing. Five of them are on exhibition or beyond; the other three are yet to go on exhibition, as I understood it.

CHAIR - That's the exhibition period where the bulk of the work is done by the TPC, am I right?

Mr RISBY - I'm reluctant to suggest that with Mr Ramsey in the building but, no, I think there's a huge amount of work that takes place before exhibition and that's probably why some of them are being delayed, trying to get that right. They have an obligation to make sure that the document that goes on exhibition meets the requirements of the act and that takes quite a bit of work sometimes.

CHAIR - So there's still a lot of time being consumed in those eight before we get to the end of that process?

Mr RISBY - Again, it's really a question to the commission but once they're in the exhibition process, it's really then the hearings and then it's the final determination - on the downhill side from there, yes.

CHAIR - Five of them; there's still three to even enter that process.

Mr RISBY - Yes.

CHAIR - Yes. And that was the point, I think, that Sarah was making about the State of the Environment Report and if they end up with a POSS as well to assess. It's a pretty significant workload, so do you believe, Minister, they are adequately resourced to handle all of it?

Mr FERGUSON - Yes, and if they need more support, they know that they only have to ask.

CHAIR - Back to you?

Mr EDMUNDS - Okay. Look, just for the sake of one minute, LPSs. Not everyone gets what they want through that process. What's the process for it? Is it just a matter of trying again or is there an appeals process? Refresh my memory.

Mr RISBY - Absolutely. Well, the LPS is just the planning scheme really, so it's exactly the same process that we've always had, which is that councils control the planning scheme. The LPS is the planning scheme for that particular area. If they seek a rezoning and they get knocked back, then the councils determine it's not strategically right at that time, then they may revisit it at some future time.

Mr FERGUSON - And that does happen from time to time.

CHAIR - Okay. Well, we'll call it quits at 7.20 p.m.

The committee adjourned at 7.20 p.m.