



PARLIAMENT OF TASMANIA

LEGISLATIVE COUNCIL

REPORT OF DEBATES

Wednesday 18 November 2020

REVISED EDITION

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The President, **Mr Farrell**, took the Chair at 11.00 a.m., acknowledged the Traditional People and read Prayers.

LEAVE OF ABSENCE

Member for Pembroke

[11.03 a.m.]

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

That the member for Pembroke, Ms Siejka, be granted leave of absence from the service of the Council for this day's sitting.

Motion agreed to.

ENERGY CO-ORDINATION AND PLANNING AMENDMENT (TASMANIAN RENEWABLE ENERGY TARGET) BILL 2020 (No. 43)

Second Reading

[11.03 a.m.]

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

That the bill be read the second time.

The Tasmanian Government recognises that the energy sector is rapidly changing. Australia's energy market is undergoing a major transformation, from dependence on fossil fuels to predominantly using renewable energy. Comprehensive and diverse variable renewable energy generation, with dispatchable energy generation for firming, is required to enable a sustainable transition.

Tasmania is already punching above its weight in generating low-cost, reliable, clean energy for the nation, producing nearly a quarter of Australia's renewable energy, while consuming just 2 per cent of the nation's energy.

We have world-class wind and water resources at our disposal in Tasmania. This, combined with our firm dispatchable hydro-electric generation, places Tasmania in a unique position to drive the nation's energy transformation.

We can harness the immense potential in renewable energy to grow our economy, attract investment, create jobs and transform Tasmania from being Australia's leading renewable energy state, into a world leader of low-cost, reliable and clean energy.

To help achieve this plan, the Government is developing the Tasmanian Renewable Energy Action Plan, which outlines our vision and a suite of actions to develop renewable energy generation in Tasmania over the coming 20 years.

The final Tasmanian Renewable Energy Action Plan, which will be released in coming months, sets out clear objectives and actions to turn Tasmania into a renewable energy powerhouse. A key pillar of the action plan will be the setting of a world-leading Tasmanian Renewable Energy Target, which will see Australia doubling its renewable energy generation by 2040.

Mr President, this bill sets the ambitious and achievable renewable energy targets that will underpin the decisive action that the Tasmanian Government is taking to encourage investment in our renewable energy sector.

With our Tasmania-First Energy Policy, we have committed to Tasmania being 100 per cent self-sufficient in renewable energy generation by 2022. Tasmania is on track to reach this target before 2022, with the recently completed Cattle Hill Wind Farm and under-construction Granville Harbour Wind Farm projects helping us achieve this. These projects, when fully operational, will provide an additional 256 megawatts of electricity-generation capacity. Such projects represent hundreds of millions of dollars of investment, and hundreds of jobs - particularly during construction - in regional areas of Tasmania.

The Energy Co-ordination and Planning Amendment (Tasmanian Renewable Energy Target) Bill 2020 before you today will help build upon such successes by legislating the Tasmanian Renewable Energy Target - TRET - and supporting interim target.

Achieving the TRET will increase the state's renewable energy output, equivalent to 200 per cent of 2022 renewable electricity generation levels. This means by 31 December 2040, 21 000 gigawatts of electricity generated in Tasmania will be from renewable energy sources.

An interim target has been set to achieve half of the TRET by 2030, with 15 750 gigawatts of electricity generated in Tasmania to be from renewable energy sources.

The TRET and interim targets legislated by the bill apply to electricity generated by equipment connected to the National Electricity Market - NEM - in Tasmania. Renewable energy sources including wind, solar and water (including hydro), and other energy sources declared by the minister will contribute to these targets.

Whilst it is anticipated that the majority of increased generation will come from large-scale renewable energy sources, it is envisaged that distributed energy sources, such as rooftop solar, may also contribute to the targets.

Mr President, another renewable energy source that could contribute to the TRET could be a form of bioenergy. This could involve sources such as agricultural waste, biomass-based components of municipal solid waste, and biomass from sewage or wood waste. Given the unknown nature of how technologies may evolve to utilise these sources, it is prudent that no particular source is ruled out as having the potential to contribute to the TRET.

But let me be clear on this, Mr President. Whilst the Government supports bioenergy and the job-creating opportunities it represents, we have been consistent in that we have always intended renewable energy sources that are set to contribute towards the TRET to be based on solar, water and wind. The harvesting of native forests specifically for renewable energy production is not currently required or anticipated to be a part of the TRET.

In terms of how we declare additional sources, it is vital that we give this important legislation the strength it deserves. This legislation sets out a long-term vision - right out to 2040. With this in mind, the Government tabled an administrative amendment in the other place on 10 November so that new sources of renewable energy to be declared by the Minister for Energy will be through a disallowable instrument.

Mr President, the economics of Tasmania's wind offering suggest that significant build out of new renewable electricity generation will occur in the state. Renewable energy is one of Tasmania's greatest economic opportunities. By legislating the TRET, the Government is providing the energy sector with investment confidence. It also provides a clear signal to the Australian Energy Market Operator - AEMO - about Tasmania's strong commitment to developing its renewable energy potential to support changes to the national electricity market.

The AEMO has noted this by including the TRET in modelling of the latest Integrated System Plan. The ISP identifies the Marinus Link as an actionable project - one that is critical to address cost, reliability and security issues. This means that Marinus Link is absolutely required and forms an essential part of the national energy market's optimal development pathway.

While the TRET strengthens the position of Project Marinus, the interim and final targets will only be achievable with the full commissioning of Marinus Link (i.e. both 750 megawatt cables).

The growth in renewable electricity generation driven by introduction of the TRET has the potential to support a Tasmanian renewable hydrogen industry, where low-cost, reliable and clean electricity will be critical to its viability. Renewable hydrogen also has the potential to support the delivery of the TRET by increasing on-island demand, which will support increased renewable electricity generation.

Renewable hydrogen production is an emerging industry, but Tasmania is well placed to leverage our competitive advantage. Tasmania is in the box seat to deliver cost-competitive renewable hydrogen on a grand scale, with the cost of production estimated to be 10 to 15 per cent lower than from any other Australian power grid.

Tasmania's Renewable Hydrogen Action Plan aligns with, and is complementary to, the National Hydrogen Strategy. This includes the announcement that the Commonwealth Government has committed more than \$370 million to establishing an Australian hydrogen industry.

In addition, Tasmania's pumped hydro energy storage opportunities, as part of the Battery of the Nation, will support the nation's transition away from a reliance on thermal generation. In particular, Tasmania has a strong competitive advantage in deep pumped hydro energy storage.

The first phase of Battery of the Nation will involve investment of up to \$1 billion and will create around 300 construction jobs. More broadly, a 1500-megawatt Marinus Link, with Battery of the Nation, will stimulate -

- \$7.1 billion to the local economy
- up to 1400 direct and indirect jobs associated with the interconnector and supporting transmission
- up to 2350 direct and indirect jobs associated with the renewable energy developments over a decade.

Mr President, the Tasmanian Renewable Energy Coordination Framework is currently being developed. This will provide a framework to support and manage the growth of the Tasmanian renewable energy industry. The scope relates specifically to the new generation and associated transmission required to achieve the TRET, and support Marinus Link and Battery of the Nation. With the confidence setting the TRET will give to the market, this framework will provide the practical measures to support growth in the sector.

As we continue to manage and rebuild from COVID-19, we are focused on growing jobs in those areas that we have a competitive advantage in. Introduction of the TRET will support this by helping strengthen investment in our renewable energy sector. It will help drive important projects such as Marinus Link and Battery of the Nation, which will generate billions of dollars of investment and thousands of jobs in Tasmania.

Mr President, it is important to note that these two projects are interdependent. Renewable electricity generation, and the transmission infrastructure to support it, go together. One of the challenges associated with these ambitious projects is to ensure that the generation and transmission projects are managed in an orderly way, to ensure the best outcomes for the state and the people of Tasmania.

There are benefits in enabling parties to share some non-public information about proposed renewable energy generation developments. This could include situations where two or more prospective generators are developing projects where proceeding completely independently could result in over-expenditure or duplication of infrastructure.

Provisions of the Commonwealth Competition and Consumer Act 2010 are designed to prohibit certain anti-competitive behaviours. These provisions are, quite rightly, comprehensive and robust. They are so robust that the mere sharing of non-public information can give rise to an inference or presumption that there has been cartel conduct or anti-competitive behaviour.

This means that licensed electricity businesses and prospective generators are naturally cautious about sharing information about their projects, even where cooperative approaches to developments, including shared development of connection and transmission infrastructure, could result in avoiding expensive and unnecessary duplication, thereby achieving more efficient outcomes, and lower prices overall.

This is not a problem unique to Tasmania. These issues have been recognised nationally, and there is a comprehensive reform package being developed to address the problem. The

reform package is called the 'Coordination of Generation and Transmission Investment', or COGATI. This is a significant but complex reform package; however, it is nowhere near complete.

We do not propose to wait for the other states and the Commonwealth to reach agreement on the detail. We are taking a proactive approach to developing local solutions, to meet our own needs, on a timetable that works for us.

The ability for jurisdictions to apply carefully considered exemptions from prohibitions on certain conduct is recognised within the Competition and Consumer Act. The development of legislative exemptions is not a novel innovation. Exemptions have been used in many aspects of the economies of Australian states where the importance of competitive outcomes has been balanced with the need for more orderly and efficient arrangements.

The many examples from across the country include energy, water and sewerage, and the transport sector. Within Tasmania, specific exemptions previously enacted by parliament include:

- Competition Policy Reform (Tasmania) Act 1996
- Electricity Reform Act 2012
- Electricity Supply Industry Act 1995
- Electricity Supply Industry Restructuring (Savings and Transitional Provisions) Act 1995
- Gaming Control Act 1993
- Rail Company Act 2009
- TOTE Tasmania (Sale) Act 2009
- Water and Sewerage Corporation Act 2012.

Mr President, we have worked with the electricity businesses to understand the rationale for an exemption. We have also engaged in discussions with officers of the Australian Competition and Consumer Commission - ACCC - to develop a narrow exclusion to ensure that licensed electricity businesses and prospective generators are able to share limited non-public information, for the benefit of the orderly development of the Tasmanian electricity grid and, ultimately, Tasmanian customers.

Mr President, the exemption proposed in this bill has been crafted so that TasNetworks may not share, with generators or potential generators, information about connection costs that it has been provided by other competing generators. This obviously includes Hydro Tasmania, but also includes the numerous potential wind generators who are seeking to develop Tasmania's world-class wind resource.

What this narrow exemption does is allow TasNetworks and generators (including Hydro Tasmania) to share information about modelling assumptions and technical information about potential network capacity.

Not being able to share some limited information in certain circumstances means that businesses could be making suboptimal decisions based on a less than complete understanding of some of the technical aspects of future grid connection and operation. This is a multimillion-dollar market, and both the Government and businesses need to be armed with sufficient information to make responsible decisions.

Mr President, this bill will help to grow jobs, the Tasmanian economy, and cement Tasmania's position as a world leader in renewable energy.

We will continue to work with entities and proponents to ensure an efficient outcome for the Tasmanian community.

The TRET is a world-leading target that will place Tasmania as the renewable energy epicentre of Australia. Its enshrinement is the start of a very important journey for all Tasmanians.

Mr President, I commend the bill to the Council.

[11.20 a.m.]

Ms FORREST (Murchison) - Mr President, I am all for making bold decisions; however, it often happens - and I do not think it is coincidental - that those people pushing for bold initiatives stand to benefit the most. They are usually a different set of people from those who pick up the tab when something goes wrong. That is the problem I have with this bill. It is easy to sell renewable energy as being second only to motherhood - who could possibly argue with it? If saving the planet were 100 per cent dependent on us achieving 200 per cent renewable energy generation, I would not hesitate. But it is not, it is a matter of priorities.

There are a lot of unanswered questions in my mind about this bill. I know concerns have also been raised by the stakeholders. For example, Climate Tasmania - in a comment on this bill stated -

There are a lot of questions about future large-scale projects that require further expert analysis and public consultation. It is not clear that the TRET and associated projects are the most effective ways of reducing mainland greenhouse gas emissions. There is a risk that projects will be indirectly subsidised by the people of Tasmania and that the benefits will flow mainly to commercial developers of renewable electricity generation assets.

Climate Tasmania calls on the state Government to guarantee that before new projects are subsidised by the state Government, comprehensive public consultation processes are undertaken about the best way to reduce greenhouse gas emissions both in Tasmania and on the mainland.

The energy sector is complex and difficult to fully understand for most of us who do not actually work actively in this sector - none of us sitting round this Chamber fully understand it. It is hard to make a really proper assessment of this legislation, knowing how complicated

it is. The member for Windermere and I, when we were on the Public Accounts Committee, actually did the Australian Energy Market Operator - AEMO - training course, which gave us a lot more insight than many other members would have, but still, to say that we actually understand it would be a complete exaggeration at the very least. We even did the test.

Do any of us fully understand the national electricity implications to the Tasmanian Renewable Energy Target, affectionately known as the TRET, the Project Marinus and the Battery of the Nation as part of the overall plan for Tasmania to move forward? Do we have a complete and comprehensive understanding of all those areas? Do we fully appreciate the implications of those and this bill? Does anyone else feel perhaps they are being a bit snowed here?

Like most people, members know about Parkinson's Law. Parkinson's Law essentially says that the work spreads itself out to fill the time available for its completion. We have all seen many examples of that law in practice. In the famous 1957 book, *Parkinson's Law and Other Studies in Administration*, there is another lesser-known law known as the law of triviality, which came to mind as I considered this bill. C Northcote Parkinson dramatises the law of triviality and the example of a committee's deliberations on an atomic reactor, contrasting it with two deliberations on a bicycle shed.

As he put it, the time spent on any item of the agenda will be in inverse proportion to the sum of money involved. A reactor is so vastly expensive and complicated, an average person cannot understand it - a bit like the National Energy Market - and how that all operates. One assumes that those who work on it understand it. On the other hand, everyone can visualise a cheap, simple bicycle shed so planning one can result in endless discussions because everyone wants to be involved and to add a touch to show a personal contribution.

As an example, there are 11 members of this committee. Four, including the chair, did not know what a reactor was. Of the remainder, three did not know what it was for. Of those who knew its purpose, only two had the least idea what it would cost. One raised concerns about advice they had been getting from consultants. The chair was dismissive, replying that large amounts of money had already been spent, although a formal contract had not been signed. I hope people are making a connection here. If the committee rejects the advice it has paid for, it would then have to pay as much again.

The remaining committee member was the only one who had any understanding. He distrusted some of the consultant's rubbery figures. He asked: what were the contingencies? So many questions and doubts. He did not know where to begin. No-one would understand him anyway. They had made up their minds. He said nothing.

The plan for the new reactor was given the go-ahead. The discussion had taken two-and-a-half minutes. It was time to move on to the matter of the staff bicycle shed which everyone understood. I feel history is repeating itself.

In early 2000, Hydro Tasmania signed a preliminary contract for Basslink. The cost was estimated to be \$450 million. Hydro agreed to lease the cable for 25 years, with an option for another 15 years. It would never own the cable - it would just use it.

The monthly fee was established to start at \$40 million per month. Immediately, Hydro started doing deals on the side, fixing interest rates et cetera. By the time the final contract was

signed in November 2002, the deals on the side had cost Hydro \$100 million. There was no turning back. They had to proceed and try to claw back what they had already spent. The final cost of Basslink ended up being \$875 million. By the time the contract ends in 2031, we, Tasmania, will have paid more than \$3 billion for a cable we will never own - a cable that was estimated to cost only \$450 million when it was on the drawing board.

We are paying \$120 million a year in Basslink fees and associated finance costs. Who is the major beneficiary? Basslink's owner, Keppel, a Singaporean entity. What expenses does Basslink pay here in Australia? About \$15 million per annum. Not much benefit to the local economy. Ongoing running costs of wind farms are also very small. How much will TasNetworks make from its transmission activities that flow from the additional renewable energy? We are not told. Perhaps the Leader can tell us before we launch headlong into this, and vote on the bill.

I can understand TasNetworks wanting more income. After all, the Government has saddled it with more than \$2 billion in debt via its dividend policy, plus the equity withdrawals to help prop up other GBEs over its journey.

Then there is the Battery of the Nation. There is a lot of doubt from independent experts about 'pumped hydro'. I believe there are three plants already in Australia, have been for years, but they are not being used much. Why not? Do we know? I do not.

It costs eight times as much to run a cable under the sea as it does across land. Thirty per cent of the power is either lost in transmission across Bass Strait, or is used to pump water uphill. Over 40 years, the life of a generation asset, is it reasonable to assume we can maintain sufficient of a corporate advantage to overcome all the additional costs?

Mr President, are the potential rewards for us, the people of Tasmania, worth the risks? I am not asking you to specifically answer that, Mr President. I would have hoped that is another question the Government can answer. Do we actually know, and understand, all the risks?

Will the TRET be another Basslink? Come to think of it, if another cable is such a great idea, why are we not told exactly how well the first cable is doing? Surely if you are ordering in another of something you already have, you would want to be pretty sure the first one is going and how it is faring - and really, we have not got a clue. Like mushrooms, we are kept in the dark and fed on a similar diet, a diet obscured by claims of commercial sensitivity, even when some of the detail is publicly reported by the parent company.

The lack of transparency, which this bill actively mandates, sticks in my craw. Just as the Labor government proceeded with a few side deals before the final Basslink contract was signed, this current Government has started doing deals as if Project Marinus were a fait accompli.

It has compelled Hydro to buy large generation certificates for the Granville Wind Farm. What does Hydro want with more LGCs? It generates its own. Hydro has been forced to record an extra liability on its books, over \$200 million - that is the amount it will pay over and above the market price for LGCs which the government forced them to buy to subsidise the Granville Wind Farm. I believe it is called a community service obligation.

Aurora, too, has been made to enter into onerous contracts to buy LGCs from the Cattle Hill Wind Farm. Its liability is about \$30 million. If it is like Basslink, the onerous contracts will become the reason for continuing with Marinus when all other figures suggest it may not be a goer. It is not the way we should be deciding public policy. I wholeheartedly welcome more renewable energy, but I am not very keen on the snow job approach the Government appears to be using here. Is this the cart before the horse? I believe it is.

Tasmania is already close to 100 per cent self-sufficient in renewable energy generation. Doubling production only makes sense if there is additional demand. We know how reliant we are on a small number of major energy users in Tasmania and how TasNetworks has a very constrained operating platform. We also know we all need to be responsible for reducing our own emissions as we embrace renewable energy ourselves. Many of us have increased our own energy efficiency and many have installed distributable solar generation.

I also note the desire to be a leader in the renewable hydrogen energy, but we are not alone in this. I believe we are competing with a number of other states for the Commonwealth's attention for financial support to achieve this. I note in today's *Australian Financial Review* there is an article about Origin Energy and Fortescue going head-to-head in a bit of a battle for Tasmania. Andrew Forrest has been around the world - I do not know if he has been physically around the world or virtually around the world recently - looking at renewable energy and getting right into that space. Good on him for getting involved in that. No relationship I might add, just the same surname.

It is going to be a hotly contested area and, yes, Tasmania has some definite advantages but it is by no means a done deal. We also do not know if these projects will be economically viable without significant subsidy. As Climate Tasmania points out, it follows that the doubling of electricity generation in Tasmania is largely dependent on anticipated exports to the mainland and these in turn are dependent on the construction of Marinus Link at the estimated cost of \$3.5 billion for a 1500 megawatt link.

Again, I ask: are we going down the path of a *fait accompli*? I have already described the process around Basslink and I believe we need more detail and information up-front in a user friendly format.

In addition to these concerns the bill does not provide any mechanism, other than sharing information, by which the targets may be achieved. When we consider the number and value of the obligations and current onerous contracts held by Hydro Tasmania and Aurora with regard to purchasing agreements and the purchase of LGCs, many of which were required by the shareholders - the Government - this bill effectively enshrines this approach as the way forward. The *fait accompli*.

As noted by Climate Tasmania and from my own assessment, the explicit provision of the protection of the sharing of confidential information between the state Government, with its energy GBEs and private renewable energy developers, implies that this type of coordination is the best way to ensure new generation projects are encouraged.

This is concerning in that these types of confidentially negotiated agreements do not provide full transparency of the costs of encouraging new investment and do not ensure that projects are developed at the least cost to the state or to energy consumers. There is a requirement that once you start sharing cost information, they will go in some sort of joint

project through a different process, but still most of this is done behind closed doors and trying to get information about costs associated with Basslink is like pulling teeth. I have been trying to do that for years through GBEs and also in the Public Accounts Committee inquiry. You might as well bash your head against the wall.

Just look at our years of scrutiny of Hydro Tasmania regarding Basslink. You can see how much transparency is lacking there. I pointed out previously there is information provided publicly by Keppel, the owner of Basslink, but Hydro says they cannot divulge it, even though it is in the public arena. I have challenged them in the past and they said they cannot confirm or deny that comment, even though it is in the public arena. It is a listed company. There is so much greyness and opacity around these operations, it makes me very concerned about what we are doing here by making this basically the fait accompli without all the information.

I will quote again from what Climate Tasmania provided to me in terms of comments in relation to this bill -

The fact that these arrangements are reported as obligations or onerous contracts indicates that they were not entered into on a totally commercial basis and there is some risk of costs being borne by the businesses (and ultimately) the GBE owners, -

Who are they? The people of Tasmania.

These arrangements may ultimately be of net benefit to Tasmanians. In a competitive wholesale electricity market, facilitating increased supply via new generation should drive down prices. This is less certain in Tasmania where the dominant position of Hydro Tasmania as the largest generator allows it to strongly influence wholesale prices. It is also possible that in the longer term these arrangements may not be onerous. If wholesale electricity prices or LGC prices rise, the arrangements entered into by Hydro Tasmania and Aurora may prove to be sound financial arrangements. A rise in LGC prices is unlikely without an extended and increased national Renewable Energy Target.

We do not have the information to make this sort of assessment and I return to Climate Tasmania's comments -

The explicit protection in the TRET legislation for commercial negotiations between the state government bodies and private developers of renewable energy generation suggests that the government anticipates continuing with these kinds of arrangements. Climate Tasmania's concern is that it is not a fair and transparent mechanism for ensuring the economic and environmental benefits of increased use of renewable electricity are met in the most cost-effective way.

We were then informed in the briefing that AEMO requires a legislative target to consider Marinus as an actionable process in 2022 under its ISP. I asked for a copy of that and whilst I only printed some sections of it, I fear potentially taking some of this out of context. It was only provided just before the bells rang to come in. I will read from a couple of sections we

were directed to in the end. I do appreciate the Leader's advisors getting this to us promptly. On page 15, under 'Marinus Link', the report says -

Marinus Link, two new high voltage direct current (HVDC) cables connecting Victoria and Tasmania, each with 750 MW of transfer capacity and associated AC transmission, should be progressed such that the first cable can be completed as early as 2028-29 (should the Step Change scenario emerge) or no later than 2031-32 (should the Tasmanian Renewable Energy Target [TRET] be legislated or the Fast Change scenario emerge, and the cost recovery be resolved).

We do not know about that, do we?

This requires delivery of early works for both cables to be completed prior to a final investment decision in 2023-24. If by then the Tasmanian Government does not legislate the TRET, or if there is no successful resolution on how the costs of the project will be recovered (from consumers and/or other sources), then the project schedule should be revisited.

Without reading the whole report - and I do not how many pages it was, but it was a lot - this concerned me in that they are saying we either legislate or we have to have a successful resolution on how the costs of the project were recovered from consumers or other sources. That is a bit of a worry.

Marinus Link's first cable is on the least-cost development path in all scenarios except for Slow Change. Marinus Link's second cable should be able to be completed as early as 2031-32, with the decision rules for its completion to be defined in the 2022 ISP.

So we know there is another ISP coming in 2022. I went to page 30 of AEMO's Integrated System Plan report, and under the heading 'Round 2: Review of Draft 2020 ISP', it says -

Insights accumulated from the consultations have added to targeted refinements of inputs and assumptions since the Draft 2020 ISP. In particular, the introduction of the Tasmanian Renewable Energy Target (TRET) in some scenarios and significant transmission cost increases have had an impact on the development sequence and timing of actionable ISP projects. As a result, AEMO has had to remodel, extending the analysis in areas requested by stakeholders, and updating the list of committed and anticipated generation projects.

What does that really mean? Another concerning comment there. On page 65 of the report, there is a heading titled 'Selection of candidate development paths', and under a bullet point below that is a paragraph that reads -

Marinus Link timing is heavily influenced by emission abatement policies. The tighter the carbon budget, the earlier the first cable is built. Similarly, in scenarios where the announced TRET is assumed to be legislated, the first

cable is built no later than 2031-32, with the second cable built three to four years later.

I appreciate getting that. It did not give me a great deal of comfort, though. I appreciate pressure has been put on us here to support this so we do not allegedly delay Marinus Link as an actionable project, but it is pretty clear from what I read there that the whole costing and where the costs are going to fall are still completely unknown.

Does anyone here know how it is going to be funded? Who is going to pay for it? Who is going to pick up the bill at the end of the day? How much is TasNetworks going to be involved? How much are they going to make from the additional renewable energy in Tasmania? How much are they going to make through the transmission of energy across the strait? Will they make any or will it cost them a whole heap of money?

How much does it cost Hydro to hook into Basslink? Is it going to be regulated? Unregulated? What is it? Who is going to own it? We are informed that, without this, we may see the project reconsidered at the 2022 review - the annual two-yearly review. Now I feel we are being pressured into accepting this without all the detail regarding costs, who pays, and the benefit versus the risk to Tasmanians.

I fear a Basslink-revisited scenario emerging. At least Macquarie did very well out of Basslink. The State of Tasmania did less well. To be reassured, we are informed there is no penalty for not meeting this world-leading target other than some public embarrassment perhaps for not quite getting there, but I think the intention is to get there. We are going to be 100 per cent renewable when Granville Harbour is fully commissioned, which is not far off. I believe Cattle Hill is fully commissioned now, so that is already in the mix.

Here I am in the unenviable position of having to consider this bill, and to vote against it will be akin to voting against motherhood, which, of course, I could not do, or be accused of not supporting jobs in our regional areas, which is, of course, an absolute fallacy. All of us care about jobs and I particularly do in my region. I have been here before with these pressures about jobs. While I do not regret decisions of the past, sometimes I think a bit more information would be helpful in making these decisions. I will listen to the debate, but we need to be very careful to ensure we know exactly what we are agreeing to here, and I am certainly not sure that I am.

[11.44 a.m.]

Mr VALENTINE (Hobart) - Mr President, I share the concerns of the member for Murchison on this. I have to say I have had concerns for quite a period of time as we have gradually seen renewable energy being provided by private enterprise. In effect, it is privatising the electricity market, which of course, is a big issue. The Tasmanian people, I think, certainly do not want to see our generation assets privatised - that is my opinion, from what I hear. When we see these sorts of things being facilitated, it really makes you wonder where we are going to end up. I always come back to low-cost electricity for Tasmanians - that is why we have the assets we have in hydro generation. It was very important for governments in the 1950s and 1960s to focus on hydro generation. It has paid dividends, seeing us being able to offer cheaper electricity to big users who have brought significant employment to Tasmania.

However, you do not have to go far to see that some of those industries are thinking twice about where they are placed and whether it is close enough to the markets and how much it

costs for them to export their product. We have significant opportunities to see our electricity used for the benefit of this state as opposed to private investors who might well be trying to ride on the back of our fortunate position of having the capacity to produce good renewable energy and base load renewable energy, which is very important. It is difficult to run major industry without having a reliable supply. The only way you can do that is either through the hydro systems we have, providing it rains - and we have seen that that has not always worked out, or at least the way it was managed was not great - or coal.

It is either coal or it is hydro. Yes, nuclear is something some people peddle - but what happens with the waste product from that is the big issue. It comes down to: what will it mean to the person in the street when it comes to electricity prices? We are punching above our weight in some ways, but what is the long term as more renewables are generated on the mainland and the demand reduces? The demand might increase in this state if we go to electric vehicles and those sorts of things.

Some very interesting sums will have to be done, and we will have to look at our infrastructure to see how various areas of the state will be able to cope with the pull-down of power for electric vehicles at the end of each day when people go home and plug in their vehicles, if that is the way it happens, or whether it will be over a longer period during the day when people plug in at work.

As a state - and no doubt everywhere else across Australia - we are going to face some interesting challenges. However, it worries me when I see things like Marinus Link. We are just barrelling down this path, thinking it is going to pay for itself because this demand is going to be high enough to be able to see electricity flow across that link. We know that it provides a benefit, making sure that if there is a cable failure with Basslink, we will always have the Marinus Link.

But it costs to transport power. It is not just for the facility itself; it is the degradation of power as it travels long distances. Who is going to wear that cost? I suppose you could say the market wears the cost, but is it ultimately the people of Tasmania who will wear that cost if we are subsidising the likes of Marinus Link? When we get so much private enterprise power in the mix across the National Electricity Market - NEM - there is always a profit margin in those generation companies. They need to survive; they need to be able to provide for the maintenance of their facilities, which might be relatively low when it comes to things like wind. It is not necessarily as low for solar, I imagine. I am no expert in that field, but you do not have to be Einstein to understand that the life of assets, when it comes to solar, is not always that high. It is not likely to be anything longer than a 20-year asset. You look at a dam, and it is 100 years or more. Investing in solar is not necessarily always going to be the answer, especially when you have the capacity to have hydroelectricity, which has a longer lifespan.

I worry that the profit margin private enterprise needs to continue to operate basically means that the electricity costs can only go so low. If it were publicly owned, there is the opportunity to drop it even further. As I say, I am no expert. There may be others who say 'You do not understand the system', and that may well be the case, but these are my concerns.

When it comes to significant investment in the Marinus Link, I have concerns about who will be the owner, and who is paying for the transmission costs, the loss in transmission that is experienced, and whether that will come back more on the Tasmanian people than it will on the other generators.

If there is a big industry that pulls out of the state, we are going to have a surplus. What is that going to do? If the renewable energy generation on the mainland ramps up, and states are getting into a much greater position, what will happen to the excess generation of electricity? Private enterprise is going to be affected as much as state generation facilities if they are not able to sell their electricity to the market at premium prices.

Those are the sorts of concerns I have. It is a bit like privatisation - I do not know that it is so much by stealth, but it is privatisation of power generation that may ultimately not be in Tasmania's interest.

The letter from Climate Tasmania raises some interesting points. The member for Murchison quoted from that, but I want to quote just from the issues. I do not know whether the member quoted from the issues component of the paper sent through, but I want to put some of that into the mix.

Under subheading 'Issues', the paper reads -

Where will the electricity go?

Investments in new electricity generation and the supporting transmission infrastructure and storage are only economically viable if there is a demand for the electricity and it can be sold for more than the cost of production and distribution.

As Tasmania is already close to 100% self-sufficient in renewable electricity generation, doubling production only makes sense if there is additional demand.

A full discussion of future electricity demand in Tasmania, and the mainland, is beyond the scope of this paper, but some of the key variables are:

- About half of Tasmania's electricity is used by five major industrial users. If any of these close down there would rapidly be a surplus of existing generation capacity.
- Major new industrial users of electricity in Tasmania are a possibility and are a focus of the State government's hydrogen strategy, but it is not yet clear if these projects will be economically viable without significant subsidy.

I think the member for Murchison said there are other players in that field. It is less certain it will have the benefit we may have initially thought and, yes, the cost of producing hydrogen may well be less in Tasmania, and that could be considered a benefit, but then, as I said before, we are further away from markets and the cost of getting the hydrogen to market is also an issue.

The Climate Tasmania letter goes on to say -

It follows that a doubling of electricity generation in Tasmania is largely dependent on anticipated exports to the mainland and these are in turn dependent on the construction of the Marinus Link at a current estimated cost of \$3.5 billion for a 1500MW [megawatt] link. What impact will the legislation have?

The previous announcements of the 200% target have received favourable treatment in both general [Franklin 2020] and specialist [Maesch] -

They quoted from their sources there -

... 2020] media. Of themselves, such announcements can have a positive impact in encouraging confidence in private sector investment in new renewable electricity generation.

This is particularly the case when the policy is part of a suite of other activities by energy government business enterprises (GBEs) and the state Government such as TasNetworks' Project Marinus, Hydro Tasmania's Battery of the Nation and the state government's draft Tasmanian Renewable Energy Action Plan [Tas Gov 2020].

However, the bill does not provide any mechanism other than the sharing of information by which the targets may be achieved.

In a sense, we have part of the story here today. It presents an issue for me as to whether we are being led by the nose a little, and that is a concern.

Really, is it in Tasmania's best interests to go down this line? Is it going to benefit the person who lives in a disadvantaged suburb when it comes to heating their house? Is it going to produce the overall benefits we would so desperately like to see - low electricity prices so people can live in what is generally a cooler climate where significantly we need heating to improve people's lot in life?

I have said enough. For me it is an issue. In the second reading speech, the Leader said -

By legislating the TRET, the Government is providing the energy sector with investment confidence.

It is about investor confidence. It is not necessarily about the Tasmanian people. I will leave it there and will listen to other offerings. I hear the member for Murchison talking about it like voting against motherhood not to vote for this bill, but I do not know - is it a rung in the ladder that is ultimately not going to be good for us? I will listen to other offerings on that.

[11.59 a.m.]

Ms RATTRAY (McIntyre) - Mr President, my first point is to thank the Leader very much for arranging the briefing. I was certainly briefed by experts in this field and I have to say I am not an expert in this field. It is challenging and when you hear points raised, certainly by the member for Murchison, who I believe has a good understanding of this area, and then

continued by the member for Hobart raising some questions, it does make you put your mind to what we are being asked to do.

During the briefing I wrote down a few points - Why would a policy not suffice for this? Why do we need legislation? I hear what the member for Hobart said, and what the Leader said in the second reading speech - it is to give confidence in this space. We also heard that there is no penalty for noncompliance. I know the member for Windermere said there will not be any of us, I expect, in this place in 2040, but we have to do what we believe is the right thing, given this is something for the future, certainly for our Tasmanian future.

The member for Hobart raised some points about the benefit of this to our Tasmanian community. Does it help with lowering or at least keeping prices for electricity at some sort of affordable level in our communities? We know that our community has had to have significant support through the pandemic, because power, the cost of energy, has been the biggest challenge for families from what we have seen.

It is really a difficult one. When you are talking about saying 'no' to this, then being accused of not supporting jobs and the statement about voting against motherhood, that is quite challenging.

We were told in the briefing that 83 per cent of power generation is through hydro, and 12 per cent is from wind power. Then there is a bit of a gap for others there. It has been great to see wind come on board. I have certainly been a supporter of that, albeit we know there are some challenges in our communities with environmental issues around establishing some of those wind farms. However, I still absolutely believe it has been a positive for Tasmania, and certainly for our community.

I wondered about why we need those targets in legislation, on top of having the policy in legislation. Again, we were told it has not just been plucked out of the air. It certainly has been strategically worked on - that 21 000 GWh of electricity generated by 2040 - also with the interim target that has been set to achieve half the TRET by 2030, with 15 750 GWh of electricity generated in Tasmania to come from renewable energy sources. That in itself, I suppose, gives some comfort that some definite modelling has been done on that, and these targets have not just been plucked from the air. I expect nobody would think that was the case. These people know their business, and they certainly know their area of expertise. In that respect, I have some confidence around that.

Again, why we need it in legislation is the question in my mind. Why could it not have just been a policy of this Government? I know governments change - I have been around this place long enough to have seen that. At one stage, a Labor government had been in power for nearly 16 years. It is not something that always transitions in Tasmania at every election cycle, as does happen in some other places.

That is an interesting way of looking at it, that you need to have it in legislation to keep the focus on that particular target, if you like - the Tasmanian Renewable Energy Target. The TRET, or the T-Rex, as the Leader has been calling it for the last couple of days. I do not think it has got much to do with T-Rex, which is a bit of the dinosaur era.

Mrs Hiscutt - We certainly need to look forwards, not backwards.

Ms RATTRAY - That is right. Mr President, I doubt I will be voting against the bill, but it is important to - as others have, and possibly others will, in this Chamber - put on the public record that there is some hesitation around this, and certainly not because I do not support renewable energy, and I do not necessarily not support a target.

I did also asked this question in the briefing: 'Is Tasmania being expected to do the heavy lifting in this area?' and the answer is, 'Yes, we are.'. Yes, we are -

Ms Forrest - It is okay if we get all the benefit, but I am not sure that is the case.

Ms RATTRAY - That is exactly right, and I am not here to look after Victorians or anybody else. I am here to look after Tasmanians. That is my first and foremost consideration when I vote for anything, and I expect every other member in this place feels exactly the same. Victoria would never, ever give us any consideration if it came to who is the most important, and that is probably what you expect. They will look after Victoria, and we need to look after Tasmania. If we are doing the right thing, let Tasmanians benefit from that, not other states.

Mr President, as I said, I am not inclined to vote against the bill, but I am certainly just highlighting and putting on the public record, along with others, my concerns about why we need this in legislation; it is not just to be a policy of this Government. But we need to look after Tasmanians first and foremost.

[12.08 p.m.]

Mr GAFFNEY (Mersey) - Mr President, I hear what the members are saying about this. I feel a bit uncomfortable making a decision on this, because it is not an area I am very much familiar with, and you sometimes have to leave that to the experts who are in that place.

I appreciate the briefing held this morning and I, like other people, asked questions about whether it should be in legislation, why is it there, and is it normal.

I see a few things for it. I am definitely going to support this bill, because there was not a lot of discussion about this in the other place. It was accepted there that people had looked through this, and many people have been involved in this area - a lot of them much brighter and more aware of things than I.

I take on board the member for Murchison's reservations, although I can understand why the targets are in legislation, because I think it will say to other places where perhaps there has to be some funding initiatives, that this is a commitment from this state to claim this space, and this is what we have in that.

Ms Forrest - What are we committing to, though?

Mr GAFFNEY - Whilst I hear those concerns, I think there was a lot of marketing, a lot of positives from the briefing this morning talking about tourism brands, state growth, the marketing of the state and where we are heading.

I have a slightly different view about the Victorian issue, in that perhaps we are the state that is in a position to lead the way regarding renewable energy. Perhaps we are in the place to best present some of the issues that need to be addressed regarding climate change,

renewable energy and those sort of things. If we have to pay for some of that, I am not overly concerned in the long run. It would come back to us as a nation.

I raised the point about this Government's bent on sometimes choosing logos or anecdotes or sayings where they go, 'the healthiest state by 2025', or 'Battery of the nation', 'planning scheme being quicker, simpler, faster'. I am concerned about those sort of pre-election things, but there is a longevity in this and a long-term aim and goal that need to be taken into consideration. In light of the enormous amount of work that has already been undertaken by many people, I am sure some people in the business world will be looking critically at the companies or the people involved privately investing in this area.

I am kind of heartened by the fact that downstairs there was little criticism of or conjecture about that, because the second major group in this place is also looking at those sorts of pieces of legislation and not jumping up and down. There has not been another piece of legislation we have not looked at seriously that members in the other place have not raised some concerns or sought amendments and that sort of thing. I do not think we actually know here either. You might think 'Why are we passing this?'. Well, that is our fault for not getting out there and getting that information beforehand.

Ms Forrest - It is not available.

Mr GAFFNEY - It is. I do not have the concerns you may have with this because we are heading ourselves down a path and so be it. Unless a case can be made to me that we should not be doing this, unless a case is put in front of me that we should not be doing this, I take it that the government of the day we have elected is doing the right thing for this state for now and into the future. That is how it works. If you do not like what they are doing, they would not be voted in and they would not have this as their mainstay. In light of that, I will be supporting this piece of legislation.

[12.12 p.m.]

Mrs HISCUTT (Montgomery - Leader of the Government in the Legislative Council) - Mr President, I have a couple of comments that the Government would like to make. Starting with the member for Murchison, there were quite a few rhetorical questions there -

Ms Forrest - I am not sure they were rhetorical.

Mrs HISCUTT - Sorry, you did answer a couple of them yourself. We have quite a few answers here. When I mean 'rhetorical', I mean they were questions that cannot be answered at this stage, and you were thinking and pondering -

Ms Forrest - Exactly.

Mrs HISCUTT - Basslink is great for energy security. It is a net exporter which equals revenue for Tasmania. In 2012, the electricity expert panel concluded Basslink was a sound investment decision and was delivering materially lower wholesale costs. Hydro provides strong returns - it has \$115 million to be paid in 2020-21, \$115 million to return -

Ms Forrest - Yes, when you have a 90 per cent dividend policy.

Mrs HISCUTT - You talked about TRET needing to be in the AEMO Integrated System Plan. The AEMO states that -

if ... the Government does not legislate the TRET then the project should be revisited

That is the Marinus Project, and the AEMO has confirmed to the minister's office that the earlier the TRET is legislated the easier it is to build into the AEMO's ISP assumptions.

Ms Forrest - Easier to build it in.

Mrs HISCUTT - Legislation is simple. It is not about contracts. TRET legislation is linked to the Marinus, but the legislation is not about making a decision on Marinus Link or making Hydro enter into any new contracts at all. The minister has previously stated Tasmania will only pay for its fair share of Marinus Link. Work is progressing to address key policy issues, including how to make sure Tasmanian customers are not required to pay for national benefits, which is non-negotiable for the Government.

The issue of who pays for Marinus Link is a decision rule for its inclusion in the AEMO's Integrated System Plan.

There a couple of answers here for the member for McIntyre. What does 'Marinus Link Inclusion Integrated System Plan' mean and how does this relate to the TRET? AEMO considers Marinus Link is an actionable project and includes it under the optimal development path under the latest Integrated Systems Plan. This means it is critical to address cost, security and reliable issues in the NEM. The TRET will be transition for Australia to a low-emissions economy. It is not heavy lifting, we are just one part of a very large national electricity market. We are just part of the system.

Many members asked 'Why legislate?' A policy does not help get Marinus into national market planning. A policy commitment was not strong enough to get into the ISP so it had to be legislated. I hope that alleviates a few problems.

Mr Valentine - On that last point, is it not the case that this legislation is one of the conditions set in the AEMO 2020 Integrated System Plan in order for Marinus Link to be regarded as an actionable ISP project?

Mrs HISCUTT - You are saying that it is a what?

Mr Valentine - I said, is not this legislation, TRET, one of the conditions set in the AEMO 2020 Integrated System Plan in order for Marinus Link to be regarded as an actionable ISP project?

Mrs HISCUTT - Yes, yes; my advisors are nodding, yes.

Mr PRESIDENT - The question is that the bill be now read the second time.

The Council divided -

AYES 10

Ms Armitage
Mr Dean
Mr Gaffney (Teller)
Mrs Hiscutt
Ms Howlett
Ms Lovell
Ms Palmer
Ms Rattray
Dr Seidel
Mr Willie

NOES 3

Ms Forrest
Mr Valentine (Teller)
Ms Webb

Motion agreed to.

Bill read the second time.

**ENERGY CO-ORDINATION AND PLANNING AMENDMENT (TASMANIAN
RENEWABLE ENERGY TARGET) BILL 2020 (No. 43)**

In Committee

Clauses 1 to 4 agreed to.

Clause 5 -

Part 1A inserted

Mr DEAN - Madam Chair, I thank the Leader for the briefings. It has probably been referred to, but have we any idea of where the other states and territories sit in relation to renewable energy moving forward? Have we any idea on what they might be going to do in this area? Has work been on that? How much work has been done on this whole thing, over what period of time and who has been involved in putting all this together?

Mrs Hiscutt - For clarity while the member is on his feet, 'putting this together' - you mean this bill?

Mr DEAN - Putting the bill together, coming up with targets, these figures, and all the rest of that. How long has it taken to get there? Who has been involved and what processes were used to do this? What work has been done with the other states and territories in achieving this?

Mrs HISCUTT - With regard to the other states: all the other states are at different levels, only to say that Tasmania is ahead of all the other states.

If you want a detailed analysis of where other states are at, we do not have it here, but I am assured that it can be provided for you at a later date, if you want to know. Other than to

say, they are all different, that we are world-leading in where we are at compared to the other states.

Mr DEAN - That information would have been interesting, because this is about providing renewable energy to the rest of the country. It could have been interesting.

Mrs HISCUTT - We do not have it at hand. It is information that can be pulled out, but it is not here at the moment. We can provide it for you later if you like. Needless to say, the other states are at different levels and Tasmania is leading the other states.

With regard to your other questions -

- (1) How long has it been in the mix? It was started in about February this year, so it has been 10 months in the making.
- (2) Who is included? The people talked to were Hydro Tasmania, TasNetworks and Australian Energy Market Operator. The bill was consulted with industry peak bodies, Clean Energy Council, and the ACCC amongst others.

Ms RATTRAY - In regard to the renewable energy targets, in clause 5 under proposed new section 3C(2)(a), the bill says that the first one is on or before 31 December 2030, which is 15 750 gigawatt hours.

If that is not met, does that mean there will need to be an amendment put forward, for the December 2040 target of 21 000 GWh? Is it expected there will need to be an amendment to this, if the state does not meet that initial interim target?

Mrs HISCUTT - It is possible, but it depends - just because that middle target is not met, it does not mean that the end target is not going to be met. It just depends on what happens. If there is a possibility the interim target will not be met and if it makes no difference to the end target, an amendment will not be necessary.

Mr DEAN - I will reframe my previous question. We have figures here. We have 15 750 gigawatt hours of electricity by, I think, 31 December 2030, then we have the amount of 21 000 gigawatt hours by 2040.

How were those figures arrived at? Were they calculated on what it is believed the energy requirements will be for the country at the end of these periods of time, or is it simply a guess? It came out in the briefing this morning; I think the member for Mersey asked a question on the amount of 15 750 gigawatt hours by 2030.

Just how were those figures arrived at? What was the calculation, the formula? What was used for that to occur?

Mrs HISCUTT - It appears to be a very technical answer, but it was modelling based on different scenario models - what may happen with this and what may happen with that. It was based on export values from the Marinus Link. It was based on the assessment of the renewable energy that may be produced, energy that is coming on board, and how much will be exported.

Obviously they have looked at a lot of things, and they have considered *a*, *b* and *c* - what is coming in, what is going out, what has to be produced - and come up with this answer. So, it is not just a figure plucked out of the air; it is based on a lot of different modelling and scenario models.

[12.33 p.m.]

Ms WEBB - To follow up on that point, were those models consulted on with any external groups? For example, you say it is not plucked out of the air, and we can take that at face value - but without it being necessarily consulted on externally or available for other experts and other stakeholders to understand what was put into that modelling, we have to take it at face value. It might as well be plucked out of the air from our point of view, because all we are hearing is what is reported.

The bill does not actually state any mechanisms or expectations about how we get to those numbers. Is that described somewhere that would be publicly available, or that you could point to, that had been publicly consulted on?

Mrs HISCUTT - The legislation does not describe any mechanism that we use to deliver the TRET. The Government will seek advice on the need to introduce mechanisms to deliver the TRET if it is determined that the targets will not be achievable if left to the market.

Most of the consultation was done with Hydro and AEMO - TasNetworks to a lesser degree, but mainly those two.

Mr DEAN - I guess, in asking this question, the position of the public in this state would be, if they knew enough about this, what guarantees can be given to the consumers in this state that if these amounts of energy are produced, our energy costs and prices will remain at a reasonable level and probably the cheapest in the country? I think the member for Murchison might have raised this as well in her speech.

It has been suggested, over a long time, that we have very cheap electricity. I do not quite agree with that, and many other people do not either. What guarantees or statements can be made in relation to the protection of people and consumers in this state?

Mrs HISCUTT - It has previously been stated that Tasmania will only pay for its fair share of the Marinus Link. Work is progressing to date to address key policy issues, including how to make sure Tasmanian customers are not required to pay for national benefits, which is non-negotiable for the Government. The issue of who pays for Marinus Link is a decision rule for its inclusion in the AEMO's ISP.

I note this Government is particularly committed to keeping prices low. We have capped prices for the last three years. There was an actual decrease in the regulated price last year.

Mr Dean - Probably what people are worried about is when that cap comes off.

Mrs HISCUTT - We are committed to keeping prices low. I happen to have a piece of paper here with who was consulted, so I will run through that list.

As part of the development of the bill, consultation has occurred between State Growth and Hydro Tasmania, Aurora Energy, TasNetworks, UPC Renewables, Goldwind Pty Ltd,

Tasmanian Minerals, Manufacturing and Energy Council, Australian Energy Market Operator, Australian Competition and Consumer Commission and the Department of Treasury and Finance.

Clause 5 agreed to.

Clause 6 -

Section 13 amended (Annual Report)

Mr GAFFNEY - Just a point of interest, I suppose. Realistically, all they are adding in clause 6 is -

- (b) the progress made towards meeting the renewable energy targets set out in section 3C.

Because that pinpoints specific -

Madam CHAIR - You might be in a different clause, are you? What page?

Mr GAFFNEY - Clause 6(b)(b) is about the renewable energy targets. The targets we have for 2030 and 2040 are specific numeric goals to meet that target. Does that mean the annual report reporting back on those targets will be a numeric figure - so therefore, next year or the year after, it will be so many? Is that possible? Or is it, 'We have had another discussion with so and so, and we are doing this, this and this'?

I just want it cleared up. Is that how we are measuring whether we are going to get to the 2030 goal and the 2040 target, because it will be a measurable - or is it just, 'Okay, we have this project going, and this project'?

I would like that clarified here, so that people can expect what that report will contain, more than just an overview of what actions are in it.

Mrs HISCUTT - I am informed it will be a mixture of both. It will be the actual generation at a particular time plus any potential projects that may be in the wind and how they may assist the targets, so it will be both.

Mr GAFFNEY - I appreciate that response. I also want to know about this proposed section that is put under the annual report. It comes under the director's functions, then exercise of the director's powers. Are we going to see a position if the targets are being met in advance, of the director's exceeding the targets and that is going to be a bonus for the director or is there no correlation? In other places that has been quite the lie of the land so I ask: is there no correlation between the director's performance and the target setting in the annual report.

Mrs HISCUTT - Madam Chair, I am assured it is a definite no.

Clause 6 agreed to.

Clause 7 -

Section 13AA inserted

Ms RATTRAY - In the briefing on page 9: in this clause, a prospective licence holder -

means a person who -

(a) wishes -

I had not seen 'wishes' in legislation before, and during the briefing in the bill I asked why that was used. I received a very good answer that I believe should be put on the public record.

I am not sure who will read the legislation in our community, but if there is an explanation on that it would be useful to have.

Mrs HISCUTT - That came directly from the national transition laws, national electricity laws.

Clause 7 agreed to.

Clause 8 agreed to and the bill taken through the remainder of the Committee stages.

Bill reported without amendment; report adopted.

Third reading made an Order of the Day for tomorrow.

ELECTRICITY, WATER AND SEWERAGE PRICING (MISCELLANEOUS AMENDMENTS) BILL 2020 (No. 40)

Second Reading

[12.45 p.m.]

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

That the bill be read the second time.

Throughout this unprecedented global pandemic, the Government has remained committed to reforming and adapting administrative arrangements to manage and mitigate the impact on our economy and community. In these challenging times, the maintenance of our essential infrastructure services such as electricity and water and sewerage is critical.

The independent regulation of electricity and water and sewerage prices is a forward-looking process with pricing proposals and regulatory determinations extending out a number of years into the future. The regulatory pricing periods for both these industries are due to expire at the end of the current financial year. However, the current pandemic is creating widespread uncertainty. This affects the ability of our regulated service providers to plan ahead to determine the needs of consumers and the costs of service delivery, both of which impact

upon pricing outcomes. Uncertainty and risk usually lead to the application of financial contingencies that may place upward pressure on prices.

This bill extends the current regulatory periods for electricity and water and sewerage by 12 months. For electricity, this will apply to the regulatory periods for both regulated small customer retail prices and the regulated feed-in tariff rate. The bill extends the regulatory periods on the same basis that applies under the current regulatory determinations.

This will provide additional time for both Aurora Energy and TasWater to better assess their respective current and future operating environments and provide pricing submissions to the Tasmanian Economic Regulator that reflect the most efficient outcomes for the Tasmanian community.

Mr President, this bill amends the Electricity Supply Industry Act 1995 to extend the application of the 2016 Standing Offer Price Determination for regulated standing offer electricity prices by 12 months to 30 June 2022. This will allow the Tasmanian Economic Regulator to approve prices for 2021-22 under the provisions of the current price determination.

The bill also extends the application of the 2019 Regulated Feed-in Tariff Rate Determination by 12 months to 30 June 2022. Again, the extension of the regulatory period means that the Tasmanian Economic Regulator will calculate the regulated feed-in tariff to apply for 2021-22 on the same basis that currently applies.

This bill also amends the Water and Sewerage Industry Act 2008. The bill will extend the application of the 2018 Water and Sewerage Price Determination by 12 months to 30 June 2022. This means that the maximum prices for 2020-21 stipulated in the 2018 Water and Sewerage Price Determination will remain unchanged for 2021-22.

However, the government and TasWater signed a memorandum of understanding on 1 May 2018, with commitments to accelerate water and sewerage infrastructure investment and deliver improved water and sewerage services. The MoU also included a price freeze in 2019-20 and an annual price increase cap of 3.5 per cent from 2020-21 to 2024-25.

In addition, water and sewerage prices have been frozen for 2020-21 in response to the COVID-19 pandemic. This means that, actual prices for 2021-22 will be lower than the regulated maximum prices contained in the extended price determination and are expected to continue to be set in line with the annual price cap provisions contained within the MoU.

These amendments will also ensure that TasWater's current approved Price and Service Plan will apply for an additional year to 30 June 2022. This will result in the approved customer services arrangements and customer service contract continuing unchanged into 2021-22.

To further maintain the current regulated service arrangements, the bill also amends the Customer Service Code issued by the Tasmanian Economic Regulator to ensure that the minimum service standards set out in the code for 2020-21 will also apply for 2021-22.

The bill also sets the next water and sewerage regulatory period to align with the extension of the current regulatory period, with the next regulatory period to commence on 1 July 2022 and run for four years until 30 June 2026.

This bill is another example of the Government acting to ensure that regulatory arrangements respond and adapt appropriately to the current pandemic situation. The amendments within the bill will provide time for Aurora and TasWater to develop pricing submissions that better reflect the likely future needs of the Tasmanian economy and community. This will result in pricing proposals that are more efficient and based on less uncertainty than would currently be the case.

The bill will maintain pricing and customer service outcomes in line with the current regulatory arrangements and does not place any additional regulatory or administrative burdens upon Aurora or TasWater. The amendments will provide for improved regulatory outcomes in terms of prices faced by the Tasmanian community while ensuring efficient financial outcomes to support the ongoing sustainability of these essential services.

I commend the bill to the Council.

[12.52 p.m.]

Dr SEIDEL (Huon) - Mr President, I thank the Leader for the second reading speech. I also thank the department for the short briefing on the bill we had this morning. I certainly support the intent of the bill and it is of no surprise to me that the bill was also broadly supported in the other House.

It is a bill for our time and response to the extraordinary circumstances we find ourselves in. The bill amends the Electricity Supply Industry Act to extend the application of the 2016 Standing Offer Price Determination for regulatory electricity prices by 12 months to 30 June 2020. The bill also amends the Electricity Supply Industry Act to extend the application of the 2019 Regulated Feed-in Tariff Rate Determination by 12 months to 30 June 2020. Furthermore, the bill amends the Water and Sewerage Industry Act to extend the application of the 2018 Water and Sewerage Price Determination by 12 months again to 30 June 2022.

As we heard this morning, Aurora and TasWater approached the Government independently in April this year. Both Aurora and TasWater needed to add contingencies at a time of great uncertainty. Utility demands and costs are difficult to predict and determine during a global pandemic and utilities face the same challenges as any other business and enterprise.

I acknowledge that the Government agreed to defer determination for 12 months, basically putting those decisions on hold. Personally, I wonder whether the Government has done enough though. It is one thing to meet the needs of Aurora and TasWater while it is not supporting ordinary Tasmanians enough who struggle to pay extraordinary utility bills. Just in September the *Mercury* reported that a pensioner received a winter bill power bill increase by \$900, although during those three months her energy consumption really did not change that much.

I know that the hike in energy bills has been blamed on Aurora estimating bills due to shutdown - estimating rather than measuring - and that this approach is now leading to catch-up charges. This example alone should indicate that ordinary Tasmanians who stayed at home, did the right thing, and kept our communities safe, should be provided with a level of assistance over and above of what has been announced by this Government. The Government could do more but it has decided not to, which is a shame. It is a missed opportunity to make a real

difference to Tasmanians. Saying that, pragmatically I support this amendment bill. At least this bill offers, to some extent, a greater level of certainty.

[12.55 p.m.]

Mrs HISCUTT (Montgomery - Leader of the Government in the Legislative Council) - Mr President, on the point the member for Huon was talking about, Aurora does have a hardship provision. There is \$5 million available to customers for that. There has been a little access to this, so if any members have any people out there, please draw their attention to that and encourage them to contact Aurora to access that hardship provision.

Bill read the second time and taken through the Committee stage.

Bill reported without amendment; report adopted.

Third reading of the bill made an order of the day for tomorrow.

GAS INDUSTRY AMENDMENT BILL 2020 (No. 32)

Second Reading

[12.59 p.m.]

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

That the bill be now read the second time.

Sitting suspended from 1.00 p.m. to 2.30 p.m.

GAS INDUSTRY AMENDMENT BILL 2020 (No. 32)

Second Reading

Resumed from above.

[2.31 p.m.]

Mrs HISCUTT (Montgomery - Leader of the Government in the Legislative Council) - Mr President, the Gas Industry Act 2019 was passed by parliament last year, along with its cognate legislation, the Gas Safety Act 2019, and the Gas (Consequential Amendments) Act 2019.

I remind the Council that the creation of these two new acts separated industry regulation provisions from industry safety provisions from the Gas Act 2000 and Gas Pipelines Act 2000 and eliminated inconsistencies and duplications between them.

The Gas Industry Act 2019 and Gas Safety Act 2019 have not yet been proclaimed, because time was needed to review regulations and codes made under the acts, to ensure consistency with the powers and operation of the new primary legislation. It was during this

review two issues were identified in the Gas Industry Act not previously identified through the extensive consultation on the 2019 Acts

The bill before the Council provides for amendments to the Gas Industry Act to address these two issues.

The first issue relates to the meaning of 'retailing' of gas.

The way 'retailing' is defined in the Gas Industry Act means retailers selling only to customers using more than one terajoule of gas per year would not need to be licensed. This is an unintended consequence of the Gas Industry Act and may have undesirable outcomes for industry and for customers whose gas use is above one terajoule per year.

One such outcome arises because codes only apply to participants who are licensed. This means that the Gas Customer Transfer and Reconciliation Code would only apply to licensed retailers and would not apply to a retailer who supplied exclusively to larger customers. This would potentially create poor outcomes for industrial customers and larger commercial customers, when switching retailers. This is because the obligations in the code that require retailers to transfer customer data upon request would not apply. This could adversely impact orderly arrangements when commercial and industrial customers chose to move to a different retailer.

A further undesirable consequence is it creates an uneven playing field for licensed retailers who retail gas to both small and large customers. These retailers would have a greater compliance burden than retailers who may enter the market and retail gas only to larger customers, without an obligation to be licensed. There is no justification for this competitive disadvantage being imposed on retailers servicing the small customer segment of the gas market.

The bill before the Council amends the 'retail' definition to be consistent with its historical meaning under the Gas Act 2000. The threshold for the categorisation of small customers was introduced in the Gas Industry Act, where previously it had only been provided for in the codes. The threshold of one terajoule continues to provide better alignment with national arrangements for customer protections. However, this amendment severs the link between the threshold and the requirement to hold a retail licence.

The Office of the Tasmanian Economic Regulator has advised this is an appropriate way of addressing this issue. Gas industry representatives also agree.

The second issue being addressed by this bill relates to the ongoing management and administration of the gas codes.

After considering the existing gas codes, to ensure consistency with the new act, the Office of the Tasmanian Economic Regulator identified the benefits for providing greater flexibility for the regulator in administering the codes, including the ability to review and amend the codes and improving ongoing efficiency.

There are currently four Tasmanian Gas Codes. Three of those codes were issued by previous ministers for Energy (the Tasmanian Gas Distribution Code, the Tasmanian Gas

Retail Code and the Tasmanian Gas Bulk Customer Transfer Code). Only one has been issued by the regulator (the Gas Customer Transfer and Reconciliation Code).

The Gas Industry Act, as it stands, requires that any review of a code may only be conducted by the issuing authority and further, that any amendment of a protected provision must be approved by the Minister for Energy. This has created unnecessary procedural steps, which this bill intends to remove.

The bill before the Council enables both the Minister for Energy and the regulator to review or amend any code, regardless of who issues the code. In line with this principle, it also removes reference to protected provisions altogether.

The bill will, however, ensure that both the minister and the regulator communicate with each other about administration of the codes, while still providing greater autonomy for the regulator to undertake the ongoing routine management of both the current and any future codes.

The regulator has the statutory obligation to act in a fair and equitable manner, taking proper account of both the interests of licensees and importantly, the interests of customers. I know the Tasmanian Economic Regulator takes the role of protecting the interests of customers very seriously, both in relation to this legislation as well as other legislation under his remit.

This bill removes procedural steps that do not serve to enhance the ongoing management of the codes. Accordingly, there are efficiencies in ensuring the regulator has an appropriate level of flexibility in the ongoing review and management of the codes as the market continues to mature.

Mr President, I commend the bill to the Council.

[2.37 p.m.]

Ms RATTRAY (McIntyre) - Mr President, a brief offering on this particular amendment bill, and really just to say that the employee of Tas Gas who picked up this issue we are dealing with through this amendment should have the 'gold star' award as employee of the month, or employee of the year. That just shows what fresh eyes can do.

As we were informed through the briefing, it certainly had gone through a significant consultation process, yet this particular amendment, and the issue that has arisen, were overlooked. In the briefing session, I asked whether it had negatively impacted on any of the industry to date; the answer was no, there had not been any negative impacts, but that may not have been the case in the future.

I note also that there has been significant consultation with the Office of the Tasmanian Economic Regulator and gas industry representatives, who support this approach.

Obviously, the other part of the amendment was around the minister, and removing some procedural steps that do not enhance the ongoing management of the codes. Accordingly, there are efficiencies in ensuring the regulator has the appropriate level of flexibility in the ongoing review and management of the codes as the market continues to mature.

In a lot of the areas I represent, gas is not a big contributor to the way people live their lives. The member for Hobart and I just commented that we do not know whether there are any large businesses that use gas in Tasmania. The gas industry in Tasmania itself - we may be wrong, that may not be the case -

Mr Valentine - That's right. We just do not know.

Ms RATTRAY - We do not know; we could not think of any offhand, but probably someone who has much better knowledge and understanding is writing down the answer right now. That will not surprise us when the Leader makes her contribution.

I have no issue with supporting this amendment bill, Mr President, and it certainly addresses an issue that was overlooked previously. Again, a gold star award to that Tas Gas employee.

Mr Valentine - Except for the Tamar Valley Power Station.

[2.40 p.m.]

Ms FORREST (Murchison) - Mr President, it is always important when we are dealing with significant legislation that we take as much time as we need to consider these things.

The gas-related legislation has always been a pretty complex area. I accept it has been difficult to get your head around what you actually need to be looking out for, to make sure there is no unintended consequences, as best we can.

It was only last year - it seems like forever ago - when we dealt with the new gas industry legislation, which would separate the safety aspect from the industry aspects of it; clearly this is something that was overlooked at the time. I do not doubt many people looked at it, and it was not until, as the member for McIntyre said, someone came in new to the department and looked at this, and thought 'What about this?'. I can just imagine that 'Oh no' moment.

Thankfully, the legislation has not been enacted, so there has not been an opportunity for the disadvantage that it could have caused. In the Leader's second reading, she talked about the way retailing was defined, and one of the outcomes that could have arisen had the bill been enacted. Because codes only apply to licensed participants, the Gas Customer Transfer and Reconciliation Code would only apply to licensed retailers, and would not apply to a retailer who supplied exclusively to larger customers. You can see the potential conflict there. As the Leader said, it could potentially create poor outcomes for individual customers and larger commercial customers when switching retailers.

We have some pretty big gas customers. One of the biggest ones in my electorate is Grange Resources. Thankfully this has been sorted out before a problem was identified through an adverse impact.

The Leader also noted that a further undesirable consequence is that it creates an uneven playing field for licenced retailers who retail in gas to both small and large customers. The retailers would have a greater compliance burden, and other retailers may have entered the market to retail gas only to large customers without the obligation to be licenced. It seems almost impossible to contemplate that you could have someone operating without being licenced, selling gas to large customers.

Thankfully, it has been picked up and has been addressed. This amends the retail definition to be consistent with the historic meaning under the Gas Act 2000. That really is a tidy-up that makes sure we do not have those problems occur. Thankfully, it has been picked up early, rather than after the implementation, when it became an apparent problem at that time. Well done to the staff member who identified it.

The bill also ensures that both the minister and the regulator can review and amend any code related to the gas industry, regardless of who issues the code, which seems like an entirely sensible tidy-up of that process.

My questions are: Why would you allow, or want, the minister to review or amend any code anyway? Is it not more appropriate that codes are always reviewed and amended by the regulator? There should be an independent process. In my view the minister should not be able to interfere or influence the amendment or review of codes.

So far there are four. There may be more in the future, but the Leader mentioned these: the Gas Distribution Code, the Tasmanian Gas Retail Code, Tasmanian Gas Bulk Customer Transfer Code and the Gas Customer Transfer and Reconciliation Code.

Once these codes have been put in place and agreed to, whether they need reviewing or amending in the future, I think would be a job solely for the regulator. I do not know why the power of the minister still remains there. I would have thought the role, should there be a role in this, of the minister would be to request the regulator to undertake a review or consider an amendment rather than the minister doing that work. It seems like a real conflict to me. I do not know how we address this, but it is a problem when you have the minister inserting themselves into this process, when it really should be the regulator's job. I do not know if the Leader can shed much light on that for me. It is a bit of a concern when you are talking about regulation of the gas industry.

With all due respect to the current minister and any future minister, I do not reckon they will be experts in the gas industry. If they are, they can probably help out in that process. Generally, it is a pretty specialised skill and knowledge set. I would have thought the role for the minister would be to refer a matter to the regulator for review and possible amendment, rather than actually doing that themselves. That is the way I read this - it gives the minister the power to do it. I do not think that is right. It should just be the regulator because of the independent nature, the skills base and skills required to make sure we do not have little or big unintended consequences by giving it to the most appropriate skilled people to undertake that role.

I support the intent of this legislation; of course the first part particularly is very important we sort out so we do not have an uneven playing field for the various gas suppliers that may be in the market or coming into the market in Tasmania. However, I have some concerns about that role and would like the Leader to address that and whether it is something which should be reviewed more fully.

[2.47 p.m.]

Mr VALENTINE (Hobart) - Mr President, the member for Murchison took the words right out of my mouth because that is exactly the concern I have. When I read through the bill I see that the regulator and the minister seem to work together. But my question is: does the

Parliamentary Standing Committee on Subordinate Legislation get to see these things in terms of being able to review the protected provision being considered here?

Could the Leader answer that question in regard to the protected provision 'must be' approved by the Minister for Energy, as it says in the second reading speech? Is it something the Subordinate Legislation Committee gets to cast its eye over? I was on the Subordinate Legislation Committee for a while. Someone may be able -

Mrs Hiscutt - I can tell you now that codes are not assessed by Subordinate Legislation.

Mr VALENTINE - They do not go through the Subordinate Legislation Committee? That does point up the reason. It is a concern over quite a few bills now where we see increasing ministerial power, because in many ways there is not as much scrutiny as there might be when that happens. That can be a concern. Yes, it says the minister and the regulator communicate with each other about administration of the codes, while still providing greater autonomy for the regulator to undertake the ongoing routine management of both the current and any future codes.

The regulator is not appointed by the minister, is it? I think the Governor appoints the regulator. It would be a concern if it were the minister -

Mrs Hiscutt - It is the Governor.

Mr VALENTINE - That would be a concern if indeed the -

Ms Forrest - On the recommendation of the minister.

Mr Gaffney - Could you ask who recommends the appointment to the Governor?

Ms Forrest - It would be the minister.

Mr VALENTINE - Who recommends the appointment to the Governor? It is the minister. There you go, there is a reason to show a bit of concern there.

Ms Forrest - It is the way the act is currently framed. It does not make it right. We have just picked up that another problem has been picked up in the act.

Mrs Hiscutt - Someone has to be responsible.

Mr VALENTINE - Well, they do, but being responsible and being properly scrutinised are two separate things. I think we have to make sure that there is always proper scrutiny around what ministers do.

Ministers are elected by the people, and they are not elected by the people to do just anything the minister wants. They are elected by the people to make decisions based on due process, one expects. The due process in this case, for me, would be proper scrutiny over ministerial decisions.

The regulator has a statutory obligation to act in a fair and equitable manner, taking proper account of both the interest of licensees, and, importantly, the interests of customers.

Obviously, it is important somebody has their eyes on what is happening with respect to the people on the street. I was talking with the member for McIntyre about the users, and when the member was talking about that, the only one that came to mind was the Mersey Valley Power Station. I think it may still have a role in terms of using gas.

Ms Rattray - Tamar Valley.

Mr VALENTINE - Tamar Valley. Quite clearly, that would have been a clincher for getting gas into the state in the first instance - a commitment for using a certain amount of gas. It would be interesting to know how much that commitment was for. How much gas was to be used there? Does the Leader have information on that? It is not totally related to what we are dealing with here today.

In respect of this bill ensuring that both the minister and regulator communicate with each other about administration of the codes, could the Leader tell us where that model exists elsewhere? That is, the model that the minister and the regulator come together to administer the codes. Is it something that is general? Is it something that is just happening now? I would be interested to know a bit of the background, if anyone has information on that.

I am also interested to know which gas industry representatives were consulted. In the second reading speech, the Leader says -

The Office of the Tasmanian Economic Regulator has advised this is an appropriate way of addressing this issue. Gas industry representatives also agree.

I would be interested to know who those representatives were.

Apart from that, I understand the need to fix the problem of retailing. Quite clearly, either the people who put the original act together did not pick it up or people in this Chamber did not pick it up when it came through, but it certainly needs to be changed.

[2.54 p.m.]

Mrs HISCUTT (Montgomery - Leader of the Government in the Legislative Council) - Mr President, there are some large gas customers in Tasmania. The Tamar Valley Power Station is the biggest, and there are others - mining and manufacturing ones like Grange and Nyrstar. I think it would be up to them to determine whether to let us know their gas usage; other than that, it is commercial-in-confidence.

Mr Valentine - Do you know what Tamar Valley is committed to?

Mrs HISCUTT - No, I do not.

Ms Forrest - They have a 'take or pay' arrangement.

Mr Valentine - Is it?

Ms Forrest - Yes. That is public.

Mrs HISCUTT - With regard to the minister versus the regulator. The minister issued the three initial codes to start with. This amendment extends the power of the regulator to undertake reviews. Hopefully, that will address your concerns because the minister was there in the first place, and now this is allowing the regulator to undertake the reviews. For members' interest, one terajoule is approximately \$40 000 per year -

Mr Valentine - You are saying the ministerial power to do the codes is already there and the regulator has been brought into it.

Mrs HISCUTT - The minister issued the three initial codes and this amendment extends the power of the regulator to undertake reviews. Just with who was consulted with on this amendment, Tas Gas was the first entity to raise its concerns with that, and then the consultation went between it and the regulator to sort that out.

Bill read the second time.

GAS INDUSTRY AMENDMENT BILL 2020 (No. 32)

In Committee

Clauses 1 to 5 agreed.

Clause 6 -
Section 99 substituted

Ms FORREST - I respond to the Leader's response to me in the second reading debate. If you go to the actual legislation as it stands now, the Leader in her reply said it gives the regulator the power to review codes issued by the minister. As I understand it, the minister issued the first three codes and the regulator issued the fourth code. I am happy to be corrected if I am getting any of this wrong.

Currently it says-

99. Review, amendment and replacement of gas codes

...

issuing authority means the Minister or the Regulator,

(2) An issuing authority may, on its own initiative or at the request of any person, review a code issued by that authority.

So, we go back to the issuing authority: Is it the minister or the regulator? Am I misreading this? It seems like it is already there. It goes on-

The Regulator is to review a code issued by the Regulator when required to do so by the Minister.

So the minister can require the regulator to review the code issued by the regulator. It says -

- (4) A code is to contain provisions providing for its amendment, rescission or substitution by the issuing authority.

Which can be the minister or the regulator according to the definition above.

- (5) Despite subsection (4), the Regulator must not do any of the following without first obtaining the written approval of the Minister:
 - (a) amend a protected provision of a code;
 - (b) amend a code by omitting a protected provision;
 - (c) rescind or substitute a code containing a protected provision

That gives some limitations around the role or the extent there. What we have in the amendment is the regulator may - it is taking that out and replacing it; what I just read out, basically -

The Regulator may, on its own initiative or at the request of any person -

Which I assume could be the minister, or it could be someone else - I am not sure who else. I do not think I am in a capacity that I would want to ask the regulator to be reviewing something. Why would he even listen to me?

... review, amend, rescind or replace any code -

- (2) The Regulator is to review a code when required to do so by the Minister.

That is already in the bill. Then, before the regulator reviews, amends, rescinds or replaces a code issued by the minister, the regulator must notify the minister of the regulator's intention to do so, which is a slightly different wording to what is in the act now -

- (4) If the Regulator amends, rescinds or replaces a code, the Regulator is to notify the Minister of the amendment, rescission or replacement.

That is pretty much there too. Then -

- (5) The Minister may review, amend, rescind or replace any code.

I had better to complete it -

- (6) Before the Minister reviews, amends, rescinds or replaces a code issued by the Regulator, -

Not the one that is issued by the minister, the one issued by the regulator -

... the Minister must notify the Regulator of the Minister's intention to do so.

You have to think about long term here. Let me just add some extra words in here for clarity -

Before the Minister reviews, amends, rescinds or replaces a code issued by the Regulator 10 years ago, the Minister must notify the Regulator of the Minister's intention to do so.

I am just not sure what we are trying to achieve here. It seems to not be in line with what the Leader has said in her reply, entirely -

- (7) If the Minister amends, rescinds or replaces a code, the Minister is to notify the Regulator -

So, they have to tell each other what they are doing, which is sensible, I guess. I would have thought the minister should be consulting with the regulator anyway, and requiring the regulator to assess the new code, revised code, amended code or the rescission of a code.

Yes, this does give the regulator - 'may on its own initiative' - the power to review or rescind any code, not just the ones that they have issued. Yes, but the minister can do entirely that. Then essentially, from this, it says they then have to notify the regulator that they have changed it.

Going back to the comments I made in my second reading contribution about concerns about the minister doing that without - other than notifying in proposed subsection 7, 'the Minister is to notify the Regulator' - rather than engaging the regulator in part of that review process, because they are the ones who actually regulate the industry under the act.

The way the current act is written, maybe it does need minor tweaks, but it seems to me, when you look at it, that the issuing authority - that is, the person who issues the code, or the authority that issues the code - can be the minister or the regulator. So whoever issues it, the minister - if I place in subclause (1) of the current bill the interpretation from subsection (2) -

A Minister or the Regulator may, on its own initiative, or at the request of any person, review a code issued by that authority.

It is issued by that authority, but for a while there all you needed was for it to be issued by the authority that made it - by any authority, the minister or the regulator, which is what you are trying to do. But here it is allowing the minister to do it without any apparent consultation with the regulator.

Mrs HISCUTT - I have taken some time to make sure we have this exactly right. The issuing authority can review its own code, but not a code issued by the other issuing authority. The change this bill is making will allow the regulator to review a code issued by the minister. The regulator currently does not have that power. In practice, the regulator is the one who will review codes.

If the member's suggestion was to progress or change, either issuing authority could amend a code issued by the other, or the minister could still amend a code issued by the regulator.

Ms FORREST - Just a couple of things in that. The intention and in practice - you said, Leader, in practice the regulator will review and amend the codes. So why do we have subclause (5) at all? 'The minister may review, amend, rescind or replace any code' unless you just want the minister to be able to amend, rescind or replace. That seems contrary to that 'in practice' approach. It is setting up another standard.

I only have three calls so I will go to my next question. Section 99(1) of the current act talks about the issuing authority, which I have said is the minister or the regulator. Then you have a definition of protected provisions. It means -

protected provision means a code provision that is identified, in the code, as a provision that is not to be omitted from the code, or amended, without the Minister's written approval.

So we are rid of both of those definitions in this. That means there are no longer any protected provisions. If the regulator decides they are going to amend, rescind or replace a code, all they have to do is notify the minister of the amendment, rescission or replacement. They can do anything they like - essentially, there is no more protected provision.

There was nothing in your second reading speech, Leader, or in any other commentary we have had around why that has been removed. There may be a very good reason for that, and that is fine. However, I think it is important to understand why this has been taken out. This act has not been enacted. It has clearly been identified as 'why have we put that in there?' Well, we agreed to that in 2019. I could not argue why I did, personally, but anyway the Chamber did, parliament did, but now we are taking it out. If the Leader can provide some understanding of why we are just going straight to full-on, everything is open to amendment, recision, remaking basically, or substitution. There is no prohibited provision.

I am not sure what was envisaged as being a prohibited provision in all of this, but the minister is the one who has their sticky fingers on the prohibited provisions in the current act. I do not know what the purpose was. Maybe it was decided the minister should not have sticky fingers on that.

Mrs HISCUTT - The basis of the question is why retain ministerial review of the codes. We are being consistent with a cooperative approach to allowing the minister to review codes they have already issued, but now we are enhancing the review of gas codes by also allowing the regulator to review codes. The protective provisions were included in the Gas Act 2000 for ministerial codes, which restricted the regulator's role. We are seeking here to extend the regulator's powers and limit the minister's role. This means the minister cannot insert provisions that the regulator cannot review or amend.

Ms FORREST - A lot of this does make sense. We should not be limiting the regulator. You are talking about the cooperative approach that the minister can review, amend or rescind or replace any code. That includes the codes issued by the regulator. It does not limit the minister to only reviewing the codes the minister has issued. The way proposed new section 99 is written, if you look at proposed new subsections (5), (6) and (7), which what I am focusing on -

(5) The Minister may review, amend, rescind or replace any code.

- (6) Before the Minister reviews, amends, rescinds or replaces a code issued by the Regulator, the Minister must notify the Regulator of the Minister's intention to do so.
- (7) If the Minister amends, rescinds or replaces a code, the Minister is to notify the Regulator of the amendment, rescission or replacement.

The minister can rescind this code here. As part of our red tape reduction program, we are going to remove this code or whatever. The regulator thinks, 'No, that is not a very good idea. There are certain safety issues around that', or competition stuff - I do not know: a whole range of things could occur here - and the minister can do it without any recourse to the regulator other than notifying they are going to do it. The only way for it to be reviewed by the independent regulator, is then for the regulator to say 'Oh we have a new code. Oh, I am not sure about that. I now need to review it again'.

If that is how it is going to work, and the intention is that the regulator will now review the codes, this does not stop the minister making a code. In section 97 of the act, the minister and the regulator can still issue codes. We do not limit them at all. They can still do that. I do not think we should have proposed new subsections (5), (6) and (7) in this bill. Proposed new section 99(1), the important insertion, has the intention of -

The Regulator may, on its own initiative or at the request of any person, review, amend, rescind or replace any code.

That is, a code it or the minister has issued. To insert the minister back here as being able to do something that the regulator may take issue at, but the only power the regulator then has is to review it after it is done seems to me to be going against the intention the Leader has articulated - that in the future the regulator will do the reviews of, and any amendments to, the codes.

New codes can be issued, under section 97, by the minister or the regulator, but what we are talking about here is the review amendment on replacement of gas codes.

Ms Webb - You could end up going back and round and round and round.

Ms FORREST - Well, you could if the minister were trying to do stuff the regulator had some concerns about.

Under proposed new section 99(1), if the minister or anybody else - say, a big industry player or Tas Gas - asked the regulator to review a code because they felt it was not appropriate, or not fit for purpose, whatever, the regulator can make the determination about whether to review that or not.

Clearly, I expect that if the minister requested it, it would do that - you would not expect them to reject the minister's request - but it then should be up to the regulator to do it. I cannot see why we are still inserting the minister into this part of review, rescind and replace when the intention clearly stated by the Leader is that the regulator will do this job.

If anyone else shares this concern, they can get up.

Mr Valentine - I do.

Ms FORREST - I suggest an amendment to remove proposed new subsections (5), (6) and (7), unless I can be convinced otherwise.

Madam DEPUTY CHAIR - I remind members that the member for Murchison has used her third call.

Mrs HISCUTT - Madam Deputy Chair, I move -

That the Committee reports progress and seeks leave to sit again.

Mr VALENTINE - Regarding reporting progress, it might be that I raise other matters that people at the Table might need to know.

Ms Forrest - If the Leader could articulate the reason for that, it might help,

Mrs Hiscutt - While the member for Hobart is on his feet, my advice is we would like to discuss a couple of those issues with the minister before we give advice on them.

If the member wants to add information to that, which my advisors may wish to discuss, I am happy to withdraw and do it again after he has spoken.

Mr VALENTINE - If it is withdrawn, it is withdrawn. I will leave it up to -

Madam DEPUTY CHAIR - Before I put the question, I will allow the member to put his information or request forward.

Mr VALENTINE - My query, which may need some comment, is that it is recommended to the Governor that the regulator be appointed. It is putting the regulator outside ministerial control, and yet this bill effectively brings the regulator under the control of the minister because the minister can totally override what the regulator does. That is my concern. I have other things to say, but I wonder whether they need to know that in terms of the separation of powers. I do not know whether you call it that, but I think you will understand.

Madam DEPUTY CHAIR - The question is that I report progress and seek leave to sit again.

Progress reported: Committee to sit again.

APPROPRIATION BILL (No. 1) 2020 (No. 46)

APPROPRIATION BILL (No. 2) 2020 (No. 47)

Note Papers - Budget Papers 2020-21

Resumed from 17 November 2020 (page 92).

[3.23 p.m.]

Mr DEAN (Windermere) - Mr President, some members are familiar with the Launceston & North East Railway - L&NER - and what is happening in that area. This works in with what the Premier's Economic and Social Recovery Advisory Council - PESRAC - wants to do with the recovery processes we are going through with activity and places for people to visit in this state.

It is to do with the line between, at this stage, Turners Marsh and Scottsdale, and hopefully with a position that L&NER will be able to part to play in the line from the Lilydale Falls through to Wyena as well. That matter is being considered at present. L&NER is very active, and is already making progress cleaning up the line and already moving to get a railway station back in Launceston. It is moving to do that and already wants to develop a site at Turners Marsh where the first part of this activity will occur. L&NER has also had a prototype made of a railcar. All of this is about bringing tourism and increasing railway activity.

As I said, all of this is about tourism, bringing tourists into Tasmania and increasing railway activity. Globally rail tourism, especially heritage rail tourism, is emerging as a significant industry in its own right, particularly as part of the exponential visitor economy. Increasingly, heritage infrastructure and associated activities such as tourism, education, training are becoming critical to the revitalisation of struggling regions, and critical to inclusive growth and unlocking the full potential of our regions. Such a strategy would also give further scale and scope to numerous policies that are currently in place.

This will be a great activity. I am very confident the groups behind this and involved in it are motivated, and will get this moving in the right direction.

I mention a couple of the policies they are looking at in moving this matter forward. There is the Heritage Highway Destination Action Plan, the Tasmanian Visitor Economy Action Plan 2020-22, the Tasmanian Visitor Engagement Strategy, the Tasmanian Visitor Economy Action Plan, and, of course, the Premier's Economic and Social Recovery Advisory Council interim report, which talks about these things as well. That is, about these places moving forward with anything that will promote, and bring people to, this state - not just that area, not just to the north of the state, but to the state, and it will do that.

I have not been on their committee, but I have been working with them, and I have said to these people for a long time now, 'You have to get runs on the board. That is when people will start looking at you. That is when people will start listening to you.'. I am pleased to see that is happening. It is a great activity. I commend all those involved.

The Tamar River. I never let an opportunity go by without mentioning the Tamar River -

Mr Valentine - It is not going to go away.

Mr DEAN - No, it is not going to go away. It needs a lot of work done on it - everybody knows that. It is not a clean river at all. In fact, it is a second-class river, sadly. It has the potential to be really the 'eye' of that area, if we could get the work done on it that needs to be done, and there is a lot to be done.

I notice the Budget has money for TasWater to accelerate its infrastructure pipeline around the state, and support to enable a decommissioning of TasWater's Macquarie Point wastewater treatment plant. It has been said this state should first provide the money and support to clean up the Tamar before it puts money into relocating a sewage treatment plant that at present is working very well.

That is the issue here. What will happen for the clean-up of Tamar River? I am not too sure at this stage. I hope we can move forward with getting some work happening on the river. Currently, and I have said this many times, we have too many hands, too many organisations, involved in the Tamar River activities. Who owns what, and who does what, and who is responsible for what? Nobody really knows. It is high time.

Some long time ago I was on a committee with the previous member for Rosevears, Kerry Finch; I am not sure whether the honourable Don Wing was on that committee as well. It was a good committee. We made some strong points, and that is one of the strong recommendations we made - it should be under the control, the responsibility, of one organisation. I think we referred to Natural Resource Management - NRM - North as possibly being that organisation. That is where we are letting ourselves down, in my view. It should be a priority.

The other matter I wanted to mention - the member for Launceston mentioned it also - is the new Tamar bridge that is currently being considered. I think there is more money in the Budget for this year. It is part of a second phase, as I understand it, of identifying the location for this bridge. It impacts very much on the member for Rosevears' area, as to where it will start on that side, and where it will come across onto the eastern side. Legana, for instance, will be taken into account here, because that is one of the fastest growing areas in the state, and it is becoming a big area, with a new school being built there as well.

I am not sure a bridge should be right in Riverside. It should be back, probably outside Riverside, towards Legana, but the member for Rosevears will have a position on that. It will probably come in near Alanvale on my side, the Windermere side, and/or the Newnham area. People are saying to me that it is a great innovation. We need another bridge. There is no doubt about that at all, but we do not want to move the congestion from one side of the river to the other side.

A lot of work needs done on the eastern side, because there is a big slowdown of traffic in the morning and afternoon peak periods on Goderich Street, the East Tamar Highway into Launceston, and out of Launceston going through to Hobart. There is something like 14 or 15 sets of lights to get out of the beginning of Launceston from the northern side out onto the southern side. There are heaps of lights, and we have just had another set put in above Bunnings on the northern side as well. Thank goodness I was strong in my position of a roundabout for the Mowbray Link, because that is working extremely well. That was going to be traffic lights. It would have been another set.

I will be watching this bridge very closely, as will everybody. I understand the phase now is to identify the location of it. The Leader would know more about that.

I am pleased to see that smoking features in two of the research grants provided in the Budget. There are a number of research projects, but two relate to tobacco in some way.

The first one is 'Early detection of small airway abnormalities in non-smokers' and \$56 683 was provided for research in that area.

The second one is an important one: 'Are newly introduced electronic smoking devices safe for smoking cessation and implications for COVID-19 infection'. Dr Sukhwinder Singh Sohal is the researcher - a great man, a great person, very much involved in making health better in this state and wherever he possibly can, so doing great work. A sum of \$80 000 provided for that research activity.

Ms Forrest - What sort of device is that?

Mr DEAN - Device?

Ms Forrest - Was there a device they were researching?

Mr DEAN - This is research into electronic smoking devices.

Ms Forrest - The vaping machines?

Mr DEAN - Yes, it is vaping. That is the wording of the research program I read from. It will be interesting to see where that goes and what happens to it because a lot of people are talking about it. In my view, many people are making statements they need to be careful about, because there is a huge amount of research going on here. These vaping products do contain nicotine, and they do contain a number of other poisons, fluids, or whatever it is, that a lot of people do not even know about, but there are so many of them on the market. It is quite unbelievable.

To come out and make clear statements one way or the other, to me, is not being reasonable in all the circumstances.

A couple of other points I wanted to refer to. I do not think the member for Launceston did, but I want to mention New Horizons, because it is a great organisation. The member for Rosevears would be aware of it. The member for McIntyre would be aware of its activities as well. Most members probably would be. It is a great organisation doing great work; it has provided me with a briefing note that I will quote because it raises some very important issues -

New Horizons are very grateful to the Federal Government for extending our one-off MUSTER Funding until March 2021 (during our covid year). This funding was awarded to New Horizons after the loss of our state government funding in 2018, with the roll-out of the NDIS to Tasmania.

With the end of the Muster Grant, New Horizons again faces being without any core funding.

- New Horizons is currently working on an NDIS ILC grant application (a nationally competitive round). We have been unsuccessful in the past two rounds so far. IF successful, we will be awarded funding for 12 months.
- New Horizons is grateful to have been supported by the Tasmanian Government with a special one-off \$17,000 grant in 2020 to use to

investigate how our organisation may 'work' in the NDIS space (ie. converting some of our programs and memberships to be able to charge individuals through their NDIS plans). Unfortunately, all our learnings so far are that our volunteer-run group activities would run at a loss, once the necessary adaptations had been made.

- New Horizons are very grateful for the support we have received from our local MLC members, Ross Hart previously, Bridget Archer now (our Federal representatives) and the Tasmanian Government as we attempt to navigate our way through huge funding changes (which put our organisation at great risk).
- New Horizons fundraises to cover all extra costs, however the reality is that it is dependent on community and government financial assistance to be able to provide such powerful social returns.
- New Horizons supports over 300 Tasmanians with disability to be able to access life-changing inclusive sport, recreational and social opportunities, with programs based in Launceston, Hobart, Scottsdale and Wynyard.
- The visible work of New Horizons with so many partner organisations, also assists in building more inclusive communities as a whole, right across the state.
- The board and management of New Horizons are very grateful for the support of our Local, State and Federal government, and recognise and respect that the change from block funding to NDIS is inevitable.
- Unfortunately though, at this stage of the NDIS evolution, trying to have New Horizons funded through NDIS is still like 'trying to fit a square peg in to a round hole'.

We are very concerned about our future past March 2021 if we are again unsuccessful in the NDIS ILC grant round.

Ms Rattray - I support the member for Windermere 100 per cent in his contribution to this particular matter. The support that New Horizons gives to those living with a disability is absolutely amazing and we cannot lose that.

Mr DEAN - Thank you, member for McIntyre, because this organisation is an outstanding organisation providing support and assistance to people with disabilities who are challenged, to give them the same rights you and I and others have to participate in sport and other recreational activities.

You see them in the papers. There was a photograph of some of them in the paper the other day - the smiles on their faces because of what they were participating in. It was just magnificent to see. If an organisation like this is going to struggle to get the funding, it is a slight on us. It cannot happen and I urge the Government to work closely with New Horizons to ensure it has the funding necessary to continue its work.

It has a very small paid staff - there might be only one or two, if that. I am not quite sure what they get and it might not even be any, but there are not too many. Most are volunteers to run this organisation. Magnificent. I urge the Government to really look closely at what they are doing.

Ms Rattray - Yesterday, I spoke about the \$80 million going to the Derwent Entertainment Centre for an upgrade and then funding for the JackJumpers. I have no issue with funding sport, but we have to be fair and reasonable about this.

That is certainly something our committee will follow up next week, with the minister.

Mr DEAN - That is great. We certainly will, because you are right. When you look at it, what is the most important thing? Funding a state basketball team, state football team or whatever, or supporting these great numbers of challenged people with disabilities to live as normal a life as they can in all the circumstances?

Ms Forrest - So are you going to stop asking for a state football team until this happens?

Mr DEAN - Well, I would say, certainly - I would absolutely, 100 per cent, support, New Horizons being assured of the finances it needs to run its organisation. COVID-19 did not allow it to run its fundraising. It was stopped from doing that. The pressure has been enormous. I cannot speak on that enough.

In closing, I am not sure where the member for Mersey is, whether he has finished his reading. If he has, I can finish up as well.

I will mention the First Home Owners Grants because just the other day a structural engineer came to me in relation to another matter, but started talking about these grants. He was with a home designer who is pretty well known in the north of the state. They were saying it is high time we had a good look at these grants. What they are saying is that they are really losing their way. I started the subject with them, because one of my staff was looking at a block of land. She told me that when these grants came out and were approved, the blocks of land went from \$160 000 up to \$185 000 overnight.

Ms Rattray - A \$25 000 increase.

Mr DEAN - A \$25 000 increase overnight. She was quite upset and told me about it.

I raised that with these people and they went right off and said, 'You are right, it is high time they took a good look at these grants. There is a better way of doing it where the people getting these grants will get the real benefit.'. Not an inflated cost on the things they are buying and their blocks, and so on.

Mr Willie - It is an economic stimulus matter. It is not a housing affordability.

Mr DEAN - Well, it is. The member is right. It is a stimulus to get building going, but there is more than that to it. It is also about getting people into their first homes.

It is also about helping out with the rental markets and all those other things. It is two-pronged.

Mr Willie - But if you think about the economics, you are putting money into the demand side.

Mr DEAN - Well, you are. I see it as being a two-edged sword, to be frank with you. It is giving benefits both ways, all ways.

An engineer involved with this sort of work was saying it needs changing. He would be doing himself out of work, I suppose, if these activities were cut off. They are saying things like it could occur through either taxation benefits somewhere, through the system with stamp duties and/or GST relief.

They believe GST relief for these people where they could bring back the similar amount of money - the \$25 000 - without money actually changing hands - they believe that would be something we probably should look at.

Both these people are senior people; they know what they are talking about and have very good backgrounds and credentials.

Having said that, Mr President, I will note the Budget Papers and Appropriation Bills.

[3.45 p.m.]

Mr WILLIE (Elwick) - Thank you Mr President, just a short contribution from me. This year we have faced a worldwide pandemic. Lives have been lost, and jobs and businesses have been severely impacted. Government social support systems have been pushed to the limit. We still face a lot of uncertainty. As a community we must remain vigilant. Others have said this Tasmanian Budget is the most critical since World War II. Whilst presented in challenging times, it is an opportunity to be bold and to reinvent Tasmania to make it a fairer state, where all its people have access to social and economic opportunity.

I am not so sure that vision is in this Budget. The Budget projects the unemployment rate will average 8.5 per cent in 2020-21 and 8.25 per cent in 2021-22. This compares to national projections of 7.25 per cent in 2020-21 and 6.5 per cent in 2021-22. At the same time, the participation rate will decline to 59.5 per cent by 2021-22, meaning thousands of people will stop looking for work altogether. Total employment will fall by 1.75 per cent in the current financial year, and by a further one per cent in 2021-22. This is a loss of almost 7000 jobs from July 2020. This compares to the national projection of 2.75 per cent growth.

This Budget accepts job losses and a two-year recession. At the same time the Budget estimates that by June 2024, Tasmania will have a \$4.4 billion debt, which is approximately 60 per cent of the projected state budget or 14 per cent of projected GSP. The Budget projects a \$1.1 billion deficit in the current financial year, before returning to a slim 14 per cent surplus in two years time. The return to surplus will require nearly \$500 million less expenditure in 2022-23 compared to this year. GST receipts will need to rise by over \$600 million in the same year - I cross to that year - and state taxation will need to increase strongly.

Mr President, conveniently for the Government, this projected surplus is beyond the next election and there are no economic forecasts beyond 2021-22 to demonstrate the conditions that will produce this estimated result. This is a political statement in the Budget without the evidence to back it up. It will also require projects, such as the Bridgewater Bridge, to progress

on schedule. We have heard a lot about an infrastructure-led recovery but can the Government actually deliver?

The Government says it will spend nearly \$4 billion on infrastructure, in addition to more than \$850 million through government businesses. This is despite spending just \$521 million last year, \$200 million less than budgeted. The majority of the projects in the Budget were reannouncements of already delayed projects. Within 24 hours of the Budget ink drying, Moody's, the nation's leading ratings agency said -

Notwithstanding the budgeted increase in debt-funded infrastructure spending, we consider slippage over the forward estimates period is highly likely. This reflects our view that the scale of infrastructure spending will be difficult to deliver within the projected timeframes.

If I look at the Education portfolio, for which I am responsible in terms of the Labor Party, it is not hard to find examples of this. I went back to the 2018 budget and made some comparisons to the 2020 Budget and the completion dates. East Launceston Primary was projected to finish in 2019; it is now 2021. I am aware that school thinks the project may have finished and it might be to do with the profiling of the spending, but these are the ones where question marks remain.

Legana Primary was projected to be finished in 2023; it is now 2024. Montagu Bay Primary was projected to be finished in 2019; it is now 2020. Brighton High School, which has been talked about by other members, a delayed project too - it was projected to be finished in 2024; it is now saying 2025. Penguin K to 12 school was projected to finish in 2021; this Budget is now saying 2022. Sorell K to 12 school was projected to finish in 2021; the current Budget is saying now it is 2023. Cosgrove High School was projected to finish in 2023; the current Budget is now saying 2024. The School Farm redevelopment at Brighton was saying 2019; it is now saying 2021. The School Farm redevelopment at Sheffield was saying 2020 in 2018; it is now 2021. I am not sure whether members can pick up on a theme here.

Ms Forrest - It is pretty obvious.

Mr WILLIE - I was being sarcastic. Sorell School, 2019; now saying 2022. The Southern Support School, 2019; now saying 2021. Taroon High School, 2019; it is now projected to finish in 2021. Of the 22 existing school projects, more than half are delayed; six are delayed by a year; five are delayed by two years; and one by three years. This is a combined delay of 19 years.

To date we have had a lot of talk about new schools, but this Government has not built one new school in seven years.

Ms Forrest - Nice to get to Montello and get a new one there.

Mr WILLIE - I am about to get to that, member for Murchison. I note the member for Murchison's comments about Montello, and I have also made comments about that in the past. I asked for the infrastructure priority lists here a couple of months ago, member for Murchison, and I am happy to share them with you and take that up in Estimates because Montello is priority No. 1. There is no money in the Budget and it has been like that for a number of years, as you well remarked.

Ms Rattray - How many are on the priority list? Do you recall?

Mr WILLIE - Off the top of my head, 10 or 12. I am happy to share that document with members if they want to look at some of the schools in their areas.

Ms Rattray - You might share it through Estimates next week.

Mr WILLIE - Unsurprisingly, I will certainly be taking this issue up with the minister.

Ms Forrest - Go your hardest in Estimates, please.

Mr WILLIE - If you look across the government agencies, of the 82 existing agency infrastructure projects set out in the Budget, 44, or more than half, are already delayed, with 24 by a year, 17 by two years and three by three years. It is a combined delay of 67 years. There is nothing wrong with borrowing to rebuild, but we need to have something to show for it and that requires action. With each delay, it is costing much-needed jobs now. In the other place, my colleagues have been talking about a plan for 35 000 jobs. We think the Government needs to do more to stimulate the economy, create more jobs and actually reduce the projected unemployment rate.

Ms Howlett - Can I just ask what the multiplier was used for those 35 000 jobs?

Mr WILLIE - Twenty-five thousand of them are yours.

Ms Howlett - Yes, that is right and I know what multiplier we used, I am just asking what multiplier you used. What did you use?

Mr WILLIE - I can go into that. We want to fund job creation initiatives across all industry sectors, with a particular focus on regions and workers who are unemployed or disadvantaged in the labour market. I am also particularly keen to fundamentally reform career education in schools, so that our students connect with experiences of work earlier and are supported through the education system to meaningful employment.

Again, in that space, the Government has some initiatives, but it has not gone far enough. I am happy to take the question from the member for Prosser on notice because, I know your multiplier concerns the construction industry, and our plan is to stimulate jobs across industries.

I know that debate in this place has a different focus, so I will not go into all the detail of that, but I might seek leave to table that document as part of my presentation, and if interested members want to have a look, they can have a look.

I seek leave to table that document.

Leave granted; document tabled.

Mr WILLIE - I said I would make a short contribution, so I will wrap up shortly. Before I do, I know it does not concern the State Budget, but it does have a lot of connections with it, and that is around JobKeeper and JobSeeker and those stimulus measures.

Representing an electorate that has pockets of socio-economic disadvantage, I have noticed that some of my constituents being able to afford haircuts, being able to afford fresh fruit and vegetables for their kids, being able to afford new clothes for their kids. Tasmania has a heavy reliance on social services payments. The latest September data has 38 000 people on either JobSeeker or Youth Allowance in Tasmania.

With the looming cuts to those payments - \$400 per fortnight from the March-September level - it is going to be \$15 million out of our economy every fortnight. Everyone is a consumer, and I worry about the impact of that on our Tasmanian economy. We need to keep consumer confidence going, and the State Budget relies on that aspirational target for confidence.

It is the wrong time for the federal government to withdraw some of those stimulus measures. We are heading into a two-year recession as a state. I know that the state Government is not responsible for those federal social services payments, but their State Budget will rely on consumer confidence going on. That is a huge concern.

It is a concern for me, representing some of my constituents, who I have seen have their lives completely changed through this period. They were trapped in a cycle of poverty before the pandemic. In fact, it was very difficult for them to get a job, because they could not afford a bus ticket to get to an interview, or appropriate clothes, or to print a résumé, and I would hate for us to go back to those times.

That is my final concern, Mr President. I know that is not directly related to this State Budget debate, but it is a grievance debate, and I want to put my concerns around that clawback of JobSeeker and JobKeeper moving into the future, because we are heading into a recession, and I think that is going to have a huge impact on Tasmania's prosperity in the short to medium term.

Mr President, I move -

That the debate stands adjourned.

Debate adjourned.

GAS INDUSTRY AMENDMENT BILL 2020 (No. 32)

In Committee

Resumed from above.

Clause 6 -

Section 99 substituted

Mrs HISCUTT - Earlier the member for Hobart asked a question, and I have the answer for that. The regulator is defined as the Tasmanian Economic Regulator, appointed under section 9 of the Economic Regulator Act 2009. The minister under this act is the Treasurer, not the Energy minister. So the Tasmanian Economic Regulator - this is section 9 of the act. I will run through it -

9. Tasmanian Economic Regulator

- (1) The Minister is to appoint a person to be the Tasmanian Economic Regulator.
- (2) The Regulator -
 - (a) is a corporation sole; and
 - (b) has a seal; and
 - (c) may sue and be sued in his or her corporate name.
- (3) The seal is to be kept and used as authorised by the Regulator.
- (4) All courts and persons acting judicially must take judicial notice of the imprint of the seal on a document and presume that the document was duly sealed by the Regulator.
- (5) All courts and persons acting judicially are to take judicial notice of -
 - (a) the official signature of a person who is or has been the Regulator; and
 - (b) the fact that the person holds or has held the office of Regulator.
 - (6) Division 2 of this Part has effect in relation to the Regulator.
- (7) Before performing any function or exercising any power under this Act, or any other Act, the Regulator is to have regard to the costs and benefits of the Regulator's actions.
- (8) Despite subsection (7), the Regulator -
 - (a) may perform any function or exercise any power under this Act, or any other Act, regardless of the costs or benefits of the action; and
 - (b) is not required to give, to any person, reasons for so performing the function or exercising the power.

That explains the duties of a regulator as opposed to the minister. It is not the minister, it is the Treasurer who is the minister.

Mr VALENTINE - I have circulated an amendment, which actually is from the member for Murchison because she does not have any further speaks left. I concurred with this and I will read that amendment so that we can then talk to it.

Madam DEPUTY CHAIR - The member might like to read the three amendments.

Mr VALENTINE - Yes, I move the following amendments to clause 6 -

First amendment

Proposed new section 99(5) -

Leave out the subclause.

Second amendment

Proposed new section 99(6) -

Leave out the subclause.

Third amendment

Proposed new section 99(7) -

Leave out the subclause.

When I read this a few days ago, it took me a while to get my head around it. I ended up drawing a little flowchart, and it is an interesting circumstance. In computing parlance, it is called a 'deadly embrace' and it is -

Ms Forrest - We do not want one of those.

Mr VALENTINE - We do not want one of those, where it just keeps going around and around and around and around in circles and there is no circuit-breaker, and that is what I see here, because under proposed subsection (2) -

The Regulator is to review a code when required to do so by the Minister.

Now, there is nothing wrong with that, because the minister can say to the regulator, 'Well, I want you to review this code.' That is not to say the minister is going to set it; it is going to say that the regulator may or may not amend it, depending on what the regulator's attitude is.

- (3) Before the Regulator reviews, amends, rescinds or replaces a code issued by the Minister, the Regulator must notify the Minister of the Regulator's intention to do so.

Not 'after' but 'before'. The regulator sends correspondence to the minister in some way, shape or form, and says, 'This is what I am intending to do.'.

The next one -

- (4) If the Regulator amends, rescinds or replaces a code, -

Now, it is not saying a code provided by the minister, or referred by the minister, it says 'a code', any code -

... the Regulator is to notify the Minister of the amendment, rescission or replacement.

That is fine. The next one -

(5) The Minister may review, amend, rescind or replace any code.

Proposed new section 99(6) follows -

Before the Minister reviews, amends, rescinds or replaces a code issued by the Regulator, the Minister must notify the Regulator of the Minister's intention to do so.

The change is that the minister must notify the regulator that it has been replaced. Then -

(7) If the Minister amends, rescinds or replaces a code, the Minister must notify the Regulator of the amendment, rescission or replacement.

With regard to what the regulator does, if you scope that in in a flowchart, you will find it could go around interminably. It is called a deadly embrace. I do not know the intricacies at this particular time within the act itself; I am just going on what occurs here. It is clear to me that having ministerial power, it may well be that the minister created the codes in the first place because the regulator may not have existed. Then the regulator was created, so on and so forth. But what is the reason for the minister to be involved? The minister can, as in proposed new subsection (2) -

The Regulator is to review a code when required to do so by the Minister.

He can have a code reviewed. He is not the expert; the regulator is the expert. That is where it properly sits. So proposed new subsections (5), (6) and (7) really have no need to be there; I do not see any detriment in them coming out. I am sure the member for Murchison is going to have something to say.

Mr Dean - It could have included the words 'the minister's decision is final' or 'the decision is final'.

Mr VALENTINE - That is possible, but then it would override the regulator who has been put there to do that role by the Governor. Anyway, we have had that explained.

Mrs HISCUTT - Yes, it might be handy to put the Government's point of view on the table at this point, member for Murchison. Whilst we recognise the concerns of your good self, member for Murchison, proposed new subsections (5), (6) and (7) in the amendment bill are consistent with what has been approved by both Chambers previously under the Gas Industry Act 2019 - namely, section 92 of the Gas Industry Act 2019, which is also contained in the Gas Act 2000, under Part 8, section 2A. The gas sector is small and relatively underdeveloped in Tasmania, with just over 13 000 customers. We think it is prudent to retain ministerial oversight in this underdeveloped industry.

I will put section 92 of the Gas Industry Act 2019, the current act, on the record -

92. Minister may direct Regulator

- (1) The Minister may give directions to the Regulator with respect to the performance and exercise of its functions and powers under this Act, except functions and powers under section 22.
- (2) A direction under subsection (1) must not be inconsistent with an order made by the Governor under this Act.
- (3) The Regulator must comply with any direction given to the Regulator under subsection (1).
- (4) Nothing in subsection (1) or (3) gives rise to, or can be taken into account in, any civil cause of action.

Basically, section 92 is the circuit-breaker and it creates no 'deadly embrace', as the member for Hobart described.

To sum up, the government of the day - which is us at the moment and hopefully for a little while - has a responsibility to manage and support an underdeveloped sector. That is what this is about. This is a transition from what was before into what is now. I urge members not to back this amendment.

Ms FORREST - Madam Deputy Chair, that does not make sense to me. I will support the amendment because when you look at section 92 -

The Minister may give directions to the Regulator with respect to the performance and exercise of its functions and powers under this Act, except functions and powers under section 22 -

Section 22 is about the granting of licences -

- (1) The Regulator, within 40 business days after the later of the following:
 - (a) receiving an application for the grant of a licence;
 - (b) the provision of any further relevant information required under section 21(5) in relation to an application for the grant of a licence -
must determine the application by -
 - (c) granting the licence; or
 - (d) refusing to grant the licence.

On it goes deciding who is the suitable person to hold a licence and then issuing a licence and a certificate, and so on.

When you go back to section 92 -

The Minister may give directions to the Regulator with respect to the performance and exercise of its functions and powers under this Act, except [in that area]

So, the regulator goes about its business under that section and the minister cannot direct it. That section circuit-breaks that; it stops the minister interfering in that process. In the bill before us, section 99(2), the clause we are dealing with, reads -

The Regulator is to review a code when required to do so by the Minister.

That is completely consistent with section 92(1) which says

The Minister may give directions to the Regulator with respect to the performance and exercise of its functions and powers under this Act ...

It does not change anything else.

Section 22 is not the issue here. The issue here is the review of the codes. Section 97 of the act talks about the issue of the codes. That is not changed by this, except for a previous minor amendment we have already dealt with under clause 5 of the bill. Section 97(1) of the principal act is amended by inserting 'for the purposes of this Act, including for the protection of small customers' after 'codes', so it does not change the intent at all -

- (1) Either of the following persons may issue codes:
 - (a) the Minister;
 - (b) the Regulator.

It does not change any of this. It may have been passed in the original bill and we dealt with it but we also passed a major flaw. Let us not get distracted by that. It fundamentally changes it. I agree with taking it out so as not to limit the regulator [TBC]. I am not sure why we passed it in the first place. I was here when we did so I take some responsibility there. I agree we should not limit the regulator, but the intention of this, as stated in the second reading speech, was that we would give the regulator the power to review codes it did not make. Subsection (1) does that. What this goes on to do is give the minister the power to do almost whatever the minister wants. I will read the current act in context: in this section 'the issuing authority' - let's say it is the minister; I am paraphrasing section 99(2) -

The minister may, of his or her own initiative, or at the request of any person, review a code issued by that authority.

We would be getting rid of that change, but that is what it is saying here. The problem is that stopped the regulator reviewing codes issued by the minister. The intent the Leader described

earlier, and the practice in the future, would be that the regulator would review the codes. We needed to make this amendment to ensure the regulator could review any of the codes, including those issued by the minister.

I do not believe the minister should be in the legislation in this place. Sure, the minister can ask the regulator to review any code, any time. If the regulator decides it is going to do it off its own bat, it has to notify the minister. That is entirely appropriate.

However, to have the minister undertaking a review and rescinding or amending a code, purely just by notifying the regulator that he or she is doing it, and then giving them a copy of it afterwards, runs the risk of political interference in an area, a highly complex area, and I cannot accept that is okay.

Yes, the gas industry is young, and it is not well developed. Well, then the minister would have even more reason to rely on the regulator. Why do we have this dual process, when the clearly stated intention of the Government was to enable the regulator to do this work and the regulator to do it in the future.

I support the amendment, obviously - I proposed it in the first place. However, I stand by that. There is an attempt to distract us by referring to the section 22 as a circuit-breaker. It is not. It just means the minister cannot interfere in section 22, which is the issuing of licences by the regulator.

Mrs HISCUTT - The current legislation has been in place for 20 years, and it has worked well. We are thinking that perhaps, for clarity, section 92 allows the minister to direct the regulator with respect to making of codes.

The only functions the minister cannot override are in section 22. Basically, with section 22, which refers to licences, the regulator has total autonomy in regard to the licences, but the minister has control of everything else.

I think the member is getting it back-to-front. Is that what the member was saying?

Ms Forrest - No, I'm not. I was saying the minister cannot interfere with the regulator in the issuing of licences.

Mrs HISCUTT - Correct.

Ms Forrest - That is right?

Mrs HISCUTT - Yes.

Ms Forrest - But the minister can, in the review of the codes, direct and all that sort of thing. That is exactly what I said and is why the minister should direct, rather than do it themselves. That is what I am saying. The minister has the power to direct.

Mr WILLIE - Looking at section 97 of the principal act - the minister can issue codes. My reading of this is that when the minister issues codes, there is some direction here by proposed new subsections (6) and (7) on how they do that. They have to notify the regulator -

Ms Forrest - This is review, amend or rescind.

Mr WILLIE - Yes, there are extra words in there; I will agree with that.

Ms Forrest - Yes.

Mr WILLIE - Review, amend, rescind, but if they are able to issue codes, they can effectively replace them, anyway.

Mr Dean - Yes, obviously.

Mr WILLIE - And this is providing some direction in how they do that.

Ms Forrest - No, it is not.

Mr WILLIE - Yes, it is. It is saying they have to notify the regulator of the minister's intention to do so, so the principal act already has these powers, and this is just clarifying how that process happens. That is my question - is that correct?

Mrs HISCUTT - Yes. I am certainly getting the nod on what the member for Elwick has just said so, yes.

Mr GAFFNEY - The sixth dot point in the fact sheet or the second sentence down the bottom is the thing I think they are trying to address. It says -

The current provisions state that either the Regulator or the Minister can create or make changes to gas Codes on the proviso that codes made by the Regulator can be amended by the Minister, but Codes made by the Minister can only be reviewed by the Regulator at the express request of the Minister.

I think what they are trying to do with this is say you cannot just do it, at express request, each of them has to let each other know and the intention. I get the feeling that if the member for Hobart's amendments were put forward, he would possibly get the support of the Chamber.

I wonder whether it is worthwhile to delay this and for the Government to go away and come back tomorrow with an amendment that might fit in here that would satisfy both the concerns outlined by the members and address what this is supposed to do.

Ms Forrest - Because it does not do what it says there.

Mr GAFFNEY - No. This could be cleared up if it was massaged a little bit now that both the Government officials have heard the members and we have heard that. It could be clarified to make it clearer so there will be no misunderstanding, but it is at the will of the Chamber.

Mrs HISCUTT - I do not think there is much more the Government can do to clarify. Running the risk of repetition, all I can say is that proposed new subsections (5), (6) and (7) of the amendment bill are consistent with what has been approved before; that has worked well for the last 20 years. I urge members to vote against the amendment.

Mr WILLIE - Looking at section 97 of the principal act, Issue of codes, there is some protection in that a code must be in the public interest. The minister cannot just replace a code with their own agenda. There is a protection - it has to be in the public interest. I am inclined to think this actually clarifies and provides direction on powers that already exist, and there is a protection of a public interest test there, so I am unsure at this point.

Ms FORREST - Madam Deputy Chair, to go to the member for Mersey's point, if you go on to the next dot point, I will read it in context otherwise it is out of context -

- The second issue the amendments address relates to the provisions for the making, review, amendment, and replacement of gas Codes. The current provisions state that either the Regulator or the Minister can create or make changes to gas Codes on the proviso that codes made by the Regulator can be amended by the Minister, but Codes made by the Minister can only be reviewed by the Regulator at the express request of the Minister.

That is not how it reads. Then the fact sheet goes on -

- This may have been appropriate when the industry was in its infancy, but now the restrictions on the Regulator need to be relaxed, and the functions of the issuing authorities need to be clarified, so as to ensure the Regulator's powers and functions have more flexibility, particularly in relation to initiating reviews and the making of minor amendments.

The waters have been quite muddied here. The fact that the Leader continues to say that since 2000, when the industry was first brought in, the act has been working well - well, clearly the industry is growing and has grown; that is why we are having to make change. To use that it has always worked in the past is a really stupid argument. We always do what we always do; we always get what we always got. This point here makes the point that now we need to change things.

I do not think the Government has made the case, but, anyway, we will see how it goes.

Mr GAFFNEY - My point is that the Government has come with the amendments it thinks address that, and we do not. We think it has muddied the waters. I am saying the Government feels as though the amendments in front of us have addressed that, now that the industry has grown, yet we do not believe it has, and we are actually taking out three of the amendments that supposedly address that issue. I suppose that was my point.

Mr VALENTINE - I have a very basic question. I have my iPad in front of me and I am trying to download the gas industry acts. I have put in 'gas', and it comes up with all sorts of acts, but it does not come up with the Gas Industry Act.

It has not been proclaimed, okay. If it has not been proclaimed, where do I find it? Just Google it. That is okay; I just wondered whether the name in the bill is actually wrong.

Mrs Hiscutt - It is on the parliament website.

Mr VALENTINE - That is okay, I was not sure. I just wanted to clarify that. I still stand by pulling these out.

Amendments negatived.

Clause 6 agreed to.

Clause 7 agreed to and bill taken through the remainder of the Committee stages.

Bill reported without amendment; report adopted.

Third reading made an Order of the Day for tomorrow.

ADJOURNMENT

[4.29 p.m.]

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

That the Council at its rising adjourns until 11 a.m. on Thursday, 19 November 2020.

Adjournment Debated

Ms FORREST (Murchison) - Mr President, it is only 4.30 p.m., unless the clock is wrong. I am wondering why we are adjourning now. If we get some of the stuff done now, we can potentially leave a bit earlier tomorrow.

Mr Dean - It would give us time to do some more work this afternoon.

Ms FORREST - I will be voting against it.

[4.31 p.m.]

Mrs HISCUTT (Montgomery - Leader of the Government in the Legislative Council) - Mr President, I have conferred with members on what is the best forward practice. There are members who are looking forward to tomorrow's activities and are not quite prepared to move on today. I think members are okay with it.

Before we adjourn, I remind members of a bushfire preparedness briefing at 9.30 a.m.

Mr PRESIDENT - The question is that Council adjourns.

The Council divided -

AYES 9

Mr Dean
Mrs Hiscutt
Ms Howlett
Ms Lovell (Teller)

NOES 4

Ms Armitage
Ms Forrest
Mr Gaffney (Teller)
Ms Rattray

Ms Palmer
Dr Seidel
Mr Valentine
Ms Webb
Mr Willie

Motion agreed to.

The Council adjourned at 4.35 p.m.