

**Minister for Infrastructure**  
**Minister for Police, Fire and Emergency Management**

Level 5, 4 Salamanca Place, Salamanca Building, Parliament Square, HOBART 7000  
Ph: (03) 6165 7686



**23 OCT 2017**

The Hon Ruth Forrest MLC  
Inquiry Chair  
Government Administration 'A' Sub Committee  
Parliament of Tasmania  
**HOBART TAS 7000**

  
Dear Chair

I write in response to concerns you expressed in the Legislative Council on Thursday, 19 October in relation to the funding source for the King Island shipping service.

The Bass Strait Island Shipping Contingency (or emergency shipping fund) is embedded within Output 6.1 (Shipping and Ferry Subsidies). However it transpired that, this contingency was not sufficient to cover the costs of the interim service arrangement for King Island.

The actual costs incurred for this interim service were correctly paid for from Output 6.1. An application for a supplementary appropriation was made in 2016-17 via a Request for Additional Funds (RAF) to cover the overrun on the Output. A draft RAF was initially submitted to Treasury during 2016-17, but with savings being identified in June from the Administered Item (Student Only Passenger Services), the preferred option was to transfer some of these savings to Output 6.1 to cover the additional costs of the King Island interim ferry service.

In accordance with the current Budget Management Guidelines, I approved as Minister for Infrastructure the transfer between Outputs on 13 June 2017 and this was subsequently approved by the Treasurer on 21 June as part of year-end processes between the Department and Treasury.

Clearly, without such an alternative funding source the King Island shipping service would not have been delivered.

Yours sincerely



Hon M.T. (Rene) Hidding MP  
Minister for Police, Fire and Emergency Management