



# **PARLIAMENT OF TASMANIA**

## **TRANSCRIPT**

### **HOUSE OF ASSEMBLY**

### **ESTIMATES COMMITTEE A**

Hon. Michael Ferguson MP

**Tuesday 24 September 2024**

### **MEMBERS**

Mr Simon Wood MP (Chair)  
Mr Josh Willie MP (Deputy Chair)  
Dr Rosalie Woodruff MP  
Mrs Rebekah Pentland MP

### **OTHER PARTICIPATING MEMBERS**

Mr Dean Winter MP  
Mr Vica Bayley MP  
Mr Mark Shelton MP  
Mr Craig Garland MP  
Dr Shane Broad MP  
Mrs Miriam Beswick MP  
Ms Anita Dow MP



**IN ATTENDANCE**

**HON MICHAEL FERGUSON**

Treasurer, Deputy Premier and Minister for Small Business and Consumer Affairs

**Gary Swain**

Secretary

**James Craigie**

Deputy Secretary, Budget and Finance

**Dean Burgess**

Acting Deputy Secretary, Economic and Financial Policy

**Jenna Cairney**

Deputy Secretary, Business and Jobs, Department of State Growth

**Brad Wheeler**

Executive Director, Consumer Building and Occupational Services

**Robyn Pearce**

Executive Director, WorkSafe Tasmania



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**The committee met at 9 a.m.**

**CHAIR** (Mr Wood)- Welcome, Treasurer, to the committee. Would you please introduce the persons at the table for the benefit of Hansard, their names and positions?

**Mr FERGUSON** - Good morning to you, Chair and to the committee. I'm pleased today to be supported at the table by the secretary of the Department of Treasury and Finance, Mr Gary Swain; the deputy secretary, Budget and Finance, James Craigie; and Dean Burgess, acting deputy secretary, Economic and Financial Policy. I'm supported also by my Chief of Staff, James Abbott, and my advisor, Megan Hickey, who will be supporting me but not giving evidence.

**CHAIR** - The time scheduled for Estimates of the Treasurer is three hours. The resolution of the House provides for a minister to provide additional information to a committee either later that day or in writing as an answer to a question taken on notice. To submit a question on notice, the member must first ask the question to the minister and the minister must indicate they will take it on notice. The member must then put the question in writing and hand it to the committee secretary so it can be included in correspondence to the minister.

I'd also just remind everybody that the microphones are sensitive, so be mindful of Hansard when you're moving papers and water glasses around the table. Also, it can be very difficult for Hansard to differentiate when people are talking over each other, so I ask that members speak one at a time to assist with this.

Treasurer, would you care to make some opening remarks?

**Mr FERGUSON** - Thank you, Chair, and good morning to the members of the committee. The 2024-25 Budget drives the delivery of our 2030 Strong Plan for Tasmania's Future. It's taking action right now on the things that matter to Tasmanians and making life more affordable for our community. This Budget provides record investment in cost-of-living relief, health, housing, and education. We recognise the challenges in the national economy and the impacts that are being felt by our Tasmanian households and businesses. While the national economic indicators are concerning, there's still reason to be optimistic with our plan for investment in services and job-creating essential infrastructure that will support future generations of Tasmanians.

The Budget, together with our fiscal strategy, sets the path for a return to surplus by 2029-30. We believe that now is not the time for an austerity budget. Since last year's Budget, I've been clear, however, that the state's finances are under pressure. I've been very transparent about that. The Budget reflects the decisions that we made during the COVID-19 pandemic at an estimated cost of between \$1.5 billion and \$2 billion.

The government did not shy away from the findings of the commission of inquiry, agreeing to implement all 191 recommendations, with the Budget providing funding of \$423 million over four years to meet the recommendations in order to keep children as safe as they deserve to be. This, coupled with a provision in 2023-24 of \$649.9 million for the estimated cost of current and future claims, means that more than \$1.1 billion is being provided from Tasmania's public finances to keep children safe and compensate those who've suffered harm.

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The government's fiscal strategy is a fundamental element of our 2030 Strong Plan, to rebuild our fiscal buffers and to provide budget flexibility to be able to respond to future needs and shocks. The government has committed to return the net operating balance to surplus by 2029-30, in line with our 2030 Strong Plan to Tasmania's Future. We've also committed to keeping our debt position manageable.

The Budget delivers record investment into cost-of-living relief, together with record investment into health, housing, and education. Over the Budget and forward Estimates, we're investing \$12.9 billion into vital health services across our state, an increase of 6.7 per cent, and \$9.4 billion into education, which is increased by 6 per cent over the same period. Investment in health and education now account for 58 per cent of total expenditure across the Budget and forward Estimates.

The Budget continues to deliver on our \$1.5 billion plan to provide 10,000 more social and affordable homes by 2032, with Homes Tasmania to invest a massive half a billion dollars over the next four years.

We're supporting growth in our economy, with an investment of \$5.1 billion in infrastructure over the next four years. Of that, \$1.9 billion is dedicated to roads and bridges, \$650 million into health and hospital infrastructure, \$359 million into schools and education facilities, and \$287 million into keeping Tasmanians safe with investments into new courts, correctional facilities and assets to support Tasmania Police.

In closing, the 2024-25 Budget is a budget for our times at this particular juncture in the state's economic cycle. By delivering on our 2030 Strong Plan for Tasmania's future, we are supporting our community through the provision of essential services and cost of living relief while also charting a careful pathway and a time frame back to surplus. I would be very pleased to take questions.

**Mr WILLIE** - Treasurer, your forecasting in recent times has been way off. Here's an example: in 2022, you forecast the net operating balance for the 2023-24 year to be a surplus of \$19.1 million. A year later, you forecast a \$297 million deficit. Then in the Revised Estimates Report, you forecast a \$521 million deficit. You then went on to deliver a record \$1.5 billion deficit. This year, you forecast a \$792.8 million net operating deficit, but in Table 4.1, on page 61, you have allocated less for expenses in every year of the forward Estimates than you actually spent last year. How can these estimates be believed?

**Mr FERGUSON** - Thank you, Mr Willie, for your first question to me this year as shadow treasurer. I congratulate you. It only took you about eight months, but you got there. Thank you for your question, and I'll certainly be happy throughout the morning to answer all your questions. In terms of the Estimates going forward, these are prepared by the government, particularly with the support of the Department of Treasury and Finance, on their best advice. You did not mention quite a few things in your question, including the pressures that the budget has been placed under since, I think, the 2022-23 year which you first referenced. You did not mention the commission of inquiry response, did you? I don't believe -

**Mr WILLIE** - That does not account for all of it.

**Mr FERGUSON** - I do not believe that you referenced the extra cost that had been booked to the net operating balance in the last financial year, although you alluded to it, but

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you did not mention that there is a very large provision on actuarial advice that needed to be recognised in the Budget and it has been properly recognised at \$650 million. While we go forward, you also did not mention the downgrade in the GST receipts that this Budget does recognise of just short of \$400 million.

One thing, hopefully, we may be able to agree on, whatever else happens today, is that the budget is under pressure and that we need to be very responsible and careful in the decisions that we make as a government, as a parliament, so that we can carry the state through a period of continued high inflation -

**Mr WILLIE** - Point of order, Chair. Relevance? My question was very specific.

**CHAIR** - Mr Willie, I cannot put words in the minister's mouth.

**Mr WILLIE** - How can the forward Estimates be believed when his forecasting is so far off?

**CHAIR** - Please continue, minister.

**Mr FERGUSON** - But also recognising that we are making decisions as we set the budget, not just as a government but as a parliament, to ensure that we don't make knee jerk reactions. We have recognised that the budget is in deficit and we have tried not to correct that too quickly. If we did, and it is possible that it can be done, I believe that the pain and the damage to the economy would be too much.

In terms of the reliability of the Estimates, they have been prepared by Treasury, not by me, not by the government. They have been prepared by our expert people in the Department of Treasury and Finance. We would be happy to take your questions if you struggle to believe the work of the Treasury.

**Mr WILLIE** - Treasurer, I have looked into this and negative growth in government expenses hasn't occurred in the past 20 years under any government. Under your two previous attempts, it grew by 8.5 per cent in 2022-23 and then 14.7 per cent in 2023-24. Isn't it a fact we will see significant blowouts in the preliminary outcomes at the end of the year?

**Mr FERGUSON** - No, it is not a fact, Mr Willie, and you cannot state it as fact. We recognise -

**Mr WILLIE** - What you are projecting has not been achieved for 20 years.

**CHAIR** - Order.

**Mr FERGUSON** - You have just asked me if it is a fact. No, it is not a fact, it is your hope.

**Mr WILLIE** - No, I am going off 20 years of history.

**CHAIR** - Order.

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**Mr FERGUSON** - Because you are so negative. You have been a coward in the parliament, you have not been prepared to ask me a single question -

**Mr WILLIE** - I can't believe half of what you say.

**Mr FERGUSON** - since the March election because you're a coward. You're here today because you have to be here and you want it to be a negative outcome.

**Mr WINTER** - Point of order, Chair. The Treasurer has just called a member of this committee a coward.

**CHAIR** - If the member is concerned -

**Mr WINTER** - I think you should actually take some control, with respect, Chair.

**CHAIR** - I am, Mr Winter and if the member has taken offence, he could ask the minister to withdraw that comment.

**Mr WILLIE** - We will see how the Treasurer goes today because I was hoping to have a reasonable conversation and his trademark arrogance is already writ large.

**CHAIR** - Please continue.

**Mr FERGUSON** - I'd like to withdraw it because it obviously does cause offence, but it is cowardly.

Mr Willie, you want a negative outcome, but we have a budget that's been prepared on best advice. We've made significant policy decisions in this Budget to carry a deficit position so that we can invest in health, so that we can deliver the commitments that we made at the election, so that we can invest in keeping children safe. It's an expensive position to take for the Budget, but they're decisions that we believe are the right ones.

I hear you ask me, isn't it a fact that the outcome at the end of the year will be much higher? And you asked me if that's a fact. Well, of course it isn't because agencies right now are managing their budgets as best they can. While you probably want the budget to deteriorate by the sound of your question, that's not our hope.

**Mr WILLIE** - You are making inferences -

**CHAIR** - Order.

**Mr FERGUSON** - But you said it is 'fact'. You're the one making the inference.

**Mr WILLIE** - No, the question is around your Estimates and whether they can be believed. Past history says they can't.

**Mr FERGUSON** - You're the one that made the inference. I think you should recognise that. What we're doing is budgeting according to the policy decisions that have been taken. It surprises me that you're been so negative so soon. You've asserted it as fact that the outcome at the end of the year will be, I think you said, 'worse than is budgeted'. Well, let's wait and see



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about that. Every agency is working hard to deliver those important new services and boosted services to our community. We've got the cost-of-living relief measures in there and as Treasurer and as shadow treasurer, we all have a joint responsibility to encourage agencies to do the best to meet their budget and deliver on expectation.

**Mr WILLIE** - If you're talking about things being expensive in the Budget, why don't you account for them properly in the forward Estimates?

**Mr FERGUSON** - If you would care to give examples, I'd be happy to respond.

**Mr WILLIE** - You are talking about investments in Health, the commission of inquiry but you're planning to spend less on operating expenses in every year of the forward Estimates than you did last year. That hasn't been achieved in the last 20 years by any government.

**Mr FERGUSON** - What you might be doing just now is identifying that we have a plan and we've budgeted for it. I asked if you could give me an example. You haven't, because we've actually allocated all the decisions and the commitments that we made at the election. They're all here, they're all loaded into the Budget. It actually means that expenditure in 2024-25 is significantly higher than was even forecast in the RER or the PFO, because we've made commitments that we're now honouring.

**Mr WILLIE** - No government in the past 20 years has achieved what you're trying to do.

**Mr FERGUSON** - If I can respond again, I hear what you're saying. I think what you may be doing is hinting at the overspend that occurred in Health last year. I think you may be doing that.

**Mr WILLIE** - There were a number of overspends. Your deficit -

**Mr FERGUSON** - Health in particular was significant overspending.

**Mr WILLIE** - We'll get to that.

**CHAIR** - Order.

**Mr FERGUSON** - We've provided health with an uplift in their health funding compared to last budget and if you could just be good enough to recognise that every state and territory budget except Western Australia, are all under pressure. Everyone of us, every state and territories budget is under pressure. We could knee jerk reaction, fix it sooner. We don't believe that that's the right path for Tasmania.

During the morning I'll continue to answer your questions but in the end you won't be able to continue to sustain a position where there's too much spending because there's too much debt and on the other hand, as you've just done, there's not enough spending.

**Mr BAYLEY** - Chair, I'd like to start where I think most Tasmanians would like us to start, which is with the stadium. Last week, the stadium DA was submitted and it was revealed that the cost had blown out to \$830 million before even negotiating construction contracts. It was also revealed that there's a \$200 million funding shortfall when you consider your

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\$375 million every cent of the fed's \$240 million, even though it's contingent on housing and a wharf and \$15 million from the AFL. Yesterday in this committee room, the Macquarie Point Development Corporation revealed other major project elements of the project like the underground car park, the northern access road and moving the heritage-listed Goods Shed are completely uncosted and unfunded.

The financial impact report accompanying the DA identified that discussions had been had with Treasury regarding meeting the unfunded elements of the project. I quote:

Table 18 outlined that there is a current capital cost funding shortfall in both funding scenarios for the stadium's construction. The source of this funding is currently unknown. However, it is currently assumed that the asset-owning entity will borrow to make up any shortfall.

Treasurer, can you detail those discussions with Treasury? What was Treasury's advice in relation to the shortfalls of funding to meet the \$830 million stadium budget price tag?

**Mr FERGUSON** - Thank you, Mr Bayley, for the question. I'm sure you may have heard this yesterday from the Premier if you were speaking with him in his Estimates: the government position is that our expenditure in total will come to \$715 million -

**Mr BAYLEY** - We'll come to that.

**Mr FERGUSON** - I accept that. The Budget and forward Estimates provide \$610 million of that. Notably, there is a range of contributors to achieve that project, some state government, Australian Government, and the AFL. In response to your question, I invite Mr Craigie, the deputy secretary, to respond further, if you're happy to do that. Mr Craigie is also a member of the steering committee for the project, and may be able to provide the insight that you're looking for in Treasury's role.

**Mr CRAIGIE** - Macquarie Point Development Corporation procured services of KPMG to do a range of reports, one of which is the financial impact report that you have a copy of there. As part of preparing that report, KPMG consulted with Treasury to gain some understanding of potential GST impacts, and also to gain an understanding of how elements that they were asked to respond to would impact the key fiscal measures. Treasury provided some input to them on those impacts. We did not provide input to them on the numbers they produced, the expert numbers. We just gave them some guidance on understanding public finances and how they're modelling when you translate that into key fiscal measures will impact accordingly. We await their report to make sure that they got that bit right.

**Mr BAYLEY** - What about when it comes to borrowings? I hear you say again, Treasurer, that you're going to cap, and not one red cent above \$375 million. The financial report is really clear that Mac Point Development Corporation will need to borrow to make up the shortfall in capital expenditure, and that the government sector will be liable for the debt of funding those loans. It does say here in the report, however:

Additional grant expenses will likely to be required from the general government services to fund the interest expense of the borrowing.

Is this not a cost? Do you not accept that this is an additional cost to the government of this project, the servicing, the loan liabilities that the the corporation needs to take out in order to actually fund the project? Do you accept that you've been relatively loose with the truth when it comes to \$375 million, and that these reports demonstrate that it will cost the public purse significantly more than \$375 million?

**Mr FERGUSON** - My team here is willing and able to support you to the extent that we can. That is the government's position.

**Mr BAYLEY** - How do you explain this?

**Mr FERGUSON** - I hear the question. I understand where you're coming from, but that is the government's position. Questions as to how those partnerships will be, first of all, secured, as I think Mrs Pentland asked a question in the parliament of the Premier at the time, how those partnerships can be achieved secured and even publicly disclosed - those are matters that are in front of us. They are being handled through the Department of State Growth and Macquarie Point Development Corporation itself under the leadership of minister Street. That's probably where the questions are best directed in terms of how the process will be unfolded.

In a Treasury sense and from the accounting of all of these numbers, I'm happy to answer in any level of detail that you may care for.

**Mrs PENTLAND** - I wanted to ask a question in regards to Paper 1, page 56. I'm looking at your strategic action 6.

**Mr FERGUSON** - Thank you for taking us to the page.

**Mrs PENTLAND** - To meet strategic action 6 by 2032-33, the government will need to increase own source revenue as a percentage of total expenditure by 22 per cent. Given the government has committed to not introduce new or increased taxes, how will this be achieved?

**Mr FERGUSON** - If I could briefly mention that the fiscal strategy, this is its second budget appearance. In that sense, it's a new fiscal strategy for our state, recognising as I did in the previous budget that the Budget is under pressure, having been walloped through the pandemic, together with the investments that we're making to offset cost of living pressures and to maintain our infrastructure program.

In the long-term, we wanted to have a fresh strategy that helps to rebuild the fiscal buffers. You never know what's over the horizon, so we want to prepare our budget for that. Our borrowings are manageable and I'm happy and expect to answer questions about those during the morning.

The fiscal strategy is about fiscal sustainability in the longer term and sets out a set of targets and actions in 2032. There is no single indicator of fiscal sustainability, that's why we have the collection of them to allow them to be taken together.

The one in particular that you've identified, No 6, which is around total general government sector owned source revenue. I would, if I may, refer you to an earlier page, page 50, which shows chart 3.2. I have to emphasise this is a graph that reflects the proportion, not the absolute value of own source revenues. Over the forward Estimates, the Estimates are

that it does return to a higher percentage as a portion of budget over the years to 2028. It doesn't necessarily point to new or increased taxes, that reflects the measure of own source revenues achieving a higher proportion to 37 per cent.

**Mrs PENTLAND** - It is 6.6 points, which is a 22 per cent increase.

**Mr FERGUSON** - I might ask the secretary or deputy secretary to respond further. What Treasury has done in generating that graph, noting that in the current year it's shown at 32 per cent, in the previous year it was 30 per cent, while the target is for it to be at or above 37 per cent - reminding ourselves that this is just one of the indicators of fiscal sustainability. The forward Estimates based on the budget and the key fiscal outcomes indicates a return to 37 per cent.

**Mr SWAIN** - That is combination of tax revenue increases, which will be mainly driven by conveyance and land tax.

**Mrs PENTLAND** - Did you say land tax?

**Mr SWAIN** - Yes, land tax and payroll tax. The major taxation revenue items in the Budget also returns from the government entities which will improve over time if you take out the effect of the Mersey Hospital, which falls away in the next year or so. It's an aggregate of the different sources owned source revenue to government. As the Treasurer said, it improves from 30.4 per cent of expenditure in 2023-24 to 36 per cent in 2027-28. I am not going to link that tax revenue directly to economic growth because there isn't a strong correlation. There is a number of factors that will affect those outcomes, including population, interest rates, inflation and so on. That's our projection of where it's going.

**Mr GARLAND** - How much revenue does Braddon based businesses, companies and other non-government entities produce for the State of Tasmania? Mining, forestry, farming, all those industries. What is that as a fraction of the overall Tasmanian gross domestic product?

**Mr FERGUSON** - I don't know the absolute number that sits with a particular region out of the state's total product. We would be guessing if we tried to give you a direct answer to that. I invite the Treasury team to discuss this with you further. I imagine if I asked for the same information for my electorate of Bass, I don't think it would be available. I hear what you're saying because Braddon is a powerhouse in the economy in those areas that you've identified: agriculture, primary production, mining. I would appreciate being able to give you an insight, but I'm not sure that we have it broken down.

**Mr SHELTON** - I would put Lyons up against that.

**Mr FERGUSON** - See how Lyons goes.

**Mr SHELTON** - Just throw that in the mix.

**Mr GARLAND** - To follow on, if I could. The numbers that are in the Budget are prepared on a state-wide basis. I'm just looking at my colleague, seeing if we have anything at the regional level.

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**Mr FERGUSON** - It may be, Mr Garland, that, for example, a department like State Growth may be able to have an industry-level insight and have that lens over the product of a region, or the product of an industry by region. I even think that would be a fairly ambitious task in terms of how accurate it would be. It's a fair question. I'll be happy to take it on notice and explore it more deeply with the department through the week. Quite honestly, I'm not sure if the answer would be satisfactory to you, because I doubt that we have that level of data, but I'd be happy to have a go at it.

**Mr GARLAND** - If you don't mind, that would be good. It'd be interesting also the figure on a per capita basis, if I could.

**Mr FERGUSON** - Yes.

**CHAIR** - Mr Garland, if you could just write your question down and hand it to the -

**Mr FERGUSON** - I'd be happy to take it on notice. I just ask the committee to understand that I may not be able to give that level, in the way it's been described.

**Mr SHELTON** - Treasurer, another big budget week. Before I start, I congratulate Mr Swain and Treasury for the work that goes into the Budget. It's always a big week and it's a busy time for them all. I was with you through the budget process where you go out, have breakfast in Hobart, lunch up in Launceston with me, and then down the coast on the sell of the Budget. The other partners in this are, of course, small business and the business community around the state. So I'd be interested to hear what the feedback from the business community has been on this Budget.

**Mr FERGUSON** - Mr Shelton, thank you for your question. Thank you for your complimentary remarks about our team. We've worked very hard on this Budget. It has not been an easy one to develop, but we've met all our commitments and it's charting the path that is, I think, most strategically useful for our economy and for jobs.

You mentioned small business, which I'll also address. The fact is, in Tasmania, our 44,000 registered businesses are the backbone of our economy. Many of them are in Lyons, as in Braddon, and their views are very important to our government, very important. We had great feedback on the 'roadshow' post-Budget in our communities in Hobart, in Launceston, and in Burnie, and we're very grateful for that. That reflects that people do know that our government has been very good for business. Over the last 10 years, there have been 46,000 new jobs. We're currently in a period of record-low unemployment and our economy has grown by 24 per cent to a record high level and our economy has continued to grow each year, including in the years where it's been quite challenged. The Budget is delivering for business and it delivers for jobs.

In addition to our investment of \$5.1 billion in infrastructure and in addition to our significant investment in services, health, and education, we're also investing in training our future workforce. Although, it's fair to say our opposition has been particularly negative and critical - that's to be expected - but the Budget has been well received by the business community despite the known challenges.

To share with you some of the endorsements, the Master Builders Tasmania say the continued support for the High Vis Army is vital to help build Tasmania's future. By continuing

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to fund the High Vis Army initiative, the government is supporting more apprenticeships, more tradies, greater female participation, and a better pathway into our industry. The Tasmanian Forest Products Association said that:

We welcome the 2024-2025 State Budget. It will assist creating thousands of homes and supporting our state's timber industry.

The Housing Industry Association (HIA) said:

The HIA commends the Government for the \$30 million investment to deliver new and upgraded VET facilities and industry-standard equipment at colleges, secondary schools and trade training centres.

The Tasmanian Small Business Council said:

Initiatives in today's Budget will support small businesses to reduce the cost of doing business.

The list goes on but one of the organisations that I hold very dear to the government is the Civil Contractors Federation of Tasmania. Great people, and their members are really building that infrastructure that's been such a critical part of our economic success in recent years. CCF Tas said:

The Government has made the right call to continue to invest in job-creating infrastructure across the state in the State Budget. Now was not the time to take the foot off the gas by cutting infrastructure spending across Tasmania, as some have been suggesting. The \$5.1 billion infrastructure pipeline in the State Budget will support thousands of construction jobs across the state and thousands more across the supply chain. This means businesses can employ workers with certainty and workers can plan their future right here in Tasmania. It's a win-win for the industry and the state.

As I close, they were very positive comments made. Business has a very close eye on the Budget and forward Estimates, particularly in regard to the fact that, like most other states and territories, we're still in a deficit position, having to work through that. However, these are the calls that show that you need to support those sectors that can continue to contribute to our state's economic prosperity and to the jobs that will be enjoyed by the men and women of our state.

**Mr WILLIE** - Treasurer, I'm going to run through the expenditure growth over the course of your government. In 2014, incoming treasurer Gutwein, with his budget cuts, had expenditure growth of 2.7 per cent. It was then 3.1 per cent, 5.6 per cent, 5.2 per cent, 5.8 per cent, 7 per cent, 7.3 per cent, 12 per cent, 8.5 per cent, 14.7 per cent. Next year, you're projecting minus 3.5 per cent and then the following year minus 2.7 per cent and then 1.5 per cent.

Which is it, Treasurer? Are you going to blow the budget or will this be one of the most austerity-motivated budgets in decades? If you stick to the targets, there are only two things that can happen.

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**Mr FERGUSON** - Thank you, Mr Willie, for the question. I'm happy to take the question and I'll invite the deputy secretary to respond as well. We had a similar question yesterday and we took the committee to have a look at the way that election commitments are being honoured as well. We're investing in our state and we are delivering our plan. Now, our plan didn't cost as much as Labor's. I know that you don't want me to talk about Labor -

**Mr WILLIE** - People care about the state government's Budget.

**CHAIR** - Order.

**Mr FERGUSON** - I know that you're touchy about it, but you guys outspent us three to one.

**Mr WILLIE** - You're here to answer questions about the state government's Budget.

**CHAIR** - Order.

**Mr FERGUSON** - I hear the difficulty that you have with that, but that is a fact. We've committed and are delivering on our commitments. In, I think, budget paper 2, we reflect how they're being delivered, line by line. So that is a big uplift in spending in 2024-25.

I hope that you would be good enough to acknowledge that. It has a higher bias towards early delivery in our election commitments, particularly to community groups, sporting organisations, industry organisations. I hope you'd be good enough to accept that. It does make a major contribution to the shape of expenditure growth between last financial year and this one, and then over the forward Estimates.

We've grown our public service. I think that the numbers that you recited, if they are a reflection of expenditure growth, they've been investments in the public services. They've been investments into more staff and, as we go forward, I hope you'd be good enough to acknowledge that we do need to see some budget repair.

**Mr WILLIE** - We've acknowledged that you've caused a big problem for the State of Tasmania.

**CHAIR** - Order.

**Mr FERGUSON** - See, this is what you do. You shift and change. What we're introducing is not an austerity budget. I've been in an austerity budget. I remember it very well. You weren't here, but I was. I was in opposition. I was sitting on that side of the table, and I was dealing with the 2011-12 austerity budget, which -

**Mr WILLIE** - Funny you say that, because your expenditure growth is actually worse than that time.

**CHAIR** - Order. Order. Mr Willie.

**Mr FERGUSON** - Mr Willie, I've been an MP in an austerity budget. It was bad for the state. Regional communities were up in arms because they were being specifically targeted by your side of politics, and we went into recession. The savings -

**Mr WILLIE** - You've got bigger cuts in your own Budget.

**Mr FERGUSON** - Mr Willie, the savings that your side of politics budgeted for weren't even achieved, and yet the carnage happened in the economy. That's what an austerity budget looks like. Some purest economists might say that was the way to go at the time. In fact, one did. I could name him, but I won't. He said it was 'an impeccably responsible budget'. But it led to economic carnage. It led to regional communities fearing that they'd have to leave their community because their kids couldn't get an education. Ringarooma, Edith Creek -

**Mr WILLIE** - You're estimating greater cuts than that period of time. Back to my question -

**CHAIR** - Order.

**Mr WILLIE** - Point of order. My question is which one is it, Treasurer? If you meet your targets in the forward Estimates, it's going to be savage cuts, or are you going to blow the budget?

**Mr FERGUSON** - Mr Willie, we are introducing efficiencies in the Budget. You've known that. They're a lot smaller than the efficiencies that you have been proposing. I honestly say this is not an austerity budget. If it were, we'd be seeing a surplus position much sooner than 2029-30. I think that's a fair way down the track.

We've chosen a path that we think is the most acceptable to government, the economy and the delivery of stronger public services. I admit that it's been difficult, but unless you're prepared to commit a different plan to a genuine alternative budget, I don't really understand the position that you're inviting me to take. Do you want to see less spending or more spending?

**Mr WILLIE** - I'm holding you to account for your own figures.

**CHAIR** - Order.

**Mr FERGUSON** - You rudely interrupt constantly. The point is, you are trying to adopt two positions at once. On the one hand, more spending, more expenditure, more expenditure growth; on the other hand, less spending -

**Mr WILLIE** - Point of order, Chair. My question is, if the Treasurer holds to these figures, there will be savage cuts or he will blow the budget. Which is it?

**CHAIR** - Mr Willie, it's not a point of order.

**Mr FERGUSON** - I'm surprised that you call points of order the way you do. I'm answering your question.

**Mr WILLIE** - You're not.

**Mr FERGUSON** - I sense that you're uncomfortable with the answer. We are seeking budget repair. We've taken the decision, which is a difficult one for a Liberal government, to



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slow down the return to a balance and a surplus position. I would have loved to have seen a surplus and a balanced position sooner.

We've taken the economic decision that we need to slow down the return to a balanced position and slow down the return to a surplus position so that we can continue to invest in public services and honour our election commitments - I think you'd be the first to criticise the government if we didn't honour our election commitments - and investing in those cost-of-living supports and the commission of inquiry.

These are all expensive. We have a position. We're working through it and I really don't feel it's professional to attack the Treasury the way that you have, because they've prepared -

**Mr WILLIE** - I'm not. It's directed at you.

**CHAIR** - Order.

**Mr FERGUSON** - They've prepared the numbers for government.

**Mr WILLIE** - You are responsible.

**Mr FERGUSON** - Mr Willie, I sense your discomfort. The Treasury has prepared the Budget and forward Estimates' expected outcomes on the basis of the government's policy decisions.

**Mr WILLIE** - It hasn't been achieved for 20 years.

**Mr BAYLEY** - It's been established that the stadium will blow out to over \$800 million. It's now established that there is a \$200 million shortfall. Both the Budget and the development application acknowledged that additional expenditure outside of the forward Estimates will have to be met through short-term borrowings by Macquarie Point Development Corporation, and it is acknowledged that those liabilities will be transferred with the stadium to Stadiums Tasmania.

Do you accept that servicing that debt that Macquarie Point takes on and passes on to Stadiums Tasmania will come at a cost to the general government sector, and therefore will mean that the taxpayer will be up for well more than \$375 million? You must accept that, Treasurer.

**Mr FERGUSON** - I hear what you're saying in the question. I think you were referring to yesterday's Estimates when you said that it's been established that there'd be a blowout. I don't think that's quite right.

**Mr BAYLEY** - It's established in the documents that have been submitted to the Planning Commission.

**Mr FERGUSON** - I completely understand where you're coming from. The CEO, Anne Beach, did say on the day of lodgement with the Tasmanian Planning Commission that while the estimated construction costs are higher than the project budget, it's going to be a value management exercise to bring it into scope. That was a statement made by the CEO on the same day that those documents were provided to TPC. I would have to emphasise -

**Mr BAYLEY** - The same day of the blowout.

**Mr FERGUSON** - I'm sorry?

**Mr BAYLEY** - The same day it was confirmed they had blown out significantly.

**Mr FERGUSON** - No, that's not -

**Mr BAYLEY** - Do you really believe that?

**Mr FERGUSON** - No, I think you're misrepresenting others here, because Ms Beach was saying that there is going to be continued work to bring it into budget. These are better questions for MPDC and the Minister for Sport and Events.

I'm happy to answer the question on borrowings. It will depend entirely on the structure of any arrangements that are reached between the organisation and private proponents. Short-term borrowings to achieve capital outcomes - it will depend entirely on the deal. It'll depend entirely on what long-term revenue options sit as part of those deals to service those borrowings. I don't believe it can be at this stage. I don't believe any assumptions can be made about who will be paying the cost of servicing those borrowings. You've alleged in your question that it'll be the state.

**Mr BAYLEY** - That's stated in the documents, Treasurer.

**Mr FERGUSON** - Mr Bayley, it will depend on the nature and the structure of any commercial deals that are reached between the organisation and private players in terms of their contribution to the stadium, the assets and some of the services that might be provided. There may well be revenue models that help to either immediately retire or short-term retire those borrowings or to service them into the longer term.

**Mr BAYLEY** - Is there a Cabinet subcommittee that's overseeing the expenditure for this project?

**Mr FERGUSON** - I never talk about Cabinet; only the Premier can do that. I've had 11 years of impeccable history of not talking about Cabinet.

**Mr BAYLEY** - You can at least tell us whether a committee has been established?

**CHAIR** - Order, Mr Bayley.

**Mr FERGUSON** - There is a steering committee, which I've referred to earlier today, that Mr Craigie sits on.

**Mr BAYLEY** - A Cabinet subcommittee.

**Mr FERGUSON** - I wouldn't be in a position to discuss with you Cabinet arrangements. It's not my right to do that.

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**Mrs PENTLAND** - Minister, interest on the government's debt is expected to rise significantly from \$179 million in 2023-24 to \$383 million in 2026-27, which is \$61 million more than you forecast in February. It will then rise to \$441 million in 2027-28. Together with the cost of the pension payments for the remaining members of the closed defined benefits superannuation schemes, these interest payments will consume 9.3 per cent of total cash revenues by 2027-28, up from 5.6 per cent in 2023-24. This is well above your government's Fiscal Strategy target of 6 per cent.

What measures will you implement to keep the interest payments within more manageable levels in the future, and how do you plan to address the gap between your current financial strategy and the rising costs?

**Mr FERGUSON** - I accept that the numbers are higher than in February. I think you must be referring to the revised Estimates report of February, which was Treasury's work in February based on policy decisions and changing revenues. We stand by that document. Things have happened since February. Even the Pre-Election Financial Outlook (PIFO) confirmed the Revised Estimates Report (RER). What I'm trying to say there with those acronyms is that even the Treasury's pre-election estimates were the same as February.

The thing that has changed in the meantime is significant policy decisions have been made, in particular commitments made during the election, which far and away related to stronger public services. The other additional point is that in the RER we factored in something of the order of \$230 million for the commission of inquiry. That's now grown to \$423 million. There has been a significant increase even just for the single policy domain of the commission of inquiry response.

The changing cost of servicing borrowings is a reflection on the different profile of new expenditure, which, as I reflected in an earlier answer to Mr Willie, we've seen a significant uplift in expenditure in 2024-25 compared to what was forecast in last year's budget. I think we all understand the reasons for that, but you have taken me and the committee directly to the fiscal strategy, which I'll address. We do breach the fiscal strategy target around cost of debt including defined benefits superannuation to cash receipts.

I have to emphasise that we also had the importance of the fiscal strategy in view in last year's budget, and I welcome renewed interest in the fiscal strategy. It's really about 2032. It's about where we need to ultimately set our targets to be able to make informed decisions around the budget, not just from the government point of view, but from the crossbench and the opposition, so that we have, first of all, that transparency which wasn't there prior to in this level of detail under this new Fiscal Strategy to allow people to see how we're going -

**Mrs BESWICK** - When the interest payments will consume 9.3 per cent of total cash revenue, is it possible to get back to that?

**Mr FERGUSON** - The importance of the Fiscal Strategy is that it sets out 11 indicators of what financial sustainability will look like and give us a time frame to achieve that by 2032. This helps to guide decisions by the government, the opposition and the crossbench about the pressure points that the budget is under.

I want to emphasise one thing on the inclusion of the defined benefit superannuation. We did have a superannuation provision account prior to the Liberals coming to office. That was

abandoned and the money was spent. We're now going to look to how we can reinstitute that process so that we are putting away windfall gains to help the state meet the cost of those defined benefit schemes. We didn't shy away.

I got Treasury advice when we were putting this Fiscal Strategy together that it would be wise to include that, but I have to also emphasise that we meet that on a cost emerging basis, so it's not actually debt, but in the accounting standards it can be made to look like debt and borrowings and that's perfectly acceptable to me and to the government, but it is in fact met on a cost emerging basis each year. As we put aside windfall gains to that superannuation provision account, that's how we continue to improve the sustainability going forward.

**Mrs BESWICK** - You've spoken about this Budget being all about not taking the foot off the brakes and ensuring increased economy. How do we balance this with that, given the more our economy grows, the more our CPI grows, the more interest rates go up and that's trying to control our economy going up? I feel like we've almost put ourselves into the bucket of making it worse.

**Mr FERGUSON** - I think you may have meant to say 'not taking our foot off the accelerator', not the brakes.

**Mrs BESWICK** - Not putting our foot on the brake.

**CHAIR** - Order.

**Mr FERGUSON** - I welcome the banter. It's a fact that we felt that now wasn't the right time to be taking our foot off the accelerator in respect of the capital program. The capital program has been an important part of our state economy in recent years. It's been a great driver. During a time when we were worried about demand in the economy, it's been a great driver for aggregating demand in the cities, suburbs and towns of our state and it's actually been a great success. Not only do you get the jobs during construction, but you get the long-term productive assets.

I want to draw your attention though as well to the fact that Hobart's CPI has been lower than national CPI. With respect to making sure that we're not adding to the inflation, feeding the inflation dragon, I think we've taken a responsible path there and as we go forward we'll certainly be mindful of the way in which you framed the question, Mrs Beswick.

You didn't mention Mr Eslake's independent review of the state's finances in the question, but perhaps the question was informed by that, and I've welcomed that report. I think it's essential reading for every MP in Tasmania. I'm glad that we've gone through that process largely as a result of you and your advocacy as a new member of parliament. We will be responding more fully to Mr Eslake's independent review report in coming months and we'll respectfully read and respond to those recommendations.

If I can make a comment as Treasurer, over the long term we do need to encourage and invite private sector investments in Tasmania. As a state government at this point in time in the economic cycle, we felt that the public sector investment in capital is crucial. I hope that's answered your question.

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**Mr SHELTON** - My question is to the Treasurer. Reading through the 2024-25 Budget, there's substantial cost-of-living relief there for the Tasmanian community. I was wondering whether you can expand on that and provide some more detail on the cost-of-living relief in this Budget.

**Mr FERGUSON** - The Budget does provide record investment in cost-of-living relief. We completely get it and understand that households have been struggling with cost of living; and I said repeatedly at the roadshow that with the high inflation, our state has not escaped, with the rest of the country. It's not just as the peak passes and inflation comes down. It's not as if the problem has gone away because of its compounding effect of the increases to the basket of groceries and your household bills, the continued inflation at any level actually captures previous increases in price. It's been a struggle for people and we want to be there to help them. We've been very conscious of that.

Thirteen interest rate rises for an average mortgage means thousands of dollars a month, between \$1000 and \$2000 a month every single month for an average mortgage. While that is occurring, people are feeling the pain. People are feeling this most in their mortgage repayments and rents, at the supermarket and when they fill up the car. As a state government, we know that we can't influence those costs, but we are doing what we can to help the household budget. To answer your question directly, that's why the Budget provides more than half a billion dollars in cost-of-living relief over four years to help Tasmanians with day-to-day living expenses. These include helping with bus fares, school and housing costs, and additional emergency food relief. There's funding of \$344 million over four years in concessions - that's the biggest part of that agenda, with almost \$211 million allocated for electricity concessions.

To assist with cost-of-living relief, last financial year the government delivered \$74 million in energy bill relief through the renewable energy dividend. Everybody should have received \$250 on their Tasmanian household electricity bill and \$300 for each small business. Funds have been released to retailers at the end of June and credited on each customer's next bill.

Just occasionally, if MPs feel that they have a constituent who believes they haven't received that, they're welcome to be in touch with Mr Duigan's office to follow it up, but I haven't found one yet.

In 2024-25, Tasmanian concession customers will receive up to a massive \$1433 in electricity bill relief. The annual electricity concession this year is approximately \$633. This is in addition to the \$250 rebate, the \$300 in Australian Government energy support and the \$250 Tasmanian government's supercharged renewable energy dividend.

Quickly, for water and sewerage, concessions of up to \$237.78 are available for eligible concession cards, and eligible concession card holders can also receive council rates remission assistance of \$379 as a TasWater customer or up to \$559 for ratepayers who are not TasWater customers.

Mr Shelton, we are doing what we can as a state government to support Tasmanians through this period of challenging higher inflation. We'll continue to do that and help our economy in the meantime and Tasmanians with their cost-of-living challenge.

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**Mr WILLIE** - Treasurer, not only have you allocated less funding for expenses across the forward Estimates than you spent last year, but there's a growing share of expenses for non-service delivery like depreciation, nominal superannuation expenses and borrowing costs, meaning expenditure for genuine service delivery is shrinking. Isn't that effectively a cut to service delivery?

**Mr FERGUSON** - I'll ask the secretary to assist as well. We are managing our Budget and being as careful with public taxpayers' money as we are able to. I sense in the question that you'd like us to be spending more money.

**Mr WILLIE** - I want you to account for it properly.

**Mr FERGUSON** - This is the problem, you always interrupt.

**Mr WILLIE** - Well, you asked me a question.

**Mr FERGUSON** - This is the problem. When I sense in the question that you want us to spend more money, but in other forums you're saying we're spending too much money, you can't have it both ways. I'm happy to take the question. I will answer the question in detail if you wish me to and with our Treasury officials.

We've funded our plan. It's allocated in the Budget. I've gently drawn your attention to the significant uplift in expenditure in 2024-25 compared to what was forecast last year. You continue to overlook that. I just gently remind you -

**Mr WILLIE** - Twenty years of history.

**CHAIR** - Order.

**Mr FERGUSON** - I gently, respectfully request that you would acknowledge that. There's a significant uplift in new spending in 2024-25, which I think helps to explain the very flat expenditure growth profile over the Budget and forward Estimates. I'd ask the secretary or Mr Craigie if they'd like to elaborate.

**Mr SWAIN** - There are a few different considerations. One of the discussions we've had leading up to the formation of the Budget was the extent to which there are resources available in the economy to support additional expenditure. We know that we've just moved to 4.3 per cent unemployment, but we are essentially a pretty full employment economy. That's been part of the thinking. The expenses that you've talked about historically I don't question. We are coming off a period of expenditure growth over a number of years. We're coming off a period of growth and expenses.

**Mr WILLIE** - We've never gone to negative growth.

**CHAIR** - Order.

**Mr SWAIN** - It is true that the expense forecast is pretty flat. The revenue forecast is also reasonably flat if you have a look at it. That's partly going back to an earlier question. There's more or less an offset between some decline in GST revenue coming out of effects of

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national interest rates, that's pretty much offset by uplifting state taxation. That's why the revenue is reasonably flat.

Some of the expenditure that is in the Budget does go to future expenditure growth. For example, coming out of the commission of inquiry, there's quite a lot of work done before the budget on what that expenditure needed to be to meet the 191 recommendations. From that process some of the expenditure will actually go to target future delivery models. Examples there are that there'll be work going on in relation to the youth justice delivery model that should flow onto four or five different departments and their activities. The same is true for out-of-home care, where there'll be a more fundamental review of how that model works.

There's also some provision in the Budget that can be targeted towards productivity growth in the State Service. One of those is the \$280-odd million that's provisioned for ICT expenditure. I think there will be pressures on forward expenditure, but there's also some constraints on resource availability. There will need to be rigorous budget management going forward in relation to expenditure costs, which is planned for the upcoming year.

**Mr WILLIE** - Do you acknowledge there are non-service delivery costs that are increasing across the forward Estimates, but expenditure remains flat?

**Mr FERGUSON** - I acknowledge that expenditure growth is very flat.

**Mr WILLIE** - And the increasing cost for non-service delivery?

**Mr FERGUSON** - I think you acknowledged borrowing costs in your question earlier.

**Mr WILLIE** - Yes, they're increasing significantly.

**Mr FERGUSON** - They're increasing because we're spending significantly more on public expenditure, including in stronger public services, cost of living relief -

**Mr WILLIE** - You're borrowing to fund operating costs.

**CHAIR** - Order.

**Mr FERGUSON** - Mr Willie, you know that that is the case. I've stated the same myself. I'm not sure what you're adding to the discussion. We do need to see fiscal restraint going forward. We do need to see an efficient budget process. You'll probably interrupt me and get upset about this, but you accepted our budget efficiency dividends in your pre-election policies. You assumed that our budget efficiency dividend program would be fully delivered, and then you went further, with your \$2 billion savings measures. I think you acknowledge -

**Mr WILLIE** - Just because you make it up doesn't mean it's true.

**Mr FERGUSON** - I can add up, and it is true.

**Mr WILLIE** - You're here to answer questions about the State Budget.

**CHAIR** - Order.

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**Mr FERGUSON** - I've got it here. If I need to bring it out, I'll bring it out.

**Mr WILLIE** - Back to my question, Chair.

**Mr FERGUSON** - \$2 billion in cuts. The expenditure growth, as I and the Secretary and others can acknowledge, not ignoring the fact that expenditure growth has taken a significant lift between 2023-24 and 2024-25, not overlooking that, expenditure growth over the forward Estimates I acknowledge is very flat.

**Mr WILLIE** - Employee expenses are set to drop by nearly \$100 million this year than what you spent last year. How will you achieve that, Treasurer?

**Mr FERGUSON** - You've asked me a question and I'll answer it, but you've again ignored the overspend that occurred in Health, so I'm bringing it to the table. You need to do this better. When you ask this question, you need to acknowledge that Health made a significant overspend, and you could explore that with the Health Department if you wish -

**Mr WILLIE** - Yes, we'll get to that.

**Mr FERGUSON** - If you wish. I'm letting the committee know that there is a reason for that and you continue to ignore it, but I can't ignore it. Going forward, we've increased the Health budget by 6.7 per cent compared to last year's budget. So Health is getting an increase in funding and I've acknowledged that Health had an overspend last year as well.

The question that you asked me is how are you going to manage going forward? It's through strong budget management, working with and supporting agencies to do their very best to work within the Budget that's been approved by the parliament, to run a tight ship and to be as efficient as possible while at the same time delivering those stronger and better public services that we committed to.

**Mr BAYLEY** - We've discussed the cost blowouts on the stadium and we've discussed the fact that Macquarie Point will need to borrow to meet that expenditure, but there's also additional expenditure in the Budget for Macquarie Point Development Corporation - \$5 million for an equity contribution.

Do you accept that most ordinary Tasmanians would consider that, given Macquarie Point Development Corporation's sole focus at the moment is delivering the stadium by ministerial declaration or direction, this should be considered a cost that gets ticked up against the stadium and at least makes the state government's contribution \$380 million, for example? It is an additional cost? Do you accept that?

**Mr FERGUSON** - I accept on face value the premise of the question, but I think we'd have to put some better context on it, because regardless of the ultimate use of the precinct, regardless of the application, the site has to be remediated, so they are sunk costs regardless of the nature of the ultimate development there. We are committed to the stadium project, but remediating the site - I don't think you can roll that into the cost of the stadium. I'll ask the Secretary and Deputy Secretary to respond further.

**Mr SWAIN** - Yes, I think that's entirely correct, Treasurer. It's identified on page 123 of budget paper 1 that the \$5 million is for rehabilitation. I also note that at a previous time there



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was a Commonwealth payment to the state in the order of \$50 million which was to get the site rehabilitated and ready for use. It has always been intended that that site would be used.

**Mr BAYLEY** - I guess a follow-up question for that is, if for some reason you do not get to build the stadium - the Planning Commission rejects it; Tasmanians overwhelmingly reject it; you can't fund it - what is the government's plan for that site? Would you leave it vacant for decades to come?

There was obviously a pre-existing agreed master plan for development there. In fact, your government had contracted out to interstate developers to start building and ultimately had to pay those developers out so that they were released from the contract. What would you do with the site? Would it be your intention to develop it going forward?

**Mr FERGUSON** - Mr Bayley, I respect the question, but I can't really answer a hypothetical like that. I will answer it in two parts. First of all, like you, I acknowledge that the Tasmanian Planning Commission hold the decision-making power together with the Houses of parliament on a final vote. I acknowledge that and acknowledge that there is a process to be followed.

I am not prepared to engage in a hypothetical about what if a certain scenario emerged, but in any event, I would have to refer you to my colleague, minister Street, who is the minister responsible for MPDC. We're committed to our project; the Budget supports it. I think most of us hope that it will be built -

**Mr BAYLEY** - It's fair to say that it's always been the government's intention though to develop that site?

**Mr FERGUSON** - That is true. That is correct.

**Mr BAYLEY** - Has anything changed there? Is it your intention to develop that site?

**Mr FERGUSON** - I do not know if I am falling into a trap or not but yes, it is our intention to develop the site. That has always been the intention. We have a particular vision for how it can be developed, which is there. I don't see any possibility, as your question suggested, that the site goes undeveloped. At the same time, I have to choose my words carefully so that I show respect to the Planning Commission and future votes of each House.

**Mr GARLAND** - Treasurer, Mr Eslake suggests it could legitimately be argued that the substantial volume of mainland investment in Tasmanian residential property over the five years to 2022 was a major contributor to the decline in housing affordability for Tasmanians during this period. Mr Eslake suggested the government should consider extending the surcharges currently imposed on the stamp duty and land tax payable by foreign purchasers of residential property of 8 per cent and 2 per cent respectively to all non-Tasmanian purchasers of established residential property, that is, to investors from mainland states and territories. This would benefit Tasmanians through either additional revenue raising or preventing cashed-up mainland investors from buying up our housing stock. Treasurer, will you consider this as an option for further investigation?

**Mr FERGUSON** - It would be illegal to do that. That was perhaps one of the things in the report that surprised me - the suggestion that we could place a levy on fellow Australians.

It is a levy or a tax measure that we are legally able to impose on foreigners, but the Australian Constitution specifically prohibits imposing it on Australians. You could pass a law in the state parliament to do that, but it would be thrown out by the High Court in about 5 minutes, I think. Maybe six minutes. It would be thrown out very quickly.

Can I just comment on the report or the narrative that you've brought to the table? I will be, and the government will be, responding to Mr Eslake's report in as comprehensive a fashion as we can, including in those particular areas. Mr Eslake is inviting a revenue measure there to send a signal in a way to outside investors that we don't really want you to come and buy homes in Tasmania. But I think we have to leave open the fact that, with our population now 575,000 people - I remember when it was 475,000 people, I was an MP; it wasn't that long ago. We have seen fellow Australians - non-Tasmanians - choose to make their home here, and they could have been considered foreigners under that definition, but we welcome them as fellow Tasmanians today.

I think that that particular proposal is really problematic. I think it's coming from a good intention, but I don't believe that that would be something that any state government would want to do or would get away with in the High Court. Briefly as well, I recognise your and Mr Eslake's comment about housing affordability. We see that occurring with the increasing value of property here in Tasmania. To support home affordability and the home ownership vision, we are implementing the Stamping Out Stamp Duty initiative to try to encourage not just young people, but predominantly young people, to not give up hope, and that there will be special supports provided to them only if it's their first-ever home. That's an advantage that a first home buyer has when they go to an open home that somebody who's looking for their second home doesn't have, so they actually have a competitive advantage in that. We hope that makes a real contribution. I hope that's a satisfactory answer to the question. I'm happy to take a follow up.

**Mr GARLAND** - Would it be worth seeking legal advice from the Solicitor-General on that matter just to clear up and ascertain if it is possible or not possible under legal requirements?

**Mr FERGUSON** - It would be necessary, I think, to take advice if the government was going to pursue that option. We frequently take the Solicitor-General's advice, and the advice by nature is something that we're not able to release and share, because then people would say 'Show us the advice,' wouldn't they? I understand and respect that, but we wouldn't be able to do that. I don't think the government could proceed with this proposal based on what we know about the way that the Constitution governs what States and territories are able to do and not do. I don't think I can do a better job of answering the question than that.

**Mr GARLAND** - I think the legal advice would clear it up.

**Mrs PENTLAND** - Have you sought advice from the Tasmanian Public Finance Corporation (TASCORP) as to how a change in the credit rating would affect borrowing costs?

**Mr FERGUSON** - I'll invite the secretary to answer your question, Mrs Pentland.

**Mr SWAIN** - No, we haven't yet sought advice. It's actually a really complicated matter. I have joined the TASCORP board in the last few months and I've been spending a bit of time on this. There is a question. The ratings agencies will give some detailed consideration to the

Budget. They've already indicated that to us; we've had an initial discussions with them. We have more detailed briefings at the end of October, which is part of their standard process. The complexity is, if there were to be any change in the state's arrangements, the extent to which that is factored in by the markets in advance, so that you might not see a significant change in the cost of borrowings for the state. At this point, it's really a hypothetical about how the rating agencies will respond. I obviously don't want to predict that, because their methodologies are complex and have a whole range of different factors in them. In any case, if there were to be any change, then it's a market outcome - what's happening in the market for debt in terms of supply and demand, and the extent to which any changes are pre-empted and forecasted by the market. It's a very hard question to answer.

**Mrs PENTLAND** - You'd say that it's probable that the rating is going to change?

**Mr SWAIN** - I wouldn't want to speculate on that. We've had a look at the methodologies. They have some elements that are quantifiable, some that are more subjective. I really wouldn't want to speculate.

**Mr SHELTON** - Thank you, Chair. My question is a really simple one. Treasurer, can you please inform the committee of the Budget's outlook on the Tasmanian continued economic growth?

**Mr FERGUSON** - Thanks, Mr Shelton, for the question. The Government's long-term plan has built a nation-leading economy that is in the corner of Tasmanian businesses, and as I reflected earlier, has created over 46,000 new jobs and is delivering record low unemployment. Our economic performance is strong. We're not in recession, and we haven't been in recession. That means that more Tasmanians are employed and more investment into things that Tasmanians care about. We keep talking about health, education, housing and community infrastructure - they're very important to us, and we'll continue to harness Tasmania's competitive strength to build on these gains and to grow an even more resilient and diverse economy for the future.

The strength and resilience of our economy is born out in key metrics such as gross state product, state final demand, employment, export trade, retail trade, and private investment. They're all significantly up from when we came to office. In all of these areas, we're at, or near to, record highs. That really does point to the resilience and the underlying strength of our economy here in Tasmania. It is still growing, even through times of very challenging economic headwinds. When some said last year we're in recession, we grew 1.1 per cent. The Budget forecasts this growth to continue in key areas and pick up in the out-years. Treasury's estimates show both gross state product and state final demand to return to growth of 2 per cent or higher from 2025-26. Treasury also forecasts the employment to grow by a net 3.35 per cent over the Budget and forward Estimates, which would in itself equate to around 9000 new jobs.

In relation to population growth, that's been more subdued after a very strong period of growth. Treasury forecasts that population growth will pick up and increase to around 0.7 per cent by 2026-27. We continue to have high business confidence - the highest in the country, equal with Queensland and Western Australia, according to National Australia Bank's Business Confidence Survey. That's why our government is 100 per cent focused on what matters most to Tasmanians under our 2030 Strong Plan for Tasmania's Future. We're prioritising jobs, investment and economic growth, and recent results show that our economic plan is delivering for Tasmanians.

Briefly, Chair, if I may, just to indicate that after the Budget was locked down and sent to the printer, there have been some small improvements in Treasury's economic forecasts. I think members would be quite interested to know that on page 28 of budget paper 1, where the forecast for gross state product change in 2023-24 was shown as 2 per cent, Treasury upgraded that to 2.25 per cent. In 2024-25 it was previously 1.25, Treasury have upgraded that to 1.5. Where state final demand was previously 1.5 in 2023-24, it's been upgraded to 1.6, and where it was in 2024-25, SFD was 2.5 per cent, it's now changed to 3 per cent. Small increases, but increases.

**Mr WILLIE** - Treasurer, in your earlier answer you referred to Health overspending their budget, yet on page 203 in Table A1.16, you plan to spend less on Health in every year of the forward Estimates than you did last year, including a \$130 million cut to wages. It's widely acknowledged that health inflation and health expenditure is significant, and even Treasury acknowledges that through fiscal sustainability reports. How can those estimates be believed?

**Mr FERGUSON** - Thank you for the question, and I'll ask the author of those estimates, the secretary, to respond to your question. He can tell you whether or not they can be believed.

**Mr SWAIN** - In relation to the Health overspend of last year, I think there will be a detailed answer provided through the department and the minister in that portfolio, but I can say that there were a range of drivers of that, and they were quite complex, and there were some operating expenses - OpEx - that were reclassified as capital expenditure - CapEx. There was some additional revenue from the Australian government that matched with additional expenditures. A whole range of drivers, that I am not best placed to answer, that go to that differential, that uplift between the 2023-24 Budget and actuals, or preliminary outcomes. I don't know that I have a lot to add to my previous answer that it is a profile that will be challenging and require careful management. That's acknowledged through fiscal sustainability reports, as you've identified, that Health has been a challenging cost pressure for governments in Tasmania but all around the country, and that will continue.

I believe the Budget also has some offsets that we need to also consider. The new expenditure for State election commitments and commission of inquiry will be challenging in the other direction just because of resource availability in the economy. I don't know that I can add much more than that.

**Mr WILLIE** - Treasurer, you'd think with health inflation the way it is; you would see an uplift in spending, particularly in the out-years of the forward Estimates. Yet it's flatlining and probably unachievable.

**Mr FERGUSON** - Well, I don't know if it's unachievable. You have said that a few times now and you also asserted that it was a fact.

**Mr WILLIE** - Well, I've made a very good case.

**Mr FERGUSON** - You also said it was a fact that it would happen. We recognise it'll be challenging, no questions about that. I said that at last year's budget, Mr Willie.

**Mr WILLIE** - And you blew the budget.

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**Mr FERGUSON** - Yes, Mr Willie, Health overspent in the last financial year and they leaned into their SPA as well to be able to do that. It's then been reflected in the preliminary outcome. We acknowledge it's challenging, but expenditure growth profile is a necessary one unless you would like us to go deeper into borrowings, which you haven't yet had the courage to say.

**Mr WILLIE** - We'll get to this. On page 66 in Table 4.3, the General Government Cash Flow Statement, it shows a cash deficit of \$794.4 million for the last financial year and a cash deficit of just over \$1.5 billion this year.

The last year shows a cash deficit of \$395.7 million and across the forward Estimates we see deficits totalling just over \$3.8 billion.

Treasurer, when you talk about a net operating surplus in 2029-30, that's fine, but when will there be a cash surplus to stabilise the debt?

**Mr FERGUSON** - We can't answer that, Mr Willie, and I've actually publicly said as much previous to today. The Government's taken the position that while we're in deficit budgeting for now, because we don't want to take the slash-and-burn approach to Health and Education that I witnessed when I was on that side of the table in 2011-12. We're not doing that. We're doing gentle measures around an efficiency process, as I've articulated previously. In the Health space, for example, efficiencies outweighed by four-to-one on new funding that comes into that agency compared to last year's budget. We're not able to do everything that you would ask. You're asking us to spend more, but also to borrow less, and the two are incompatible. We're working through it, doing our best.

I recognise as well that at each other minister's Estimates, that minister - whether Health or Education - could be asked those questions about how they're going to work with their secretary to work with the budget that parliament's approving. From my point of view, we recognise that there are significant challenges. I get the message on health inflation, I really do. I've been Health minister for five-and-a-half years. I know exactly how demand pressures materialise and notwithstanding the fact that we got elective surgery levels to the lowest in the state's history, they were difficult to work with health economics, because health is expensive. However, we have a 6.7 per cent increase to the Health budget compared to last year and in the point of your question about when can I tell you that we will have a fiscally balanced position that is not in the forward Estimates and I'm not going to today attempt to put a date on that, but the government's policy is to return to a net operating balance surplus in 2029-30 and when I talk about surplus, I mean a real surplus.

**Mr BAYLEY** - Thank you, Chair. I want to move to the Tasman Bridge. We all got an update from the Premier yesterday in relation to the Tasman Bridge and the acknowledgement that the original proposal was to build wider pathways on both sides of the bridge to support more walking. It's emerged that obviously budget funding and capacity to do those upgrades isn't there because it requires significant structural upgrade. I'm sure you know this from your role as Infrastructure minister.

At the same time, the stadium traffic movement and other data shows that the Tasman Bridge is going to be significantly overcapacity at times and also relies heavily on a modal shift, people not driving, people walking and people bike riding, particularly from the Eastern Shore.

What's the capacity of the budget going forward to finally invest in what is needed for the Tasman Bridge to actually undertake those active transport upgrades that were planned?

**Mr FERGUSON** - I really appreciate the question, Mr Bayley, thank you for asking it as appropriately as you have as well. It's a major project for our state.

I wouldn't like to overstep and go into another minister's portfolio, but I can speak from some history here that that project's very important to our state and the funding is being provided in the Budget both from state government and the Australian government. I think the figures were 65:65 \$130 million towards that project.

I'll put this as delicately as I can. It's not for want of money, that project has had to be re-scoped, it's actually a technical need to, I think the word was 'windage' on the bridge. I'm not sure if that word was used but the fact that that modelling has shown that there's only so much additional infrastructure you can build, including to protect pedestrians with the height that's required, that puts unacceptable strain on the bridge. I think that that would be the bigger reason why that project is being redesigned or re-engineered to still allow those side walkways to be effective but not according to the original vision after getting that technical advice.

I hope that's a good answer for you because it wasn't for want of budget, because if to achieve the project objectives it was a simple matter of allocating a few more tens of millions of dollars and seeking federal support to do the same, I think the government would have been quite prepared to do that. It's actually much more about the structural engineering advice as to what's achievable.

**Mr BAYLEY** - Well, that's right. It seems to be about the structural integrity of the base and the foundations and so forth, which will probably need attending to at some point, I would imagine, and we'll need funding.

For my follow up question, 65:65 split with the federal government, I assume the pitch to the federal government was very much around active transport, fixing those walkways, allowing for additional modal shift of people. Now, the fact that it's scaled back and we're really just getting some pretty basic - really important, I acknowledge - safety upgrades, do you think it jeopardises that federal government funding in any way, shape or form? I assume that the application was very much around active transport and improving options for commuters, particularly active commuters.

**Mr FERGUSON** - Mr Bayley, the secretary will answer this question as well. In fact, it was as Infrastructure minister and as deputy secretary of State Growth at the time we secured that funding. I'll let the secretary choose his own words, but really quickly acknowledge that I don't want to overstep into another minister's portfolio and speak more about the project than I have, but in terms of the financials and the engagement between the two governments, that would be going not via Treasury, it would be going via State Growth and the federal department.

**Mr SWAIN** - Treasurer, I'll try not to go too far given it's another agency, but it was actually more the other way around. It was more bridge strengthening project that had an active transport to mention and at that time the federal government was very nervous about the precedent setting of funding a project primarily for active transport. There was a lot of

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discussion around congestion and the arrangements that were occurring in other jurisdictions where there was a huge public expenditure from the federal government on congestion projects that were in the form of tunnels or large infrastructure and the conversation with the federal department was how to avoid that and modal shift was one of those. It was kind of an active transport project that was born out of bridge strengthening and not the other way around.

**Mr BAYLEY** - The bridge strengthening is now just for the bed of the bridge, as opposed to the foundations and the structures?

**Mr SWAIN** - Yes. I mean, when it was originally conceived, what was happening under the water was not anywhere near as well understood as it currently is. I've probably dated in my knowledge of that now, but I think there's a much more sophisticated understanding of that than there was when we set out in the process.

**Mrs PENTLAND** - Thank you. I just wanted to talk about that page 56. The strategic action to target which is on gross debt per capita. The strategic action to target for 2032-33 include gross debt per capita of \$20,000 and then for 2023-24 preliminary this was \$16,267 and budgeted to be \$19,452 in 2024-25, an increase to approximately \$25,000 in 2028. Just wondering if you could outline the budget repair measures that the government will take to ensure that this target is met by 2032-33.

**Mr FERGUSON** - Thank you, Mrs Pentland, for the question and I would answer this question in a similar way, regardless of which measure that you would have taken us to, whether it was 1,2 or 11 because, taken together, it gives us the indicators of fiscal sustainability into the long term.

Can I just quickly mention as well, if I may, that in the fiscal sustainability report published in 2021, it forecast without corrective measures net debt would grow to between \$16 billion and \$29 billion by the mid-2030s? You know, we don't want to be there, between \$16 and \$29 billion, and so that's why even Treasury advice in 2021 for all MPs, for all policymakers and commentators is to be aware of the need for corrective actions and that's what we're doing in this budget. You know, you've heard some earlier questions today where I'm being challenged on low expenditure growth over the Budget and forward Estimates and the efficiencies that we're implementing across agencies which are uncomfortable for agencies to implement? I'd rather not, of course, but we as a government believe that big bureaucracies can be more efficient and give us a better way of supporting those stronger public services that we've committed to. It's about also ensuring that the revenue growth that is published in the forward Estimates allows us, over time, to contribute to that more sustainable position. I would have much rather, as a Liberal treasurer, liked to have had an earlier return to balance and an earlier return to surplus, but we took the view that that is not achievable in the short term. The damage to the economy, and probably the damage to public services, would be too great. The benefits, if any, would be outweighed by the losses in our economy and families and employment.

I have lived through an austerity budget. I have worked in the opposition through an austerity budget. First of all, it didn't work. Second, it created economic carnage and we went into a recession. The goal remains unchanged, even though the target's here. It's the 10-year strategy to take us to 2032. It'll be about constant reinforcement and reminder to treasurers today and treasurers tomorrow, and premiers and cabinets today and tomorrow, to be very mindful of new policy decisions that put further pressure on the budget.

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**CHAIR** - With that, we might have a five minute break and resume at 10.35 a.m.

**The committee suspended from 10.29 a.m. to 10.39 a.m.**

**Mr GARLAND** - On the Marinus Link model, in simple terms, Treasury had to buy back Marinus Link from TasNetworks. It was called an equity reinvestment, but it will cost the state \$103.5 million. The business case for Marinus Link will be prepared over the next six months. Will you be making the final decision in response to that business case on whether to go ahead with the project? If not, who will?

**Mr FERGUSON** - Thank you, Mr Garland, for the question. I think you asked me will I be the person that makes the decision? And if not, who will?

**Mr GARLAND** - Yes.

**Mr FERGUSON** - It won't be myself as Treasurer who will be making that decision. That will be a whole-of-government decision. You do point out that there is a provision in the Budget to - I think we use the words 'make whole' - or an inequity reinvestment for TasNetworks. I will ask the deputy secretary to speak to that in a moment, to give perfect clarity to how that works. That's about recognising the Tasmanian investment that's already occurred in Marinus. It actually provides a significant benefit to the state when, subject to a positive FID, other governments, Victorian and Australian governments, will be obliged to make new investments there.

You mention the whole-of-state business case. The position that the government adopted about a year ago now was that the government would prepare a whole-of-state business case to inform its position on the final investment decision for Project Marinus. The government is preparing that right now. That's analysing a range of financial, economic, social and energy market impacts of the proposed cable and associated energy developments. I think you'll be interested to know that the government has already indicated that the business case will first of all be made publicly available. It will be fully published. It will be subject to a peer review, which is also occurring. It will be completed at least 30 days before the final investment decision date for Marinus Link cable 1, which we understand, from the company under its new ownership, is currently expected in May 2025. At least 30 days before an FID decision is requested, it will be made publicly available. You'll be able to read it. Your constituents will be able to read it.

There is funding allocated in the state Budget to support Treasury's resourcing of that project team. You asked me if I'll be making the decision. I've answered that. Of course, I'll be a contributor to a discussion and a decision on that.

I did ask Chair if the deputy secretary could just fill in any gaps that we have left on the equity reinvestment. Or are we covered?

**Mr CRAIGIE** - There's a brief explanation on page 374 of budget paper 2, volume 1, that describes the purpose of the equity reinvestment. It acknowledges that in March 2024, TasNetworks sold Marinus Link Proprietary Limited, the entity responsible for progressing the Marinus Link project, to the joint ownership of the Tasmanian, Victorian and Australian governments. The government has agreed to make TasNetworks whole in respect of the



borrowings it made available to MLPL to progress the Marinus Link project prior to divestment, and funding is provided for an equity contribution of \$103.5 million in recognition of the costs incurred by TasNetworks.

**Mr SHELTON** - Treasurer, can you please inform the committee about the Revitalising National Competition Policy Review and its implications for Tasmania?

**Mr FERGUSON** - Thank you, Mr Shelton. I wouldn't want people to not be aware of that either. There have been four major waves of competition policy reform in the last 50 years. The Australian government is currently leading a process called Revitalising National Competition Policy and that has a fifth round of reforms that are proposed. In December last year, Treasurers, state and federal, agreed to commence a new wave of reform. Through the Council on Federal Financial Relations, we're jointly developing a long-term pro-competition reform agenda. This work will recognise the significant changes in the economy over the past 30 years since the original National Competition Policy (NCP) was established in 1995 following the 1993 Hilmer Review.

Our government is very supportive of a revitalised NCP agenda and the economic benefits that further reforms could make to the state. We can see potential here for a net positive for our state of Tasmania. We know that increasing competition and reducing red tape can boost productivity and increase confidence, support jobs, innovation and economic growth in our state.

To ensure the success of this, the government supports strong institutional and governance arrangements that are supported by all levels of government. States and territories and the Australian government have agreed to work together to support and enhance competition across existing, new and emerging markets by fostering market conditions that are favourable for the entry and growth of new businesses, products and service offerings.

The principles will also be revitalised to address the contemporary competition issues. The reform agenda is envisioned as a 10-year program of reforms that reflect national priorities and challenges that competition-focused reform can address.

Before you ask, the reform agenda will likely address shared priorities that include overcoming cost-of-living pressures, adapting to the net zero transition, digitalisation, improvements to labour mobility, expansion of the care and support economy and creating a more dynamic business environment.

Two new intergovernmental agreements are being proposed by the end of this year and specific jurisdictional implementation plans will be developed in 2025. I would hope to be able to update the committee or the parliament and the community generally about actions and changes to policy that can support this agenda going forward, noting that while it is in the national interest, as the state Treasurer, I'm acting in the state's interest.

**Mr WILLIE** - Treasurer, you said something interesting just before the break about the health department leaning into its SPA to meet an overspend and there is some transparency in the budget. I had a look in the break on page 130, footnote 1 says:

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The decrease in cash and deposits in 2025 reflects additional expenditure from the department's agency financial management account in 23-24 to meet demand pressures.

We can see that it's been reduced from just over \$157 million to just over \$6 million over the last year. What was that funding set aside for in that account?

**Mr FERGUSON** - I wouldn't have that information. I don't think I would have that information. I'll look to Mr Craigie and Mr Swain, but that would probably be a question that Health would answer but I'm happy if we have answers to provide them. Do you have any information?

**Mr CRAIGIE** - Treasurer, I think all I can add to that is each agency has a specific purpose account that they use to manage their finances. Agencies also have their own source revenue. Health generates its own revenue which it puts into that account which it can use to fund its services. The balances vary over time depending on the timing of the revenues and the timing of expenditure out of those accounts. But as the Treasurer alluded to, and as you can see by the movement and the balance, there were significant drawdowns in 2023-24 through that account.

**Mr WILLIE** - We'll ask the Health minister that question, but are there guidelines around how this is used? Are you authorising other agencies to meet over spends with their specific purpose accounts?

**Mr SWAIN** - Yes, the SPA accounts are governed by the *Financial Management Act* and there are arrangements in place with agencies as to how that's used and transfers within budget areas for different departments. Broadly, there are, and the management of that sits with the agency.

**Mr WILLIE** - We've heard a lot today about the challenges, particularly in Health, and trying to meet your estimates across the forward Estimates, but you've effectively reduced the Health department's capacity to deal with that by drawing down on this account, haven't you?

**Mr FERGUSON** - Thank you for the question. I don't believe that I have taken that action. That's been a decision of the accountable authority. I don't think that's something that the Treasury or the Treasurer has imposed or done, but I won't be speaking for others at this table. I don't feel that would be fair. It would be a question for the health outputs. Do you have anything to add?

**Mr SWAIN** - I think that's correct. We did have some conversations with Health through that period about how they would manage the expenditure that they were incurring, so that's true, but at the end of the day, the accountability sits with the agency.

**Mr WILLIE** - With the Royal Hospital beds, we've been talking to them about what it was set aside for.

**Mr BAYLEY** - There's \$610 million in the budget for the Macquarie Point Urban Renewal project. We already know, as we've discussed here, that stage one of the project, the stadium and a few other bits and pieces is going to cost well over \$800 million according to documents and then there's significant other bits unfunded.

Stage 2 and stage 3 are critically important. These are the bits that the federal government's \$240 million hangs off. We must meet a housing component and we must upgrade wharf 6. Treasury has been in discussions with the Macquarie Point Development Corporation minister, as we have alluded and discussed. Do we know how much stage 2 and stage 3 are going to cost?

**Mr FERGUSON** - Mr Bayley, I wouldn't avoid the question, but it would be best if the deputy secretary who sits on the steering committee could be able to answer that as best he can, noting that this is not Treasury's project. This is a project that has an authorising environment that does include the steering committee on which Treasury sits, but the authorising environment is much more directed through the Department of State Growth, minister for Sport and the MPDC itself.

**Mr BAYLEY** - I can appreciate that Treasurer, but the scale of the investments here and the scale of the risk as identified in the state Budget is pretty extreme.

**Mr FERGUSON** - I wouldn't say extreme.

**Mr BAYLEY** - I would.

**Mr FERGUSON** - I know you would, I wouldn't.

**Mr BAYLEY** - Most Tasmanians would.

**Mr FERGUSON** - The state contribution of \$375 million is one third of one of the billions that we're spending in infrastructure. I'll just make that point.

**Mr BAYLEY** - But we all know it's not \$375 million.

**Mr FERGUSON** - I nonetheless respect the question. We're here to answer your questions and I make the deputy secretary available to add any further insight that he's able to.

**Mr CRAGIE** - Thank you, Treasurer. All I can add is that there's an executed project agreement between the Commonwealth and the state that's been signed by the relevant ministers that's publicly available on the Commonwealth website.

The Department of State Growth is responsible for the administration and delivery of that project agreement, not Treasury. I don't think I can really add anymore.

**Mr BAYLEY** - What happens if, as expected with the stadium itself, costs blow out so significantly? The state Budget is already in record debt going well out into the forward Estimates. What happens if we can't get to those stage two and three projects in relation to the \$240 million of federal funding?

**Mr FERGUSON** - I think you'd be inviting me to engage in a hypothetical, but we have a project plan and we have a committed group of people working together to achieve that objective. I respect that you don't agree with the project and at least to your credit you've been consistent about that, but we disagree on this one and the government wants to see it go ahead

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**Mr BAYLEY** - Tasmanians will be up for the bill, wouldn't they? The \$240 million?

**CHAIR** - Order.

**Mr FERGUSON** - I beg your pardon?

**Mr BAYLEY** - The Tasmanians would end up having to reimburse the Commonwealth for \$240 million, would they not, if we didn't get to the wharf upgrades and the housing?

**Mr FERGUSON** - I think that there's a much broader set of factors there, including the fact that the documentation that came with the project commitment's funds of 240 million from Canberra in itself stipulated that wharf 6 would be underpinned by appropriate commercial agreement-making contributing to either the upfront capital value cost of upgrading wharf 6 or a different model that involves more of a lease type and an amortised model over decades.

I'm going to invite the secretary to respond further, and my closing comment would only be that we're committed to the project and also making sure that it is financially a good outcome for the state as well.

**Mr SWAIN** - I can just add a little bit of detail and, again, try not to go too far into other departments' and ministers' responsibilities.

The Commonwealth's interest in that site was around urban development in particular, and the stadium was a mechanism for stimulating greater urban development and, at officer level with the Infrastructure department, they were particularly interested in its location, which is sort of at the centre point of the three main transport routes in and out of Hobart.

The initial agreement that's been signed still needs to have a lot more detail added to it in subsequent negotiations, but it is about the wider precinct. So, there's a way to go in terms of that detail and, if you were in a situation for any reason why the stadium couldn't continue, I suspect that that would lead to further discussions with the Commonwealth.

**Mr BAYLEY** - And likely repayment by the Tasmanian taxpayer?

**Mrs BESWICK** - Treasurer, you mentioned yesterday that you wanted to normalise debt, making sure it remains manageable and avoiding unnecessary borrowing. You stated the government has borrowed to build and that this borrowing should be done at a reasonable level. Can you share what you consider to be a reasonable level of debt and what specific criteria or guidelines you use to determine what is an acceptable level of debt and when you would actually be projecting some of our debt to be paid down?

**Mr FERGUSON** - Thank you, Mrs Beswick, for the question.

I don't want to be too challenging in response, but it doesn't sound like my usual word, that I would use that word 'normalise' of debt. Now, if I have used that word, I'll nonetheless respond to your question.

I don't want, and I have never sought to try to be relaxed or send inappropriate messages about borrowings going forward. I take a conservative view on debt. I accept that debt plays

an important role in public finances, in particular that it is appropriate to use borrowings to sustain a capital program.

It is appropriate to use borrowings to get a state or a country through a pandemic because you're actually investing in the here and now, which are necessary preconditions for a prosperous economy in the future. So, it is appropriate that governments can borrow to do things and activities that have a broader policy rationale than just paying today's bills. I get that.

If I have used that word, I accept that. I don't think that's my usual description, but I do want to see borrowings over time being limited and constrained and that's my attitude and that's my belief and that's why in this Budget, while being very direct about the level of our borrowings and our relative borrowings compared to other jurisdictions, I always make the point that while we have the lowest debt in the country, I always make the point that that's no surprise.

We're the smallest state, we should have the lowest debt, and I then refer, always, to how that looks compared to other jurisdictions through a range of lenses, whether it's by the size of our population, the size of our economy, or the size of our revenues. I make a proportionate reflection and in that respect we're very competitive - I think the third lowest in the country.

So make those points. I don't have a number in my mind, because I know that, in the future, future budgets will need also to be shaped by the circumstances that confront a government and the opportunities that present.

I do want to see an uplift in our GST, I do want to see the national economy grow, I do want to see the GST pool recover back to some of the earlier estimates of growth forecast which have actually all been downgraded, because that'll be part of our economic success going forward and in the meantime our borrowings are manageable, affordable. But, at the same time, with the fiscal strategy, I think it demonstrates that as Treasurer - and the Rockliff government - we are keen and determined to accept the deficit budgeting for the period of time that we're in at the moment to invest in the capital program, which is the lifeblood of strong economies in our regions going forward, but not to ever send a message that borrowings can be unlimited, because I've never thought that way or said that.

**Mrs PENTLAND** - Thank you, Chair. Minister Ferguson, when implementing efficiency dividends, what specific guidance do you give department heads to ensure they meet targets without reducing the quality of essential services? Do you acknowledge that setting blanket targets passes the responsibility for difficult budget decisions onto departments, rather than showing strong leadership from Treasury? And how much pressure would departments face to meet these targets, especially in areas like Health, given the government regularly overspends on Health? How can you promise that saving tens of millions won't harm patient care or reduce frontline services, considering past budgets have struggled to control Health spending?

**Mr FERGUSON** - Thank you, Mrs Pentland, for the question. I respect the question and I think you've asked it very fairly. So the budget efficiency dividends - and I will refer to them as efficiencies or savings measures - they're all targeted at the back line. We've seen significant growth in the in GGS spending over the life of our government and to the point that we have -

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I don't have the figure exactly in front of me - something like 8000 more employees in our state public service than when we came to office. Is it 8000?

Seven thousand seven hundred. We have a significant growth there but we also want to protect our frontline services, protect our public service jobs, but finding more efficient ways of operating.

Now, we've seen efficiency dividends used in the past. I saw them in, they were budgeted in 2019-20 but not proceeded with. They were a significant larger effect on budget than this efficiency dividend. But that efficiency dividend was just before COVID and, during the pandemic, that was entirely reversed out and it was clearly not the right time when March 2020 turned up.

The earlier dividend efficiency program or budget savings program I've touched on earlier in the hearing in 2011-12, they were much larger. This one represents approximately 0.5 per cent of total annual expenditure in this financial year 24-25.

In comparison, even the Liberal budget savings measures in 2020, that represented more like 0.75 per cent of total annual expenditure. So, more like 75c in \$100.

Now there are principles, because you asked me specifically how are we going to protect those frontline services, and I would absolutely wish to take a moment, if that's okay with the committee, to speak to the principles for agency specific saving strategies. Now, I won't read this out in detail unless you ask me further questions.

But accountable authorities have a number of responsibilities under the FMA and some flexibility is necessary at an agency level for them to identify savings measures to achieve their efficiency allocations.

To ensure a consistent approach, agencies have been provided with guidance that outlines the government's strategy and expectations on the types of savings that should be identified by each agency.

The following principles and guidance have been developed. I won't read them out in full, but there are five:

- First of all, savings measures must be achievable in both the short and long term. This means that agencies must identify savings measures that are structural and achievable on an ongoing basis.
- Second, savings measures must be allocated to activities and costs within the control or influence of the agency. So, for example, you shouldn't be trying to make savings when it's actually Australian Government funding. You can't do that.
- Third, savings measures must consider operational impacts. This means that the savings measures must consider matters, including but not limited to, timing and transitional issues, staffing impact, internal communications and change management requirements.

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- Very importantly, number four, savings measures must not negatively impact on the outcomes of frontline services and there's some detail there that's been provided if you ask me, I'll elaborate.
- Finally, five: savings measure achievement must be able to be reliably reported to budget committee.

We believe that we can have a more efficient public service, notwithstanding the fact that we are putting much more into the Budget than is being asked for in savings.

**Mrs PENTLAND** - Can I ask if you could just elaborate on point four a little bit more? Could we table that document, or whatever you're reading there?

**Mr FERGUSON** - By the time I've answered this question, I will in fact read it all out:

Savings measures must not negatively impact on the outcomes of frontline services. This means that while a savings measure can be allocated to any agency operating cost allowed within these principles, including those associated with frontline services, such as a reduction of staff, it should have no impact or limit the impact on the intended outcome of frontline services, i.e. no reduction in services.

**Mrs PENTLAND** - Thank you.

**Mr SWAIN** - I was just going to follow on in relation to principles 3 and 4, which were around operational considerations and frontline services. When you think through those matters in practical terms, the agency delivering the services really has to make choices around how those efficiencies are best met, because Treasury is not going to have the detailed knowledge of their operation to be able to fulfil those two principles. In addition to that, under the *Financial Management Act* it is the agency's secretary who is ultimately accountable for the efficient use of the resources made available to them through the parliament.

In relation to employee growth, from the middle of 2014 to the middle of 2024, the growth was 31 per cent or 7683 - I think it's FTE.

**Mrs PENTLAND** - Sorry, can you repeat that?

**Mr SWAIN** - It's 7683 full-time equivalents.

**Mrs PENTLAND** - Sorry, that's the increase from -

**Mr SWAIN** - That's the growth in the State Service from June 2014 to June 2024.

**Mr SHELTON** - Treasurer, could you please outline the risks to Tasmania's revenue and in particular outline the impact on our finances if the no-worse-off guarantee is not made permanent?

**Mr WILLIE** - The one you signed up to?

**CHAIR** - Order.

**Mr FERGUSON** - Thank you, Mr Shelton. It's an important question, and the no-worse-off guarantee must be made permanent. It must be perpetual. I really appreciate the question and your genuine interest in it.

Total general government sector revenue is expected to be \$8.95 billion in 2024-25, which represents an increase of \$529 million compared to last year. Over the forward Estimates, revenue is forecast to grow by \$497 million. We touched on that earlier in terms of revenue growth. GST revenue is estimated to be \$3.519 billion for 2024-25. GST revenue is the single largest source of revenue for Tasmania, representing 39.3 per cent of total GGS revenue in 2024-25. Tasmania's GST revenue is highly sensitive to the size of the national GST pool, as well as Tasmania's share of national population and Tasmania's GST relativity, which of course is determined by the Commonwealth Grants Commission, the CGC.

I'm pleased that the recent release of the CGC's 2024 update provided an uplift in Tasmania's relativity. We grew to a relativity of 1.83.

I'm also pleased that in December last year the federal government announced a three-year extension to the no-worse-off guarantee that you asked me about. This is important. Three years is welcome. It's not as good as it being made permanent, but it's better than one year, which I was concerned that they may do just to get past an election. We were pleased with the three-year extension.

This outcome is a result of our advocacy together with other state treasurers and premiers on the national stage. We've been relentlessly lobbying the Australian Government regarding GST distributions, and this outcome is a good step forward. Without it, I'm sure the committee would like to know how much we'd be worse off by. The figure is \$253 million.

Funding received through the no-worse-off guarantee is critical to enabling us to invest into the things Tasmanians care about like health, education, housing and infrastructure. While this outcome ensures we don't lose hundreds of millions of GST in the short term, we have to maintain our pursuit of a permanent and ongoing agreement to ensure that we always receive our fair share. I'll stop there, only to add that there is a Productivity Commission review to be completed during and by the end of 2026.

**Mr SWAIN** - I was going to blend the two -

**Mr FERGUSON** - You're welcome to jump in with the CGC in the meantime, but the key goal for us is to be an active participant in the Productivity Commission's review, which will be occurring and should be completed by the end of 2026. It is a key strategic get. If you're a Labor politician, a Liberal politician or an Independent or Greens politician, we should be on an absolute unity ticket here to stand up for Tasmania through that process and, regardless of who wins the next federal election, ensure that we get long-term, perpetual and enduring revenue certainty out of those future arrangements.

**Mr SWAIN** - The step before the productivity review is the CGC review of methodology - the five-yearly review. That's scheduled to complete in February this year. Through Mr Burgess's area of Treasury, we've been very active in participating in that process. That will set up the current methodology that will then be considered by the Productivity Commission. That's a very important step.



One of the things that Tasmania has been arguing for a number of years is the concept of cumulative disadvantage. There are issues of scale and demography that affect individual cost, but there's also a cumulative effect across service delivery and cost structures that needs to be taken into account. We'll be continuing to be very active in that process.

**Mr WILLIE** - I heard before that there were conversations between the department of Treasury and the Health department around this specific purpose account and the \$150 million. What was the \$150 million set aside for?

**Mr FERGUSON** - In respect of the specific purpose account in Health, I wouldn't be able to answer that question for you. I don't possess that.

**Mr WILLIE** - You said there were conversations between Treasury and Health. Surely there was a conversation about what it was set aside for.

**Mr FERGUSON** - Mr Willie, I'll be making my deputy secretary available to you in a moment, but I don't personally have that knowledge or information. Health would, but I would be quite comfortable if Mr Swain first, or Mr Craigie second, would care to elaborate any further. Reflecting on the conversations that were had, we respect those conversations, but I think the question is, do we possess that knowledge?

**Mr SWAIN** - We had some conversations around the retained revenues and appropriation being the source of funds going into the SPA over time, and how that could be used in relation to the overspends. We talked that through with Health, but at the end of the day, it's their SPA account to manage.

**Mr WILLIE** - The question was, what had they set it aside for?

**Mr FERGUSON** - I respect the question. I don't have the answer to that question you've asked me now for a third time. I don't have that information. The accountable authority here is the Health department and Health secretary. If I had the information I would be comfortable sharing it with you, unless anyone here can tell me I have access to that?

**Mr CRAGIE** - All I can possibly add is that the Health specific purpose account is there to help support the funding of health services.

**Mr WILLIE** - Is it government policy now to raid government department accounts to prop up the Budget?

**Mr FERGUSON** - No, Mr Willie.

**Mr WILLIE** - It looks like it.

**Mr FERGUSON** - I've answered the question.

**Mr WILLIE** - You talked earlier about a net operating balance that's not in the forward Estimates. You said it was a real surplus. Do you admit that even if we give you that net operating surplus in 2029-30, it doesn't stabilise the debt position?

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**Mr FERGUSON** - It depends on the size of the surplus. I think you might be verballing me, by the way. When I said -

**Mr WILLIE** - Are you talking about balance?

**Mr FERGUSON** - I think you are. I'm trying to be fair, but I believe you are verballing me. I have often reflected on the simple fact that the 2029-30 year is outside the forward Estimates. It is the policy position of the government that it's that timeframe. Don't you want me to be realistic? We believe that's a -

**Mr WILLIE** - I want you to be truthful.

**Mr FERGUSON** - Fine. I'll be both realistic and truthful. I've made the point that the government's position is that that is the realistic and sensible timeframe for the return to surplus. You may feel that you could do it better, sooner, faster. Second, I've talked about what kind of surplus. I've talked about a real surplus - a proper surplus. I can't forecast today what the size of that could be for obvious reasons. It's off the forward Estimates. That's the policy ambition that we have. The extent to which you need to go into further borrowings over the Budget and forward Estimates and the out years would clearly be a reflection on the level of success of getting to that surplus how quickly, and at what size that surplus would actually be in dollar terms.

**Mr WILLIE** - When you have a cash surplus.

**Mr FERGUSON** - Mr Willie, the size of the net operating balance will be a direct contributor to the cash balance and the fiscal balance. Because they're off budget in 2029-30, we wouldn't be able to guess, at this point in time, the magnitude of those. That's the stated policy objective: to achieve a net operating balance surplus in 2029-30. If you're making a point that doesn't necessarily mean that you've capped out your borrowings, I would agree with you. I've said as much publicly. We're into a hypothetical that I'm not able to -

**Mr WILLIE** - You're talking about the hypothetical.

**CHAIR** - Order.

**Mr FERGUSON** - I would like to finish my sentence, if that's okay, just to make the point that we don't know, and nobody can know, until we get closer to that year.

**Mr BAYLEY** - Treasurer, \$610 million in the Budget for Macquarie Point Development Corporation is a huge amount of money by any measure for an average Tasmanian. \$800 million plus for the stadium likewise is also huge. It's huge in everyone's minds. I appreciate you're not the relevant minister overseeing the Macquarie Point Development Corporation, but you are the Treasurer. You would be sitting on the Cabinet subcommittee that oversees the spend.

I wanted to ask your view in relation to the Macquarie Point Development Corporation's commercial activities. Do you think they should be consistent with the corporation's principle objectives and functions? Do you think that any of its commercial activities should be appropriately costed and managed? Do you think that it should be compliant with the government's competitive neutrality principles? Do you think those three things are reasonable

expectations to have of a government-owned entity spending \$600-plus million? Consistent with this act, appropriately costed and managed and compliant with your own government's competitive neutrality principles?

**Mr FERGUSON** - Let's take this together. I respect the question and the good intention behind it. I recognise that you oppose the project. That is a slightly different way to ask the question which moves into process.

**Mr BAYLEY** - 100 per cent.

**Mr FERGUSON** - Please don't make any assumptions about Cabinet committees. Unless the Premier is prepared to share that with you, it's not my role to share with you how Cabinet works because I'm sworn to a process there. I invite you to take these questions to the relevant minister who has the direct relation with MPDC.

In broad terms, without wanting to overstep the mark in any way into another minister's portfolio, as Treasurer, I broadly agree with the direction of your question. I don't want to walk into traps because government policy and the corporate intent of MPDC can change. If there was a need for certain approaches to take opportunities that exist in the corporate sector to get more private investment into the stadium, we ought to be doing that. Fresh capital is a relief on the budget. I hope we'd agree on that. If there's fresh private capital that can come into the precinct, I see that as a positive if it's well-managed. If it's well-managed, and particularly if it leads to -

**Mr BAYLEY** - Costed and managed.

**Mr FERGUSON** - You take the long view on these things. We want to deliver our social and economic objectives here. It's reasonable for the government to tell MPDC what, as its owner, it expects it to perform, and the way in which it should do so. I'm trying not to sidestep the question nor step into a policy area that I don't have day-to-day responsibility for.

**Mr SWAIN** - I'll speak in terms of Treasury advice, because I obviously can't talk to government policy. If there are processes that involve proposals from the private sector for what they may do and they come out of competitive procurement process or other negotiations, I think it would be available to the government to consider whether the current act contemplated all those things. You could also look at other frameworks that we have, so, for example, the arrangements that apply to state-owned companies. There might be elements that become more relevant. That wouldn't be unusual as a policy consideration at the time, but it would very much depend on what came out of negotiations or processes. It's hard to predict.

In terms of competitive neutrality policy, that's something the state generally supports, so, in terms of Treasury advice, we would be seeking to operate within that framework, particularly if there are further national e-competition policy developments and if the states request of the Commonwealth, which is that any future arrangements are underpinned by contributions to the cost of those reforms is actually honoured, that would probably become an obligation under agreements anyway.

**Mr BAYLEY** - While I'm hearing you broadly accept that they're sound principles that should be adopted, in the wake of directing the Macquarie Point Development Corporation to junk the previous development plan for the site and proceed with the stadium, why do you think

those principles would need to be edited out of a statement of ministerial expectations? When we're dealing with such vast amounts of money and complex negotiations, that no longer needs to be consistent with its corporate principles, no longer needs to act appropriately, costed and managed, and it doesn't have to comply with government's cost neutrality? That's exactly what happened.

**Mr FERGUSON** - With respect, that's your spin on the scenario but, broadly speaking, the government, in trust for the people of Tasmania, owns the precinct, owns the corporation., is the recipient of federal funds, AFL funds to a much smaller degree, and is responsible for arguing its case for state contribution towards the project. So, it's a state project. But the vehicle through which it's been delivered, as you know, is through MPDC, with the policy support and agency support of the Department of State Growth. We've had a lot of expertise in delivering major capital projects over the years.

I don't want to seductively fall for just agreeing with you on this but it is the government's entity that it owns in trust for the people of Tasmania, and driving a project means driving the corporation as well.

**Mr BAYLEY** - And setting appropriate standards for it to meet. And that isn't spin, Treasurer, it's a statement of fact that those principles were edited out of the ministerial statement of expectations for the Macquarie Point Development Corporation. When we're dealing with \$600 million-plus, when it's public funds, and when we can all expect it to go beyond that, abandoning appropriately costed and managed principles is an alarm bell for everyday Tasmanians.

**Mr FERGUSON** - Again, if I can just pick up the question, we're driving the project and statements of expectation, ministerial charters do change over time across all sorts of government businesses .

**Mr BAYLEY** - This looks like a significant winding back of constraint on the corporation, though. This is abandoning some pretty fundamental principles that -

**Mr FERGUSON** - I wouldn't necessarily want to agree with you on that either but I don't have the subject experts to hand today with me at this hearing and I'm not the principal minister here. But many of these principles will persist going into the future. For example, when there's a procurement there will be principles that do need to be observed.

**Mr BAYLEY** - They were relevant before the stadium. They have been ditched this time.

**Mr GARLAND** - The Eslake review recommended that an amendment be considered to the *Charter of Budget Responsibility Act* in an attempt to stem the flow of spending promises from the major parties during state election campaigns. Two of the suggested amendments were requiring the major political parties to indicate how they proposed to fund their election promise and they submit costings to Treasury for a review 15 days before an election, with a review of those costings to be completed and published by the secretary in the week before the election. Minister, will you support either of those initiatives?

**Mr FERGUSON** - That is a very good question from a respected person, Mr Eslake, who I respect. I particularly appreciated his contribution. It's not just in his personal capacity. This report was an initiative of Mrs Pentland, Mrs Beswick and Mr Jenner, and they deserve a

lot of credit for that report. I know that you would add yourself to supporting that but that is their achievement, to get the government to agree to that. It's brought a new perspective to a debate and contest of ideas on public finance management.

For good reason, the government did need to provide a level of response when it was released because some of the key recommendations were not acceptable to the government because they flew in the face of some strong commitments we made at the election. We intend to honour election commitments about not introducing new and higher taxes. But just putting that to one side, it's a report worth the read and his recommendations will all be responded to in the fullness of time, including the very interesting ones you've raised at the table here today. Today is not my opportunity to lock in yes or no on those particular recommendations, but they do now sit on the public record.

This is not intended as another free kick at the opposition in Tasmania, but it is concerning to me when individuals, in a contest of ideas in an election campaign, seeking the vote so they could form a government, even compared to the Liberal Party's, I think, \$1.8 billion in commitments around OpEx and CapEx, that we could be doubled by our opponents just to win votes.

I accept the premise of the question that we will need to respond to those recommendations. We're intending to have a response to the Eslake independent review by the time of the next budget. I think that's broadly our goal, our timeframe to be able to do that. It's a fair bit of work. Noting Mr Eslake had several months to write the report, we'd like some time to be able to consult with agencies and the Cabinet process to do a full and comprehensive response to it. I'm certain that some of the recommendations won't be acceptable and I'm also certain that we will adopt some of his recommendations in full. The secretary would like to add, if that's okay.

**Mr SWAIN** - I was just going to make the point that the costings process is a bit imperfect in that it's a tight timeframe and you're effectively costing off the information provided. Certainly, in relation to capital costs, costs will move around a lot through the scoping and development phase of a project. So, a costing at the front end by anyone is likely to be wrong by the time you get to a more sophisticated understanding of the project. So, it's inherently difficult. We have discussed internally, though, that the alternative is not having one, where you don't provide any guidance on those costings. So, the approach adopted at the moment is to try and adopt a common methodology for every political costing, no matter who it comes from. I make those comments just to make the point that it is actually quite a complex consideration how to do this properly, in response to Mr Eslake's recommendation.

**Mr FERGUSON** - And just to make a point that might have been lost in the last couple of months, the Budget was written and locked down, and expenditure decisions had already been committed to the budget process. Then Treasury take approximately six weeks to draw up the actual technical documents. The Eslake independent review report actually came in between. For anybody that felt the report was ignored, I would absolutely say, please don't take it that way because it was not possible for any meaningful response to occur in this Budget process. We look forward to speaking more about this and one thing we won't be doing is ignoring that report.

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**CHAIR** - Thank you. Just to let the committee know that as a resolution of the committee, the Tasmanian Audit Office is in attendance and happy to come in and be involved, if required by the committee.

**Mrs BESWICK** - Treasurer, how do you come to the \$649 million for the commission of inquiry payout figure for the victim-survivors? How is that calculated?

**Mr FERGUSON** - Thank you for your question, Mrs Beswick. I'll take some time to respond to this. In recent years, claims under the National Redress Scheme for institutional child sexual abuse and civil claims against the state of Tasmania through various government agencies in relation to institutional child sex abuse in state care have increased. The 2024-25 Budget provides \$103 million in 2024-25 to meet National Redress Scheme and associated civil compensation payments related to institutional abuse. This includes an allocation of \$75 million for the recent settlement of the Ashley Youth Detention Centre class action. That number is contained within the \$103 million. Over the Budget and forward Estimates, the total appropriation allocated for the settlement of redress and civil claims, and the AYDC class action is \$150 million.

Specifically to your question, the process that led to this is as follows. An independent actuary engaged by the Department of Justice conducted work and led to an estimate that was then provided to the Department of Justice toward the end of last financial year. That independent actuary has estimated the state's abuse-related liability for all current and future redress and civil claims is \$646.9 million as at 30 June 2024. So, at a point in time, an independent actuary provided that advice and I think it was somewhat agreed that that process should occur between Treasury and Justice and, unless I'm mistaken, the Auditor-General.

**Mr CRAIGIE** - The independent actuary's appointed by the Department of Justice and the Auditor-General has had an interest in recognising that liability.

**Mr FERGUSON** - Okay, that's a better way to express it. The preliminary outcomes report for 2023-24 recognised this liability as at 30 June 2024. The accounting treatment for this provision required the recognition of an expense in the general government sector income statement of \$571.2 million. That, on its own, had a significant impact on GGS financial results for 2023-24. Even though that amount had not been paid out, under the accounting standards it needed to be recognised in that financial year. I will ask if I've answered your question and what was the last part of your question?

**Mrs BESWICK** - No. Thank you. You said there was \$75 million. Is that all that's been committed to so far?

**Mr FERGUSON** - No, there's more to it than the \$75 million. That specific amount is the agreed settlement that was reached between the State of Tasmania and the plaintiff lawyers representing a class in a class action. But there are other payments that are, in fact, budgeted in real-terms cash principally to meet the state's share of National Redress Scheme payments which arose out of an earlier royal commission into institutional child sexual abuse.

**Mrs BESWICK** - So, the \$150 million you mentioned, that's the cash flow of that over the next four years?

**Mr CRAIGIE** - There's a difference between the accounting recognition of a liability and the timing of the future payments. As the Treasurer has already responded to, the \$150 million across the forward Estimates is the estimated expenditure that will reduce that liability. Under the accounting standards, because the liability has been able to be calculated and determined, using the actuary's estimates, the accounting standards require that you recognise that liability as a provision in the year you do that. You expense it. That's why, as the Treasurer commented, there's a significant impact on the preliminary outcome result, which is the recognition of that provision. That's a non-cash item, that's just an accounting entry.

In the future when those payments are made, they won't be expensed. They'll actually reduce that liability, but they'll be the cash flow impact. The \$150 million includes the cash flow impact.

**Mr SHELTON** - The Budget identifies a significant level of infrastructure expenditure. What are the key projects that will be delivered by the government in this Budget?

**Mr FERGUSON** - Thank you Mr Shelton, for being such a great advocate for our capital program, including in your electorate. The Budget supports \$5.1 billion in infrastructure investment over the Budget and forward Estimates and that makes intergenerational investment through the construction of contemporary productive assets and this really is central to our 2030 Strong Plan for Tasmania's future.

I won't go through the numbers again as I did in my opening statement, but they are on the record. Funding is continued for the very exciting new Bridgewater bridge, which is coming up out of the water. It is the biggest transport infrastructure project in the state's history and you can now see the finish line insight and it's a wonderful outcome. Our government deserves a lot of credit for driving that project, but so too do the men and women working on the tools on that job and delivering it for Tasmanians.

Major road projects also include the completion of the Midland Highway 10-year action plan, one more summer of work, the southeast traffic solution between Hobart and Sorell, upgrades to the Lyell Highway, works on the Bass Highway between Launceston and Marawah and improvements to the West and East Tamar Highways.

The Budget invests \$650 million into intergenerational health infrastructure. Of that, \$155 million this financial year. This funding will progress major upgrades to the Royal, the LGH for Stages 1 and 2 and investments at the North West Regional Hospital and the Mersey. Significant investment is also undertaken here in Hobart's St Johns Park to support new mental health and well-being beds and mental health services, not just for the south, but for the state.

There's a significant funding of \$359 million into schools and education facilities, major infrastructure upgrades planned for 15 Tasmanian schools across the state, as well as four new super-sized child and family learning centres and they are in all of our communities. The Budget also includes infrastructure investment of \$356 million into tourism, recreation and culture assets and \$287 million in law-and-order capital projects. The government has also allocated \$1.2 billion in equity funding through non-GGS entities. That includes our MPDC we've been discussing, as well, our government businesses.

These are important to us. I'll just touch on them. Only funding for Tasmania Irrigation to support tranche 3 irrigation projects, Energy on Farms initiative, the Lake Leake Dam Life

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Extension project and equity funding being provided to Hydro Tasmania for the redevelopment of Tarraleah Power Station, and colleagues, if you haven't managed to get there yet please ask minister Duigan for an invitation. You will never forget it. These are investments not just in the here and now, because they are jobs in the here and now, but their investments in our future competitiveness, our future productivity to help set the state up for a great future and a positive future.

**Mr WILLIE** - In the other hearing, Treasurer, the department secretary for Health just said that you approved the raiding of the Health account. Did you approve it without knowing what it was set aside for?

**Mr FERGUSON** - I'll just ask for some advice, Mr Willie.

**Mr SWAIN** - You did approve it, yes, but I don't think you were briefed on that aspect.

**Mr FERGUSON** - We're happy to discuss the process for the allocations, Mr Willie.

**Mr WILLIE** - You approved the rating of \$150 million and you didn't ask to what it was set aside for?

**Mr FERGUSON** - I'm happy to discuss with you the process and how it works, but your questions around a raid are a strange question because regardless of the balance of the SPA, it still has an impact on the net operating balance for the state. Being part of the approvals process is different to knowing what the funds were originally set aside from which is where you were coming from.

**Mr WILLIE** - Did you know what it was for?

**CHAIR** - Order.

**Mr FERGUSON** - I've already answered that question, Mr Willie. We don't have that information.

**Mr WILLIE** - I appreciate the questions around the fiscal strategy today and my read of it, you're in breach of or going to breach 9 of the 11 fiscal strategies and the credit agencies themselves are making concerning comments now in the media. We had Mr Martin Foo from Standard and Poor's saying it's very unusual to see financial targets and then a few sentences later, a frank admission that the state is going to breach all of its own targets.

You had rival agency Moody's Investors Services, John Mannings, he said a government's failure to achieve its own financial targets prompted doubts about its commitment to budget repair. He also said that he went on to talk about your unfunded election commitments and the negative impact that would have on the Budget. I heard Mr Swain, earlier, suggest that markets could already be starting to price a lower credit rating for Tasmania, and how much have TASCORP issued bond yield market rates moved since the Budget was issued, is the first question. Are they trading at a higher rate than before the Budget? Are you across this issue, Treasurer, given the implications for the state Budget?

**Mr FERGUSON** - I'm more than across it, Mr Willie. I've given a very strong narrative about my position on borrowings. They need to be carefully decided and constrained where



possible and kept at a manageable level. We are prepared to borrow to build and we are prepared to borrow to protect our state through the pandemic. We're also further prepared to borrow during a period where the Budget is in a deficit position as we carefully choose the timeframe for return to surplus position. I also recognise that if we would follow your advice, we'd be borrowing a lot more money.

In respect of ratings agencies, I try not to provide commentary on ratings agencies because they are necessarily independently arrived at and the ratings agencies that Tasmania engages with are S&P and Moody's, so we don't try to influence them through our public statements as tempting as, occasionally, it might be. In respect of future issuances from TASCORP, I will defer to the Treasury Secretary who sits on that board and - secretary, if you're prepared to share a narrative, I won't put words in your mouth, but we do have a strong narrative in the budget papers prepared by the Treasury about the weight cost of our borrowings and they're affordable for Tasmania.

**Mr SWAIN** - Yeah, I will not say too much and I'll use the word I used before. I didn't want to speculate because, just conscious that that speculation could be interpreted in the market. I'll just say broadly, there'll be supply and demand factors at play that go beyond Tasmania, including the level of state debt that's been issued around the country that will play into markets. A whole range of international and national factors will also be at play and it'll be the timing and quantum of any additional debt that's been sourced by Tasmania that will come into play relative to anything the rating agencies might do in the future. I just think it's too speculative to really comment on.

**Mr WILLIE** - What about my question regarding the bond yield market rates moving since the Budget has released?

**Mr SWAIN** - I don't have a specific answer to that question.

**Mr WILLIE** - Will you take that on notice, Treasurer?

**Mr FERGUSON** - No, I won't.

**Mr WILLIE** - You won't take that on notice?

**Mr FERGUSON** - It would be a question for a GBE scrutiny here with Tasmanian Public Finance Corporation in November-December, but I don't have that information at the table and I'm not sure I'd be sharing it with you.

**Mr BAYLEY** - Thank you, Chair. Treasurer, I want to go to an issue that there's been some backward and forward about for many years, and that goes to the Royal Flying Doctor Service. My understanding is that you've signed an exemption for Treasurer's instruction so as to allow for a sole tenderer contract to be issued at over \$20 million. What's the rationale for the request for the contract for fixed wing aeromedical services to be given an exemption?

**Mr FERGUSON** - Mr Bayley, would it be okay if I took it on notice? But I'll do my very best to present the answer back to the committee before we rise.

**Mr BAYLEY** - Of course.

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**Mr FERGUSON** - I'll get you the detail to that. I'll have it to you, if I can, before that time.

**Mr BAYLEY** - I guess further to that, I'd be interested to understand your rationale for allowing a sole tenderer, contract of over \$20 million, at a time when we have cuts across the public service. It just seems to be a slightly a reckless act on one hand when you are cutting the public service and impacting on the services that Tasmanians expect and deserve, on the other.

**Mr FERGUSON** - I will pre-empt a future answer. If I can ask my Treasury team to present some information that I can bring to the committee before 12.10 p.m., we will do that, but also to give you an assurance, Mr Bayley, that I receive requests from agencies for an exemption to a Treasurer's instruction very rarely, and consequently they're very rarely granted. I can assure you that I take those matters on very careful advice. On the small number of occasions when I've provided an exemption to a TI, it's only ever been when I've had supporting advice from the Treasury, not just the agency requesting it.

**Mr BAYLEY** - Thank you, and I appreciate that and that's why we ask for that explanation of the rationale.

Chair, just by way of process, do I need to write that out with the questions and answers coming before the end of it?

**CHAIR** - No, only if I am unable to bring it to you before 12.10 p.m.

**Mr BAYLEY** - Thank you.

**Mr GARLAND** - I started the day with a hard question; I might finish with an easy one. What has the salmon industry contributed in the way of tax in the last financial year? And overall, what have they contributed since they've been in this space?

**Mr FERGUSON** - Mr Garland, thank you very much for the question. It's not as easy as you forecast because I don't have that information immediately to hand. I will be able to obtain it for you and I will obtain it for you, but I'll be doing so after asking my team to speak with the Department of Natural Resources and Environment (NRE).

You asked what's the budget amount of income from that industry. I'd be looking for things like marine farm lease fees. Also, we made some changes to the regulations so that we have a full value capture for the cost of regulation so I'll make sure that we cover that as well. I would need to take some time and come back to the committee with that information, if you'd be good enough to place it in writing.

**Mrs PENTLAND** - I just wanted to ask some questions about the Tasmanian Gender Budget Statement. With regard to young people and employment, education and training, females in Tasmania seem to be doing it tough as far as getting engaged with employment and study. If you have a look there at the 15- to 24-year-olds, they sit at 11 per cent in Tasmania; in comparison to Australia, they sit at 7 per cent.

You spoke about the High Vis Army and we know that women only take up 3 per cent in the construction industry. I was just wondering what incentives you might think you need to introduce to help with females 15 to 24 getting engaged with employment or study?

**Mr FERGUSON** - Great. Mrs Pentland, I appreciate your comments on the Tasmanian Gender Budget Statement. This is the third time that we've issued a gender budget statement to accompany the budget papers in the package.

**Mrs PENTLAND** - And it is appreciated.

**Mr FERGUSON** - This is by far the most comprehensive of the three that we have produced. It's been quite an evolution over those three years and I've paid particular tribute to ministers Palmer, Howlett and Ogilvie on this and I feel that they've really driven this.

**Mrs PENTLAND** - It's brilliant.

**Mr FERGUSON** - I've helped to propel them towards what I think we agree is a better and better report. The intention isn't just to provide a positive lens, although it does do that, and there's some exceptional positive data in here about our economic and social improvement, particularly for women and girls, but it's also intended to put a transparency into areas of future improvement and inequality, and that's what you've zeroed in on.

I would suggest that this question may though not be best answered by me as Treasurer. When you've asked me, what are the initiatives and programs, I could speak to them, but I wouldn't do anywhere near as good a job as the ministers responsible, in particular Ms Ogilvie, and to a lesser extent perhaps the Premier in his role as Minister for Infrastructure, who would be able to speak to the High Vis Army initiatives, the Women in infrastructure and the Women in Civil. While the Budget contains funding for these initiatives, I'm not the portfolio minister delivering them and I'd commend you perhaps better through those channels.

This document is in fact led not by Treasury but by the Department of Premier and Cabinet (DPAC) as well, supporting the Minister for Women, so I'd be happy to take on notice if there's any part of my answer that failed to answer your question, but I feel that if it's not already the case that the minister for Women has presented to you committee - I don't think she has -

**Mrs PENTLAND** - No, she hasn't.

**Mr FERGUSON** - Then I think that would be a better question in those outputs.

**Mr SHELTON** - Treasurer, could you please outline how the government has strengthened the Buy Local Policy to support local businesses?

**Mr FERGUSON** - Thanks, Mr Shelton. We've implemented the Buy Local Policy. We tried to do it in opposition and I think you might have had a bit to say about that in opposition and we couldn't get it through as a private members bill, but we implemented it in government. We introduced this policy in 2014 which introduced for the first time specific enhanced opportunities for the local Tasmanian businesses and suppliers to secure government contracts.

As part of our 2030 Strong Plan for Tasmania's Future, which we took to the election, we committed to the local weighting test in our Buy Local Policy to be increased from 25 per cent to 30 per cent. I'm sure you'll remember when we first brought it in, we started it at 10 per cent and it's been a success. That new 30 per cent weighting commenced on 1 August this year.

The economic and social benefits test has also been contemporised to ensure that government procurement activity really maximises the potential economic and social benefits for our state from our spending. The intention is how much effort we can put into Tasmanian taxpayers' hard-earned money to incentivise Tasmanian businesses who employ our people to get the benefit of that.

You'll be pleased to know, and I'm sure the committee would like to know, that in the June quarter, 78.6 per cent of contracts are valued at \$50 000 or more following an open procurement process were awarded to a Tasmanian business. That total value in that quarter was \$58 million. We're committed to supporting our businesses, especially our small businesses, to thrive, to hire more staff and invest in our local economy, and so strengthening it creates even more opportunities, as we've reflected to do.

But there's more to do and as part of the next 100 days, the government has commenced consulting with the local business sector on removing red tape, including the introduction of single form tendering for all tenders that would be otherwise subject to an RFQ process, as well as developing user-friendly simplified form and procurement documentation, and I signed those letters about a week ago.

This consultation process will ensure that single-form tendering will meet the needs of suppliers as well as the government. We're introducing single form tendering for both goods and services at procurements valued below \$250,000, as well as building and construction and roads and bridge procurements at below \$500,000.

We'll be looking at other ways to reduce the administrative burden on small business through the consultation process. We encourage any members to engage with your local business members if they would like to speak up and have something to say about that. It's available on the website right now.

**Mr WILLIE** - Treasurer, last week, the Standard and Poor's Mr Martin Foo was warning that Tasmania's AA+ credit rating could change if the ratio of debt to operating revenue increased to above 120 per cent. He said that would likely be a trigger for a lower credit rating. We've established today that debt is in freefall and not stabilised. Treasurer, what's your plan to make sure that doesn't happen?

**Mr FERGUSON** - All right, thank you again for your very positive and optimistic question, Mr Willie, and I say that sarcastically. You have been relentlessly negative and you have still an unanswered question which I believe will remain unanswered for the rest of this year in this parliament. Do you want us to spend more or do you want us to spend less?

With respect to the credit rating, I note the comments that have been made, but we also note the more recent assessment that occurred that secured our credit rating. We don't try to influence Tasmania's credit rating through public statements, newspaper articles and Estimates hearings. They need to be independent and we need to be seen to be maintaining a respectful distance from the credit rating agencies in our public statements.

The thing that you perhaps didn't say was that a credit opinion from Moody's for the state was published prior to the Budget on 26 August. That opinion affirmed the state's credit rating of Aa2 and stable. S&P's latest credit opinion for the state was published last June. On 12 June

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2024, this opinion affirmed the state's credit rating of AA+. Stable. We have seen a ratings downgrade a number of years ago, I think it was 2016. We respond accordingly and importantly, from our government's point of view, I will absolutely reject your continued misrepresentation.

We have not established, as you have said in your words, that debt is in freefall. We have not established that, Mr Willie. We're managing. Our borrowings are manageable. I don't want them to be in freefall and I don't want a public narrative that continues to be negative about our state.

**Mr WILLIE** - The rating agencies -

**Mr FERGUSON** - Mr Willie, you're the opposition and you have an opportunity to put pressure on the government, to scrutinise government, ask hard questions, even tricky questions, but in the end, you will be called to explain. Do you want us to spend more money or less money? At the moment you are trying to have a bob each way and that's just not credible.

**Mr WILLIE** - I'm holding you to account.

**Mr FERGUSON** - Mr Willie. I'd be happy if you did. If you want to hold someone to account, have an account of your own.

**Mr WILLIE** - We did ask questions of you about the State Budget. Credit agencies are making very concerning statements in the media. We heard from the secretary earlier that this is a very complex situation. How many, or what sort of resource is Treasury allocating to briefing and supporting rating agencies through their review?

**Mr FERGUSON** - That's a routine part of Treasury's existing operations. We don't put something in the budget to pressure up to the ratings agencies. It's an existing practice that is done in an appropriate way and Treasury would be regularly available to any ratings agency - S&P or Moody's - to share with them an insight into the budget and the forward Estimates and to discuss borrowings and issuances and the like.

What I don't respect is you running our state down, Mr Willie.

**Mr WILLIE** - I don't run the state down.

**CHAIR** - Order.

**Mr FERGUSON** - I know you will be very keen to interrupt me as you see me pull out this rare document, Labor's plan for budget repair, wherein you want the government to cut spending by \$2 billion and you would hit up the health system.

**Mr WILLIE** - You can try to talk about other things, Treasurer, but your record speaks for itself.

**Mr FERGUSON** - I'll just wait for you to finish interrupting. In the health system alone you've established 170 -

**Mr WILLIE** - Point of order, Chair. It's not relevant to my question.

**Mr FERGUSON** - You're adorable.

**Mr WILLIE** - It's very patronising.

**CHAIR** - Order.

**Mr FERGUSON** - \$172 million in health alone.

**Mr WILLIE** - Point of order, Chair.

**Mr FERGUSON** - If you want to ask the question, you have got to be prepared to hear the answer.

**Mr WILLIE** - You're not answering it, Treasurer.

**Mr FERGUSON** - You've claimed -

**Mr WILLIE** - My question is about Treasury resources and the credit rating.

**Mr FERGUSON** - I am answering and I will continue to. You've claimed that the Budget needs to spend less money, but you've also, throughout this hearing, been saying that the government should be -

**Mr WILLIE** - Point of order, Chair

**Mr FERGUSON** - Spending more money. I've never known so many points of order.

**Mr WILLIE** - Well, it's being ignored and I'm about to dissent in the Chair's ruling.

**Mr FERGUSON** - You're ignoring the Chair.

**Mr WILLIE** - Well, I'm about to dissent in it because you're not answering the question.

**Mr FERGUSON** - Treasury engages with the ratings agencies.

**Mr WILLIE** - We might have to go with the Speaker, to get you back on task.

**Mr FERGUSON** - If you want to raise threats, that's on you. The Treasury engages with the ratings agencies on an as needs basis whenever the ratings agencies would want to come and speak with Treasury, they are made available. It surprises me that you're asking me where is the allocation for Treasury to engage?

**Mr WILLIE** - I am asking a general question about how you engage with the rating agencies, given their concerning statements.

**Mr FERGUSON** - You are twisting and turning and I really do struggle when there's so many interruptions. The fact is we wouldn't need to put in a specific allocation for Treasury to do some new initiative in this space because that's not how it works. The relationship between the credit ratings agencies and the Department of Treasury and Finance is a professional one

of client and supplier and it works well. We don't need to put a new amount of money in the budget to provide for that work. I'm surprised at the reactive behaviour from the shadow Treasurer.

**Mr WILLIE** - It sounds like you're not worried about the credit agency comments in the media. Should Tasmanians be worried about it?

**Mr FERGUSON** - Well, those comments are made and I respect those comments and the government has a position. We're under some challenge on our position and it's from your side of politics, Mr Willie. The challenge is that you want us to spend more money on Monday but less money on Tuesday, and it's so inconsistent. Whereas our position, which I accept, we have to explain and justify. We're in a deficit budget position for the Budget and forward Estimates. I could balance the budget much sooner, but the pain would not be worth it in my view, in the government's view. The pain in the community, the job losses, the economic disruption, the loss of business confidence. I remember what an austerity budget looked like.

**Mr WILLIE** - You are forecasting more cuts in your Budget then.

**CHAIR** - Order.

**Mr FERGUSON** - I'd just like to finish answering the question.

**CHAIR** - Let the minister finish.

**Mr FERGUSON** - I want to make the point that I accept that you should be challenging us and scrutinising us. No problem. I'm able to answer those questions. What I'm not able to do is, on the one hand, meet your demands for more money to be spent and also to meet your demands for less money to be spent. In respect of the ratings agencies, I don't want to see that politicised and I would ask you to be very careful in your own public statements. The ratings agencies, those decisions are for them to make and we should not see any politician - state, federal, Liberal, Labor - interfering in that process.

**Mr BAYLEY** - Treasurer, you've just put out a media release talking up the \$86 million of funding to 100 community groups. Now, this question is certainly not a reflection on the merit of those bids and the very good work that community groups do in our community. We acknowledge they do deserve public funds and need public funds, but we will make the case that it should be done in a transparent, open and fair process.

The Integrity Commission, following the 2021 election, called the kind of process that your party engages in at election time to allocate this funding as 'indirect electoral bribery'. During the election this year, the Director of Public Integrity, Geoffrey Watson SC, rightly called it pork barrelling, fair and square. These are decisions that are made by people inside the Liberal Party. I don't know, and the community doesn't know, what is the criteria? Who's making the decisions? That was evidenced itself during the election campaign where your party - probably the only media release that it put out without someone's name attached to it or comments attributed to it - was announcing the successful bids in relation to this funding.

It's the third election in a row where this kind of thing is happening in the face of expert advice. Can you tell us what are the criteria by which decisions are made to allocate this funding and who is it that actually makes the decision about which club gets how much money?

**Mr FERGUSON** - I sense a genuine interest in this and I appreciate and respect that. All political parties are entitled and do make commitments to the electorate in an election context. I hope that will always be the case and it should be. I mean, Liberal, Labor, even Greens, I think made commitments to the electorate and there is a place for that. Tasmanians, when they are voting at an election, they deserve to know well, what will you do if we vote for you and you form a government? That's what we did.

I will just pick up on one thing that you indicated in your question. We're quite proud of the decisions that we made to award those organisations those funds, they're in the Budget to be scrutinised.

**Mr BAYLEY** - The Integrity Commission criticised it, Treasurer.

**Mr FERGUSON** - I'll come to that, I promise. The thing is, that is a fraction of the commitment that we made to sporting and community organisations. A fraction of the overall plan, which by far and away is about building stronger public services, stronger concessions for people with cost-of-living pressures, responding to the commission of inquiry and our infrastructure commitments.

**Mr BAYLEY** - \$86 million is still a hell of a lot of money.

**Mr FERGUSON** - It's a good amount of money, but it is nonetheless a fraction of our overall. I'm not trying to diminish it either, but I just want to put that perspective in front of the committee. One of the key recommendations - I seem to recall but I don't have it in front of me - from the commission previous to this election was that if you're going to make an election promise, particularly to an organisation, you need to not just tell the organisation. You need to publicly announce it and that's what we did.

**Mr BAYLEY** - How did you make those decisions though, Treasurer? That's the question. Criteria, and who actually makes the decision.

**Mr FERGUSON** - It's an important one because you brought up the Integrity Commission report, which was from some years ago. I have a quote here. The commission report or the recommendation stated that:

When made, such promises should be backed by policy and must be publicised to all of the electorate, not just the intended recipients.

That's from Paper 2: Grant Commitments in Election Campaigns dated April 2022.

**Mr BAYLEY** - Is that the same one where they called it indirect electoral bribery?

**Mr FERGUSON** - It could be, I'm not sure. I know that the Greens made promises to the electorate -

**Mr BAYLEY** - And processes by which they are undertaken.

**CHAIR** - Order.



**Mr FERGUSON** - I'm not sure you'd apply the same language to your own party. Greens don't usually -

**Mr BAYLEY** - We have a different process.

**Mr FERGUSON** - To be fair, I don't think the Greens normally live by the same standards they demand of others. That's something I'm accustomed to. For us, our policies were carefully considered. I'm sorry that we couldn't say yes to everybody, but we had to say no to a lot of people, including those who, having -

**Mr BAYLEY** - Against which criteria did you make those decisions?

**Mr FERGUSON** - One of the criteria was affordability. I had a number of organisations - I could name them, but that would be impolite - who'd received massive promises from the Labor Party and asked us if we could match it. I often had to say, 'I'm sorry, we're not able to do that; it's not affordable', which helps explain how Labor got themselves into a \$4 billion promise spending spree that didn't even result in an improvement at the ballot box.

It presents that challenge for government and for both sides of politics to try to run a fair campaign. You asked me about process - announcements are made by the party organisation in an election campaign and members, ministers and candidates are all involved in that.

Obviously, there are internal considerations to how you can ensure that commitments are affordable but also present good value for the electorate generally and lead to good social, sporting and health outcomes.

**Mr BAYLEY** - Treasurer -

**CHAIR** - Order, Mrs Beswick has the call.

**Mrs BESWICK** - Treasurer, you mentioned earlier you were hoping to squirrel away some dollars for the Defined Benefits Fund Scheme. How do you propose to do this?

**Mr FERGUSON** - I respect the question enormously because it's a further demonstration that under the Rockliff Liberal government we want to be very responsible with public money. We don't want to see debates where there are constant demands to spend more money and at the same time you are being asked to explain why you're having deficits and borrowings.

We need to have a different direction. I hope that the Fiscal Strategy as laid out in the budget papers is useful to members and allows people to see that the Budget is challenged. There is not an endless supply of money such that we can do everything that would be important to an individual member of parliament, lobbyist, activist or genuine stakeholder organisation.

In the pre-election period we outlined new steps, which I'd be happy to share with you. While my team are helping me find the correct part of that policy, we're re-establishing the superannuation provision account when and for the purpose of securing windfall gains in such a way that helps to, again, build up the state's resources to be able to meet future known unfunded superannuation liabilities. This was originally set up by the Rundle government back

when I was a school teacher in the 1990s. The SPA was set up by the Rundle Liberal government and was intended to cover the superannuation costs of former state servants.

That got up to something like \$1.5 billion against that fund. That money was spent; the fund was shut down. Labor spent that money.

**Mr WILLIE** - You're talking about it like it was cash backed. It was cash in deposits.

**CHAIR** - Order.

**Mr FERGUSON** - The Labor government at the time said, 'We're getting the hay out of the barn'. What they meant to say is, 'We're spending the money'. The intention here, Mrs Beswick, is to re-establish that fund. Windfall gains - that is unexpected revenue windfalls that occasionally occur - we would deposit on a 50 per cent basis into that account over and above any GST windfall. For example, anything over and above Treasury's budget forecast would go into that mechanism, again, offsetting the retirement benefit fund's future liabilities, so that would effectively reverse the scrapping of that account.

When the Committee's ready, we have the answer on the Royal Flying Doctors Service (RFDS).

**Mrs PENTLAND** - Treasurer, doesn't a policy of vacancy control put you at risk of losing high-quality staff who are vital to the operation of government departments? How do you ensure that essential positions are not cut while you're still following this policy? Can you explain how the Vacancy Control Committee decides which positions to keep and which to eliminate? Do you have a breakdown of the types of positions that have been removed because of this policy? Are there opportunities for savings in management roles or are those positions considered untouchable?

**Mr FERGUSON** - I'll try to be as brief as I can. First of all, there will not be reductions to frontline staff like nurses, doctors, paramedics, police officers, teachers and child safety officers. We're protecting that frontline.

I wouldn't say that higher order positions are necessarily exempted at all. We'd be looking for sensible measures. They must be in line with those five principles that I outlined to the Committee earlier, which I hope gives the committee some satisfaction. While we need to see some sensible budget sustainability measures brought into the budget process - we need to do that and I hope one day we might all agree on that - the focus is absolutely on protecting those public services.

If there's a moment, do you want to do that RFDS? If we're happy, I have the information on the Treasurer's instruction exemption.

**Mr CRAIGIE** - Sure. The short answer is no, the Treasurer was not required to approve an exemption under the Treasurer's instructions. A slightly longer answer is that under the procurement guidelines and the Treasurer's instructions, procurement is devolved to accountable authorities, and there are a range of mechanisms and flexibility they have within the TIs such that they can exercise some discretion. There are a range of measures that they can't; some of those must come to the Treasurer. In this case, I'm advised that Health did not need to get an exemption from the Treasurer for that procurement.

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**Mr BAYLEY** - Are you advised as to why they wanted to rest on a sole tenderer?

**Mr CRAIGIE** - I don't know the specifics of that tender other than that it didn't come to Treasury to get a request, so it must have been within the framework that the accountable authority had to make that decision. In the relevant Treasurer's procurement instructions, it sets out reasons for not going to a broader market approach and doing a sole process. I don't have them in front of me and I can't -

**Mr BAYLEY** - That's a matter for the Health department?

**Mr FERGUSON** - Yes.

**CHAIR** - The time for Estimates of the Treasurer has expired. The committee will suspend proceedings until 1.00 p.m.

**The committee suspended from 12.11 p.m. to 1.00 p.m.**

**CHAIR** (Mr Wood) - The time being 1.00 p.m., the examination of Estimates of the Minister for Small Business and Consumer Affairs will commence. Welcome, minister, to the committee and I invite you to introduce the persons and their positions at the table for the benefit of Hansard.

**Mr FERGUSON** - Thank you, Chair. Good afternoon to the committee. I'm pleased to introduce to the committee, to my left, Kristy Bourne, Acting Secretary, Department of Justice together with Robyn Pearce, Executive Director at WorkSafe Tasmania; Brad Wheeler, Executive Director, Consumer Building and Occupational Services; to my right, Jenna Cairney, Acting Deputy Secretary, Department of State Growth and Acting Deputy Secretary Economic Development. I'm supported at the table by my chief of staff.

**CHAIR** - Good, thank you and welcome everyone. The time scheduled for Estimates of the Minister for Small Business and Consumer Affairs is 1.5 hours.

The resolution of the House provides for a minister to provide additional information to a committee either later that day or in writing as an answer to a question taken on notice. To submit a question on notice, the member must first ask their question to the minister and the minister must indicate they will take it on notice. The member must then put the question in writing and hand it to the committee secretary so it can be included in the correspondence to the minister.

I will also just remind you that the microphones are quite sensitive, so be mindful of Hansard when moving papers and the like around the table. Also, it is difficult for Hansard to differentiate when people are talking over each other, so I would ask members to please speak one at a time to assist with this, thank you.

The minister would like to make an opening statement.

**Mr FERGUSON** - Thank you, Chair and, again, good afternoon to the committee. Tasmania's small business sector continues to deliver for Tasmanians. It's the beating heart of our state's economy and the platform for Tasmania's future growth. Our ongoing support for

the small business sector is empowering more businesses to grow in the face of national economic headwinds.

Pleasingly, the ABS data to June 2023 shows that Tasmanian businesses have the highest survival rate compared to other states and territories, while the latest year-on-year figures show that the number of Tasmanian businesses has increased 2.4 per cent. We recognise the significant contribution our small businesses make to our economy and will continue to support them to grow and to thrive.

The 2024-25 state Budget continues the government's record of providing support to businesses, workers and consumers, recognising the valuable work undertaken by the teams in both WorkSafe Tasmania and Consumer Building and Occupational Services; most of us will call it CBOS from here on. Whether or not they know it, most Tasmanians would be protected by the legislation administered and services delivered under this portfolio every day, whether that's as a worker, an employer, a rental property owner, a tenant or a consumer.

While responsibility for ensuring the health and safety of workers ultimately rests with employers and workers, WorkSafe Tasmania plays a critical role promoting a broader understanding of work, health and safety across the Tasmanian community and enforcing relevant laws when necessary.

On the other side of the portfolio, CBOS plays an important role as Tasmania's regulator for consumer protection, building standards and occupational licencing services. I'm delighted to take on this new area of responsibility, Chair, and to the committee, we look forward to your questions and discussion.

**Ms DOW** - Minister, is there funding for the Regional Chamber Alliance in this year's state Budget?

**Mr FERGUSON** - Chair, if I may, I'll invite Ms Cairney to open up the batting.

**Ms CAIRNEY** - Through you, minister, there is funding in this year's Budget for a Regional Chambers Program. I can find that in here, which is - I'll just check the amount.

**Ms DOW** - Through you, minister, will that be then administered by the TCCI again as has been in previous -

**Ms CAIRNEY** - We're in discussions with the TCCI now, yes, that they would assist the department in administering that amount. I was just hoping to get the exact amount for you if that's okay, it's certainly in here and should be on the tip of my tongue. It's \$100,000 each year for four years. Apologies for the slow response there.

**Ms DOW** - Minister, in 2022-23 the Tasmanian government funded three main programs to fund advisory services for operators of small business, some of those that employ less than 19 employees. They are the Tasmanian Business Advice Service, which is still being funded until July 2025, the New Business Support Funding, which ceases at the end of September this year, and the Small Business Incubator and Accelerated Program, a two-year program, where funding ceased at the end of July. The funding for the New Business Support Program is \$200,000 and has been cut in the state Budget. I received further information yesterday that

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after this was raised with the Premier at the Budget roadshow, that this funding has been reinstated, and I would like you to confirm that that is the case, minister.

**Mr FERGUSON** - Thank you, Ms Dow, for the question. It was actually raised with myself and I've discussed it with the department. There may have been other conversations as well that I'm not aware of, but we are not able to do everything that a stakeholder might like us to do. The New Business Service was a pilot program, so it was a limited term initiative, the New Business Support Pilot Program, but we have been able to secure that program for a further period -

**Ms DOW** - How long is that, minister?

**Mr FERGUSON** - as a reasonable newcomer to the portfolio, I've had a good look at this with the department and we've had a discussion. The NBS had an initial funding allocation of up to \$250,000 through to June, which you may have said in your question. A further allocation which was through the supply bills pending budget was provided to extend that pilot through to 30 September.

I will look to you, Ms Cairney, if you could outline what we've been able to do in the meantime.

**Ms CAIRNEY** - Through you, minister, we have been able to extend that program again for another nine months, that'll take us up to the end of this financial year and with up to \$75,000 to continue that service. So, it was \$250,000 for the first year, we extended it by \$750,000 until the Budget was passed and we have another \$75,000 until the end of this financial year, and then future funding will be in discussion for future budgets.

**Ms DOW** - Through you, minister, do you evaluate that program then? What's the evidence base for then it being omitted from recurrent budgets?

**Ms CAIRNEY** - We will do reviews on all our programs. It was a pilot program and therefore, we'll be evaluating the effectiveness and getting feedback from people that have used the service and look at the demand as well for that service moving forward and provide advice through to government.

**Mr FERGUSON** - I might just add to that, if I may, Chair and Ms Dow. As we consider these things - I mean this was a consideration in the setting of the Budget, and the fact that it isn't in the Budget as a specific line item would suggest that there are competing demands for limited funds in the budget process and we have to weigh up those options very carefully. However, we've been able to find a path through, and one of the further considerations going forward will be having a regard for what regional demand there is for services to ensure that programs are delivered in such a way that does have some equity for different regions and I think that that's one of the reasons that we were keen to find a model that allows this program to continue, at least for the time being.

**Ms DOW** - Well, feedback that I've received, minister, is that it has been a successful program in the north-west and right across that region. I'm pleased that you're taking that into consideration.

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**Mr BAYLEY** - Minister, data from the Real Estate Institute of Australia's Housing Affordability Report is in the Budget and if you extract that, it shows that Tasmania's median rent is rising and it's higher than the rest of the nation. In a cost-of-living crisis, this is adding significant pressure to renters. It is adding to their levels of stress and it is contributing to the risk of homelessness and/or homelessness itself. We acknowledge there is rental assistance in the Budget, of course, but as has been required for so long, we need some structural reform in this space so as rents are controlled to make sure that the rights of tenants are protected and rents are not excessive. Why are you so resistant to introducing this kind of reform to assist some Tasmanians who are so deeply in need?

**Mr FERGUSON** - I may have missed something in your question, so thank you for asking. I've heard everything you've said except was there a part in there of what specific reform you were proposing?

**Mr BAYLEY** - Rent controls and the ability to control rents and put some of the balance back in the favour of tenants. Rent rises, of course, are never prohibited. There are proposals out there that rents can certainly increase. But if there's a problem with it, the onus of responsibility is shifted to the party with the most resources, which is the landlord, as opposed to the one undergoing the stress, which is the tenant.

**Mr FERGUSON** - Okay, Mr Wheeler, who is at the table to support the hearing, may add to my answer in a moment. From the outset, I don't think any mainstream political party in this country supports rent capping, but I don't disagree with you that you need controls and the RTA does contain some control mechanism so that unreasonable rents can be managed. That's an important point and shouldn't be lost in the public debate.

**Mr BAYLEY** - But it shouldn't be lost that it's the tenant who has to take a case to challenge that. Is that correct?

**Mr FERGUSON** - I hear what you're saying. You have presented the question as a question with an inherent conflict between a tenant and a landlord and we would not want to promote that notion of conflict but agreeable relations between the parties to a rental agreement. Even the federal Labor government, which is a different flavour of politics to our Tasmanian Liberal government, acknowledges that rent caps, while politically popular or seductive for a party like your own, could actually lead to less rentals being available in the pool for renters. That could be a perverse bad outcome for renters who rely on a stock of rental properties to be in the rental pool.

I don't disagree with your premise that you need to have some sensible controls. I'll ask Mr Wheeler, if it's okay with the committee, to speak to that on how that process works in practice. Our government would continue to be resistant to that proposal because it wouldn't actually represent a reform. It might represent a very backward step for renters in Australia if landlords decide that it's too hard to be in this sector and they sell their properties to get out of it and invest their funds elsewhere; we all know who will buy that property. It'll be people who aren't renters and that could be a very perverse bad outcome for renters.

**Mr BAYLEY** - It has to be part of a suite of reforms, but I take your point.

**Mr WHEELER** - I can give you some figures for unreasonable rent. During the 2023-24 financial year, the commission received 53 unreasonable rent increase applications. One was

assessed as unreasonable, four were assessed as reasonable, 36 were determined to be partially unreasonable with a reduced amount ordered, three were withdrawn, four were lodged outside the statutory time limit, two did not really relate to an increase in rent, and three remain under assessment. We get that sort of traffic. I can also talk you through the process if you like.

**Mr BAYLEY** - No, that's not necessary, I'd be really interested in, and I appreciate there are probably not the data for this, but how many tenants would perhaps have liked to have challenged their rent increase but find it too intimidating and they don't have the resources or they don't have the digital or other literacy to be able to do it. There are a whole lot of factors involved, but I appreciate the data. It's really helpful.

The second question should be easier and it's about minimum standards for energy efficiency and other standards, electrical products in tenancies and so forth in rental properties, in a cost-of-living crisis to ensure that houses are well insulated and have energy-efficient appliances in them. It seems like a no-brainer where everybody wins. I'm also interested in why you are so resistant to introducing measures that enforce and ensure that these kinds of reforms and these really positive initiatives aren't mandated and tenants don't therefore get to enjoy the benefits of an efficient house and lower bills.

**Mr FERGUSON** - If it's okay with the committee, I'll ask Mr Wheeler, who leads this area, to respond to you more fully. I just make the broader point that there is a real place for making sure that standards are fit for purpose and are appropriate and fair to all concerned. I wouldn't want a divide across or between the table that we don't agree at least on that. How best to express that is perhaps the question, and how far you go. The more that you push one side of the partnership between the landlord and the tenant, the more you push the pendulum against one side, it'll actually potentially cause a distortion to the rental pool itself. I think we should be conscious of that. The more cost that you put on the owner of a property, you are going to lead to higher rents as well. If a landlord can argue that 'The government made me make these improvements to the house', good as they are, it's going to lead to a higher rent. I think we should have that as part of the discussion wherever that proposal is being put forward. Mr Wheeler, as to those minimum standards, could you speak to that for Mr Bayley?

**Mr WHEELER** - The minimum standards are set out in the act. That's what we work to. The most recent change was Mr O'Byrne's change for public houses.

**Mr BAYLEY** - Window dressings.

**Mr WHEELER** - Which I understand they have to comply with by 6 November around window furnishings. Those minimum standards do change from time to time.

**Mrs PENTLAND** - Minister, you said in your opening statement that Tasmanian business has increased 2.4 per cent. How is that measured and what is the future target for the government for Tasmanian business?

**Mr FERGUSON** - That is based on ABS measure. I think that the point being made was that that was a very strong growth in business during a period of time where there were some challenging economic circumstances. The partner statistic that I used was survival rates of small businesses. I know that you would agree, small businesses surviving the first year is actually a major milestone. To see Tasmania having the highest rate of survivability is something I think our small business community should take a great deal of pride in.

From the government's point of view, we want to have business conditions that are conducive to achieving those outcomes. I don't believe we have a target for the number of small businesses that Tasmania should have. We have the policy objective that if somebody wants to break free from employment and establish their own enterprise, we want them to feel that, first of all, it's a goal that's worth having. Secondly, that they can make a decent living out of it. Thirdly, that the supports are in place and the government has acted proactively to remove impediments like red tape. I would absolutely welcome questions or discussion on red tape. We want to be a culture where enterprise thrives.

Unless Ms Cairney has a different answer, I don't believe we have a stated numeric target for the number of small businesses.

**Ms CAIRNEY** - That's correct. I turn your attention to page 337 of the budget papers that contains performance information, output group 1. The performance measures are around accessing provision of information and advisory services to SMEs. That is an indication of the numbers of business to which we provide advice. We have a target number in there. I would say that that target is conservative by its nature. Then we would expect to exceed that given the trajectory of growth. How we measure our success or the impact that we're having on businesses is very much in terms of how many businesses we provide advice and services to.

**Mrs PENTLAND** - In your response just now you said you'd like to see some questions around red tape. Can you expand on what kind of questions you'd like to see us ask?

**Mr FERGUSON** - No, no, I'm not trying to say you should ask me a particular question. I would welcome a discussion on red tape. I think it's one that has always required, and, I think I can say, has always received bipartisan support. When I've been responsible for red tape measures, I've presented them in such a way we've always been able, in my experience, to get the support of the whole parliament. I don't think we've even had a division. And the point here is that we do have an appetite for further rounds of red tape reduction. It's much easier to say than to do it in practice. That's my experience as well and I think it might have been in fact you, Ms Dow, that was the shadow minister when I took some building red tape reduction measures.

**Ms DOW** - I was.

**Mr FERGUSON** - Yes, it was you and Ms Butler. So, that's the stated position. We have a small business advocate in the Department of State Growth who works in the Office of Coordinator-General. He has a dual role of red tape reduction coordinator.

I've spoken with Mr Clues. I've said to him that one thing that I want to do in this new portfolio for me is to work again on a new round of proposals. I don't have any subject matter specifically to share with the committee today but I have specifically set the question. We want to speak to businesses that have recently set themselves up and started and ask the question: how many times did you face a red tape barrier? And let's find ways then to - you still need regulation. I think we all know that - but how can we remove unnecessary regulation?

Secondly, how can we put time frames on regulation that is deemed necessary so that it is user-friendly and reliable and doesn't put people into a position where they, in good faith, apply for a particular permit and then they don't know how long they have to wait for an answer



yes or no. They should know broadly what the performance expectation is, whether it's a government department or a council.

And the other point that I'll offer is that we're currently consulting and I can answer if there's more detail requested. We're currently consulting on single-form tendering for businesses while in Tasmania. So, for government procurement of goods or services with a threshold below \$250,000 - how can we make that a single form and an easy process, a low documentation form of bidding for those government procurements, those government tenders? The threshold was \$250,000 and I think it was \$500,000 for construction projects.

So, to try to make it still getting a good effective taxpayer return in terms of value for money for the government contract, but to make it easier for small businesses to, even in the first place, to bid for it and to feel that it's not an over-investment of their time.

So, those are the sorts of things that I'm interested in and are working with the red tape reduction coordinator. I would hope to bring a bill into parliament, either myself or minister Abetz, one of us, that does more in the red tape reduction space.

**Mr SHELTON** - Thanks, Chair. Minister, small businesses are often cash poor and have to manage cash flow strategically. I'm often approached by businesses in my electorate about grants to assist with purchases.

Is there or are there any grants that my local businesses might be interested in for purchasing items beneficial to their growth and employment opportunities?

**Mr FERGUSON** - Thanks, Mr Shelton. We actually do have a grant program that will shortly be available. All members of parliament are welcome and encouraged to share this with your local electorate.

We want our small businesses, even during these more challenging times - because our CPI increases to our cost of living also applies to their small business - so, what can we do to help them to believe in the future and to still be able to flourish?

Many businesses do continue to experience cash flow difficulties as the result of working capital stress or they need assistance to diversify or change business operations, not just so they survive but so that they can take advantage of an opportunity that might be in front of them. But, if it's a bit hard or a little bit out of reach, our grant program would like to assist them.

We're calling it the Small Business Growth Strategy Grant Program. It's designed to support small businesses with grants to assist them in purchasing items that would support their growth. I hope members are aware that we ran round 1 of this program and, in the first half of this year during the campaign, we made a commitment to establish a new round of that program.

So, round 2 will have \$1 million available. The funds are in this Budget. They will open in October, next month, and we'll provide grants of up to \$10,000 for eligible small businesses with capital purchases such as new tech, small-scale manufacturing equipment, computers or point-of-sale terminals.

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Successful small business applicants will receive one-off grants of between \$2500 and \$10,000 to make those purchases. We would need to see them being prepared to contribute at least 30 per cent toward the project.

By way of an update, under round 1, grants were available for both individual businesses and the peak bodies or the various chambers around our state, RTOs. Round 1 was established to provide support under a range of streams. In that round 1, we received 211 applications. More than \$8 million was sought. Therefore, 27 applications were successful and awarded and 20 of those were from business and seven were from membership organisations. Round 2 is a different model and we hope it will reach even more deeply into the community.

**Ms DOW** - The Small Business Incubator and Accelerator Program, which is \$250,000 statewide, wasn't funded in this year's Budget. This means there'll be no publicly funded program to offer intensive assistance to operators of small businesses who have verified growth but do not have the capacity or capability, or in some instances both, to take advantage of their growth opportunity. Why would you cut assistance to small businesses who have the potential to grow when our economy is in decline and given the current state of the Budget? Will you reinstate this funding?

**Mr FERGUSON** - We do provide support. There is a competitive process through the budget setting process. In my other role as Treasurer, I have a level of insight into that and competing bids do need to be carefully considered. We have provided significant support in this Budget towards the Small Business Growth Strategy here in Tasmania.

**Ms DOW** - The question was about the Incubator and Accelerator Program.

**CHAIR** - Order.

**Mr FERGUSON** - I know. We've also supported the Tasmanian Small Business Advice Service for small businesses who have held an ABN, as well as the new business support pilot which we discussed earlier. These did replace the previous Enterprise Centres Program following that independent review which was undertaken two or three years ago. The total amount of funding allocated to the Tasmanian Business Advice Service is \$807,000 per year.

Regarding the incubator funding, I might ask the director to speak to that. I hasten to add that in another output and under another minister, minister Ogilvie, Minister for Science and Technology, we are putting extraordinary support towards our incubator centres. The enterprise model that we have here in Tasmania, which is intended to be a specific support to new businesses looking to be part of the startup ecosystem.

**Ms DOW** - Would they have reach across the regions or are they only in major city centres?

**Mr FERGUSON** - I would not be the best person to ask about that. It is in another minister's outputs. My understanding is that it is intended, while physically located in those centres, to be as broad in support as possible.

**Ms DOW** - Is that why it's not in this Budget?

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**Ms CAIRNEY** - The Business Incubator and Accelerator Pilot Program was an election commitment in 2021. It was a \$2 million program and was delivered upon with round 1 and round 2, resulting in nine separate programs being funded. What I can say is that either incubator or accelerators were able to apply for grants of up to \$250,000 and that the round 2 closed on 10 February 2023.

All four of those programs that were funded in round 2 are still currently being delivered. For other supports for intenders and new businesses, Business Tasmania service is the front door to government, we hope, for any businesses at any stage of the business life cycle, including those thinking about starting a business or if they've just started a business.

There's dedicated information on resource on the Business Tasmania website and a range of guides and tools. We have this 'Thinking of starting a small business' guide which comprehensively outlines all the things that need to be considered if someone is thinking about starting a new business.

**Ms DOW** - I think what was so good about these initiatives is that there was one-on-one support provided to those people. This is about people that, in my understanding, already have an operation in place but have the potential to grow, and just need some additional support, advice and mentoring in many ways to realise that potential in their business. I would have thought that would be exactly the type of people that this government would want to be supporting to enable them to employ additional staff.

We know the economic benefit that that brings, particularly in regional Tasmania. You haven't answered the question, minister. Will you reinstate the funding? I'm still not really clear as to why it wasn't continued.

**Mr FERGUSON** - As Ms Cairney has indicated, for that program to be put back into the Budget as a continued or new initiative is not currently in the budget for extended funding, but the existing program is still underway and is still running.

I don't have a comment on its value because I have not been in the portfolio long enough to be able to speak confidently to that, but I will say it is no doubt delivering value for the current four applications that are still all being delivered right at this moment in time, because they were only funded as recently as 2023. Those four applicants are receiving \$850,000 in total funding.

We can't do everything at all times, Ms Dow. There's pressure on the Budget. This morning I spent three hours explaining to the shadow treasurer that it's not possible to fund absolutely everything that you would like to, and I wouldn't rule out seeing it funded in the future. For the time being, our grant programs are transparently in the Budget. The design of the small business growth grants is absolutely about having a deeper penetration into the Tasmanian community.

Round 1 - didn't I just say it was about 27 successful applicants? I would like to see a lot more than that in the new model.

**Mr BAYLEY** - Minister, we have a few questions in relation to the newly developed Palawa Business Hub. The Palawa Business Hub has made strides in offering culturally appropriate business support and connecting Aboriginal businesses. The Closing the Gap

Agreement that your government has signed up to has a specific target - target 8 - around strong economic participation and development of Aboriginal people and their communities.

This Palawa Business Hub fits neatly within Closing the Gap target 8. Forgive me if I missed it, but can you confirm if there's an allocation in the Budget for the Palawa Business Hub or Aboriginal Business Support full stop, and if not, will you commit to looking to give this initiative the support that it deserves?

**Mr FERGUSON** - I am aware that the Palawa Business Hub has received quite a significant amount of funding from the Australian Government, and that's to be commended. If we can encourage new enterprises that reach the Aboriginal community, that is a very good thing. We have some initiatives that we are co-funding as well. Could I ask Ms Cairney to provide that detail, though?

**Ms CAIRNEY** - Certainly. The small business unit has been exploring how best to reach the Aboriginal business community, and is focusing on identifying and developing those key relationships with the community. That includes Marrawah Law, who are leading the establishment of the Palawa Business Hub.

Discussions with that organisation have highlighted that the awareness of Tasmanian government services and supports is low within the Tasmanian Aboriginal community, and many small Aboriginal businesses, particularly at the early stage or those thinking about starting a business, are not leveraging the extensive opportunities.

As such, we provided \$25,000 to Marrawah Law to support some communications activities with the Tasmanian Aboriginal business community. We've also provided some further funding of \$5000 to support the development of a program of networking and information sessions. I can share with the committee that the Business Tasmania Team will be doing a state roadshow with the Palawa Business Hub next week.

We are, as Business Tasmania, not just this portfolio of small business, but across our different sectoral areas we are in active discussion with the Palawa Hub and to see where there are other areas of opportunity to make sure that our range of supports and services can be supported by the Palawa Hub. That includes potentially identifying some further funding options through our different portfolios, strategies and plans.

**Mr BAYLEY** - Another one in terms of tenancies, specifically the residential tenancy regulations which have recently come into effect and enabled the eviction of vulnerable farm workers when employment is terminated. Migrant, young and other farm workers are a vulnerable cohort of our community and they perform work that, as we all know, is incredibly valuable within the economy. We saw during COVID how important our Pasifika and other workers were.

This new regulation may deter some of those workers from coming to the state if they can't have the security of tenancy they need. Other states do it better. Advocacy groups including TasCOSS, the Multicultural Council, the Migrant Resource Council, Community Legal Service and Tenants Union have basically said that the practical effect of the proposed amendments is that on-farm workers whose accommodation is conditional on their employment, will be more vulnerable to exploitation.

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How is it acceptable that we are introducing new regulations in this state that basically enable exploitation of what is already a vulnerable cohort of our community? Will you commit to doing anything about it to turn this around and make sure that these incredibly important farm workers, who rely on farm tenancies, are protected into the longer term?

**Mr FERGUSON** - I respect where your question is coming from. This was a pragmatic solution for the agricultural community that wants to be able to do an even better job at providing accommodation to workers. You've spun it one way. I would like to invite you to consider it a different way.

**Mr BAYLEY** - The advocates are calling it exploitation.

**Mr FERGUSON** - This will in fact potentially lead to a better outcome where there's more reliability in the on-farm sector to be able to provide accommodation to their workers. That's exactly why we've done it. We're not doing it to take away from people's enjoyment of their quality of life and a job; we've actually done it to enhance the availability of rules that are fit for purpose and that meet the needs of the agricultural sector.

We've had strong advocacy on this from a different perspective that you didn't mention in your question - from primary employers in Tasmania.

**Mr BAYLEY** - Vested interests, minister.

**Mr FERGUSON** - You say vested interests, but these are industries and employers that are committed to their workforce. I mentioned TasFarmers as well. They wanted - and we agree - that where accommodation is part of the employment agreement, it's entirely reasonable and indeed very sensible for us to take this approach.

Those regulations are now in law and they've been in place for four days since 20 September. We want to see people supported, but the primary purpose of that accommodation, as I'm sure you would acknowledge and others hopefully as well, is to accommodate on-farm workers.

**Mr BAYLEY** - Of course, but that doesn't mean we shouldn't afford them some protections, minister.

**CHAIR** - Order.

**Mr FERGUSON** - There are, and we'd be happy to discuss those protections, but we're not proposing, and the new regulation doesn't deal with, people being accommodated on farms who don't work there. It's not somehow a backdoor way of having unfair rental agreements with people. It's really about bringing the residential component of a successful employment outcome to good policy. That's entirely why we've done it.

**Mrs PENTLAND** - Minister, you know that housing is close to my heart. Adrian from REIT has publicly come out and said that Tasmanian residential investment is the worst it's been in 10 years. We have an all-time low vacancy rate at 1.7 per cent, and I would appreciate some more information on the rental increase disputes and complaints. I would appreciate if you could elaborate on that process.

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**Mr FERGUSON** - If the committee's happy, I'll invite Mr Wheeler to respond in some detail. Alongside his role at CBOS, Mr Wheeler is also the Residential Tenancy Commissioner by title, and he is dealing with those issues and those disputes, so I'll invite that question to be directly responded to.

**Mr WHEELER** - We deal day-to-day. We have a team that deals with day-to-day disputes, a range of disputes, including unfair rent increases. The other major one is bond disputes. I can talk you through the process for bond disputes if you like and how we go about that?

**Mrs PENTLAND** - Okay.

**Mr WHEELER** - Most of the bond disputes process is automated through our MyBond system. That allows landlords, property managers and tenants to interact online with their information rather than through a paper system or something of that nature. A bond dispute claim will normally be lodged. Often, it'll be by the owner, because it's about wanting to claim some of the bond. The tenant is notified and the tenant decides to agree or disagree with that dispute. That happens through the My Bond system. If they do end in dispute, then both parties are given 14 days to provide evidence to the Residential Tenancy Commissioner. The Residential Tenancy Commissioner then begins assessment and may need more evidence, may need to go out and ask them for more evidence. Effectively, we make an assessment and a determination is given.

Essentially that's one of our major parts and the other part is mainly around that thing, but we also get complaints from tenants around things like minimum standards. The team that does this work sits right outside my door and I often hear them having very long conversations with tenants and sometimes landlords around issues.

**Mrs PENTLAND** - With rental increases, how do you deem that something is unfair as far as the rental increase goes?

**Mr WHEELER** - I haven't heard if the commissioner has an authority to investigate unreasonable rent increases. Section 23 of the *Residential Tenancy Act 1997* allows a tenant to contest a proposed rent increase by applying to the commissioner to assess the increase. If satisfied the increase is unreasonable, the commission may reduce the increase or prevent it entirely. On receipt of an application, the commission will contact the owner and invite them to respond and demonstrate why they think the increase is reasonable. The act requires the commissioner to determine the reasonableness of that increase and we regard things such as rents in the immediate area. We do a check against other rents in the area, whether that level looks broadly correct or not, to avoid gouging. We also look at things like size, condition, included amenities, and make a determination. From memory, it was around 53 unreasonable rent increase applications last year.

**Mr SHELTON** - Minister, can you please provide an update on the Small Businesses Growth Strategy and the implementation plan that was released in February 2023?

**Mr FERGUSON** - I appreciate your question and your support for the business community. The Small Business Growth Strategy was launched last year in collaboration, I must hasten to add, with our excellent partners, the Tasmanian Chamber of Commerce and Industry, the Tasmanian Small Business Council, wonderful people committed to the success

of small business in Tasmania. The strategy identifies the priorities that build the foundations for a thriving business sector. We believe that with more than 40,000 small businesses registered in Tasmania across many different sectors and in all the regions, it's important to have a plan on how government and that sector can work together to enhance the positive environment for small business.

The strategy centres around four key themes of people with connections, place, enabling business and technology. Each theme has several objectives that assist in the creation of a supportive environment for business. If any members are interested in a copy of that, they are welcome to ask for it. It is on the website. We want to promote that and gain awareness of that. The first iteration of the implementation plan which you asked me about was released in early May last year. It sets out the initial actions, 114 in total.

As of the end of last year, all 114 activities had commenced, 73 were in progress, 12 were ongoing and 29 activities were complete. I can advise the committee that a progress report on the status of all of these activities will be publicly released on the Business Tasmania website in coming weeks.

A key initiative which I've reflected on already this morning is round 1 of the Small Business Growth Strategy. As you know, round 2 of the grant program is scheduled to open next month and we're very keen to get the word out about that and no doubt see some very exciting proposals being supported. I'd like to thank the TCCI and the TSBC for the work that they've done working with government as partners in the design and delivery of the strategy. We see them as long-term partners in the delivery, not just of this strategy, but also responding to challenging issues as they emerge as we've recently done through not just the COVID pandemic, but also these costs of living challenges which have been confronting, not just for households but for small businesses.

**Dr BROAD** - Minister, you discussed that you are new to the portfolio. I'm not sure if you've held the portfolio before.

**Mr FERGUSON** - I have, yes.

**Dr BROAD** - I believe there's the opportunity for fresh eyes and perhaps some changes, especially in the way that building construction is currently regulated. I want to build a case for a review into the powers and functions of CBOS as it relates to the building regulation, and to do that, I'll use the case of some constituents of mine.

Ken Belvin and Tasha Jordan and the dramas that they've gone through and the massive cracks in the system. I'm not trying to apportion blame, I'm just trying to highlight basically how the system has let them down and seeking some clarity.

**Mr FERGUSON** - We are open to your advocacy.

**Dr BROAD** - Yes, to do that, I need to give you some background. Ken and Tasha engaged Golden Homes, and that might trigger a reaction, to construct their house and from the very start there were massive issues for the first thing that the builder did was started digging on the wrong block. The soil test was incorrect and this has all been revealed in subsequent reports. It was given as M class, whereas all the other blocks in that particular subdivision were given as P class, so obviously, problematic.

Then there were obvious faults in the construction, so much so that around town it became a topic of conversation among the builders in this subdivision. There's a lot of new houses were going up in this subdivision and I can go through some of those. Things like bricking up two metres to a deck, building a deck and then bricking up on top of the deck up to a roof holding and no engineering.

Other issues such as lack of waterproofing in the bathroom. If anybody walked into this house, you could see that there were massive faults all the way through and yet it was signed off by the building surveyor. They engaged with CBOS quite early and basically the only opportunity for them was to go through the courts. They engaged legal representation and started taking Golden Homes through the courts. When Golden Homes realised that there were some significant issues, then the licenced builder who was an employee of Golden Homes withdrew his permission and then Golden Homes subsequently declared bankruptcy. In that bankruptcy review, Golden Homes were found to be trading insolvent for up to two years.

The other issue is, is that there's a history of insolvencies in phoenixing. That gives you the background, but just to explore the issues one by one, there was a letter sent during caretaker conventions from the Department of Justice to Kenneth Bellman from Ross Smith dated 7 March in that was highlighted that I note the director is not able to:

... refer matters such as yours to TASCAT until such time as the legislation that will enable this, the Residential Building (Miscellaneous Consumer Protections) Act, is proclaimed.

I'm currently not able to provide conclusive advice as to when this will occur, but it is progressing.

My first question is, when will that be proclaimed? This is not going to solve all their issues but the first question I've got is when will the Residential Building (Miscellaneous Consumer Protection) Act actually be proclaimed and enacted?

**Mr FERGUSON** - Let's work in reverse order of your questions. The latter part of your question, I'm advised that all parts of the act will be implemented by 1 October 2024, so just in a short few days. I refer to the same act that you named, the Residential Building (Miscellaneous Consumer Protection) Amendments Act. That bolsters the existing framework by introducing a range of reforms to reduce building defects and provide more effective measures to resolve building disputes without going to court. That's in place on 1 October.

**Dr BROAD** - One of the issues was -

**Mr FERGUSON** - I'm happy to come back to the first part of your question when you're ready as to considering future models.

**Dr BROAD** - One of the issues with CBOS is you engage CBOS and you say, look, there's huge building faults. Then CBOS says, can you get a report? Then the client will go out and they engage Gabriel Barnes who did a report and there were extensive faults throughout this. But then it is the building owner who must prove that there's negligence and then CBOS, using that, should be taking on the builder. Why doesn't CBOS do that investigation rather than a client who's already suffered significant financial hardship having to pay extra to get a false



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report that CBOS then uses to judge whether or not they should give fines or impact the licence of any of those building professionals?

**Mr FERGUSON** - Thank you for bringing it the way you have. I totally applaud the way you've advocated that. You've asked me about the role of fresh eyes in this space and without in any way wanting to cast a shadow on my predecessors in this area, I am prepared to have a fresh look at these matters. I'll give you that undertaking from the outset. I would only say, and I'd certainly ask for some advice and I'm happy to share it with you at the table. I'm not sure if the model that you've suggested does get the balance quite right in terms of the role of the owner versus the role of government.

If CBOS was expected to undertake those building reports, that could be very costly for the government and we'd have to recover the funds somehow. I'll leave that as an unanswered question. But there clearly is a role for the building owner. The real question, which you bring to the table, is how can the dispute be quickly remedied and resolved in the interest of true justice here. I might leave my own comments there only to emphasise that I am prepared to have a close look at the transcript of your questions and to be prepared to consider some level of review of the way these things are managed, whether or not that means doing something differently within the department or what does it mean perhaps tweaking some legislation. I would leave that as unanswered at the moment.

**Dr BROAD** - Before you throw to Mr Wheeler, there's another issue as well that's tied up in this. That's the idea of the whole phoenix thing. What we've seen is there is a number of individuals who are closely associated with each other who have numerous ABNs and have had a number of phoenixing and bankruptcies. In the past these same operatives have been involved with Easy Way Homes, with South Point Properties, with Golden Homes and from what I understand, they are again currently trading as New Age Homes. There're two individuals who have a business relationship and their partners. There are dozens of ABNs and so as soon as Golden Homes went under they have phoenixed into another building organisation and the builder has basically, in effect, lent the building licence to Golden Homes. They weren't the builders themselves. They engaged an employee who lent, in effect, his building licence to Golden Homes. When his building licence was withdrawn, that's when basically it all crumbled. It was obvious that Golden Homes engaged a junior builder, very young, just out of his apprenticeship, who constructed the house. It was obvious that he didn't have the skills to build the house, so this builder lent his, I would allege -

**Mr FERGUSON** - Credential.

**Dr BROAD** - Lent his credentials. Golden Homes employed somebody who wasn't up to the job, a young guy. It's not his fault, and then when it came to the court case, it was obvious that they were going to lose. Ken and Tasha Jordan are the most substantial creditor on their list, then they've declared bankruptcy and basically, there's very little protection.

I understand that they did receive a grant from CBOS but a very small amount that basically just paid their legal fees. Their legal situation is ongoing, as they're probably going to try to take on the building surveyor, the geotech company. This just highlights that there are so many cracks for people who know how to work the system that they are once again trading under a new name. There's been numerous stories in *The Advocate* about this particular group. So they've phoenixed once, people were buying blocks, they didn't get their deposit back. They

went bankrupt. They phoenixed as Golden Homes. Golden Homes has gone bankrupt and now they're trading again.

**Mr FERGUSON** - Okay.

**Dr BROAD** - So, anti-phoenixing as well, if Mr Wheeler would address that.

**Mr FERGUSON** - I hear what you're saying. There will clearly be a domain there that we really can't fix that problem because it would be governed by federal law. But I don't reject the premise of the question. If I can ask the secretary to make a comment. I think we're at the point now where we're making more observations than directly answering the question, but I'll ask the secretary and Mr Wheeler if he can also join in at what we are able to do through this instance here.

**Ms BOURNE** - Sure, thank you. As acting secretary, complaints and stories similar to what you have described are not uncommon and I can appreciate the trauma and frustration that many consumers who purchase property or build their own home face.

I think there is a lot of work happening across CBOS in the compliance and dispute resolution space to try to refine those processes. As the Deputy Premier has alluded to, I think there is some scope for us to look at the process, the structure and the way that those functions are performed to make sure that we are complying with our legislation and providing the best possible support to consumers, noting the new jurisdiction, TASCAT, which will provide opportunities for particularly defect rectification work to be ideally addressed before someone is forced to go into the court system. But I think that there is an opportunity to look at what else we can do to make that process more streamlined and ideally, ensure that consumers are aware of their options in a timely way so that they don't have to go through processes that cause a great deal of trauma. Those stories are certainly not something that we're not aware of, but I don't know if Mr Wheeler would like to add anything else, Deputy Premier.

**Mr FERGUSON** - That's a pretty good answer. Mr Wheeler, if you have anything further to add otherwise -

**Mr WHEELER** - Other than we are dedicated to constantly reviewing and improving our business and we are able to provide sanctions to building service providers that don't achieve.

We have an investigative team around that, and as has already been mentioned, we're aware of things like phoenixing but that is a matter for ASIC and not within our brief.

**Mr FERGUSON** - I will close that out if that's okay. The issue of - I'm just going to use Dr Broad's own description - lending the credential to a succession of building companies is something I feel we can take an interest in and we will. You've asked me, will we have a fresh look at this? Yes, we will, Dr Broad. I might even seek out an opportunity to have a chat with you and -

**Dr BROAD** - That would be excellent. If you could meet those people too, that would be excellent.

**Mr FERGUSON** - But we'll just - without being able to give you a policy outcome -

**Dr BROAD** - That was not my aim. I would be like to just finish this one off -

**Ms BURNET** - You have had quite a long time, Dr Broad.

**CHAIR** - I will let a little leeway. Please be conscious of time.

**Dr BROAD** - Just this one thing. From what I understand, despite there being a litany of issues, nobody has received a penalty. The building surveyor, the geotech, the builder, nobody has received a penalty or any sort of repercussions from CBOS.

**Mr FERGUSON** - I will be brief in response, recognising the time. Many of the remedies are civil remedies that people would be looking to achieve an outcome. I think what I'll look for is a discussion with you, Dr Broad. You obviously know a fair bit about this. I will undertake to have a look at process and policy that might help to prevent or mitigate those kinds of stories occurring in the future.

**Dr BROAD** - Thank you.

**Ms BURNET** - Minister, this is around WorkSafe. Are you confident that all government departments currently have processes in place to ensure compliance with work health and safety obligations of the PCBU, the person conducting a business or undertaking? Specifically, can you confirm how many work health and safety breaches there have been across Tasmania Police and the State Emergency Service in the last financial year, and the nature of those breaches?

**Mr FERGUSON** - I'll ask Ms Pearce, the executive director of WorkSafe Tasmania, to respond to your question. I will say there's never a guarantee, regardless of sector, that everybody is meeting all of their obligations. That's the whole message of WorkSafe policy, law and practices: that it's a joint responsibility of all players in an enterprise. The reason I'm saying it like that is because it's a reminder that you can never set it and forget it, and say, 'Job done, we're now compliant'. It's a daily question: 'Am I compliant?' Maybe some would say hourly questions. With that context, we have a shared responsibility to have safe workplaces, government and non-government. Ms Pearce, can you speak to the question of any performance improvement notices to state agencies, especially DPFEM?

**Ms PEARCE** - I don't have information with me in relation to those particular agencies. Certainly, there are incidents we respond to that involve those agencies. There are, at times, complaints across State Service agencies that we look into. Whether or not contraventions have been identified and notices issued. I would need to look into that data.

**Ms BURNET** - But you could take that on notice?

**Mr FERGUSON** - Yes, we'll take that on notice and provide the committee with whatever data we can that's useful, noting that we wouldn't want to conflate a complaint with a contravention.

**Ms BURNET** - Understood.

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**Ms PEARCE** - In terms of the detail, that would be at a very high level in terms of the nature of the contravention. It wouldn't have specific details due to some confidentiality issues.

**Ms BURNET** - Thank you. WorkSafe Tas conducted a number of spot checks relating to COVID-19 during the pandemic. It's been put to us that during the time, WorkSafe Tas became aware that most government departments and many private sector employers do not have the capability to complete a risk assessment.

Did WorkSafe undertake action to remedy this lack of compliance, particularly in the State Service? Will you ensure there is an audit to ensure the government is complying with work health and safety obligations relating to job safety analyses?

**Ms PEARCE** - Risk assessments are a fundamental requirement under the legislation, as the first obligation for a PCBU is to identify the risks in their business and then to mitigate those risks. We tend to see that the lack of understanding around risk assessments is more prevalent in small business than in mid- to larger sized business. I would include government agencies in that.

In terms of doing proactive visits, when we attend an agency in response to a complaint or an incident and we start to look at their assessments, the very first questions that we ask are: 'Have you identified the risks?', 'What are the hazards?' and 'What have you put into place?'. I haven't seen anything from those that is suggesting that there is a systemic gap across the State Service in the identification of risk. Our ability to be able to run a proactive program in that space would be dependent upon what the other matters are that we're dealing with at a particular time. Our inspectors will deal with investigations, complaints, and incident notifications. They tend to have the highest priority as we deal with them in accordance with national compliance and enforcement policy. Our observation in the state government is that there is certainly a much greater focus on managing work health and safety risks.

**Ms BURNET** - My question was around private sector employers as well. Are you seeing that?

**Ms PEARCE** - We certainly see in the small business sector that that is a challenge. We have identified that. At the Safe Work Australia level, as a result of the Boland Review, there has been some work done to develop some simple tools to assist business in undertaking their risk assessments. Through our advisory service we provide free services to small to medium businesses to assist them with establishing safety management systems. That goes to also helping them to undertake risk assessments as part of that. In previous years through Work Safe Month, we've run specific workshops and events focused on helping to educate people more on risk assessment as well. It is that very fundamental underpinning of the legislation.

**Mrs PENTLAND** - I have concerns about the procurement single form for tenders under \$500,000 for the construction projects. Does Homes Tasmania have access to this single form? Does it pose a risk with the tendering process for residential builds? How are you ensuring Tasmania is getting the best price for residential builds?

**Mr FERGUSON** - The question would belong better in my Treasury outputs. We've been through those.

**Mrs PENTLAND** - You discussed it before.

**Mr FERGUSON** - Yes, we did. We did. Did we?

**Mrs PENTLAND** - Yes, you did.

**Mr FERGUSON** - Yes, I thought so. I did mention it, you're quite right, in an earlier answer. I would best answer that question by highlighting that that is a really important initiative. Small business said to us that they want it to be easier. The hurdle to overcome in bidding for government contracts for goods or services - for a smaller contract, some say, 'For the chance that I'll win the contract, it's not worth my investment of time, which costs money to put that bid in'. What we're seeking to do - and I'm not trying to be too granular about this - but as a matter of policy, what obstacle reduction can we achieve here by moving to a lower documentation process for procurements that are at the smaller end of the scale is intended to encourage more participation by the smaller business sector.

We are consulting on that specific proposal right now. It's only just opened actually. I don't have a date for that, but we are consulting right now. Quite honestly, if you or others or any individual business groups might have strong feelings about this, I would welcome that. Let me know. I will pass it through to Treasury so it can be part of the assessment of feedback of that of that targeted consultation.

What we're seeking to do here is to do more and better for our small business community. To be fair, even larger businesses at times expressed frustration that if they've been unsuccessful at winning a tender, it's actually potentially cost them a fair bit of money to bid for it. That's a strategic decision by a business, whether they're big or small, as to whether or not they want to win that job. What we're seeking to do here is to make sure that the regulation side of a procurement is at the right proportion for the size of the actual purchase the government wants to do. At a smaller cost purchase below \$250, that the documentation and the legal exchange of documents that sits with that is proportionate to the size of the of the job. We're seeking to get it right. I feel quite excited about this.

Noting that you've asked me a question about housing, I might offer to take that on notice if that would be okay, because I don't know that there is a particular risk, even though you've asked me about it.

**Mrs PENTLAND** - Specifically Homes Tasmania, would they have access to the -

**Mr FERGUSON** - Yes, they would. They would be part of this. Homes Tasmania wouldn't do too many builds below 500. That would obviously be a single, small dwelling purchase, wouldn't it? It's not outside the realm of possibility, but most of its investments would be at a larger scale, multi-unit developments, for example. I'll take it on notice if that's okay. But from a policy point of view, it's not about eliminating the red tape but reducing it.

**Mrs BESWICK** - How do you interact strategically with the Tasmanian Planning Scheme and councils to support small businesses and commercial premises?

**Mr FERGUSON** - That's a question that straddles two portfolios, Small Business and Planning. I can answer some of that and I have some experience in the Planning portfolio.

As a government, it's really about making sure that the planning provisions have as much consistency as possible between jurisdictions, I mean, between the 29 councils, so you have the one statewide planning scheme so that it is more user-friendly. One of the key drivers was not so much our small business constituency but the building and developing constituency was a big driver for us to initiate that single Tasmanian planning scheme so that it was not like going between two different countries when you go between two different councils.

That's largely being achieved. I think there's a small number of councils yet to get onto the single statewide planning scheme. The intention there is to make consistent planning rules so that, particularly in the building space, and those who are doing subdivisions and developments are better able to develop a proposal and maybe even then get business in a neighbouring council area as well.

Another important point would be around PlanBuild. PlanBuild is a new IT platform that's been constructed. This particular initiative has had a lot of authors and the federal government have supported this initiative. The state government budget has supported this initiative. Last year's budget put a further \$2.4 million toward it. This is an initiative that is about making it easier and streamlining development in Tasmania by allowing real-time information about planning and the building and construction industry. It is delivering a central access point for industries, property owners, developers, planning and permit authorities, and referral and reporting authorities to manage planning, building, plumbing and other development-related inquiries and applications across the state. Some members of the committee might be particularly excited that Hobart City Council is one of the first adopters of that initiative and we want to see that rolled out right across the state.

This is about having a much more streamlined and unified, if I can use the term, one-stop shop through an online portal for the entire life cycle of development, removing different kinds of forms and being able to have live access to see how your development is progressing, and then to be able to perhaps go in and seek some better service should yours be hanging around for too long. I'd be happy to discuss PlanBuild further if there is interest, but that is a very exciting project.

**Mr SHELTON** - Mrs Pentland asked about bond disputes. Renters and landlords in my electorate want to know what the government is doing to resolve the backlog of rental bond disputes. Can you please provide an update to the committee on this issue?

**Mr FERGUSON** - Yes, there is a backlog of rental bond disputes to be resolved. In partnership with Property Agents Board, I'm pleased to announce the allocation of \$2 million over three years, using the surplus funds that are held in the guarantee fund. The significant investment will allow the residential tenancy commissioner, Mr Wheeler, and his team to create new roles aimed at addressing that backlog of disputes concerning rental bonds. We know that backlog isn't good enough. I'm pleased to be working with the Property Agents Board to reduce it. We're committed to ensuring that rental bond disputes are resolved promptly and fairly. Both of those are important, providing greater certainty and support for both tenants and landlords across the state.

I know that the rental bond dispute backlog has been a concern, more especially for tenants, so I'm pleased we are taking action. I'm advised that this will see a significant improvement to the efficiency and timeliness of dispute resolution, ensuring a smoother process for all that are involved. It is a tight rental market at the moment so this funding and

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reducing the backlog will also provide more support for bonds. When the disputes are settled or resolved, it will allow a return of bond funds to people that may well need it for their next rental.

The Property Agents Board have approved the allocation. Good on them. The investment will not only address the immediate backlog, but also help safeguard against future delays or new build-up of backlog by providing that ongoing support and capacity to the commissioner's office.

**Dr BROAD** - Has CBOS received or investigated any complaints from long-term residents of caravan parks, and has CBOS taken any steps to ensure that Australian consumer law is being followed in caravan parks when it relates to long-term residents?

**Mr FERGUSON** - Thank you for the very good question. The answer is yes, CBOS has and I me, as an MP, have received complaints from long-term residents of caravan parks. We have a fair bit to say about this, so tell me if it's the level of detail you're looking for. I will specifically address the question about whether Australian consumer law plays a role here.

Many long-term residents of caravan parks own the dwelling they live in but they don't own the land on which their dwelling stands. I don't think anybody's challenging that, by the way. Dwellings are of very different types, including small buildings or even caravans, with or without their wheels removed, with constructed annexes. In these circumstances, residents are unlikely to be covered by residential tenancy legislation. However, laws relating to long-term residents of caravan parks cross a complex range of planning, building and other laws. We've investigated this deeply prior to me even coming to this role. Contract law, the Australian consumer law and codes of conduct potentially apply to owners and residents of caravan parks.

We are acutely aware of concerns that have been raised by a number of long-term residents of caravan parks in Tasmania. I'll name it up, there's no point avoiding it, in particular from residents in and around the Beauty Point area in northern Tasmania. I have heard of others as well.

We are reviewing the laws. The way we're doing that at this point in time is that we have a discussion paper, a comprehensive one. In case any member hasn't yet seen it, I commend it to your reading. That discussion paper is out there right now. Information sessions, face-to-face sessions are happening around the state in all of the major centres. Beauty Point was yesterday. To encourage discussion, we would like people to read and understand the ideas in that discussion paper and to consider the questions being asked within it. We're very attuned to this particular issue. While I'm not able today to announce a policy outcome, we will no doubt have a policy consideration in response to that discussion paper.

I won't talk about some legal actions that are underway at the moment, but I will reflect that some people are seeking a remedy under Australian consumer law. That's worth noting. We can take further questions should you wish. CBOS potentially has a role in relation to Australian consumer law complaints.

**Dr BROAD** - In relation to CPD (Continuing Professional Development) and licensing, I understand that this is under review. The system's seven years old and I get reports that it's confusing, irrelevant, hard to access, costly to licence holders, which is in addition to licence fees, and it seems adjudicated extremely inconsistently. This issue is causing much concern in

licenced trades, not just electrical, but it certainly has been raised by people who are electrical contractors. Is there an active review, when will it be finished and any outcome, potential outcomes?

**Mr FERGUSON** - It is a live issue and, yes, the electrical sector has raised it and has also raised that issue with me. I will, if you don't mind, ask Mr Wheeler from CBOS to speak to the matter. Before he does, I will very briefly say I have committed to the electrical sector that before we make any formal changes, we'll be consulting with them to seek their views and input.

**Mr WHEELER** - CBOS is currently reviewing the CPD determination 2018 that outlines CPD requirements of the trades licence under the *Occupational Licencing Act*, namely gassing, plumbing and electrical trades. The aim of this review is to ensure the determination is contemporary and provides certainty for individuals seeking CPD as well as meeting industry needs. We have also just updated our review of assessment so when an assessment of a CPD course is reviewed we have an updated review process for that in place.

We are looking at it; a formal consultation hasn't yet occurred. We've had some very initial conversations with areas, but we will consult with stakeholders in due course. We're aiming to consult in early 2025. The three areas we need to put some focus on in terms of CPD is ensuring that CPD is trade specific that it possibly looks at business management because it's an issue that's for small businesses of that nature and safety. They are the three areas we'll be looking at.

**Mr WINTER** - Minister, during the debate on the Industrial Manslaughter Bill, the previous minister for workplace safety or Consumer Affairs told the House in front of victim/survivor families that she was working on industrial manslaughter laws and then conducted consultation and was looking to progress it, yet when the second reading speech came through the Legislative Council, the ministry had disappeared and there'd been a reshuffle.

During the debate, the Leader of the House read your words in front of the families:

It has been our government's consistent position that an industrial manslaughter offence is not required in Tasmania's Work, Health and Safety laws. Such conduct is adequately and appropriately captured and provided for within our existing manslaughter offences under the *Criminal Code*.

It was so distressing, minister, that the families left the Chamber in tears.

Why did your government and former minister disingenuously inform families that you supported them and were working on legislation? Why was that position changed to say that the government's consistent position had been that it didn't support industrial manslaughter laws?

**Mr FERGUSON** - Thanks, Mr Winter, for your question. I welcome the question and I welcome the subject matter. This has been a matter that's been resolved in the parliament in both Houses, as you know. I would challenge some of the assumptions in your question. We have, however, wanted to work closely to ensure that any changes to criminal law in Tasmania is done in a carefully devised and properly constructed way and we had concerns that the



private member's bill that was ultimately agreed to in parliament was not consistent with the way that our legal framework works in Tasmania.

There were concerns around the way it interacts with the *Criminal Code* and the way that it did or didn't interact with existing crimes of manslaughter. It surprises me that you would bring up the question in the way that you have. I wouldn't have thought that you could say that the government had earlier been more supportive of an industrial manslaughter offence. We didn't support it in the House of Assembly unless you're trying to rewrite history.

**Mr WINTER** - Well, I can quote from the minister if you like.

**Mr FERGUSON** - It just surprises me that you that you've presented it that way. It is true that the previous minister was, through the review of work, health and safety laws - OH&S laws - considering a range of proposals. The best way to make sure that we do protect workers is that we do send a clear message to employers that we look to them to provide for a safe workplace. I just don't want to agree with you that there's been the mischief that I think you're trying to present the passage of the legislation.

**Mr WINTER** - Given the passage of the legislation, because this is really important, I think you'd agree, will WorkSafe be given dedicated resourcing to educate and inform employers of their responsibilities under that legislation, including in particular with industrial manslaughter coming in?

**Mr FERGUSON** - With my previous comments now clearly on the record, yes, the team at WorkSafe will be implementing a particular body of work to ensure that the new laws which are a law of our state are understood and given effect in the proper way.

Would it be okay if I asked Ms Pearce to speak to how your team and you are rolling that out?

**Ms PEARCE** - Thank you, through you, minister. Thank you for the question. There are a range of measures that we're putting in place right now to undertake education. We're updating information on our website to provide information, we are currently planning what we call a better work event to take place in WorkSafe month on 21 October. We will actually arrange a panel session with representatives from the regulator, experts in prosecuting matters of manslaughter or defending them in order to provide information and advice to the community.

We'll be preparing information to go out in our Workplace Issues magazine but also messaging and op-eds, if you like, that we can share with industry so it can go into their magazines, and get it out through our social media. We'll be offering the opportunity for formation sessions through Unions Tasmania as well and also looking at opportunities for specific forums through industry union associations to provide information to them in those environments and particularly through some of our engagements with larger building firms that they have opportunities to arrange get-togethers with their subcontractors as well.

We'll be exploring all of those opportunities to provide information and education on the nature of the offence, both in terms of how it applies, but what are the likely features that you would see in order to potentially be prosecuted for an industrial manslaughter offence because

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it is important that we get the message out which was absolutely certainly discussed, but if you're complying with the laws, you've got nothing to be concerned about -

**Mr FERGUSON** - Quite right.

**Ms PEARCE** - And if you're substantially complying with the laws, you've probably got nothing to worry about.

**Mr FERGUSON** - Well said. I couldn't have said a better myself.

**Ms BURNET** - Thanks, minister. I just turned to the Tasmanian Gender Budget Statement, which is a really good initiative. There are 58 per cent of women in the workforce compared to 63.7 of men and 51 per cent of women work part time compared to 22 per cent of men. It's proportionately the number of women participating in the workplace is worse than the rest of the nation.

I'm interested to know how you're looking to address that inequity, that's the first question.

**Mr FERGUSON** - I'm sorry, I don't have it immediately to hand, but budget paper no 1 will. I realise the clock is against us.

Budget paper no 1 discusses in some detail where the growth in employment has occurred, including between the genders. We saw the stronger growth during and since the pandemic actually has occurred amongst women and that's been a pleasing outcome. We want to not set and forget like we recognise where the question is coming from and why it's the right ambition to encourage more opportunities and well-paid work for men and women, but especially noting any areas of disadvantage.

If we can improve the participation, employment and well-paid work for women, that is exactly why we've included those kinds of narratives and data sets in the gender budget statement.

**CHAIR** - The time for estimates of the Minister for Small Business and Consumer Affairs has expired. We will take a 5-minute break and the committee will commence the examination of Minister for Business, Industry and Resources.

**The Committee suspended at 2.30 p.m.**